

Subject SA1

2025 Study Guide

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1 Introduction

This Study Guide has been created to help you navigate your way through Subject SA1. It contains useful information you will need before starting to study Subject SA1 for the 2025 exams. You may also find it useful to refer to throughout your studies.

Further information on study skills can be found on our website at [ActEd.co.uk](https://www.acted.co.uk).

Please read this Study Guide carefully before reading the Course Notes, even if you have studied for some actuarial exams before.

Before you start

When studying for the Institute and Faculty of Actuaries' exams, you may need:

- a copy of the **Formulae and Tables for Examinations of the Institute and Faculty of Actuaries, 2nd Edition (2002)** – these are referred to simply as the *Tables*
- a **scientific calculator** and/or **software package** to help with calculations.

The *Tables* are available from the Institute and Faculty of Actuaries' eShop. Please visit [actuaries.org.uk](https://www.actuaries.org.uk).

2 Subject SA1 – background and contents

2.1 Links to other subjects

Fellowship Qualification

There are two subjects covering health and care, Health and Care Specialist Principles (Subject SP1) and Health and Care Specialist Advanced (Subject SA1). Each subject develops a specific set of skills and knowledge needed by actuaries working in, or who wish to work in health and care.

Health and Care Specialist Principles (Subject SP1) provides an introduction to the main principles and knowledge required in health and care insurance, and how these principles can be applied in simple scenarios.

Health and Care Specialist Advanced (Subject SA1) builds upon the skills and knowledge covered in Subject SP1, applied to more complex scenarios. In particular, it considers in much more detail the environment in which a health and care insurance company operates which will include health and care markets, regulation, legislation, taxation, financial management, monitoring and strategies, and State health and care benefit provision.

2.2 Subject contents

There are six parts to the Subject SA1 course. The parts cover related topics and are broken down into chapters. At the end of each part there is an assignment testing the material from that part.

The following table shows how the parts and chapters relate to each other. The final column shows how the chapters relate to the days of the regular tutorials. This table should help you plan your progress across the study session.

Part	Chapter	Title	No of pages	X Assignment	Tutorial – 2 days
0	1	Introduction	12		1
1	2	Long-term health and care insurance products	36	X1	
	3	Short-term health and care insurance products	20		
	4	Product analysis	36		
	5	General business environment (1)	49		
	6	General business environment (2)	55		
2	7	Product design and pricing (1)	45	X2	
	8	Product design and pricing (2)	49		
	9	Taxation environment	25		
3	10	Approaches to regulation	41	X3	
	11	Solvency II (1)	16		
	12	Solvency II (2)	42		
	13	Other approaches to solvency regulation	26		
	14	Profit and value reporting	52		
	15	Professional standards and guidance	21		
4	16	Capital management	23	X4	1
	17	Reinsurance	31		
	18	Asset-liability management	33		
	19	Analysis of experience	51		
5	20	Analysis of surplus, embedded value and profit	37	X5	2
	21	Assessing strategies	47		
6	22	Recommending strategies	47	X6	
	23	Implications of strategies	28		
	24	National healthcare systems	42		
	25	Best practice	24		
	26	Solving complex issues	33		
	27	Glossary	31		

3 Syllabus

The Syllabus for each subject is produced by the Institute and Faculty of Actuaries. It includes information to support the study of this subject. The Syllabus will guide you through what you need to learn, the application of learning, as well as the skills that you need to develop.

Students can use the Syllabus as a guide for learning and development. We recommend that you use the Syllabus as an important part of your study.

3.1 Aim

The aim of Subject SA1 is to apply the main principles that are relevant to the provision of health and care benefits to complex scenarios concerning the management of health and care insurance companies, taking into account relevant regulatory, legislative and professional requirements, and the business environment in which the health and care business is sold.

