



# Introduction to Life Insurance Course Overview

The FSAA Education Programme, “*Introduction to Life Insurance*” provides participants with an introduction to concepts, principles and practices of accounting for life insurance businesses.

The course consists of the 5 modules outlined below, presented over 2 days. Participants are involved in a mix of presentations, group discussions and practical exercises to reinforce and apply their learning.

## Module 1: Introduction to life insurance concepts

1: Introduction to life Insurance	Provides an introduction to life insurance, including: <ul style="list-style-type: none"><li>♦ The life insurance process and its key cycles.</li><li>♦ Identifying life insurance products.</li></ul>
2: Life insurance as a business	Provides an introduction to Life insurance as a business including: <ul style="list-style-type: none"><li>♦ The main sources of revenue and expenses.</li><li>♦ The stakeholders in the life insurance process.</li></ul>
3: Regulations and standards in life insurance	Provides an introduction to the key regulations and standards that impact the life insurance business including: <ul style="list-style-type: none"><li>♦ The nature of regulations and standards governing life insurance.</li><li>♦ The regulatory bodies and their role in life insurance.</li><li>♦ The role of insurance trade associations.</li></ul>
4: Key stakeholders in accounting for life insurance	Looks at key stakeholders in accounting for life insurance, including <ul style="list-style-type: none"><li>♦ Who are the key stakeholders?</li><li>♦ How does life accounting address its stakeholders’ needs?</li></ul>
5: What is different about life insurance accounting?	Looks at the key ways in which life insurance accounting is different from other accounting.

## Module 2: Classification and products

1: Introduction to life insurance products	<ul style="list-style-type: none"><li>♦ Explains key concepts used in relation to life insurance products.</li><li>♦ Looks at the benefits and potential risks of life insurance products from both the customer and the Life insurer’s perspectives.</li></ul>
2: Overview of insurance contract products	Describes the current types of insurance contract products sold within the life insurance industry.
3: Overview of investment contract products	Describes the current types of investment contract products sold within the life insurance industry.
4: Classification of products	Describes the major types of product classification required to comply with legislative and accounting requirements.
5: Investments	Explains and compares the main types of assets a life insurer may invest in.
6: Product distribution and sales	Provides background information on distribution methods for life insurance products, including: <ul style="list-style-type: none"><li>♦ Distribution channels and methods.</li><li>♦ Comparing distribution methods.</li><li>♦ Remuneration for the various distribution methods.</li></ul>

## Module 3: Life accounting concepts and accounting for life insurance contracts

1: Introduction to accounting for life insurance	Provides an introduction to: <ul style="list-style-type: none"><li>♦ The key concepts used in life accounting.</li><li>♦ Accounting standards applicable for life insurers.</li><li>♦ The unique taxing structure of the life insurer.</li></ul>
2: Accounting for life insurance contracts	Provides an overview of the key components of core transactions and accounting for life insurance contracts, including: <ul style="list-style-type: none"><li>♦ The major types of claims and their components.</li><li>♦ How to account for premiums, claims, expenses, policy liabilities and taxation in accordance with accounting standards and industry regulations.</li></ul>



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	<ul style="list-style-type: none"> <li>◆ The key components of investments and how to account for them.</li> <li>◆ The regulatory regime governing policy liabilities and the methods to calculate policy liabilities.</li> <li>◆ The role of reinsurance and how to account for it.</li> <li>◆ The types of expenses and the principles underlying expense apportionment.</li> </ul>
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### Module 4: Accounting for participating benefits, life investment contracts and other activities

1: Accounting for participating benefits	<p>Provides an overview of the key components of core transactions and accounting for the participating benefits business of a life insurer, including:</p> <ul style="list-style-type: none"> <li>◆ How to account for premiums, claims, expenses, policy liabilities and taxation in accordance with accounting standards and industry regulations.</li> <li>◆ A description of how profit is allocated to policyholders and shareholders in the participating business including the concept of 'bonuses'.</li> <li>◆ The key components of investments and how to account for them.</li> <li>◆ The regulatory regime governing policy liabilities and its key components.</li> <li>◆ The types of expenses and the principles underlying expense apportionment.</li> </ul>
2: Accounting for life investment contracts	<p>Provides an overview of the key components of core transactions and accounting for life investment contracts, including:</p> <ul style="list-style-type: none"> <li>◆ How to account for premiums, claims, fees, policy transfers, expenses, policy liabilities and taxation in accordance with accounting standards and industry regulations.</li> <li>◆ The major types of claims and their components.</li> <li>◆ A description of the main types of fees and how to account for them.</li> <li>◆ The key role of unit pricing in the investment linked business and its impact on the accounts.</li> <li>◆ The key components of investments and how to account for them.</li> <li>◆ The regulatory regime governing policy liabilities and the methods to calculate policy liabilities.</li> <li>◆ An overview of accounting mismatches.</li> <li>◆ The types of expenses and the principles underlying expense apportionment.</li> </ul>
3: Distribution of life insurance products	<p>Provides an overview of accounting for commission, including:</p> <ul style="list-style-type: none"> <li>● A description of the key components of commission.</li> <li>◆ The way life insurance products are distributed.</li> <li>◆ The key components of paying commission.</li> </ul>
4: Accounting for investments in the shareholder fund	<p>Provides an overview of accounting for investments in the shareholder fund, including:</p> <ul style="list-style-type: none"> <li>◆ The key components of investing.</li> <li>◆ How to account for impairment.</li> <li>◆ The basis of valuation, recognition and derecognition of assets.</li> </ul>



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## Module 5: Life insurance reporting

1: Introducing statutory and regulatory reporting	Provides an overview of statutory and regulatory reporting, including <ul style="list-style-type: none"><li>◆ What is statutory and regulatory reporting?</li><li>◆ Why do we need such reporting?</li><li>◆ Who uses statutory and regulatory reporting information?</li><li>◆ Other external reporting requirements.</li></ul>
2: Legislation relating to life insurance accounting	Provides an overview of legislation and regulations applying to the preparation of life insurance company accounts, including: <ul style="list-style-type: none"><li>◆ Corporations Act</li><li>◆ Life Insurance Act</li><li>◆ Prudential standards</li><li>◆ Accounting standards:<ul style="list-style-type: none"><li>- AASB 1038 – Life Insurance Contracts</li><li>- AASB 7 – Financial Instruments: Disclosures</li><li>- AASB 132 –Financial Instruments: Presentation</li></ul></li></ul>
3: Preparing statutory and regulatory reports	Provides an overview of the preparation of accounts of a life company in line with statutory and regulatory requirements, including: <ul style="list-style-type: none"><li>◆ Sourcing information for statutory and regulatory reporting.</li><li>◆ When are statutory and regulatory reporting required?</li><li>◆ Preparing statutory accounts.</li></ul>
4: Introducing management reporting	Provides an overview of management reporting concepts, including: <ul style="list-style-type: none"><li>◆ What is management reporting?</li><li>◆ Objectives of management reporting.</li><li>◆ An overview of business performance indicators and drivers relevant to management reporting.</li><li>◆ An overview of what a business user requires from management reports.</li></ul>