



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">◆ The life insurance process and its key cycles.◆ Identifying life insurance products.
2: Life insurance as a business	Provides an introduction to Life insurance as a business including: <ul style="list-style-type: none">◆ The main sources of revenue and expenses.◆ The stakeholders in the life insurance process.
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">◆ The nature of regulations and standards governing life insurance.◆ The regulatory bodies and their role in life insurance.◆ The role of insurance trade associations.
4: Key stakeholders in accounting for life insurance	Looks at key stakeholders in accounting for life insurance, including <ul style="list-style-type: none">◆ Who are the key stakeholders?◆ How does life accounting address its stakeholders' needs?
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">◆ Explains key concepts used in relation to life insurance products.◆ Looks at the benefits and potential risks of life insurance products from both the customer and the Life insurer's perspectives.
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">◆ Distribution channels and methods.◆ Comparing distribution methods.◆ Remuneration for the various distribution methods.

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">◆ The key concepts used in life accounting.◆ Accounting standards applicable for life insurers.◆ The unique taxing structure of the life insurer.
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">◆ The major types of claims and their components.◆ How to account for premiums, claims, expenses, policy liabilities and



Introduction to Life Insurance

Course Overview

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



Introduction to Life Insurance Course Overview

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">◆ What is statutory and regulatory reporting?◆ Why do we need such reporting?◆ Who uses statutory and regulatory reporting information?◆ Other external reporting requirements.
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">◆ Corporations Act◆ Life Insurance Act◆ Prudential standards◆ Accounting standards:<ul style="list-style-type: none">- AASB 1038 – Life Insurance Contracts- AASB 7 – Financial Instruments: Disclosures- AASB 132 –Financial Instruments: Presentation
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">◆ Sourcing information for statutory and regulatory reporting.◆ When are statutory and regulatory reporting required?◆ Preparing statutory accounts.
4: Introducing management reporting	Provides an overview of management reporting concepts, including: <ul style="list-style-type: none">◆ What is management reporting?◆ Objectives of management reporting.◆ An overview of business performance indicators and drivers relevant to management reporting.◆ An overview of what a business user requires from management reports.◆ High level intro to IFRS 17