

HYPE Flashcards will soon be available for course 8 Individual Insurance.

They will be available in two parts:

Part 1 will cover the material from the Text Books and Published References

- Available the end of July
- Approximately 300 flashcards and 100 mnemonics to aid in memorization

Part 2 will cover the material from the Study Notes

- Available the end of August
- Estimating 200 – 300 flashcards along with mnemonics when relevant

- EXCELLENT Mnemonics – each mnemonic is specifically related to the topic to make memorization easier
- Convenient – study anytime and anywhere
- Similar structure to HYPE Flashcards for courses 5 and 6
- Due to the amount of material, these flashcards are an invaluable tool to **Help You Pass Exams**
- Available only through the Actuarial Bookstore. Item is sold as a set (part 1 and 2 together), however part 1 will be shipped in advance of part 2. Please contact Actuarial Bookstore for pricing. www.actuarialbookstore.com, sales@actuarialbookstore.com, 800-582-9672.

See examples below:

What are types of profit measures?

(**Accumulated Profit** as **PERCENT** of reserves)

- Accumulated profit as a percentage of reserves
- Profit as a percentage of assets
- Premium /revenue - Profit as a percentage of premium or revenue
- Embedded value
- Return on investment
- Charges - Profit as a percentage of risk charges
- Equity - weighted-average return on equity
- New business strain
- Time to breakeven - Breakeven year

How can reinsurance be used as a financial management tool?

(Reinsurance can **SHIFT** earnings)

- Shift earnings – change timing of earnings (can produce tax benefit)
- Help leverage returns
- Income stability
- Financing - Obtain financing more quickly and at lower cost than issuing debt or equity and at the exact time capital is needed (Increases the company's capital and decreases company's need for capital by reducing risk and therefore its required capital)
- Transfer risk

What are product-related factors affecting persistency?

(Sold with **INSURABLE** rider)

Higher persistency for policies when:

- Insurability option rider or waiver-of-premium rider
- Issued as applied for
- No loans
- Surrender charge expires
- Underwritten on a medical basis
- Risk class is preferred
- Account value is high
- Business policies rather than personal policies
- Large in size
- Enduring (permanent rather than term)

I-11

What are general situations where a higher margin for adverse deviation should be used?

CIA Standards of Practice for the Valuation of Policy Liabilities
SOA Course 8I ©HYPE flashcards

(Use higher margin when CFs **FLUCTUATE**)

- Favorable trend used
- Lack of reliable data
- Uncertainty due to Internal and external factors
- Cohort lacks homogeneity
- Time period - assumption pertains to experience that is farther in the future
- Underwriting, distribution or marketing change
- Assumption is for new class of asset or liability
- Too slow - insurer is slow to protect itself against adverse changes
- Experience affected by cyclical influences
- Fluctuations of experience

L-6

What is included in the actuarial report for the redetermination of non-guaranteed charges and/or benefits?

The Redetermination of Non-guaranteed Charges and/or Benefits
SOA Course 8I ©HYPE flashcards

(Include description of the **PROCESS**)

- Policy of company
- Regulatory requirements and interpretations
- Operating practices
- Contract classes and contract factors
- Experience factors
- Specific charges or benefits for the period and the degree of conformity with company's policy
- Sensitivity tests
- Process and methods

G-6

What are major life insurance risk categories for dynamic capital adequacy testing?

Dynamic Capital Adequacy Testing
SOA Course 8I ©HYPE flashcards

(**GOVERNMENT** actions)

- Government and political action
- Off-balance-sheet risk
- Value of assets deteriorating (Deterioration of asset values)
- Expense risk
- Reinsurance risk
- New business risk
- Mortality risk
- Epidemics and other Morbidity risks – increase in incidence rates, decrease in claim termination rates
- Non-matched cash flows (cash flow mismatch risk)
- Terminations/lapses (Persistency risk)