3.2 Topics and topic weightings

This subject covers the following topics:

1.	Health insurance products and general business environment	(30%)
2.	Regulatory, legislative and taxation environment	(10%)
3.	Rating, pricing and underwriting	(20%)
4.	Valuation, asset-liability management (ALM) and reinsurance	(20%)
5.	Monitoring and strategy	(20%)

The topic weighting percentage noted alongside the topics is indicative of the volume of content of a topic within the subject and therefore broadly aligned to the volume of marks allocated to this topic in the examination. For example, if a topic is 20% of the subject then you can expect that approximately 20% of the total marks available in the examination paper will be available on that topic.

Students should ensure that they are well prepared across the entire syllabus and have an understanding of the principal terms used within the course.

Students will be expected to be able to apply knowledge and skills from across the syllabus topics to scenarios and questions proposed by the examiners and produce coherent solutions and actions, including:

- analysing complex problems in terms of actuarial, economic and financial factors to a level where appropriate analytical techniques may be used
- assessing the implications and relevance of such factors, integrating the results into a coherent whole
- evaluating the results critically in a wider context, drawing appropriate conclusions
- proposing solutions and actions, or a range of possible solutions and actions, based on this evaluation.

3.3 Objectives

The detailed syllabus objectives for Subject SA1 are given below. To the right of each objective are the chapter numbers in which the objective is covered in the ActEd course. The relevant individual syllabus objectives are also included at the start of each course chapter.

1. **Health insurance products and general business environment** **(30%)**

Understand the main features of health and care insurance business. Considers the impact of the general business environment on the business sold by a health and care insurance company.

1.1 Understand, in detail and analyse the major health and care insurance products offered.

1.1.1 The benefits and other main features of the following products:
(Chapters 2 and 3)

- income protection insurance
- critical illness insurance
- long-term care insurance
- private medical insurance
- health cash plans
- major medical expenses
- group and individual covers.

1.1.2 Key features of the health and care insurance products outlined in 1.1.1:
(Chapters 2-4)

- customer needs
- interaction with State provision
- bundling and unbundling
- impact of unit-linked wrappers.

- 1.2 Assess the effect of the general business environment on the management of health and care insurers: (Chapters 5, 6, 10, 24 and 25)
- products and distribution, including the roles of the State and employers
 - underwriting approaches, including genetic testing
 - use of counterparties
 - external influences – demographic, medical, economic, political, social, pandemics and climate change
 - key medical conditions, treatments and other current health issues
 - how a health and care insurance company can ensure that it treats its customers fairly
 - areas of best practice in international health and care provision
 - considerations underlying the provision of national healthcare systems:
 - the importance of healthcare provision
 - different healthcare systems worldwide
 - different approaches to financing healthcare
 - quality adjusted life years (QALYs).

2. Regulatory, legislative and taxation environment (10%)

Understand the key aspects of regulation, legislation and taxation as applicable to health and care insurance companies.

- 2.1 Explain the relevance of legislation to health and care insurance business, in relation to: (Chapter 10)
- consumer protection
 - equality legislation
 - data regulations.
- 2.2 Understand the implications of the taxation of health and care insurance business for policyholders and health and care insurance companies. (Chapter 9)
- 2.3 Describe regulatory frameworks for health and care insurance companies: (Chapters 10 and 14)
- objectives of regulators
 - financial reporting requirements
 - conduct of business rules
 - supervisory tools, including rulebooks and reporting requirements
 - statutory actuarial roles.

- 2.4 Demonstrate understanding of the over-arching Solvency II regulatory framework and its impact on business culture and strategy: (Chapters 11 and 12)
- background and scope
 - structure
 - Pillar 2 governance requirements
 - Pillar 3 disclosure and reporting requirements
 - group reporting requirements.
- 2.5 Compare regulatory, legislative and taxation environments between different jurisdictions. (Chapters 13 and 14)
- 2.6 Demonstrate how the regulatory, legislative and taxation environments affect the way in which health and care insurance companies carry out their business in practice. (Chapter 14)
- 2.7 Outline the requirements of actuarial standards in relation to actuaries practicing in or advising health and care operations. (Chapter 15)

3. **Rating, pricing and underwriting** (20%)

Understand product design and pricing techniques and methods.

