



**Actuarial Society of the Philippines**

Unit 819, Cityland 10 Tower II H.V.Dela Costa St, Salcedo Village Makati City, Phils. + (632) 8920693

[www.actuary.org.ph](http://www.actuary.org.ph)

**ACTUARIAL SOCIETY OF THE PHILIPPINES**

**2019 EXAMINATION CATALOGUE  
(JUNE EDITION)**

## Table of Contents

I. The Actuarial Society of the Philippines.....	3
Mission Statement.....	3
Principles Underlying the Examination System.....	3
Requirements for Admission to the Society as an Associate.....	3
Requirements for Admission to the Society as a Fellow.....	4
II. General Information Regarding Examinations.....	4
2014 Examination System.....	5
Transition Rules.....	6
Credit for Examinations under the 2008-2013 Syllabus.....	7
ASP Integrated Exams.....	8
Examination Dates, Time, Location.....	9
Accreditation Procedure for Associateship and Fellowship Examinations.....	9
III. Validation by Educational Experience (VEE).....	9
IV. Associateship Admission Course.....	10
V. Fellowship Examinations.....	11
Form of Examinations.....	11
Applications to Write Examinations and Deadlines for Submission.....	11
Examination Fees.....	11
Refunds, Transfer of Fees.....	11
Ticket of Admission/Instructions to Candidates.....	11
Requirements for Admission to Test Center.....	12
Signatures on Exam Answer Sheets and Envelopes.....	12
Use of Calculators and Other Assistance in Writing Examinations.....	12
Examination Results.....	13
Lost Examinations.....	13
Defective Questions.....	13
Confidentiality of Examination Records.....	13
Disciplinary Action.....	13
Correspondence.....	14
VI. Fellowship Admission Session.....	14
VII. The Examination Committee.....	15
Organizational Structure of the Examination Committee.....	15
Review and Development of Course of Reading.....	15
Development of Examinations.....	15
Grading Process.....	16
Determination of the Pass Mark.....	16
VIII. Suggestions for Candidates.....	16
Order for Taking Examinations.....	16
Study Methods.....	16
Classes and Seminars.....	17
Approaches to Writing Written-Answer Examinations.....	17
IX. Fellowship Course of Reading.....	18
ASP Integrated Exam I.....	19
ASP Integrated Exam II.....	22
Appendix A.....	27
Appendix B.....	29
Application for Examinations.....	31

## **I. The Actuarial Society of the Philippines**

### **Mission Statement**

We are the internationally recognized organization of actuarial professionals in the Philippines. We are committed to the standards of our profession, upholding the highest levels of integrity and competence.

As acknowledged experts in assessing risks and measuring their financial outcomes, we take pride in providing technical services to our stakeholders. As responsible members of society, we take a stand on issues that affect the public good.

We are a caring organization that provides a forum for the professional growth, social development and self-regulation of our members. We value mentoring as necessary to strengthen our Society and to continuously upgrade the expertise of our members.

We shall responsibly carry out these affirmations to foster the important role of the Actuarial Society of the Philippines in the larger global community.

### **Principles Underlying the Examination System**

The Actuarial Society of the Philippines accredits and administers a series of self-study courses and examinations, in the fields of application of actuarial science, leading to Associateship and Fellowship qualifications. The principles underlying the examination system are as follows:

- a) To provide the actuary with an understanding of fundamental mathematical concepts and how they are applied;
- b) To provide the actuary with an accurate picture of the socio-demographic, political, legal, and economic environments within which financial arrangements operate;
- c) To expose the actuary to a broad range of techniques, their applications and limitations;
- d) To expose the actuary to a broad range of relevant actuarial practice;
- e) To develop the actuary's sense of inquisitiveness so as to encourage exploration unto areas where traditional methods and practice do not appear to work effectively.

In the administration of the system, it is understood that both the course of readings as well as the manner of administering examinations will be continuously studied and revised, as necessary, in order to incorporate advances in technology and changes in the environment in which the actuary is expected to operate.

### **Requirements for Admission to the Society as an Associate**

- a) Who may be admitted. Any individual, at least 18 years of age, upon nomination by two Fellows of the Society in good standing, may be admitted after completing the Associateship education and examination requirements prescribed by the Board of Governors.
- b) When and how to apply. A candidate planning to seek admission to the Society should submit an Application for admission as Associate to the Membership Committee upon completion of the education and examination requirements for Associateship. The application form may be obtained from the Office of the Actuarial Society of the Philippines. The application for admission

as Associate is subject to approval by the Board of Governors of the Society and by the majority vote of the Society.

- c) Associateship Education and Examination Requirements. To qualify for Associateship, the candidate should have completed the following requirements:
- The candidate should have passed the associateship examination requirements listed in Section II. These examinations should have been accredited by the ASP.
  - The candidate should have satisfied Validation by Educational Experience (VEE) for three topics as described in Section III.
  - The candidate should have attended the Associateship Admission Course given by the ASP.
  - The Associateship Admission Course is described in Section IV.

### **Requirements for Admission to the Society as a Fellow**

- a) Who may be admitted. Any Associate of the Society, at least 21 years of age, upon nomination by two Fellows of the Society in good standing, may be admitted provided:
- He/she is the holder of a university degree requiring at least 24 units of actuarial-related subjects;
  - He/she has worked in the Philippines in the actuarial field for at least one year;
  - He/she has completed the fellowship education and examination requirements, the Fellowship Admission Session, and any additional requirements prescribed by the Board of Governors. The Fellowship Admission Session is described in Section VI of this catalogue.
- b) When and how to apply. A candidate seeking admission as a Fellow of the Society should submit an Application for Admission as Fellow to the Membership Committee upon completion of the examination and other requirements for Fellowship. The Application form may be obtained from the Office of the Actuarial Society of the Philippines. The application for admission as Fellow is subject to approval by the Board of Governors of the Society and by the majority vote of the Society.
- c) Fellowship Examinations. The required course of reading for Fellowship examinations is provided in Section IX of this Catalogue.

## **II. General Information Regarding Examinations**

In November 9, 2012, a new Examination System was formally approved and adopted by the Actuarial Society of the Philippines during its 4<sup>th</sup> ASP Quarterly Meeting and General Membership Assembly. This Examination System, having had its first administration in 2014 will be referred to as the 2014 Examination System. This was updated given the changes in the SOA syllabus effective 2018.

### **Basic Principle**

The basic principles behind the adoption of the 2014 Examination System are as follows:

- a) Align the Society's exam system with the available examinations offered by the Society of Actuaries (SOA) and Casualty Actuarial Society (CAS), which also test most of the topics found in the local Fellowship four-exam system;
- b) Focus in administering two integrated local exams that will test the more relevant topics that are unique to the Philippine industry and regulations.
- c) As part of the full membership requirements of the IAA, the ASP must have education requirements which are at least equivalent to the current IAA Education Syllabus. The ASP Examination System is also reviewed regularly to ensure compliance to the IAA Education Syllabus

## 2014 Examination System and Moving Forward (2018 Update)

Effective July 1, 2018, the following examinations are required to qualify under the ASP Examination System:

### Associateship:

SOA Exam P	Probability
SOA Exam FM	Financial Mathematics
SOA Exam IFM	Investment & Financial Markets
SOA Exam LTAM	Long-Term Actuarial Mathematics
SOA Exam STAM	Short-Term Actuarial Mathematics

The Actuarial Society of the Philippines Validation by Educational Experience (ASP VEE) topics as contained in Section III will continue to be required as well.

### Associateship beginning July 1, 2020:

SOA Exam P	Probability
SOA Exam FM	Financial Mathematics
SOA Exam IFM	Investment and Financial Markets
SOA Exam LTAM	Long-Term Actuarial Mathematics
SOA Exam STAM	Short-Term Actuarial Mathematics
SOA Exam SRM	Statistics for Risk Modeling
SOA PA	Predictive Analytics

The ASP VEE topics as contained in Section III will continue to be required as well.

