



**International Actuarial Association**  
**Association Actuarielle Internationale**

## **EDUCATION QUESTIONNAIRE**

This questionnaire relates to the International Actuarial Association (IAA) Education Syllabus approved by Council in October 2017. While implementation of this syllabus is not required until the start of the 2021 academic year, it is expected that member associations will have considered and be nearing completion of implementation of this syllabus (or variations thereto) for their professional qualification system in accordance with Section 2.2.2d of the Internal Regulations. The questionnaire is to be completed whenever the member association implements a material change to its syllabus.

This questionnaire has four sections, namely A-D respectively.

### **Section A. CONTACT PERSON INFORMATION**

**A1 Name of Association:**

**A2 Name of Person Completing Survey:**  
**Address and email:**  
**Position:**

**A3 Date:**

**A4 I am authorized to submit this information on behalf of the association**

Please return to [secretariat@actuaries.org](mailto:secretariat@actuaries.org)

## Section B. EDUCATIONAL REQUIREMENTS

The aim of this section is for the IAA to get a brief overview of your education system. The IAA would like to understand which entities, organizations or other third parties have any input or influence on your training system, e.g. some governments directly approve the syllabus. Please give a brief explanation to your replies where appropriate.

B1 Please provide a brief description of the education process used by your association. This should include the structure and how assessments are carried out.

B2 Does your association admit members mainly on the basis of its own examinations? This might be examinations set by the association at all stages of education or for part of the education requirements to supplement university education.

YES	NO	N/A
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B3 Does your association admit members mainly on the basis of university examinations alone?

YES	NO	N/A
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Please comment, if appropriate.

B4 Does your association admit members mainly or solely on the basis that they are fully qualified members of other IAA Full Member associations?

YES	NO	N/A
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Please comment, if appropriate.

Please list all these other associations.

B5 Does your association admit members under any criteria that do not meet the IAA Education Syllabus and Guidelines?

YES	NO	N/A
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Please give details.

B6 Does the government of your country directly approve the education syllabus to enable someone to be called an actuary?

YES	NO	N/A
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If so, please describe how the association influences and affects any of the governmental process.

B7 Does your education process meet the legal requirements for an actuary in your country?

YES	NO	N/A
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B8 Please provide a brief description of the review processes your association uses for keeping the education system up-to-date as well as ongoing professional development requirements for qualified members.

B9 Please explain how your association satisfies itself that the education in all bodies (for example, universities) that contribute to your actuarial education process is appropriate.

B10 When did your education system undergo a major change?

B11 Please give the anticipated date (if known) of any future major change.

B12 If you have recently changed or plan to change your education system how will you treat students who have started in one system and are moving to the new system?

B13 Where are the professionalism topics covered by your association? Is this a requirement for full membership in your association?

NOTE Associations who only admit individuals as Full Members on the basis that the individual has satisfied the qualification criteria of other association(s) that is/are IAA Full Member associations need not respond to Section C of this questionnaire. All other associations are asked to complete all the remaining parts of the questionnaire.

## **Section C. IAA 2017 EDUCATION SYLLABUS**

The Education Syllabus outlined in this section was adopted by Council in 2017 and will apply for all Full Member Associations beginning in 2021.

The Internal Regulations acknowledge that Full Member Associations may assign different weights to the topics of the Education Syllabus and may choose to arrange the material differently than as presented in the Education Syllabus.

In evaluating compliance with the Education Syllabus, it is recognized that the education system is to be assessed based on the overall balance between depth of coverage and breadth of coverage, rather than a narrow focus on each part of the Education Syllabus. Further, it is recognized that current Full Member Associations may be working toward implementation of the new syllabus (or variations thereto). Where additional changes are contemplated, associations are asked to note their plans in the relevant descriptions.

In this section, members are asked to consider not only the topics covered in their education system but the depth of that coverage.

A mapping between the IAA Syllabus and the education process for your association would be helpful.

- C1** The IAA 2017 Education Syllabus uses the revised Bloom's Taxonomy in describing depth of coverage for the topics in its syllabus. What criteria do you use to assess depth of coverage?
- a. We use the revised Bloom's Taxonomy in assessing depth of coverage.
  - b. We use criteria other than the revised Bloom's Taxonomy. (Please describe).

- C2** Please answer the questions for each of the 9 Learning Areas of IAA 2017 Education Syllabus.

# 1. STATISTICS

## Aim:

To enable students to apply core statistical techniques to actuarial applications in insurance, pensions and emerging areas of actuarial practice.