- 3.1 Demonstrate product design and pricing techniques. (Chapters 7 and 8)
- 3.1.1 Describe the requirements for the design of health and care insurance products to be marketed in a particular jurisdiction, including:
- policy conditions
 - capital requirements and return on capital
 - marketing, competition and distribution
 - management of the risks
 - underwriting
 - reinsurance
 - investment policy
 - the renewal process and options
 - regulatory requirements
 - environmental, social and governance (ESG) considerations.
- 3.1.2 Determine appropriate methods for pricing such products.

4. **Valuation, ALM and reinsurance** **(20%)**

Reserving for health and care claims, capital management techniques and the principles of asset liability management for health and care insurance companies.

4.1 Demonstrate solvency assessment techniques. (Chapters 11 – 13)

4.1.1 Outline the valuation of assets, liabilities and solvency capital requirements under Solvency II.

4.1.2 Compare solvency assessment approaches between different jurisdictions.

4.2 Demonstrate capital management techniques. (Chapters 16 and 18)

4.2.1 Explain the different types of capital assessment.

4.2.2 Describe the different sources of capital.

4.2.3 Discuss the assessment of ongoing solvency, including practical modelling considerations.

4.2.4 Explain the relationship between capital, risk and economic value.

4.2.5 Propose methods of improving available capital.

4.2.6 Describe the principles of asset-liability management and the use of derivatives.

4.3 Evaluate the uses and benefits of reinsurance support in health and care insurance: (Chapter 17)

- control of risks
- financing
- technical assistance
- reinsurance impact
- badging.

4.4 Analyse the asset-liability matching requirements of a health and care insurer and develop appropriate strategies. (Chapter 18)

5. **Monitoring and strategy** **(20%)**

How to monitor a health and care insurance business and develop coherent solutions and courses of action for health and care insurance companies.

5.1 Analyse the experience and surplus / profit of a health and care insurer arising over a period. (Chapters 19 and 20)

- 5.2 Propose possible actions that should be taken following an analysis of experience or surplus / profit, including capital management and modelling considerations. (Chapters 22 and 23)
- 5.3 Understand the principles and practices that are relevant to the assessment of specific business strategies: (Chapter 21)
- assessment of the market for a new company launch
 - assessment of overseas markets
 - assessment of a company or portfolio for takeover.

4 Core Reading

This section explains the role of the Core Reading and how it links to the Syllabus, supplementary ActEd text and the examination.

4.1 Core Reading

The Core Reading has been produced by the Institute and Faculty of Actuaries. It supports students in their learning and development of this subject by providing information and explanation of the topics and objectives in the Syllabus.

The Core Reading is updated annually to reflect any changes to the Syllabus and current practice, as well as for continuous improvement.

The current version of the Core Reading is up-to-date as of 31 May 2024. It references the version of any legislation, standards, professional guidance, *etc* as of this date.

The United Kingdom left the European Union on 1 January 2021 without an EU-wide arrangement for the operation and regulation of financial services and this continues to be the situation. This version of the Core Reading reflects this situation.

Accreditation

The Institute and Faculty of Actuaries would like to thank the numerous people who have helped in the development of the material contained in the Core Reading.

Further reading

A list of additional resources to support candidate learning and development for this subject can be found on the Module pages on the Institute and Faculty of Actuaries' website:

actuaries.org.uk/curriculum/

4.2 Links to the Syllabus

Each part of the Core Reading relates directly to the Syllabus.

The relevant syllabus objectives are included at the start of each chapter for reference.

The Core Reading supports coverage of the Syllabus in helping to ensure that both depth and breadth are re-enforced.

4.3 Links to the examination

Examiners can set questions based on any area of the Syllabus within any examination sitting and will consider and draw from the Core Reading when setting examinations questions.

Students will be expected to apply the Core Reading to scenarios and questions proposed by the examiners.