### Fellowship beginning July 1, 2018:

- AASP requirements
- SOA Fundamentals of Actuarial Practice (FAP)
- One of the Core SOA Fellowship Exams (Any of the 5-hour written FSA Exams), or one of the FCAS Fellowship Exams (Any exam among FCAS Exams 7 to 9)
- FSA Module 1 (FSA Financial Economics Module or ERM Module) / CAS Online Course 1\*
- FSA Module 2/ CAS Online Course 2\*
- ASP Integrated Exam I
- ASP Integrated Exam II

\*note: ASP Fellowship requirement credits for CAS Online Courses are currently being evaluated. Further clarifications will be provided in upcoming months

Candidates who have taken both the Financial Economics Module and ERM Module can apply these modules as credits for the FSA Module 1 and FSA Module 2 requirement. Details about the FSA and FCAS examinations may be obtained from the Society of Actuaries (SOA) and Casualty Actuarial Society (CSA).

### Fellowship beginning July 1, 2024:

Same as the Fellowship requirements above but beginning July 1, 2024, candidates will be required to have completed the following:

- SOA SRM (Statistics for Risk Modeling)
- SOA PA (Predictive Analytics)
- VEE Economics
- VEE Finance and Accounting
- VEE Mathematical Statistics
- FSA ERM Module

- Any of the following modules available in SoA: 1) Introduction to Corporate Finance and ERM (CFE); 2) Financial Modelling Module; 3) Introduction to ILA Module; 4) Pension Projections Module; 5) Health Economics Module; 6) Financial Economics Module

*Note: The Fellowship requirements is currently being reviewed by EEC to ensure full compliance to the 2017 IAA Education Syllabus. Further changes may be implemented with due consideration for reasonable transition rules.*

## Transition Rules

The table below provides the transition credit candidates will receive if they have completed the previous requirement on or before July 1, 2018.

Current	Transitions To
VEE Economics	VEE Economics
VEE Corporate Finance	VEE Accounting and Finance
VEE Applied Statistics	Statistics for Risk Modeling (SRM) Exam and VEE Mathematical Statistics
P (Probability)	Probability Exam
FM (Financial Mathematics)	Financial Mathematics Exam
MFE (Models for Financial Economics)	Investment and Financial Markets Exam
MLC (Models for Life Contingencies)	Long-Term Actuarial Mathematics Exam
C (Construction of Actuarial Models)	Short-Term Actuarial Mathematics and VEE Mathematical Statistics

The following addresses several issues that arise from these transitions.

## VEE Transitions

When discussing VEE there are two important dates. One is when the course is completed. This is referred to as the “earned” date. The second is when the candidate applies for and receives the credit. This is referred to as the “claimed” date. There is currently no time limit between when the credit is earned and when it is claimed.

- **Economics** – All currently approved courses will continue to be approved. New courses will be evaluated based on the slightly revised learning objectives.
- **Accounting and Finance** – With the addition of accounting, this will be a two-part approval. Candidates may earn the accounting and finance credits through separate courses, but may only claim the credit once both are earned. Candidates who have completed the courses for Corporate Finance prior to July 1, 2018 may claim VEE credit for Corporate Finance at any time and convert it to VEE credits for Accounting and Finance. All other candidates must complete the courses for both components. Applications for accreditation of new courses will be evaluated based on the new learning objectives.
- **Applied Statistics** – A candidate who has satisfactorily completed the required topics prior to July 1, 2018 may obtain VEE credits for Applied Statistics at any time and convert to VEE Mathematical Statistics and SRM Exam credit.
- **Mathematical Statistics** – Applications for accreditation of courses will be evaluated based on the new learning objectives. Further information on which candidates will need to complete this requirement is in a later section.

- **VEE Basic Non-Life Insurance** – Effective June 1, 2019, this topic will no longer be required as an ASP-VEE to earn Associateship in the ASP but will be used for accreditation as Non-Life Insurance Actuary. However, a candidate who has obtained VEE credits for this topic before June 1, 2019 may continue to use the VEE – Basic Non-Life Insurance credit provided he/she qualifies for AASP and eventually for FASP on or before June 30, 2024. If the candidate does not qualify for FASP by June 30, 2024, he/she has to obtain credits for the VEE topic that he/she missed to ensure that the VEE credits he/she obtained are for the following 3 topics – Economics, Finance and Accounting and Mathematical Statistics.

### New Exam Components

- **Predictive Analytics Exam** – There are no exam transitions to this component. Candidates who are not an AASP before July 1, 2020 must complete this requirement. Candidates who are an AASP before July 1, 2020 are exempt from this requirement, provided they also earn fellowship before July 1, 2024. No member will lose an AASP due to this transition.
- **Statistics for Risk Modeling Exam** – This has overlap with the VEE Applied Statistics requirement and transition credit is available. As noted above, while the VEE credit can be claimed after July 1, 2018, the course must have been completed prior to this date.
- **VEE Mathematical Statistics** – While this is a new component without a direct counterpart in the current system, there are two opportunities to gain transition credit. Candidates who have not earned transition credit (which may be claimed later in the case of using VEE Applied Statistics credit) by July 1, 2018 must earn the credit through an approved VEE course.

### Credit for Examinations under the 2008-2013 Syllabus

Courses/examinations passed under the 2008-2013 Syllabus may be credited towards the 2014 Examination Syllabus based on the following conversion table:

Scenario	ASP Course Passed	SOA FAP	FSA Module 1 <sup>1</sup>	FSA Module 2 <sup>2</sup>	Core FSA SOA Exam / FCAS Fellowship Exam <sup>3</sup>	ASP Integrated Exam I	ASP Integrated Exam II
1	Course 1	X					
2	Course 2		X	X			
3	Course 3		X	X			
4	Course 4		X	X			
5	Course 1 + 2	X			X	X	
6	Course 1 + 3	X			X		
7	Course 1 + 4	X			X		
8	Course 2 + 3			X	X		
9	Course 2 + 4			X	X		
10	Course 3 + 4			X	X		X
11	Course 1 + 2 + 3	X		X	X	X	
12	Course 1 + 2 + 4	X		X	X	X	
13	Course 1 + 3 + 4	X		X	X		X
14	Course 2 + 3 + 4		X	X	X		X

<sup>1</sup>FSA Financial Economics Module or ERM Module

<sup>2</sup>Candidates who have taken both the Financial Economics Module and ERM Module can apply these modules as credits for the FSA Module 1 and FSA Module 2 requirement

<sup>3</sup>Any one of the Core SOA Fellowship Exams (Any of the 5-hour written FSA Exams), or one of the FCAS Fellowship Exams (Any exam among FCAS Exams 7 to 9)

Candidates who completed their Associateship and/or Fellowship requirements under a previous syllabus or examination system should apply for admission within 10 years from date of completion of the examination requirements under that syllabus. For example, a candidate who completed Fellowship requirements under the 2013 syllabus will have to apply for admission as Fellow until 2023. Thereafter, he/she should comply with the Fellowship requirements at time of application.

### **ASP Integrated Exams**

#### **ASP Integrated Exam I** - PHILIPPINE PRACTICE AND REGULATIONS FOR LIFE AND NONLIFE INSURANCE COMPANIES (DEVELOPMENT, PRICING, DISTRIBUTION, VALUATION AND PFRS ACCOUNTING)

This course covers Philippine practice and regulation of life and nonlife products with respect to development, pricing, distribution, measurement of liabilities, investments and reinsurance.

