

Foundations of Insurance and the IFRS 17 Standard

Knowledge Badge Exam Content Guide

Explain the concept of Insurance and the types of insurance

- Discuss the history and purpose of insurance.
- Explain what the insurance and risk characteristics of the insurance business are.
- Recall key terminology associated with the insurance business.

Define and explain the nature of life insurance along with key activities such as contract design, underwriting and premium set up.

- Define life insurance and explain its purpose as a contract between policy holders and insurers.
- Identify major types of life insurance contracts (with-profit, without-profit, index-linked, unit-linked, traditional, universal).
- Define underwriting and explain its purpose in life insurance.
- Define characteristics of profitability and contract design
- Define and distinguish between net premium and gross premium.
- Define expense investigation and its purpose.
- Explain the concept of expected present value (EPV).
- Explain capital requirements and New Business Strain
- Explain how liability characteristics influence investment strategy.
- Identify key risks and how to manage them
- Explain the importance of claims experience monitoring.

Describe the types of life insurance contracts

- Define the main types of life insurance contracts and describe their core purposes.
- Explain the features and risks of Whole Life Assurance
- Describe Term Assurance and Its Variants
- Explain Pure Endowment and Endowment Policies
- Describe Single and Deferred Annuity Contracts
- Explain Critical Illness Insurance

- Define income protection insurance and explain its purpose.
- Define long-term care insurance and its role.
- Define unit-linked insurance plans (ULIPs) and index-linked insurance plans and explain how the benefits work.

Define and explain the nature of general insurance along with key activities such as contract design, underwriting and premium set up.

- Define general (non-life) insurance and distinguish it from life insurance.
- Define underwriting and explain its purpose in general insurance.
- Explain how to use the general insurance formula to calculate profitability.
- Explain the formula used to compute risk premium.
- Identify common rating factors (age, vehicle type, driver history).
- Define provisions and what is included in provisions.
- Identify key risks for general insurance.
- Explain the purpose of experience monitoring in general insurance.
- Identify data used for monitoring (claims, losses, investment results).

Describe the types of general insurance contracts

- Identify the four types of general insurance contracts (liability, property, financial loss, fixed benefit)

Describe the major steps in the insurance contract lifecycle

- Identify and describe the six steps of an insurance contract within the contract lifecycle.
- Explain the purpose of premium sensitivity
- Explain the purpose of policy valuation at contract inception
- Describe the types of activities that are involved in managing life insurance policies over their lifespan.

Explain the concept of reinsurance and the associated risks

- Explain what reinsurance is and the purpose of reinsurance.
- Describe the factors considered by a reinsurer before entering into a contract.
- Explain proportional treaties and their common types.
- Explain non-proportional treaties and their common types.

Describe the types of reinsurance

- Identify the three classifications of reinsurance and their characteristics.
- Describe the two types of excess of loss reinsurance.
- Define coinsurance
- Describe the two types of financial reinsurance

Describe the structure of the IFRS 17 standard.

- Explain the purpose and scope of IFRS 17.
- Identify major changes introduced by IFRS 17.
- Recall the main measurement models in IFRS 17.
- Identify the three main IFRS 17 pieces of documentation.
- Describe the major components of the IFRS 17 framework.
- Identify major changes to valuation, profit recognition, disclosures and aggregation.

Explain key concepts of IFRS 17.

- Identify and define the main contract types that fall within the scope of IFRS 17.
- Identify contract types that are excluded from IFRS 17.
- Recognize the appropriate accounting standards for excluded contracts.
- Identify key contract components.
- Identify conditions that trigger initial recognition and interpret it through examples.
- Identify the purpose of contract boundaries.
- Describe components of the General Measurement Model (GMM).
- Identify required disclosures and disclosure requirements for financial performance.
- Identify the major steps in the IFRS 17 process/framework:

Explain various measurements models for liabilities in the IFRS 17 standard.

- Given the three measurement models under IFRS 17, describe when GMM is required versus when PAA or VFA may apply.
- Identify the building blocks of fulfilment cash flows (FCF).
- Recognize the role of the Contractual Service Margin (CSM).
- Distinguish between Liability for Incurred Claims (LIC) and Liability for Remaining Coverage (LRC).
- Identify types of cash flow inputs used in IFRS 17 measurement.
- Identify examples of cash flow leg names in SAS Data Model.
- Identify the two approaches for deriving discount rates.
- Describe the purpose of risk adjustment and identify common techniques used for calculating it.
- Identify the role of Contractual Service Margin (CSM) at initial recognition.
- Identify the two components of insurance contract liability.
- Identify components of the Insurance Service Result.
- Interpret a simple GMM example with FCF, CSM, and liability movements.
- Identify the components affecting the liability for remaining coverage each year.

Explain other related aspects of the IFRS 17 standard.

- Define participating contracts for Variable Fee Approach (VFA)
- Identify the criteria for applying the VFA.
- Describe initial measurement under VFA.
- Explain subsequent measurement under VFA.
- Explain the purpose and eligibility criteria for PAA.
- Describe initial measurement under PPA.
- Explain subsequent measurement under PPA.
- Between GMM, VFA and PAA, identify how each method treats:
- Between GMM, VFA, and PAA, recognize key differences in CSM handling.
- Given a set of contract characteristics, choose the appropriate measurement method.