## 1.1 RANDOM VARIABLES

- 1.1.1 Explain the concepts of random variable, probability distribution, distribution function, expected value, variance and higher moments. (B2)
- 1.1.2 Calculate expected values and probabilities associated with the distributions of random variables. (B3)
- 1.1.3 Define a probability generating function, a moment generating function, a cumulant generating function and cumulants, derive them in simple cases, and use them to evaluate moments. (B3)
- 1.1.4 Define basic discrete and continuous distributions and be able to apply them. (B3)
- 1.1.5 Explain the concepts of independence, jointly distributed random variables and conditional distributions, and use generating functions to establish the distribution of linear combinations of independent random variables. (B3)
- 1.1.6 Explain and apply the concepts of conditional expectation and compound distribution. (B3)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?



### 1.3 REGRESSION

1.3.1 Explain linear relationships between variables using correlation analysis and regression analysis. (B2)

1.3.2 Explain the fundamental concepts of a generalized linear model (GLM), and describe how a GLM may be applied. (B3)

1.3.3 Estimate parameters for these models and perform diagnostic tests including checking assumptions and evaluating model fit. (B5)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

#### 1.4 BAYESIAN STATISTICS AND CREDIBILITY THEORY

1.4.1 Explain the fundamental concepts of Bayesian statistics and apply them to parameter estimation, hypothesis testing, and model selection. (B3)

1.4.2 Explain and apply Bayesian and empirical Bayesian credibility models. (B3)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 1.5 STOCHASTIC PROCESSES AND TIME SERIES

1.5.1 Describe and apply the main concepts underlying stochastic processes. (B3)

1.5.2 Describe and apply the main concepts underlying time series models. (B3)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 1.6 SIMULATION

- 1.6.1 Explain the concepts of Monte Carlo simulation. (B2)
- 1.6.2 Simulate both discrete and continuous random variables using the inversion method. (C3)
- 1.6.3 Estimate the number of simulations needed to obtain an estimate with a given error and a given degree of confidence. (B3)
- 1.6.4 Use a permutation test to determine the distribution of a test statistic. (C3)
- 1.6.5 Use the bootstrap method to estimate properties (e.g. the mean squared error) of an estimator. (C3)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

As noted in the Education Guidelines, depth of coverage is to be assessed at the Learning Area level. For the STATISTICS learning area, how do you assess the depth of your coverage?

0 – Not covered at all.

1 – An introduction to the topics/sub-topics so the student has a basic knowledge of the learning area.

2 – The student has a good knowledge of the learning area as defined in the Syllabus and an understanding of how the learning area is used in problem solving so that the student is able to solve well-defined problems that actuaries may encounter in their work.

3 – The student has a deep knowledge of the learning area and is able to solve complex problems using judgement.

## 2. ECONOMICS

### Aim:

To enable students to apply the core principles of microeconomics, macroeconomics and financial economics to actuarial work.

### 2.1 MACROECONOMICS

- 2.1.1 Explain basic macroeconomic measures (e.g. GDP) used to compare the economies of countries. (B2)
- 2.1.2 Describe the structure of public finances for an industrialized country. (A1)
- 2.1.3 Explain the effect of fiscal and monetary policy on the economy, including the effect on financial markets. (B2)
- 2.1.4 Explain the role of international trade, exchange rates and the balance of payments in the economy. (B2)
- 2.1.5 Explain the effect of savings and consumption rates on the economy. (B2)
- 2.1.6 Explain the major factors affecting the level of interest rates, the rate of inflation, the exchange rate, the level of employment, and the rate of growth for an industrialized country. (B2)
- 2.1.7 Describe the function of money in the economy. (B1)
- 2.1.8 Explain how interest rates are determined. (B2)
- 2.1.9 Explain the relationship between money and interest rates. (B2)
- 2.1.10 Explain how macroeconomic policies affect businesses. (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 2.2 MICROECONOMICS

- 2.2.1 Explain the concept of utility and how rational utility maximizing agencies make consumption choices. (B2)
- 2.2.2 Explain the elasticity of supply and demand and the effects on a market of the different levels of elasticity. (B2)
- 2.2.3 Explain the interaction between supply and demand and the way in which equilibrium market prices are achieved. (B2)
- 2.2.4 Explain various pricing strategies that can be used by firms. (B2)
- 2.2.5 Explain the core economic concepts involved in choices made by businesses with respect to short-run and long-run investment and production choices. (B2)
- 2.2.6 Explain competitive markets and how they operate. (B2)
- 2.2.7 Explain profitability in markets with imperfect competition. (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 2.3 FINANCIAL ECONOMICS

