

FSAA INTRODUCTION TO GENERAL INSURANCE

Course overview

MODULE 1: Overview of the general insurance process and the role of accounting

Section 1: Introduction to general insurance	This section aims to increase participants' awareness of general insurance, including products and components of the insurance cycle. Exercises involve participants in relating to the process to their own organisation/involvement and reinforcing concepts introduced in the section.
Section 2: General insurance as a business	This section covers dollar flow in general insurance, including sources of revenue, areas of expenditure, recoveries, the role of investment and stakeholders in the business.
Section 3: Regulations and standards in general insurance	This section introduces reasons for regulating the industry, key standards and relevant regulators and trade associations.
Section 4: Stakeholders of the insurance accounting function	This section is designed to increase the participants' awareness of the various stakeholders in the accounting department. Exercises involve participants in identifying stakeholders and their information requirements.
Section 5: What is different about accounting in general insurance?	Participants are introduced to the impact of the insurance process on accounting: duration of contracts; the impact of risk; insurance-specific accounts/balances; using estimates.
Section 6: What do insurance-specific accounts/balances involve?	This sections looks a little further at estimates in premium accounting; earning patterns; changing patterns of risk; unclosed business. Estimates in claims accounting; IBNR; IBNER; inflating and discounting; recoveries. Details will be addressed in later modules.

MODULE 2: Premium accounting in general insurance

Section 1: What is a Premium?	This section covers the definition of premium, types of general insurance risks covered in exchange for premium, the implications of payment and acceptance of premium and third party inclusions/exclusions.
Section 2: Sources of premium income	This section examine direct and inwards reinsurance premiums.
Section 3: Overview of the premium cycle	This section covers stages of the premium cycle.
Section 4: Premium rate determination	This section covers factors affecting premium rate determination and touches on statistical information and roles of underwriter and actuary in premium rate determination.
Section 5: Accounting for premiums	This section examines AASB1023 requirements for premium accounting, basic concepts, recording premium income, patterns of risk, determining patterns of earned premium, estimating unclosed business, pre-debiting, adjustment premiums and disclosure requirements.
Section 6: Accounting for acquisition costs	This section examines types of acquisition costs, deferred acquisition costs, recoverability and disclosure requirements for acquisition costs.

MODULE 3: Introduction to reinsurance issues

Section 1: The nature of reinsurance	This section introduces the concept, history and rationale for reinsurance, including stakeholders. It includes a video which gives a good cover.
Section 2: Proportional and non-proportional reinsurance	This section covers concepts involved in proportional and non-proportional reinsurance, with an example to illustrate the difference.
Section 3: Facultative reinsurance	This section covers concepts involved in facultative reinsurance, including rationale for using it and drawbacks.
Section 4: Treaty proportional reinsurance	This section covers concepts involved in various types of treaty proportional reinsurance, including agreements, implications, responsibilities, advantages and disadvantages of each.
Section 5: Treaty non-proportional reinsurance	This section covers concepts involved in treaty non-proportional reinsurance, including agreements, implications, responsibilities, advantages and disadvantages.
Section 6: Reinsurance and accounting standard AASB1023	This section examines the implications of accounting standard AASB1023 (AAS26) for reinsurance.

FSAA INTRODUCTION TO GENERAL INSURANCE

Course overview *(continued)*

MODULE 4: Introduction to investment

Section 1: The role of investment in the insurance industry	This section builds on basic learning from previous modules to expand learners' understanding of the role of insurance investment and introduce some key concepts and terminology.
Section 2: Stakeholders in insurance investment	This section looks at investment from stakeholders' perspectives.
Section 3: What makes insurance investments unique?	This section covers objectives of insurance investment, types of investments available, assets and asset allocation.
Section 4: Accounting for insurance investments	This section covers the accounting role in insurance investment and the relevance of AASB1023.
Section 5: Assessing investment performance	This section looks at indices used for assessing investment performance.

MODULE 5: Claims accounting in general insurance

Section 1: The claims cycle	Stages of the claims cycle (Event, Notification, Verification/acceptance, Evaluation of loss, Payment); claims fraud; length of claims cycle.
Section 2: Insurance Accounting - Claims	Role of accounting - claims; components/calculation of incurred claims; recoveries; claims estimation and valuation; other claims accounting functions.
Section 3: Application of AASB1023 to claims accounting	Overview of the standard in relation to claims accounting; financial statement disclosures

MODULE 6: Statutory reporting in the insurance industry

Section 1: Introduction to statutory reporting concepts	What is statutory reporting? Why is it needed? Who uses the information and what for? Where is the information sourced and when is it required?
Section 2: Legislation pertaining to statutory reporting	Corporations Law and associated reporting requirements; Insurance Act and its requirements; ISC Guidelines outlined.
Section 3: Preparing statutory accounts	Statutory accounts and timing, accounting standards and disclosure requirements
Section 4: Preparing statutory returns	Statutory returns and timing, ISC returns (rationale, requirements and due dates), other statutory returns (Fire Brigade, Stamp Duty, Workers' Compensation, Tax).

MODULE 7: Management reporting in the insurance industry

Section 1: Introduction to management reporting for insurance	This section examines the uses of management reporting and its unique features in relation to general insurance business.
Section 2: Preparation of reports for management.	This section covers information presented in management reports, including profit & loss statements, balance sheets, cashflow forecast and budgets
Section 3: Management accounting indicators used.	This section examines indicators used in the presentation of financial information.
Section 4: Management reporting analysis	This section covers the types of analysis involved in management reporting for general insurance.
Section 5: Other areas that require reporting.	This section looks briefly at analysing the investment portfolio, reinsurance programs and reviewing expenses.