The student is expected to:

- Understand the general principles of business law and legal issues relating to life and non-life insurance companies.
- Be familiar with the pertinent provisions of the Insurance Code and various laws and regulations governing the life and non-life industries.
- Understand regulations and practices for the development and sales of life, nonlife and medical plans.
- Understand the regulatory financial statements and reports of insurance companies and be able to analyze the financial data in the context of the Philippine Financial Reporting Standards.
- Understand how the different summary financial statements and the Philippine Annual Statements are prepared. The student must be able to realize how and how much a change in a particular accounting transaction will impact the summary financial statement and the Annual Statement.
- Understand the business of insurance as stated in the Insurance Code and other pertinent regulations/circulars with respect to capitalization requirement, assets, reserves, investments, reinsurance, etc.
- Understand and apply the valuation principles and other standards of actuarial practice issued by regulatory bodies and the Actuarial Society of the Philippines. The student is expected to be familiar with valuation methods and the use of appropriate valuation assumptions used. The student is expected to be familiar with the existing regulation on reserve valuation in the Insurance Code. The student must understand the relationship among valuation, pricing and the profitability of insurance operations.
- Familiarize with the limitations imposed by existing regulation on insurance company investments.

#### **ASP Integrated Exam II** - SOCIAL INSURANCE, PRE-NEED, HEALTH CARE SYSTEMS, GROUP INSURANCE, EMPLOYEE BENEFITS AND TAXATION

This course covers social insurance (including Microinsurance), health care systems, pre-need, group insurance and employee benefits practices and regulations in the Philippines. It also covers practice and regulation of life insurance, non-life insurance and pre-need with respect to taxation. As Pre-Need is unique to the Philippines, the course covers Pre-Need practice related to pricing, distribution, and liability measurement.

The student is expected to:



- Understand the various ways the life, non-life and preneed companies are taxed.
- Know the history of the changes in taxation in the Philippines, especially documentary stamps tax, premium tax and value added tax among others and how they affect packaging and pricing of insurance and pre-need products.
- Know the pertinent provisions in the Insurance Code, the various implementing rules and regulations, and the Actuarial Society of the Philippines' standards of practice regarding group insurance, social insurance (including Microinsurance) and health care systems in the Philippine setting.
- Know the pension fund management practices in the Philippines as well as valuation methods and ASP standards of practice. Legal and taxation considerations in employee benefits are also covered.
- Understand Pre-Need regulations and practice, in particular, ASP standards of practice, actuarial models, pertinent provisions of the Pre-Need code, investments and valuation.

### Examination Dates, Time, Location

The ASP Integrated Examinations will be held at the IIAP Office, 26th/F, Ayala-FGU Life Building on Ayala Avenue, Makati City.

Exam	Topic	No. of Hours	Date & Time
Exam I	Philippine Practice and Regulations for Life and Nonlife Insurance Companies (Development, Pricing, Distribution, Valuation and PFRS Accounting)	6	June 3, 2019 (Mon) 9:00 am –12:00 nn 1:30 pm – 4:30 pm
Exam II	Social Insurance, Pre-Need, Health Care Systems, Group Insurance, Employee Benefits and Taxation	6	June 7, 2019 (Fri) 9:00 am –12:00 nn 1:30 pm – 4:30 pm

Exam	Topic	No. of Hours	Date & Time
Exam I	Philippine Practice and Regulations for Life and Nonlife Insurance Companies (Development, Pricing, Distribution, Valuation and PFRS Accounting)	6	Dec 2, 2019 (Mon) 9:00 am –12:00 nn 1:30 pm – 4:30 pm
Exam II	Social Insurance, Pre-Need, Health Care Systems, Group Insurance, Employee Benefits and Taxation	6	Dec 6, 2019 (Fri) 9:00 am –12:00 nn 1:30 pm – 4:30 pm

### Accreditation Procedure for Associateship and Fellowship Examinations

The following documents must be submitted to the ASP Examination Committee:

- Duly accomplished Accreditation Form
- Accreditation Fee of P2,000 per associateship examination and P3,000 per fellowship examination.
- For accreditation of exams passed within the last 12 months prior to the date of application for accreditation, the Original Copy of SOA Examination Results ("white slip"). This will be returned to the student along with the ASP Examination Committee's letter of accreditation.
- For accreditation of exams passed more than 12 months prior to the date of application for accreditation, Letter of Confirmation of Exams Passed from the SOA.

### III. Validation by Educational Experience (VEE)

The ASP Validation by Educational Experience (ASP-VEE) consists of the following topics:

- a. Mathematical Statistics
- b. Accounting and Finance
- c. Economics
- d. Basic Non-Life Insurance\*

*\*may be used as an associateship requirement if completed before June 1, 2019 and may only be used for fellowship requirement until June 30, 2024. Please refer to Transition Rule*

These topics are no longer tested but are required in addition to the Associateship examinations. However, these VEE topics are not prerequisites for the examinations, and may be fulfilled independently.

A candidate may obtain ASP-VEE credits by attending courses accredited by the ASP and achieving the required grade. A candidate may combine two or more courses in order to complete the coverage for a VEE topic.

A candidate may request for ASP-VEE accreditation after passing at least two Associateship examinations and not earlier than one year prior to expected completion of the examination requirements. A candidate should apply for credits for an ASP-VEE topic after he has completed the coverage of that topic. Partial credits will not be given.

#### **ASP Accredited Courses for VEE**

To request credits from attendance in ASP-accredited courses, a candidate should submit the following:

- a) Duly-accomplished ASP-VEE accreditation form,
- b) Payment of accreditation fee of P2,000.00 per ASP-VEE topic, and
- c) Original Transcript of Records and photocopy thereof. The original transcript will be returned to the candidate. For the Basic Non-life, a Certification of Completion (attendance to the seminar and passing the exam) will need to be provided.

The list of accredited courses will be updated periodically.

If a candidate has received VEE credits from the SOA, the candidate may apply for ASP-VEE credits by submitting the ASP accreditation form, the accreditation fee and his original SOA transcript of records reflecting that he has received SOA-VEE credits. If the candidate does not have SOA-VEE credits but has passed an SOA-accredited course, standardized examination or other educational experience, the candidate may still apply for ASP-VEE credits by submitting the required proof of attendance.

The ASP may request for additional documentation to determine if the course or examination and the candidate's performance have satisfied ASP-VEE requirements.

Refer to the Transition Rules as well Appendix A and B for details on ASP-VEE Courses.

#### **IV. Associateship Admission Course**

The Associateship Admission Course (AAC) is the last requirement for Associateship. The AAC may not be taken until all of the other requirements for Associateship have been met. The AAC will be offered in August/September for those who completed their other requirements the previous June or earlier, and in April/May for those who completed their other requirements the previous December or earlier. If a candidate is unable to attend the AAC immediately following completion of Associateship examination and VEE requirements, he may attend any future AAC. The candidate will not receive the AASP designation, or be entitled to use such designation, until he has completed the AAC.

The AAC is planned to be two-and-one-half hours in length. The subjects covered are the structure and functions of the Actuarial Society of the Philippines, and an overview of Professional Ethics and Actuarial Practice. The schedule of the AAC may be obtained from the ASP Secretariat Office.

## V. Fellowship Examinations

### Form of Examinations

The Fellowship Examinations are given in written-answer form.

### Applications to Write Examinations and Deadlines for Submission

The application form for the 2019 Fellowship Examinations is contained at the end of this Catalogue. The said application form can be photocopied as long as the original signature of the Applicant will appear in the form that will be submitted to the Society. Application Forms are also available at the Office of the Actuarial Society of the Philippines.

Candidates must sign the following statement that appears on the application:

***"I have read the rules and regulations concerning the examination(s) for which I am applying, and agree to be bound thereby."***

Unsigned applications are not valid and will be returned to the applicant. Applicant will not be registered for an examination unless the Society has an original signed application for the examinations applied for.