- 2.3.1 Evaluate the features of bond price models. (B5)
- 2.3.2 Explain asset pricing models (e.g. Capital Asset Pricing Model). (B2)
- 2.3.3 Explain how market data can be used to construct a yield curve. (B2)
- 2.3.4 Explain the properties of single and multifactor models of asset returns. (B2)
- 2.3.5 Explain the assumptions of mean-variance portfolio theory and its principal results. (B2)
- 2.3.6 Explain the cash flow characteristics of various options. (A2)
- 2.3.7 Explain the properties of the lognormal distribution and its applicability to option pricing. (B2)
- 2.3.8 Explain the Black-Scholes formula. (B2)
- 2.3.9 Calculate the value of European and American put and call options. (B3)
- 2.3.10 Simulate stock prices, including using variance reduction techniques. (B3)
- 2.3.11 Explain the calculation and use of option price partial derivatives. (B2)
- 2.3.12 Explain how to control risk using delta-hedging. (C3)
- 2.3.13 Explain the advantages and disadvantages of different measures of investment risk (e.g. Value at Risk, variance of return). (B2)
- 2.3.14 Explain the main findings of behavioral finance and how they can be applied. (B4)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

As noted in the Education Guidelines, depth of coverage is to be assessed at the Learning Area level. For the ECONOMICS learning area, how do you assess the depth of your coverage?

0 – Not covered at all

1 – An introduction to the topics/sub-topics so the student has a basic knowledge of the learning area

2 – The student has a good knowledge of the learning area as defined in the Syllabus and an understanding of how the learning area is used in problem solving so that the student is able to solve well-defined problems that actuaries may encounter in their work

3 – The student has a deep knowledge of the learning area and is able to solve complex problems using judgement.

### 3. FINANCE

#### Aim:

To enable students to apply the core principles of financial theory, accounting, corporate finance and financial mathematics to actuarial work.

#### 3.1 FINANCIAL REPORTING AND TAXATION

- 3.1.1 Describe the basic principles of personal and corporate taxation and the taxation of investments held by institutions. (A1)
- 3.1.2 Explain why companies are required to produce annual reports and accounts. (B2)
- 3.1.3 Explain fundamental accounting concepts and terms, and describe the main sources of accounting regulation. (B2)
- 3.1.4 Explain the value of reporting on environmental, social and economic sustainability and other alternatives to traditional financial reporting, and describe possible contents of such reports. (B2)
- 3.1.5 Explain the basic structure of company and group accounts. (B2)
- 3.1.6 Explain the purpose of the main components of company accounts and interpret them. (B4)
- 3.1.7 Construct simple statements of financial position and profit or loss. (B6)
- 3.1.8 Calculate and interpret financial and accounting ratios. (B4)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

### 3.2 SECURITIES AND OTHER FORMS OF CORPORATE FINANCE

- 3.2.1 Explain the characteristics of various forms of equity capital from the point of view of the issuer and the investor. (B2)
- 3.2.2 Explain the characteristics of various forms of long-term debt capital from the point of view of the issuer and the investor. (B2)
- 3.2.3 Explain the characteristics of various forms of short-term and medium-term finance from the point of view of the issuer and the investor. (B2)
- 3.2.4 Describe the role of derivative securities and contracts in corporate finance. (B1)
- 3.2.5 Describe the methods a company may use to raise capital through the issue of securities. (A1)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

### 3.3 FINANCIAL MATHEMATICS

- 3.3.1 Calculate present and accumulated values of cash flows using deterministic interest rates (including rates compounding over different intervals and continuously). (B3)
- 3.3.2 Explain real and nominal interest rates and value inflation linked cash flows. (B3)
- 3.3.3 Calculate the value of a forward contract. (B3)
- 3.3.4 Explain the principal concepts and terms underlying the theory of a term structure of interest rates. (B2)
- 3.3.5 Apply the term structure of interest rates to modelling various cash flows, including calculating the sensitivity of the value to changes in the term structure. (B3)
- 3.3.6 Explain how duration and convexity are used in the immunization of a portfolio of liabilities. (B2)
- 3.3.7 Calculate expected present values and variances of cash flows using simple stochastic theory of interest. (B3)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

### 3.4 CORPORATE FINANCE

- 3.4.1 Describe different possible structures for a business entity and their advantages and disadvantages. (B2)
- 3.4.2 Describe possible sources of finance for a business and explain the factors influencing choice of capital structure and dividend policy. (B2)
- 3.4.3 Explain capital budgeting and calculate cost of capital. (B3)
- 3.4.4 Calculate investment return on a project using different methods and evaluate each method. (C5)
  - a. Where is this topic covered in your education system?

- b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

As noted in the Education Guidelines, depth of coverage is to be assessed at the Learning Area level. For the FINANCE learning area, how do you assess the depth of your coverage?

- 0 – Not covered at all
- 1 – An introduction to the topics/sub-topics so the student has a basic knowledge of the learning area
- 2 – The student has a good knowledge of the learning area as defined in the Syllabus and an understanding of how the learning area is used in problem solving so that the student is able to solve well-defined problems that actuaries may encounter in their work
- 3 – The student has a deep knowledge of the learning area and is able to solve complex problems using judgement.