The exams in April and September 2025 will be based on the Syllabus and Core Reading as at 31 May 2024. We recommend that you always use the up-to-date Core Reading to prepare for the exams.

Past papers indicate to students how the examiners apply the Core Reading. The Examiners' Reports provide further insight as to how students answered the questions and how marks were awarded.

4.4 ActEd text

The Core Reading deals with each syllabus objective and covers what is needed to pass the exam, and the Subject SA1 Course Notes include the Core Reading in full, integrated throughout the course.

However, the tuition material that has been written by ActEd enhances it by giving examples and further explanation of key points. Here is an excerpt from some ActEd Course Notes to show you how to identify Core Reading and the ActEd material. **Core Reading is shown in this bold font.**

In the example given above, the index *will* fall if the actual share price goes below the theoretical ex-rights share price. Again, this is consistent with what would happen to an underlying portfolio.

After allowing for chain-linking, the formula for the investment index then becomes:

$$I(t) = \frac{\sum_i N_{i,t} P_{i,t}}{B(t)}$$

where $N_{i,t}$ is the number of shares issued for the i th constituent at time t ;

$B(t)$ is the base value, or divisor, at time t .

This is
ActEd
text

This is Core
Reading

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Legal action will be taken if these terms are infringed. In addition, we may seek to take disciplinary action through the Institute and Faculty of Actuaries or through your employer.

These conditions remain in force after you have finished using the course.

5 Skills and assessment

5.1 Exam skills

In each examination, students will be expected to demonstrate, through their answers, that they have knowledge of, can apply and use higher order skills in this subject:

- Knowledge will be demonstrated through answering questions that assess understanding of that knowledge as well as through questions that ask for the application of relevant knowledge to scenarios.
- Application will be demonstrated through answering questions that assess the ability to identify and apply relevant concepts and skills to solve problems (both numerical and non-numerical).
- Higher order skills will be demonstrated through questions that will assess the ability to use relevant knowledge, concepts and skills to solve problems, draw appropriate conclusions, and make meaningful and appropriate comments on those conclusions.

In Subject SA1, the approximate split of assessment across the three skill types is:

- Knowledge – 15%
- Application – 55%
- Higher Order skills – 30%.

The Institute and Faculty of Actuaries use command verbs (such as 'Define', 'Discuss' and 'Explain') to help students to identify what the question requires. The examination can be composed of questions drawing from any part of the syllabus and using any command verb.

The Institute and Faculty of Actuaries has produced guidance on 'Command verbs used in the Associate and Fellowship examinations', to help students to understand what each command verb is asking them to do.

You can find the relevant document on the Institute and Faculty of Actuaries' website at:

actuaries.org.uk/qualify/prepare-for-your-exams

5.2 Assessment

Assessment will consist of one 3 hour 20 minute timed, online examination. This time includes reading time, as well as the time taken for students to download and/or print the question paper.

Students can expect to answer a number of questions of varying marks, using Microsoft Word to construct and type their answers.

5.3 Further information

The Institute and Faculty of Actuaries has produced a number of documents, which it advises students to read and understand. In particular, the:

- Qualification Handbook, which contains information on studying and preparing for exams, as well as available support and resources
- Examinations Handbook, which contains practical assistance on how to sit an Institute and Faculty of Actuaries' examination
- Assessment Regulations document, which includes rules on eligibility, entry and conduct during an online assessment.

The Qualification Handbook can be found at:

actuaries.org.uk/qualify/student-and-associate-exam-news/qualification-handbook

The Examinations Handbook and Assessment Regulations document can be found at:

actuaries.org.uk/qualify/my-exams/ifoa-exams

IMPORTANT NOTE: These documents may be updated and re-published in the weeks leading up to each exam session. It is important that you keep up-to-date with any changes and developments.

6 ActEd study support

An overview of ActEd's products and services, and guidance on how to choose the best ones for you, can be found on our website at [ActEd.co.uk/productguide](https://www.acted.co.uk/productguide).