### Examination Fees

The regular examination fees for 2019 are as follow:

Exam	Topic	No. of Hours	Exam Fee
Exam I	Philippine Practice and Regulations for Life and Nonlife Insurance Companies (Development, Pricing, Distribution, Valuation and PFRS Accounting)	6	Php8,000
Exam II	Social Insurance, Pre-Need, Health Care Systems, Group Insurance, Employee Benefits and Taxation	6	Php8,000

**Late registrations and late payments will not be accepted.** Fees should be remitted by check, draft or money order and made payable to the Actuarial Society of the Philippines.

***The Society will bear no responsibility for any loss of payments while in transit. Payment in cash is discouraged.***

### Refunds, Transfer of Fees

In no case will examination fees be refunded. Examinees who do not sit for exams for which they have enrolled will forfeit their fees.

However, examinees who find that they cannot sit for an exam for which they have enrolled as a result of illness or other legitimate reasons may request that their fees be transferred and considered as deposit towards the fees for a future examination.

A transfer charge of P500 will be assessed for each course. The deposit may be transferred to an examination to be held no later than one year after the original examination date. Requests must be in writing and must be received by the society no later than two weeks after the scheduled examination date. Requests received after this time will not be considered.

### Ticket of Admission/Instructions to Candidates

The Examination Committee will mail each candidate a Ticket of Admission indicating the examination(s) for which an application has been submitted. Tickets of Admission will be mailed within two weeks before the date of the examination, except in the case of late registrants.

The ticket will contain the candidate's examination number which is to be written by the candidate on the examination(s) for identification purposes. The candidate should bring the ticket to the examination(s).

A candidate who does not receive his ticket of admission one week prior to the examination date or whose ticket of admission contains incorrect information should notify the Examination Committee through the Office of the Actuarial Society of the Philippines, at telephone number 892-0693 or through email at [actuarial@pltdsl.net](mailto:actuarial@pltdsl.net) or [actuarial@hotmail.ph](mailto:actuarial@hotmail.ph).

### **Requirements for Admission to Test Center**

In order to be admitted into a test center, a candidate must show his Ticket of Admission and positive identification. The candidate must present valid identification with both a signature and a photograph (e.g. Driver's license, school ID, office ID, passport, etc.). Each candidate will be required to sign in upon admission to the test center. A candidate who fails to meet the requirements for positive identification or refuses to provide a signature upon entering the test center will not be permitted to write the examination.

### **Signatures on Exam Answer Sheets and Envelopes**

Candidates are required to sign their answer sheets or envelopes. ***Candidates who turn in examinations without signing the statement on the answer sheet or envelope will not have the examination graded. The statement to be signed reads:***

***"I have neither given nor received assistance of any kind on this examination. I understand the examination is confidential and will not disclose its contents. This examination is being written with the understanding that if the answer sheet/envelope is returned unsigned, it will not be graded."***

Envelopes for written-answer examinations will be opened by the Examination Committee secretariat; examiners and graders will receive information identifying candidates only by number.

### **Use of Calculators and Other Assistance in Writing Examinations**

A candidate may not communicate with or obtain assistance from any other candidate during the examination nor may any books, papers or typewriters be brought into the examination room. Only the type of calculators described in the next paragraph may be brought into the examination room.

Calculators are allowed on all examinations. Only a calculator with the four basic functions, one memory, the square root and "%" function may be used. Only calculators that have keys that are silent when pressed will be allowed. No calculator which produces any sort of noise while in use will be allowed. Calculators should be battery-powered. The Society will not be responsible for providing power outlets nor will the Society be able to guarantee the required intensity of indoor lighting to power a solar-powered calculator. Questions will be set assuming access to a calculator of the approved type.

Examination supervisors are authorized to provide a substitute calculator, if available, in the event that a candidate's calculator malfunctions during the examination. However, supervisors will not provide a calculator for persons who neglect to bring a calculator of the approved type to the examination.

Persons using a calculator that is not allowed will have their examinations disqualified and their papers will not be graded.

## **Examination Results**

Candidates receive individual statements of their examination results, usually within six to eight weeks after the examination date. A list of passing candidates will be available from the ASP Secretariat and posted at the ASP website: [www.actuary.org.ph](http://www.actuary.org.ph).

The individual grades will be reported on a scale of 0 to 10. Passing grades will range from 6 to 10; failing grades from 0 to 5. In this scale, the interval is 10 percent of the score required to pass; for example, a grade of 5 means failing with a score at least 90% but less than 100% of the score required to pass. A grade of 0 does not necessarily mean that a candidate received no points, but rather that the candidate's score was less than 50% of the score required to pass.

Examination sheets are not returned to candidates for any Society examination.

## **Lost Examinations**

If a completed examination sheet is inadvertently lost or destroyed, the examination fee will be refunded. The Society assumes no other obligation and candidates must take all examinations subject to this understanding.

## **Defective Questions**

Occasionally, through error or because of varying interpretations, a question appearing on the examination may be found to be defective. Examples of defects include: material typographical errors, ambiguities, and questions with test material not covered in the course of reading. Candidates who believe that a question is defective should write to the Examination Committee within two weeks of the examination date. The letter should explain in detail why the candidate thinks the question is defective. The Examination Committee will investigate all questions brought to its attention in this way, and may make allowance in the grading process, if appropriate. The Examination Committee may make use of the candidate's examination books to determine whether their scores should be adjusted. Correspondence not reaching the Society within two weeks after the examination date will not be considered by the Committee.

## **Confidentiality of Examination Records**

The fact that a candidate has passed an examination for credit with the Actuarial Society of the Philippines is considered public knowledge. Any further information about the examinations taken or grades received by a candidate is available only to the candidate, to the Examination Committee Chairman and specific members as required for purposes of committee work. A candidate may, however, request in writing to the Society office that a designated person should receive such information.

## **Disciplinary Action**

Candidates must not give or receive assistance of any kind during the examination. Any cheating, any attempt to cheat, assisting therein, or engaging in such conduct as listed below are serious violations and will generally result in the candidate's paper being disqualified, and other disciplinary action as may be deemed appropriate. Examples (not a complete list) of actions by candidates which may lead to disciplinary action are:

- a) Gaining access to examination questions before the examination
- b) Using an unauthorized calculator
- c) Looking in the examination book before the signal to do so is given
- d) Looking at another candidate's paper
- e) Enabling another candidate to copy from one's paper
- f) Any communication with another candidate during the examination
- g) Disturbing other candidates during the examination

- h) Consulting any other person, any books or materials inside or outside of the examination room during the examination period
- i) Making any changes in the answer sheet or book after the time has expired
- j) Copying questions or answers to take from the examination room
- k) Taking an examination booklet from the examination room
- l) Taking an examination for another candidate
- m) Arranging to have another person take an exam for the candidate
- n) Disclosing the contents of an examination to another person
- o) Presenting false information on an examination application

The Examination Committee will pursue any evidence that a candidate has cheated or failed to follow examination rules, either in letter or in spirit. Any irregularity or suspected violation will be investigated. The candidate may be asked to attend, or be offered the opportunity to have, a hearing convened by the committee. When a violation is confirmed, disciplinary actions may include, but are not limited to, disqualification of the candidate's examination paper and a prohibition against writing Society examinations for a specified period.