## 4. FINANCIAL SYSTEMS

### Aim:

To enable students to understand the financial environment in which most actuarial work is undertaken, and key products and principles of insurance, pensions and other areas of traditional and emerging actuarial practice.

### 4.1 ROLE AND STRUCTURE OF FINANCIAL SYSTEMS

- 4.1.1 Describe the role and main forms of national and international financial markets. (A1)
- 4.1.2 Explain the relationship between finance and the real resources and objectives of an organization. (B2)
- 4.1.3 Explain the relationship between finance and the real resources and objectives of a nation. (B2)
- 4.1.4 Describe the role of private and personal interests in decision making in government and private institutions, and explain agency theory and prohibitions of conflicts of interest and duty. (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 4.2 PARTICIPANTS IN FINANCIAL SYSTEMS

4.2.1 Describe the main features of the following institutions and analyze their influence on the financial markets: national governments, central banks, investment exchanges, national and international financial bodies, national and international regulators. (B4)

4.2.2 Describe the main participants in financial markets and explain their objectives and roles (examples include investment banks, retail banks, investment management companies, pension funds, insurance and re-insurance companies, non-financial corporations, sovereign funds, micro-finance providers, unregulated organizations). (B2)

4.2.3 Describe typical operating and corporate governance models for the following institutions and explain how they allow the institutions to meet their objectives: insurance company, re-insurance company, pension fund, retail bank, investment management company. (C2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

### 4.3 FINANCIAL PRODUCTS AND BENEFITS

- 4.3.1 Describe the main types of social security benefits and financial products and explain how they meet the objectives of issuers and beneficiaries. (B2)
- 4.3.2 Explain the main principles of insurance and pensions that impact on these benefits and products. (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

#### 4.4 FACTORS AFFECTING FINANCIAL SYSTEM DEVELOPMENT AND STABILITY

4.4.1 Describe major factors affecting the development of financial systems (including demographic changes, economic development, technological changes and climate change). (B1)

4.4.2 Explain the main elements and purpose of prudential and market regulation. (B2)

4.4.3 Explain the main risks to the stability of national and global financial systems. (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

As noted in the Education Guidelines, depth of coverage is to be assessed at the Learning Area level. For the FINANCIAL SYSTEMS learning area, how do you assess the depth of your coverage?

0 – Not covered at all

1 – An introduction to the topics/sub-topics so the student has a basic knowledge of the learning area

2 – The student has a good knowledge of the learning area as defined in the Syllabus and an understanding of how the learning area is used in problem solving so that the student is able to solve well-defined problems that actuaries may encounter in their work

3 – The student has a deep knowledge of the learning area and is able to solve complex problems using judgement.

## 5. ASSETS

### Aim:

To enable students to apply asset valuation techniques and investment theory to actuarial work.

### 5.1 INVESTMENTS AND MARKETS

5.1.1 Describe the characteristics of the main investment assets and of the markets in such assets. (A1)

5.1.2 Describe the characteristics of the main derivative investments (including forwards, futures, options and swaps) and of the markets in such investments. (A1)

5.1.3 Explain the principal economic influences on investment market price levels and total returns. (B2)

5.1.4 Describe and explain the theoretical and historical relationships between the total returns and the components of total returns on the main asset classes and key economic variables. (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 5.2 ASSET VALUATION

- 5.2.1 Use the Capital Asset Pricing Model to calculate the required return on a particular asset, given appropriate inputs, and hence calculate the value of the asset. (B3)
- 5.2.2 Use a multifactor model to calculate the required return on a particular asset, given appropriate inputs, and hence calculate the value of the asset. (B3)
- 5.2.3 Explain the concepts of: efficient market, complete market, no-arbitrage, hedging. (B2)
- 5.2.4 Explain the concepts underlying the risk-neutral or state price deflator approaches to valuing derivative securities and apply them in simple situations. (B3)
- 5.2.5 Describe the properties of various stochastic models of the term structure of interest rates. (B2)
- 5.2.6 Explain the limitations of the models described above and describe attempts to address them. (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

### 5.3 PORTFOLIO MANAGEMENT

- 5.3.1 Explain the principles and objectives of investment management and analyze the investment needs of an institutional or individual investor. (B4)
- 5.3.2 Describe methods for the valuation of asset portfolios and explain their appropriateness in different situations. (B2)
- 5.3.3 Use mean-variance portfolio theory to calculate an optimum portfolio and describe the limitations of this approach. (B3)
- 5.3.4 Use mean-variance portfolio theory to calculate the expected return and risk of a portfolio of many risky assets, given appropriate inputs. (B3)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

#### 5.4 INVESTMENT STRATEGY AND PERFORMANCE MEASUREMENT

- 5.4.1 Explain how asset/liability modelling can be used to develop an appropriate investment strategy. (B2)
- 5.4.2 Explain methods of quantifying the risk of investing in different classes and sub-classes of investment. (B2)
- 5.4.3 Explain the use of a risk budget for controlling risks in a portfolio. (B2)
- 5.4.4 Analyze the performance of an investment portfolio relative to a benchmark.(B4)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

As noted in the Education Guidelines, depth of coverage is to be assessed at the Learning Area level. For the ASSETS learning area, how do you assess the depth of your coverage?

