



Institute of Actuaries of India

SA2 – Life Insurance
Specialist Advanced

For 2026 Examinations

Aim

Apply the main principles that are relevant to the provision of life insurance business to complex scenarios concerning the management of life insurance companies, taking into account relevant regulatory, legislative and professional requirements, and the business environment in which the life insurance business is sold whilst having an understanding of the current underlying market conditions

Links Across the Qualifications

Associateship Qualification

Understanding the nature of risks and how to manage these risks is vital for life insurance. CP1 provides a fundamental background to different types of risk from an actuarial perspective and how these risks can be managed.

Fellowship Qualification

There are two subjects covering life insurance, Life Insurance Specialist Principles (SP2) and Life Insurance Specialist Advanced (SA2). Each subject develops a specific set of skills and knowledge needed by actuaries working in, or who wish to work in life insurance.

Life Insurance Principles (SP2) provides an introduction to the main principles and knowledge required in life insurance, and how these principles can be applied in simple scenarios.

Life Insurance Specialist Advanced (SA2) further develops the principles from SP2, providing a more in depth understanding. In particular, it considers in much more detail the environment in which a life insurance company operates which will include life insurance markets, regulation, legislation, taxation, financial management, monitoring and strategies.

Topics and Topic Weightings

1. Life insurance products and general business environment [20%]
2. Regulatory, legislative and taxation environment [25%]
3. Reporting and management of capital and profit [25%]
4. General business management [30%]

Objectives

1 Life insurance products and general business environment [20%]

Life insurance products which are commonly available and the environment in which they are sold.

1.1 Describe the major life insurance products that are offered.

1.1.1 The benefits and other main features of the following products:

- Individual Non-Linked Pure Term Insurance Products
- Individual Non-Linked Term with Return of Premium (TROP) Products
- Non-Linked Health Insurance Products (both Individual and Group)
- Group Non-Linked Term Insurance Products
- Group Credit Life Insurance Products

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- Group Fund Based Products
- Income protection insurance Products
- Critical illness insurance
- Individual and Group Non-Linked Saving Products (both Par and Non-Par)
- Individual and group pension products (both Par and Non-Par)
- Annuities – Individual and Group
- Variable annuities
- Microinsurance
- Health and non-health Riders
- Regulatory Standard products

1.1.2 Key features of the following life insurance product bases:

- Conventional with-profits
- Accumulating with-profits
- Individual Unit-linked Life and Pension Products
- Group Fund Based Unit Linked Products
- Index-linked Products (both Individual and Group)

1.1.3 Purpose, associated key risks and risk mitigation of the above products from the policyholder and the insurers' perspective.

1.2 Effect of the general business environment on the management of life insurance business including the impact on level of risk to the insurer, in terms of

- New business
- Distribution of products
- The wider competitive environment
- The principles of treating customers fairly
- Operational risk
- Corporate governance
- Outsourcing
- Mergers and acquisitions
- Closed funds
- Pandemics
- Other forms of capital
- Reinsurance
- Describe how policyholders' reasonable expectations (PRE) might be measured and managed with regard to the insurance contract types.

2 Regulatory, legislative and taxation environment [25%]

- 2.1 Key aspects of regulation, legislation and taxation as applicable to life insurance companies.
- 2.2 The role and responsibilities of the Appointed Actuary.
- 2.3 Demonstrate how the regulatory, legislative and taxation environments affect the way in which life insurance companies carry out their business in practice.
- 2.4 Demonstrate the understanding of professional standard: APS/GN in relation to actuaries practising in or advising life insurance companies.

3 Reporting and management of capital and profit [25%]

- 3.1 The supervision of life insurance companies/business under the relevant IRDAI and IFSCA regulations with regard to:
 - 3.1.1 The valuation of the assets and liabilities,
 - 3.1.2 The returns to be submitted including the ARA, Annual Appointed Actuary's confidential report, transfers of surplus,
 - 3.1.3 Solvency capital, Economic Capital, individual capital assessments and transfers of liabilities.
- 3.2 Financial reporting for life insurance business, capital management techniques and analysing the emergence of profit and surplus.
- 3.3 Value of New Business and Embedded Value reporting and disclosure under the Professional Standards on Indian Embedded Values.
- 3.4 The requirements of the professional and regulatory guidance relevant to actuaries practising in or advising the Indian life insurance companies, including the production of Financial Condition Reports.
- 3.5 Apply capital management techniques.
 - 3.5.1 Different types of capital assessment
 - 3.5.2 Different sources of capital used within the life insurance industry
 - 3.5.3 Assessment of ongoing solvency
 - 3.5.4 Relationship between risk, capital requirements and economic value generation
 - 3.5.5 Capital management techniques used within the life insurance industry
 - 3.5.6 Principles of asset-liability management and the use of derivatives
- 3.6 Analyse surplus and profit arising over a period
 - 3.6.1 Supervisory surplus arising
 - 3.6.2 Change in embedded value
 - 3.6.3 Possible actions that may need to be taken following an analysis of surplus or profit.

- 3.7 Understand the main requirements of Ind AS 117 and Ind AS 109, in relation to life insurance business

4 Business management [30%]

Approaches for appropriately managing a life insurance business and developing coherent solutions and courses of action for life insurance companies.

- 4.1 Identify actions a life insurance company can take to ensure customers are fairly treated.
- 4.2 Identify appropriate risk management strategies and controls that should be exercised by a life insurance company.
- 4.2.1 Outline an appropriate risk management framework.
- 4.2.2 Key risk types in relation to life insurance business:
- Credit risk
 - Market risk
 - Liquidity risk
 - Operational risk, including conduct risk, model risk and unit pricing risk
 - Insurance risk, including longevity risk □ Group risk.
- 4.2.3 Propose appropriate risk management strategies and controls for these risk types.
- 4.3 Describe how unit pricing, in respect of the internal unit-linked funds of an Indian life insurance company, can be a source of risk.
- 4.4 Describe the principles of unit pricing in respect of the internal unit-linked funds of Indian life insurance companies.
- 4.5 Analyse the reinsurance and underwriting requirements of an Indian life insurance company for the purpose of the efficient management of the business
- 4.6 Managing investment guarantees: Interest rate Risk and management of the same
- 4.7 Describe the principles behind the determination of discontinuance terms for life insurance contracts and:
- 4.7.1 Determine appropriate methods and bases for varying the non-linked life insurance contracts of Indian life insurance companies on terms that are not guaranteed.
- 4.7.2 Determine appropriate methods and bases for varying unit linked or index linked life insurance contracts of Indian life insurance companies.
- 4.8 Demonstrate an understanding of the management of with-profits business including constitution and role of With Profit Committee
- 4.8.1 The calculation and use of asset shares
- 4.8.2 Concept of smoothing
- 4.8.3 Investigations that can be performed to inform with-profits business management, including Bonus Earning Capacity
- 4.8.4 Bonus distribution approaches – Bonus Policy/Philosophy of the Insurer
- 4.8.5 Describe general with-profits management considerations, including:

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- Regulatory requirements and policyholder protection
- Management actions
- Managing closed with-profits funds

4.9 Apply relevant product design and pricing techniques to life insurance products

4.9.1 Factors to be considered when designing life insurance products

4.9.2 Appropriate methods and bases for pricing such products.

END OF SYLLABUS