The Society's rules and regulations concerning examination administration, including disciplinary action, are composed of the information in this Catalogue, as well as the information in the Instructions to Candidates mailed with the Ticket of Admission, the information on the covers of examination booklets, and the material read by the supervisors at the beginning of each examination. All candidates, on their applications for examinations, are required to read and sign the following statement: ***"I have read the rules and regulations concerning the examination(s) for which I am applying, and agree to be bound thereby."***

These standards may seem stricter than those to which candidates are accustomed to in other examination environments. The Actuarial Society of the Philippines maintains these strict standards because the examinations are such a significant part of a candidate's career. Therefore, equitable administration of the examinations and enforcement of the highest standards of conduct cannot be emphasized too strongly. The conduct of the vast majority of candidates for the Society's examinations is of the highest quality.

### **Correspondence**

Requests for application forms or other correspondence regarding examinations or other matters should be addressed to:

Actuarial Society of the Philippines  
Rm.819 Cityland 10 Tower 2  
H.V. Dela Costa St., Makati City

Candidates may also visit the Society website [www.actuary.org.ph](http://www.actuary.org.ph) or send email to [actuarial@pltdsl.net](mailto:actuarial@pltdsl.net). Telephone requests will not be entertained.

Information on application forms, catalogues or contact details regarding the Society of Actuaries Examinations are available from their website: [www.soa.org](http://www.soa.org) .

Information on application forms, catalogues or contact details regarding the Casualty Actuarial Society Examinations are available from their website: [www.casact.org](http://www.casact.org) .

### **VI. Fellowship Admission Session**

The Fellowship Admission Session (FAS) is the last requirement for Fellowship in the Society. The FAS may not be taken unless all of the other course requirements for Fellowship have been met. Once these course requirements have been met, you may enroll in the next scheduled FAS. The FAS will be offered

in September/October for those who completed all other course requirements the previous June or earlier, and in March/April for those who have completed all other course requirements the previous December or earlier. If a candidate is unable to attend the FAS immediately following completion of Fellowship course requirements, he may attend any future FAS. A candidate will not receive the FASP designation, nor be entitled to use such designation, until he has completed the FAS.

The FAS is three hours in length. The subjects covered are Professional Ethics and Integrated Problem Solving. The schedules of the FAS for 2017 may be obtained from the Office of the Actuarial Society of the Philippines.

Candidates who attend the session and participate in it fully will receive their Fellowship Diploma at a General Assembly of Society Members following the FAS.

## **VII. The Examination Committee**

### **Organizational Structure of the Examination Committee**

The examination program of the Actuarial Society of the Philippines is administered by its Examination Committee. Within this overall Committee, two types of units operate:

- a) The June and December examination subcommittees review the course of reading and recommend changes to the required texts and references, and are responsible for administering and grading the examinations.
- b) The secretariat of the Committee is responsible for handling the recordkeeping and correspondence functions of the committee.

### **Review and Development of Course of Reading**

The Course of Reading is regularly reviewed by the Education and Eligibility Council. Both short and long-term goals for improvement are developed.

Although every effort is made to choose material which is presented clearly and unambiguously, errors may occur occasionally. Candidates who believe they have found an error in any study material should notify the Examination Committee of the Society so that any necessary corrective action may be taken.

Candidates should be aware that the Society continuously reviews the entire examination program vis-à-vis its long-term organizational goals.

### **Development of Examinations**

Each examination is developed by the Fellows of the ASP who have been designated by the Board of Governors to serve as examiners for the season. The content of the examination is designed to test the candidate's knowledge of the subject matter as defined in the course Catalogue.

Every effort is made to ensure that the questions fall within the scope of the course of reading and that each question is answerable in the time allocated to it. Complete coverage of all parts of the course of reading is not practical for every examination every year, but the goal is to develop well-rounded examinations containing representative, high-quality questions which test the candidate's knowledge of the most essential parts of the course of reading. The examiners deliberate to determine which topics are critical and should be tested for each course.

In Fellowship examinations, the candidate's ability to integrate his knowledge of the course materials with 'real world type' situation is tested. Trick questions are deliberately avoided, and the wording of each question is considered carefully to eliminate possible ambiguities.

A review of all examination questions is conducted by the Committee prior to the examination dates to assure their quality. In addition, the Committee evaluates the level of difficulty of the examinations to ensure consistency with examinations during the previous years.

### **Grading Process**

Only the answer sheets determine the score. Marks on the examination booklet or the scratch paper will not be considered.

For written-answer questions, every effort is made to grade the answers according to completely objective standards. The anonymity of the candidates is fully preserved; subcommittee members see only a candidate number when grading an examination. Each examination subcommittee has a grading process to fit its own needs.

A subcommittee with a small number of papers to grade might work as follows:

One committee member would be assigned to grade each written-answer question. The grader starts with a grading outline which lists possible items that are relevant to the question and their numerical values set according to each item's importance.

The grader may give additional credit in recognition of a candidate's demonstrated overall grasp and understanding of the subject. All answers are measured against the grading outlines, to ensure that the same standards are applied to all candidates.

After grading the first few papers, the grader evaluates the grading outline in the light of responses. If there are additional items which deserve credit, the grader may then revise the grading outline and start over. Throughout the grading process, credit for items still not contained in the outline may be given.

After all papers and questions have been graded, a conversion scale determines the score each candidate receives for that examination.

Papers are retained for at most six months after the examinations to be available if questions or problems arise. After this, the papers are destroyed.

### **Determination of the Pass Mark**

The objective of the examinations is to identify candidates who, as a pre-requisite to admission in the Society as a Fellow, demonstrate adequate knowledge of the course of reading, based on standards that are formulated and applied consistently from year to year.

**The Committee sets a passing mark prior to the examinations. Candidates are not graded in competition with other candidates.**

### **VIII. Suggestions for Candidates**

#### **Order for Taking Examinations**

There is no prescribed order for taking examinations. However, all Fellowship examinations are constructed assuming that candidates are familiar with the material in the required Associateship readings.

#### **Study Methods**



Allocate sufficient time to cover each topic adequately. Allow for the length of the prescribed study material in your schedule. Maintain an interest in current developments. Knowledge of actual practice is often helpful. All material should be carefully studied.

Integrate material as you study. Compare programs, methods and so on. The more connections you can develop within the study material and between the study material and your other knowledge or experience, the keener your understanding and memory of the concepts presented will be.

Maintain contacts with other candidates and take advantage of the opportunity to discuss topics that you find difficult. Do not hesitate to consult established members of the profession in your own organization or elsewhere.

One good way to prepare for examinations is to pretend you are the examiner and to develop examination questions in order to gauge your understanding of the relative importance of the material presented.

### **Classes and Seminars**

Most candidates either study by themselves or with a group that they have formed for the purpose. Other options are available. Some universities offer courses that closely parallel the course of reading prescribed by the Society.

### **Approaches to Writing Written-Answer Examinations**

Written-answer questions are intended to elicit answers in essay and/or outline form. Numerical written-answer questions require extended numerical or formula solutions; the credit given is based not only on the correct results, but also on the steps used to derive these results.

Paper is provided at the examination room for your answers. You must take time to write legibly, since examiners can only give credit for what they can read.

Each written-answer question is assigned a specified number of points. The number of points indicates the relative weighting each question bears to the total examination and to the other questions, and suggests the relative time that you should spend on that question. Try to distribute the examination time over all questions and to limit consideration of any question to the time proportionately allotted to it. It will usually be more profitable to write at least a brief answer to a question for which you are relatively unprepared than to spend time refining an answer to a question on which you are well informed. No extra points are given for padding an answer.