0 – Not covered at all

1 – An introduction to the topics/sub-topics so the student has a basic knowledge of the learning area

2 – The student has a good knowledge of the learning area as defined in the Syllabus and an understanding of how the learning area is used in problem solving so that the student is able to solve well-defined problems that actuaries may encounter in their work

3 – The student has a deep knowledge of the learning area and is able to solve complex problems using judgement.

## 6. DATA AND SYSTEMS

### Aim:

To enable students to apply methods from statistics and computer science to real-world data sets in order to answer business and other questions, in particular with application to questions in long and short term insurance, social security, retirement benefits, healthcare and investment.

### 6.1 DATA AS A RESOURCE FOR PROBLEM SOLVING

- 6.1.1 Describe the possible aims of a data analysis (e.g. descriptive, inferential, predictive). (B2)
- 6.1.2 Describe the stages of conducting a data analysis to solve real-world problems in a scientific manner and describe tools suitable for each stage. (C2)
- 6.1.3 Describe sources of data and explain the characteristics of different data sources, including extremely large data sets. (B4)
- 6.1.4 Describe common data structures and data storage systems. (A1)
- 6.1.5 Describe and explain measures of data quality. (B2)
- 6.1.6 Use appropriate tools for cleaning, restructuring and transforming data to make it suitable for analysis. (C3)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 6.2 DATA ANALYSIS

- 6.2.1 Describe the purpose of exploratory data analysis. (B2)
- 6.2.2 Use appropriate tools to calculate suitable summary statistics and undertake exploratory data visualizations. (C4)
- 6.2.3 Use Principal Components Analysis to reduce the dimensionality of a complex data set. (C4)
- 6.2.4 Use a computer package to fit a statistical distribution to a dataset and calculate appropriate goodness of fit measures. (C4)
- 6.2.5 Use a computer package to fit a single or multiple linear regression model to a data set and interpret the output. (C4)
- 6.2.6 Use a computer package to fit a survival model to a data set and interpret the output. (C4)
- 6.2.7 Use a computer package to fit a generalized linear model to a data set and interpret the output. (C4)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

### 6.3 STATISTICAL LEARNING

- 6.3.1 Explain the meaning of the terms *statistical learning* and *machine learning* and the difference between *supervised learning* and *unsupervised learning*. (B2)
- 6.3.2 Explain when machine learning is an appropriate approach to problem solving and describe examples of the types of problems typically addressed by machine learning, explaining the difference between discrete and continuous approaches. (B2)
- 6.3.3 Describe commonly used machine learning techniques in each of the four areas defined by the supervised/unsupervised and discrete/continuous splits. (B2)
- 6.3.4 Use an appropriate computer package to apply neural network and decision tree techniques to simple machine learning problems. (C3)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

#### 6.4 PROFESSIONAL AND RISK MANAGEMENT ISSUES

- 6.4.1 Explain the ethical and regulatory issues involved in working with personal data and extremely large data sets. (B2)
- 6.4.2 Explain the main issues to be addressed by a data governance policy and its importance for an organization. (B2)
- 6.4.3 Explain the risks associated with use of data (including algorithmic decision making). (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 6.5 VISUALIZING DATA AND REPORTING

6.5.1 Create appropriate data visualizations to communicate the key conclusions of an analysis. (C6)

6.5.2 Explain the meaning and value of reproducible research and describe the elements required to ensure a data analysis is reproducible. (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

As noted in the Education Guidelines, depth of coverage is to be assessed at the Learning Area level. For the DATA AND SYSTEMS learning area, how do you assess the depth of your coverage?

0 – Not covered at all

1 – An introduction to the topics/sub-topics so the student has a basic knowledge of the learning area

2 – The student has a good knowledge of the learning area as defined in the Syllabus and an understanding of how the learning area is used in problem solving so that the student is able to solve well-defined problems that actuaries may encounter in their work

3 – The student has a deep knowledge of the learning area and is able to solve complex problems using judgement.

## 7. ACTUARIAL MODELS

### Aim:

To enable students to apply stochastic processes and actuarial models to actuarial work, in particular to applications in long and short term insurance, social security, retirement benefits, healthcare and investment.