6.1 Summary of ActEd products and services

Detailed descriptions of all ActEd's products and services can be found on our website at [ActEd.co.uk](https://www.acted.co.uk). However, the specific products and services available for Subject SA1 include:

- Course Notes
- X Assignments – six 100-mark tests (you are allowed 3¼ hours to complete these)
- Series X Marking
- Mini Online Classroom – over 25 tutorial units
- ASET (2022 papers) – one year of exam papers, *ie* two sittings, covering the period April 2022 to September 2022
- Mock Exam – one 100-mark test
- Additional Mock Pack (AMP) – two additional 100-mark tests
- Mock Exam Marking
- Marking Vouchers.

Products are generally available in both paper and eBook format. Visit [ActEd.co.uk](https://www.acted.co.uk) for full details about available eBooks, software requirements and restrictions.

6.2 Tuition

The following tutorials are typically available for Subject SA1:

- Block or Regular Tutorials (two days).

Tutorials are typically available live online.

Full details are set out in our *Tuition Bulletin*, which is available on our website at [ActEd.co.uk](https://www.acted.co.uk).

6.3 Questions and queries

From time to time you may come across something in the study material that is unclear to you.

Our online discussion forum at [ActEd.co.uk/forums](https://www.acted.co.uk/forums) (or use the link from our home page at [ActEd.co.uk](https://www.acted.co.uk)) is dedicated to actuarial students so that you can get help from fellow students on any aspect of your studies from technical issues to study advice. ActEd tutors visit the site regularly to ensure that you are not being led astray and we also post other frequently asked questions from students on the forum as they arise.

If you are still stuck, then you can send queries by email to the Subject SA1 email address **SA1@bpp.com**, but we recommend that you try the forum first. We will endeavour to contact you as soon as possible after receiving your query but you should be aware that it may take some time to reply to queries, particularly when tutors are running tutorials. At the busiest teaching times of year, it may take us more than a week to get back to you.

If you have many queries on the course material, you should raise them at a tutorial or book a personal tuition session with an ActEd tutor. Please email **ActEd@bpp.com** for more details.

6.4 Feedback

If you find an error in the course, please check the corrections page of our website (**ActEd.co.uk/paper_corrections.html**) to see if the correction has already been dealt with. Otherwise, please send the details via email to the Subject SA1 email address **SA1@bpp.com**. Our tutors work hard to ensure that the courses are as clear as possible and free from errors.

ActEd also works with the Institute and Faculty of Actuaries to suggest developments and improvements to the Syllabus and Core Reading. If you have any comments or concerns about the Syllabus or Core Reading, these can be passed on via ActEd. Alternatively, you can send them directly to the Institute and Faculty of Actuaries' Examination Team by email to **memberservices@actuaries.org.uk**.

7 General information and support

7.1 Safeguarding

We want you to feel comfortable within our learning environment and safe in the knowledge that if you ever needed support, you know where to go.

If you need support, please contact BPP's Safeguarding team at safeguarding@bpp.com or for urgent concerns call 07464 542 636.

Additional information can be found at ActEd.co.uk/learningsupport.

7.2 BPP learning support

BPP's Learning Support team offers a wide range of support for all students who disclose a learning difficulty or disability. This support is accessible to all ActEd students free of charge.

Please contact BPP's Learning Support team at LearningSupport@bpp.com for more information.

Additional information can be found at ActEd.co.uk/learningsupport.

7.3 The Prevent Duty

The Prevent Duty is to protect people from radicalisation and being drawn into extremist views and terrorism. As a Government-regulated training provider, ActEd has a duty to ensure that our learners are well informed and stay safe, and to empower our students to know what to look for and when to report concerns.

Please report any concerns to a tutor or email safeguarding@bpp.com or for urgent concerns call 07464 542 636.

More information is available at:

- ActEd.co.uk/learningsupport
- officeforstudents.org.uk/advice-and-guidance/student-wellbeing-and-protection/counter-terrorism-the-prevent-duty/