At the time of the examination, read each question thoroughly. Before making any attempt to write out the answer, be sure to understand what is being asked and try to organize your intended answer. It is most important that you answer the question that is asked and avoid digressing to another subject. It may be helpful to write a brief outline before beginning the actual answer. Avoid repeating the question in your answer, as it will not add points to your score, and you may waste valuable time. You do not have to answer the questions in any particular order. Some candidates prefer to answer the questions in the order given, while others read over the entire page, warm up on a question that comes easily, and gradually work into the more challenging questions. However, your solutions/answers must be submitted in the order of the questions. **The subcommittee will not grade solutions which are not presented in the proper order.**

You may find it helpful to jot down on a piece of scratch paper ideas that come to mind concerning both answered and unanswered questions. You may answer questions in outline form provided the meaning is clear. Another acceptable technique is to use one sheet of paper for "advantages" and another for "disadvantages". This allows you to go back and forth from one page to the other, putting down items as they occur to you. Use as much answer paper as needed. An orderly presentation can do no harm, and additional pages may result in putting down further facts and considerations which earn additional credit.

If you feel that there is a better answer or approach than that indicated in the Course of Reading (e.g., because of recent changes in regulations), it is acceptable to write this answer, although you should state at the outset that your answer differs from the Course of Reading. Of course, if you can also indicate the answer or approach given by the Course of Reading, thus demonstrating to the grader that the assigned material was read and mastered, this may increase your credits. Once the maximum number of points on a question has been achieved, however, there is no advantage to adding more to an answer. Obscure interpretations should not be read into a question, for each question is designed to be straightforward. Try to cover all aspects of the question in the answer and include pertinent facts and details in the answer even if, based on practical experience, they seem obvious. However, including any facts and details not pertinent to the question will not earn any additional credit and will waste examination time. Do not enlarge upon any one point to the exclusion of others. Try to state both sides of a question where they are called for in an answer. If time permits, review all answers given.

Questions may cross subject lines. You can prepare for this by thoroughly understanding the interrelationship of the various subjects within each course.

Since each question is graded separately, each of your answers must be self-contained. An answer must not say, for example, "Part of my answer to question 1 is found in my answer to question 3." Also, **EACH ANSWER MUST BE STARTED ON A NEW SHEET OF PAPER.**

## **IX. Fellowship Course of Reading**

The following Course of Reading is a guide to those preparing for the ASP Fellowship examinations. The objective of the examinations is to test the candidates' ability to grasp the underlying principles and apply them in the solution of problems.

Every effort is made to keep the Course of Reading up to date. However, legislative or regulatory changes which would affect the answers to examination questions sometimes occur after the setting of the final Course of Reading. It would be useful to state also how the answer differs from the Course of Reading, if time permits.

If a paper or article from an actuarial or insurance publication is recommended for study, candidates should additionally study any discussions of the papers or articles published in the same volume, unless the Course of Reading or study notes indicates otherwise.

Candidates are generally expected to obtain their own copies of papers or articles referenced in the Course of Reading which are not study notes. However, if a candidate cannot locate a particular reference, the Society library can provide a copy of the required paper or article upon request. There will be a corresponding fee though for this service.

***Occasionally, it may be necessary to change the Course of Reading for an examination after the publication of this Catalog. Such a change will be announced in a special notice to be mailed with your Ticket of Admission. If there is any conflict between information contained in this Catalog and that announced with the Ticket of Admission, the latter will govern.***

***For the examinees' convenience, the known public on-line sources of some materials are included. Please inform the Society if there are any copyright restrictions in downloading the said materials.***

# **ASP Integrated Exam I**

## **PHILIPPINE PRACTICE AND REGULATIONS FOR LIFE AND NON-LIFE INSURANCE COMPANIES (DEVELOPMENT, PRICING, DISTRIBUTION, VALUATION AND PFRS ACCOUNTING)**

This course covers Philippine practice and regulation of life and nonlife products with respect to development, pricing, distribution, measurement of liabilities, investments and reinsurance.

The student is expected to:

- Understand the general principles of business law and legal issues relating to life and non-life insurance companies.
- Be familiar with the pertinent provisions of the Insurance Code and various laws and regulations governing the life and non-life industries.
- Understand regulations and practices for the development and sales of life, nonlife and medical plans.
- Understand the regulatory financial statements and reports of insurance companies and be able to analyze the financial data in the context of the Philippine Financial Reporting Standards.
- Understand how the different summary financial statements and the Philippine Annual Statements are prepared. The student must be able to realize how and how much a change in a particular accounting transaction will impact the summary financial statement and the Annual Statement.
- Understand the business of insurance as stated in the Insurance Code and other pertinent regulations/circulars with respect to capitalization requirement, assets, reserves, investments, reinsurance, etc.
- Understand and apply the valuation principles and other standards of actuarial practice issued by regulatory bodies and the Actuarial Society of the Philippines. The student is expected to be familiar with valuation methods and the use of appropriate valuation assumptions used. The student is expected to be familiar with the existing regulation on reserve valuation in the Insurance Code. The student must understand the relationship among valuation, pricing and the profitability of insurance operations.
- Familiarize with the limitations imposed by existing regulation on insurance company investments

### **A. Philippine Practice and Regulation for Individual Life Products**

- *Insurance Code (Republic Act 10607), Chapters I, II, II-A, III to X (cover both Life and NonLife, exclude Chapter 3 Sections 202 – 214 which have been replaced Circular 65-2016 below)*
- Insurance Commission, *Circular Letter No. 1-2012, Investments in Mutual Funds*  
[http://www.insurance.gov.ph/\\_@dmin/upload/reports/CL%201%20-%202012.pdf](http://www.insurance.gov.ph/_@dmin/upload/reports/CL%201%20-%202012.pdf)
- Insurance Commission, *Circular Letter No. 16-2006, Amendments to the Guidelines on Sales Illustrations for Life Insurance Proposals*. May 12, 2006  
[http://www.insurance.gov.ph/\\_@dmin/upload/reports/CL16-2006.pdf](http://www.insurance.gov.ph/_@dmin/upload/reports/CL16-2006.pdf)
- Insurance Commission, *Circular Letter No. 23-2005, Guidelines on Sales Illustrations of Life Insurance Proposals*. August 3, 2005  
[http://www.insurance.gov.ph/\\_@dmin/upload/reports/circular23.pdf](http://www.insurance.gov.ph/_@dmin/upload/reports/circular23.pdf)
- Insurance Commission, *Circular Letter No. 27-2005, Expeditious Approval of Traditional Life Insurance Products. Pages 1-3, Annex A, C, XII-A, XII-B*  
[http://www.insurance.gov.ph/\\_@dmin/upload/reports/circular27.pdf](http://www.insurance.gov.ph/_@dmin/upload/reports/circular27.pdf)