### 7.1 PRINCIPLES OF ACTUARIAL MODELLING

- 7.1.1 Describe why and how models are used including, in general terms, the use of models for pricing, reserving, and capital modelling. (C2)
- 7.1.2 Explain the benefits and limitations of modelling and analyze realistic examples. (B4)
- 7.1.3 Explain the difference between a stochastic and a deterministic model, and identify the advantages/disadvantages of each. (B2)
- 7.1.4 Describe the characteristics of, and explain the use, of scenario-based and proxy models. (B2)
- 7.1.5 Describe, in general terms, how to decide whether a model is suitable for any particular application. (C2)
- 7.1.6 Explain the difference between the short-run and long-run properties of a model, and how this may be relevant in deciding whether a model is suitable for any particular application. (B2)
- 7.1.7 Describe, in general terms, how to analyze the potential output from a model, and explain why this is relevant to the choice of model. (B2)
- 7.1.8 Explain the desirable properties of a risk measure. (B2)
- 7.1.9 Calculate risk measures, including Value at Risk and Tail Value at Risk, and explain their properties, uses and limitations. (B3)
- 7.1.10 Carry out sensitivity and stress testing of assumptions and explain why this forms an important part of the modelling process. (C3)
- 7.1.11 Produce an audit trail enabling detailed checking and high-level scrutiny of a model. (C6)
- 7.1.12 Explain the factors that must be considered when communicating the results following the application of a model and produce appropriate documentation. (C6)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 7.2 FUNDAMENTALS OF SEVERITY MODELS

7.2.1 Recognize classes of distributions, including extreme value distributions, suitable for modelling the distribution of severity of loss and their relationships. (B4)

7.2.2 Apply the following techniques for creating new distributions: multiplication by a constant, raising to a power, exponentiation, mixing. (B3)

7.2.3 Calculate various measures of tail weight and interpret the results to compare the tail weights. (B5)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

### 7.3 FUNDAMENTALS OF FREQUENCY MODELS

7.3.1 Explain the characteristics of distributions suitable for modeling frequency of losses, for example: Poisson, mixed Poisson, binomial, negative binomial, and geometric distributions. (B2)

7.3.2 Identify applications for which each distribution may be used; explain the reasons why; and apply the distribution to the application, given the parameters. (B3)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

#### 7.4 FUNDAMENTALS OF AGGREGATE MODELS

- 7.4.1 Compute relevant moments, probabilities and other distributional quantities for collective risk models. (B3)
- 7.4.2 Compute aggregate claims distributions and use them to calculate loss probabilities. (B3)
- 7.4.3 Evaluate the effect of coverage modifications (deductibles, limits and coinsurance) and inflation on aggregate models. (B3)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 7.5 SURVIVAL MODELS

- 7.5.1 Apply multiple state Markov chain and Markov process models. (B3)
- 7.5.2 Derive maximum likelihood estimators for the transition intensities in models of transfers between multiple states with piecewise constant transition intensities. (B3)
- 7.5.3 Explain the concepts of survival models. (B2)
- 7.5.4 Calculate and interpret standard probability functions including survival and mortality probabilities, force of mortality, and complete and curtate expectation of life. (B3)
- 7.5.5 For models dealing with multiple lives and/or multiple states, explain the random variables associated with the model; calculate and interpret marginal and conditional probabilities, and moments. (B3)
- 7.5.6 Describe the principal forms of heterogeneity within a population and the ways in which selection can occur. (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 7.6 ACTUARIAL APPLICATIONS

- 7.6.1 Define simple contracts for contingent payments dependent on the state of a single entity (for example life insurance or annuity benefits) on the occurrence of a particular event; develop and evaluate formulae for the means and variances of the present values of the payments under these contracts, assuming constant deterministic interest. (B3)
- 7.6.2 Apply survival models to simple problems in long-term insurance, pensions and banking such as calculating the premiums and reserves for a life insurance contract, and the potential defaults on a book of loans for a bank. (B3)
- 7.6.3 Define simple contracts for contingent payments dependent on the state of multiple entities; develop and evaluate formulae for the means of the present values of the payments under these contracts, assuming constant deterministic interest. (B3)
- 7.6.4 Describe and apply methods of projecting and valuing expected cash flows that are contingent upon multiple state and multiple decrement events, and apply these contracts to insurance and pension problems. (B3)
- 7.6.5 Describe and apply projected cash flow techniques in pricing, reserving, and assessing profitability of contracts for contingent payments with appropriate allowance for expenses (including life insurance, short term insurance and pension fund applications). (B3)
- 7.6.6 Describe and apply techniques for analyzing a delay (or run-off) triangle and projecting the ultimate position. (B3)

- a. Where is this topic covered in your education system?
  
  
  
  
  
  
  
  
  
  
- b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

As noted in the Education Guidelines, depth of coverage is to be assessed at the Learning Area level. For the ACTUARIAL MODELS learning area, how do you assess the depth of your coverage?