- Insurance Commission, *Circular Letter No. 32-2011, Expeditious Approval of Life Insurance Products*.  
[http://www.insurance.gov.ph/\\_@dmin/upload/reports/CL%2032%20-%202011.pdf](http://www.insurance.gov.ph/_@dmin/upload/reports/CL%2032%20-%202011.pdf)
- Insurance Commission, *Guidelines on Variable Life Insurance Contracts*. July 2002.
- Philippine Financial Reporting Standard 4: Insurance Contracts  
<http://www.actuary.org.ph/actuarial-resources/downloads-and-archived/exam-catalogues-and-readings/page/2/>
- Insurance Commission, Circular Letter No. 7-2012, Philippine Annual Statement Blank (includes for Non-Life Insurance) - *Student may use as reference material the Life Insurance Accounting by Noback*  
[http://www.insurance.gov.ph/\\_@dmin/upload/reports/CL%207%20-%202012.pdf](http://www.insurance.gov.ph/_@dmin/upload/reports/CL%207%20-%202012.pdf)
- Insurance Commission, New Annual Statement Blank 2017  
<https://www.insurance.gov.ph/wp-content/uploads/2018/04/Revised-Life-Annual-Statement.xlsx>
- Insurance Memorandum Circular 68-2016 Amended Risk-Based Capital (RBC2) Framework, Dec. 28, 2016.  
[http://www.insurance.gov.ph/\\_@dmin/upload/reports/IMC%206-2006.pdf](http://www.insurance.gov.ph/_@dmin/upload/reports/IMC%206-2006.pdf)
- Insurance Commission, *Circular Letter No. 12-2009. Rules and Regulations on Reinsurance Transactions*, March 10, 2009.  
[http://www.insurance.gov.ph/\\_@dmin/upload/reports/CIRCULAR%20LETTER%2012.pdf](http://www.insurance.gov.ph/_@dmin/upload/reports/CIRCULAR%20LETTER%2012.pdf)
- Insurance Commission, *Circular Letter No. 33-2013, Adoption and Implementation of the 2013 Market Conduct Guidelines*.  
[http://www.insurance.gov.ph/\\_@admin/upload/reports/CL%2033%20-%202013.pdf](http://www.insurance.gov.ph/_@admin/upload/reports/CL%2033%20-%202013.pdf)
- Insurance Commission, *Circular Letter No. 66-2016, Valuation Standards for Life Insurance Policy Reserves*  
[http://www.insurance.gov.ph/\\_@dmin/upload/reports/CL2014-42-A.pdf](http://www.insurance.gov.ph/_@dmin/upload/reports/CL2014-42-A.pdf)
- Insurance Commission, *Circular Letter No. 65-2016, Financial Reporting Framework – supersedes Chapter 3 Sec 202 – 214 of the insurance code (both Life and Non-Life)*  
[http://www.insurance.gov.ph/\\_@dmin/upload/reports/CL2015\\_29.pdf](http://www.insurance.gov.ph/_@dmin/upload/reports/CL2015_29.pdf)
- Guidance Notes on Life Reserves, *Actuarial Society of the Philippines*  
<Copy available on ASP Website Downloads Section>

## **B. Philippine Practice and Regulation for Non-Life Insurance Products**

- Insurance Commission, *Insurance Memorandum Circular No. 4-2006, Compulsory Motor Vehicle Liability Insurance (CMVI) Coverage*. July 26, 2006  
[http://www.insurance.gov.ph/\\_@admin/upload/reports/IMC\\_4\\_2006.pdf](http://www.insurance.gov.ph/_@admin/upload/reports/IMC_4_2006.pdf)
- Insurance Commission, *Insurance Memorandum Circular No. 24-2006, Strict Implementation of the Minimum Rates for Earthquake and Fire and Shock and Typhoon and Flood*. May 26, 2006.  
[http://www.insurance.gov.ph/\\_@admin/upload/reports/CL%20%2024-2006.pdf](http://www.insurance.gov.ph/_@admin/upload/reports/CL%20%2024-2006.pdf)
- Insurance Commission, *Insurance Memorandum Circular No. 29-2006, Strict Implementation of the Minimum Rates for Earthquake and Fire and Shock and Typhoon and Flood*. July 27, 2006.  
[http://www.insurance.gov.ph/\\_@admin/upload/reports/CL%20%2029-2006.pdf](http://www.insurance.gov.ph/_@admin/upload/reports/CL%20%2029-2006.pdf)

- Insurance Commission, *Insurance Memorandum Circular No. 39-2006*, Strict Implementation of the Minimum Rates for Earthquake and Fire and Shock and Typhoon and Flood. December 7, 2006.  
[http://www.insurance.gov.ph/\\_@admin/upload/reports/CL%20%2039-2006.pdf](http://www.insurance.gov.ph/_@admin/upload/reports/CL%20%2039-2006.pdf)
- Insurance Commission, *Insurance Memorandum Circular No. 8-2007*, Maximum Commission Rate for Policies with a Single Composite Rate. April 23, 2007.  
[http://www.insurance.gov.ph/\\_@admin/upload/reports/CL%20Comm%20Rates\\_8-2007.pdf](http://www.insurance.gov.ph/_@admin/upload/reports/CL%20Comm%20Rates_8-2007.pdf)
- Insurance Commission, *Insurance Memorandum Circular No. 30-2010*, Strict Implementation of the Minimum Rates for Natural Perils or Acts of Nature (AON) Endorsement on Motor Car Insurance Policies. October 26, 2010.  
[http://www.insurance.gov.ph/\\_@admin/upload/reports/CL%2030%20-%202010.pdf](http://www.insurance.gov.ph/_@admin/upload/reports/CL%2030%20-%202010.pdf)
- Insurance Commission, 2017 Nonlife Annual Statement Template  
<https://www.insurance.gov.ph/wp-content/uploads/2018/04/2017-NON-LIFE-ANNUAL-STATEMENT-TEMPLATE-Version2.xls>
- Insurance Memorandum Circular 68-2016 Amended Risk-Based Capital (RBC2) Framework, Dec. 28, 2016.  
[http://www.insurance.gov.ph/\\_@dmin/upload/reports/IMC%207-2006.pdf](http://www.insurance.gov.ph/_@dmin/upload/reports/IMC%207-2006.pdf)
- Friedland, Jacqueline, et al, *Estimating Unpaid Claims Using Basic Techniques*, Casualty Actuarial Society, 2010 – Chapters 1-9
- Insurance Commission, *Circular Letter No. 18-2018, Valuation Standards for Non-Life Insurance Policy Reserves*  
[https://www.insurance.gov.ph/wp-content/uploads/2018/03/CL2018\\_18.pdf](https://www.insurance.gov.ph/wp-content/uploads/2018/03/CL2018_18.pdf)
- ASP Practice Guide (PG2018-1) Non-Life Claims Liabilities, *Actuarial Society of the Philippines*  
<http://www.actuary.org.ph/wp-content/uploads/download.php?download=2018/07/Practice-Guide-for-NonLife-Claims-Reserving-v7.pdf>
- Society of Actuaries of Ireland, *The Role of Actuaries in Non-life Insurance Business*. February 2004
- Hidalgo, Augusto P., *Role of the Pricing/Reserving Actuary in a Non-Life Company from a Management Point-of-View*. Nov. 12, 2015.  
<Copy Available on ASP Website Downloads Section, 2015 Convention Presentations>

## **ASP Integrated Exam II**

### **SOCIAL INSURANCE, PRE-NEED, HEALTH CARE SYSTEMS, GROUP INSURANCE, EMPLOYEE BENEFITS AND TAXATION**

This course covers social insurance (including Microinsurance), health care systems, pre-need, group insurance and employee benefits practices and regulations in the Philippines. It also covers practice and regulation of life insurance, non-life insurance and pre-need with respect to taxation. As Pre-Need is unique to the Philippines, the course covers Pre-Need practice related to pricing, distribution, and liability measurement.

The student is expected to:

- Understand the various ways the life, non-life and preneed companies are taxed.
- Know the history of the changes in taxation in the Philippines, especially documentary stamps tax, premium tax and value added tax among others and how they affect packaging and pricing of insurance and pre-need products.
- Know the pertinent provisions in the Insurance Code, the various implementing rules and regulations, and the Actuarial Society of the Philippines' standards of practice regarding group insurance, social insurance (including Microinsurance) and health care systems in the Philippine setting.
- Know the pension fund management practices in the Philippines as well as valuation methods and ASP standards of practice. Legal and taxation considerations in employee benefits are also covered.
- Understand Pre-Need regulations and practice, in particular, ASP standards of practice, actuarial models, pertinent provisions of the Pre-Need code, investments and valuation.