- 0 – Not covered at all
- 1 – An introduction to the topics/sub-topics so the student has a basic knowledge of the learning area
- 2 – The student has a good knowledge of the learning area as defined in the Syllabus and an understanding of how the learning area is used in problem solving so that the student is able to solve well-defined problems that actuaries may encounter in their work
- 3 – The student has a deep knowledge of the learning area and is able to solve complex problems using judgement.

## 8. ACTUARIAL RISK MANAGEMENT

### Aim:

To enable students to apply core aspects of individual risk management and enterprise risk management to the analysis of risk management issues faced by an entity, and to recommend appropriate solutions.

### 8.1 THE RISK ENVIRONMENT

8.1.1 Apply the concepts of the actuarial control cycle to the risk management process. (B3)

8.1.2 Explain the concept of enterprise risk management (ERM). (B2)

8.1.3 Analyze aspects of the operating environment and their relevance to the ERM process:

- a) the legislative and regulatory environment
- b) financial and investment markets
- c) sustainability and environmental factors
- d) the operating sector of the organization, including demand for particular products and services. (B4)

8.1.4 Explain why financial institutions need capital and describe different capital measures, including regulatory capital and economic capital. (B2)

8.1.5 Define risk appetite and risk culture explain the importance of attitudes towards risk of key stakeholders. (B2)

8.1.6 Evaluate the elements of an ERM framework for an organization. (C5)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 8.2 RISK IDENTIFICATION

- 8.2.1 Describe and classify different types of risk including: financial risk, insurance risk, environmental risk, operational risk and business risk. (B2)
- 8.2.2 Explain how the design of different products and services affects the risk exposure of the parties to a transaction and analyze the exposures for a particular transaction. (B4)
- 8.2.3 Explain how the characteristics of the parties to a transaction affect the nature of the risk borne by each and analyze the exposures for a particular transaction. (B4)
- 8.2.4 Explain the purpose of risk classification. (B2)
- 8.2.5 Explain the difference between risk (measurable) and uncertainty (immeasurable). (B2)
- 8.2.6 Explain the concept of risk pooling and the portfolio approach to the overall management of risks. (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

### 8.3 RISK MEASUREMENT AND MODELLING

8.3.1 Explain the use of models for risk management in the context of:

- a) Pricing
- b) Reserving
- c) Valuation
- d) Capital management

including appropriate allowance for expenses. (B2)

8.3.2 Explain the principles and process of setting assumptions for model inputs. (C2)

8.3.3 Describe different methods of risk aggregation and explain their relative advantages and disadvantages. (B2)

8.3.4 Apply these models to practical problems in insurance, pensions or an emerging area of actuarial practice. (C5)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 8.4 RISK MITIGATION AND MANAGEMENT

8.4.1 Explain the most common risk mitigation and management techniques:

- a) Avoidance
- b) Acceptance
- c) Reduction
- d) Transfer
- e) Monitoring. (C2)

8.4.2 Describe the principles of asset / liability management and apply them to the main types of liability held by financial institutions. (C3)

8.4.3 Analyze the risk management aspects of a particular business issue and recommend an appropriate risk management strategy. (C6)

8.4.4 Explain the implication of risk for capital requirement, including economic and regulatory capital requirements. (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 8.5 RISK MONITORING AND COMMUNICATION

8.5.1 Explain how data collection and analysis for monitoring risk experience depends on the other stages of the control cycle and produce a data collection plan for a given risk profile. (C6)

8.5.2 Explain the use of experience monitoring and apply the results of a monitoring exercise to revise models and assumptions and improve future risk management. (C3)

8.5.3 Describe risk measures and explain the importance of risk reporting to managers and stakeholders. (B2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

As noted in the Education Guidelines, depth of coverage is to be assessed at the Learning Area level. For the ACTUARIAL RISK MANAGEMENT learning area, how do you assess the depth of your coverage?

0 – Not covered at all

1 – An introduction to the topics/sub-topics so the student has a basic knowledge of the learning area

2 – The student has a good knowledge of the learning area as defined in the Syllabus and an understanding of how the learning area is used in problem solving so that the student is able to solve well-defined problems that actuaries may encounter in their work

3 – The student has a deep knowledge of the learning area and is able to solve complex problems using judgement.

## 9. PERSONAL AND ACTUARIAL PROFESSIONAL PRACTICE

### **Aim:**

To enable students to apply their technical knowledge and skills in an effective, practical and professional manner.

### 9.1 EFFECTIVE COMMUNICATIONS

9.1.1 Explain common techniques used to produce effective written and oral communications. (B2)

9.1.2 Produce effective technical communications for a work project for an audience of peers, managers or clients. (B6)

9.1.3 Produce a comprehensive summary of technical actuarial results. (B6)

9.1.4 Produce an effective executive summary for an actuarial work product. (B6)

9.1.5 Explain matters to be addressed in a summary of conclusions following a peer review of another actuary's work. (B2)

9.1.6 Evaluate a problem in consultation with a manager to ensure work project is understood well enough to proceed. (B4)

9.1.7 Explain the importance of ensuring, where relevant, that the uncertainty surrounding a solution has been effectively communicated. (B2)

9.1.8 Create appropriate permanent documentation for a work product. (A6)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

## 9.2 PROBLEM SOLVING AND DECISIONMAKING

- 9.2.1 Apply the actuarial control cycle appropriately. (C3)
- 9.2.2 Evaluate whether all material factors have been considered when designing a solution. (A4)
- 9.2.3 Analyze and prioritize stakeholder needs when designing a solution. (A5)
- 9.2.4 Distinguish material factors from other factors (e.g. material external forces from other external forces). (A5)
- 9.2.5 Understand the purpose of a strategy and how it relates to competitive advantage. (B2)
- 9.2.6 Explain the elements of an effective decision-making process. (C2)
- 9.2.7 Apply a decision-making process to a particular case study. (B4)
- 9.2.8 Explain the benefits of teamwork and time management. (C2)
- 9.2.9 Explain the factors to consider when deciding whether to escalate a project decision to a higher level of management. (D2)
- 9.2.10 Use common project management techniques to design a work plan. (C6)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

### 9.3 PROFESSIONAL STANDARDS

- 9.3.1 Explain the distinguishing features of a profession. (A2)
- 9.3.2 Understand the importance of professional standards (code of conduct, qualification standards, standards of practice, etc.) and ethics in an actuary's work. (A2)
- 9.3.3 Explain the need for a discipline process for a profession (A2).
- 9.3.4 Understand the circumstances which could give rise to a charge of professional misconduct and how the association's discipline process could apply to such a case. (A2)
- 9.3.5 Explain how association's standards of practice may affect a work assignment. (C2)
- 9.3.6 Explain the structure and governance of the student's actuarial association and the role of the actuarial association. (A2)
- 9.3.7 Explain the actuary's obligations to clients, regulators, other stakeholders and the wider public. (D2)
- 9.3.8 Explain the need to prioritize professional responsibility and public interest over personal gain with respect to a work assignment. (C2)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

#### 9.4 PROFESSIONALISM IN PRACTICE

- 9.4.1 Analyse typical situations that could lead to an accusation of professional misconduct and identify actions which could be taken to avoid misconduct. (A5)
- 9.4.2 Analyze situations where an actuary's integrity could come under pressure and develop a plan for handling the situation successfully. (A5)
- 9.4.3 Explain the importance of documenting work and the elements of acceptable documentation to achieve a satisfactory audit trail. (A2)
- 9.4.4 Understand the importance of checking work and the need to consider peer review. (A2)
- 9.4.5 Apply professional standards and ethics appropriately to a situation outlined in a case study. (B5)
- 9.4.6 Describe how to monitor changes to standards of practice and how to determine which statements apply to a particular work assignment. (D1)
- 9.4.7 Understand how to determine which standards apply, and are paramount, when an assignment may be governed by professional standards of more than one actuarial organization. (A2)
- 9.4.8 Evaluate current level of own professional development and personal limitations to accept a particular actuarial work assignment. (D5)

a. Where is this topic covered in your education system?

b. If the topic is not covered directly, are alternative topics included in your education system to compensate?

As noted in the Education Guidelines, depth of coverage is to be assessed at the Learning Area level. For the PERSONAL AND ACTUARIAL PROFESSIONAL PRACTICE learning area, how do you assess the depth of your coverage?

0 – Not covered at all

1 – An introduction to the topics/sub-topics so the student has a basic knowledge of the learning area

2 – The student has a good knowledge of the learning area as defined in the Syllabus and an understanding of how the learning area is used in problem solving so that the student is able to solve well-defined problems that actuaries may encounter in their work

3 – The student has a deep knowledge of the learning area and is able to solve complex problems using judgement.

**C3** Are there topics not covered by IAA Syllabus that are included in your association's syllabus?

YES	NO	N/A
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- a. Briefly describe the topic/sub-topics covered by your syllabus that are not included in the IAA syllabus, including the depth of coverage.
  
- b. Rationale for inclusion in association syllabus?
  
- c. Do you recommend that these be included in the IAA syllabus? How - as part of the core IIA syllabus or as an option/alternative syllabus?

**SECTION D. SUMMARY**

**D1** Does the education content overall comply with the 2017 IAA Education Syllabus and Guidelines?

**D2** If the education content overall does not meet the 2017 IAA Education Syllabus and Guidelines what are your plans to change this?

**D3** What modifications or enhancements to the 2017 IAA Education Syllabus have you made or do you expect to make to meet the needs of your members?

End of Questionnaire