#### **A. Social Insurance and Microinsurance**

##### **a. Social Insurance**

- *Social Insurance*, ASP Study Notes, Actuarial Dept., Social Security System, Oct. 2004, Chapters 1 to 3, Annex A Social Security System (*Students should consider the current SSS benefits and contribution rates*)  
<http://www.actuary.org.ph/actuarial-resources/downloads-and-archived/exam-catalogues-and-readings/>
- **UPDATED!** *Social Security Act of 2018, Republic Act 11199*, All sections  
<https://www.officialgazette.gov.ph/downloads/2019/02feb/20190207-RA-11199-RRD.pdf>
- *Government Service Insurance System Act of 1997, Republic Act 8291*, All sections (Student may also refer to IRR of RA 8291)  
<http://www.gsis.gov.ph/default.php?type=root&id=111>
- *HDMF Law 2009, Republic Act No. 9679*, All sections (Student may also refer to IRR of RA 9679)  
[http://www.pagibigfund.gov.ph/home\\_pdf/flip/hdmflaw2009/index.html](http://www.pagibigfund.gov.ph/home_pdf/flip/hdmflaw2009/index.html)  
[http://www.pagibigfund.gov.ph/home\\_pdf/flip/RA9679/index.html](http://www.pagibigfund.gov.ph/home_pdf/flip/RA9679/index.html)

##### **b. Microinsurance**

- *Insurance Code (Republic Act 10607) Chapter II, Title 6*
- Insurance Commission, *Insurance Memorandum Circular No. 1-2010*, Regulations for the Provision of Microinsurance Products and Services, Jan. 29, 2010  
<http://www.actuary.org.ph/actuarial-resources/downloads-and-archived/exam-catalogues-and-readings/>

- *Microinsurance Regulatory Framework*, by Technical Working Group organized by Dept. of Finance and supported by ADB-JFPR, Jan. 29, 2010  
<http://www.actuary.org.ph/actuarial-resources/downloads-and-archived/exam-catalogues-and-readings/>
- *Microinsurance National Strategy*, by Technical Working Group organized by Dept. of Finance and supported by GTZ MIPSS, Dec. 11, 2009  
<http://www.actuary.org.ph/actuarial-resources/downloads-and-archived/exam-catalogues-and-readings/>
- Insurance Commission, *Insurance Memorandum Circular No. 22-2016*, Regulations for the Provision of Health Microinsurance (MicroHealth) Products and Services, Apr. 11, 2016  
[https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016\\_22.pdf](https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016_22.pdf)
- Insurance Commission, *Insurance Memorandum Circular No. 63-2016*, Enhanced Performance Indicators and Standards for Microinsurance 2016, Dec. 16, 2016  
[https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016\\_22.pdf](https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016_22.pdf)

## B. Health Care Systems

- Republic Act 7875 (*National Health Insurance Act of 1995*) Articles I to VIII  
[http://www.philhealth.gov.ph/about\\_us/ra7875.pdf](http://www.philhealth.gov.ph/about_us/ra7875.pdf)
- Republic Act 9241 (*An Act Amending Republic Act 7875, otherwise known as "An Act Instituting a National Health Insurance Program for All Filipinos and Establishing the Philippine Health Insurance Corporation for the Purpose*) Sections 1 to 5  
[http://www.philhealth.gov.ph/about\\_us/ra9241.pdf](http://www.philhealth.gov.ph/about_us/ra9241.pdf)
- **TO BE INCLUDED IN DECEMBER 2019 EXAM!** *Universal Healthcare Act of 2018, Republic Act No. 11223*  
<https://www.officialgazette.gov.ph/downloads/2019/02feb/20190220-RA-11223-RRD.pdf>
- Republic Act 10606 (*National Health Insurance Act of 2013*) Sections 1 to 26  
[http://www.philhealth.gov.ph/about\\_us/ra10606.pdf](http://www.philhealth.gov.ph/about_us/ra10606.pdf)
- PhilHealth Circular # 27 s2013. *CY 2014 PhilHealth Premium Contribution for the Employed Sector.*  
[http://www.philhealth.gov.ph/circulars/2013/circ27\\_2013.pdf](http://www.philhealth.gov.ph/circulars/2013/circ27_2013.pdf)
- PhilHealth Circular # 31 s2013. *All Case Rates (ACR) Policy No. 1 - Governing Policies in the Shift of Provider Payment Mechanism from Fee-for-Service to Case Based Payment. (Students are not expected to memorize the case rates.)*  
[http://www.philhealth.gov.ph/circulars/2013/circ31\\_2013.pdf](http://www.philhealth.gov.ph/circulars/2013/circ31_2013.pdf)
- PhilHealth Circular # 35 s2013. *ACR Policy No. 2 - Implementing Guidelines on Medical and Procedure Case Rates. (Students are not expected to memorize the case rates.)*  
[http://www.philhealth.gov.ph/circulars/2013/circ35\\_2013.pdf](http://www.philhealth.gov.ph/circulars/2013/circ35_2013.pdf)
- Insurance Commission, *Circular Letter No. 41-2016*, Minimum Capitalization and Financial Capacity Requirements for HMOs  
[http://www.insurance.gov.ph/@admin/upload/reports/CL2016\\_41.pdf](http://www.insurance.gov.ph/@admin/upload/reports/CL2016_41.pdf)

- Insurance Commission, Circular Letter No. 20-2017, Accreditation of HMO Actuaries. April 4, 2016 [https://www.insurance.gov.ph/wp-content/uploads/2017/07/CL2017\\_20.pdf](https://www.insurance.gov.ph/wp-content/uploads/2017/07/CL2017_20.pdf)
- Insurance Commission, Circular Letter No. 19-2017, Guidelines on the Approval of HMO Products and Forms. April 4, 2016  
[https://www.insurance.gov.ph/wp-content/uploads/2017/07/CL2017\\_19.pdf](https://www.insurance.gov.ph/wp-content/uploads/2017/07/CL2017_19.pdf)

### C. Taxation

- De Castro, Isagani, *Taxation Principles & Practice and Life Insurance Taxation*. (Students should consider the new provisions of R.A. 8424)
- *Republic of the Philippines Act No. 8424 (The Tax Reform Act of 1997)*. Section 27 (excluding 27(B)), 32, 34(A) to 34(F), 34(M), 37, 85(E), 123, 183 and 186.
- *Revenue Memorandum Circular No. 22-2010* - Publishes the full text of Republic Act No. 10001 entitled "An Act Reducing the Taxes on Life Insurance Policies, Amending for this Purpose Sections 123 and 183 of the National Internal Revenue Code of 1997, as Amended"  
<ftp://ftp.bir.gov.ph/webadmin1/pdf/49843RMC%20No%2022-2010.pdf>
- *Revenue Memorandum Circular No. 30-2008* – Clarifies the taxability of Insurance Companies for Minimum Corporate Income Tax, Business Tax, and Documentary Stamp Tax purposes.  
<ftp://ftp.bir.gov.ph/webadmin1/pdf/39621RMC%2030-2008.pdf>
- *Revenue Memorandum Circular No. 59-2008* – Amending Certain Portions of Revenue Memorandum Circular No. 30-2008 on the Subject of the Taxability of Insurance Companies for Minimum Corporate Income Tax (MCIT), Business Tax and Documentary Stamp Tax Purposes.  
<http://salvadorlaw.com/files/documents/rmc-no.-59-2008.pdf>
- *Email Circular No. PIRA-023/2015* – PGMA veto amending RA No. 10001

### D. Group Insurance and Employee Benefit Plans

- Insurance Code (Republic Act 10607), Chapter III-Title 9, Section 234
- Actuarial Society of the Philippines, *Guidelines for Actuarial Practice in Group Term Life Insurance* (Adopted 2000)  
<to provide link>
- Cabading, Maricar, et al, *Private Retirement Plans in the Philippines*, Actuarial Society of the Philippines, 2005  
<http://www.actuary.org.ph/actuarial-resources/downloads-and-archived/exam-catalogues-and-readings/>
- Philippine Accounting Standards No. 19 – Revised (Effective January 2013)  
<http://www.actuary.org.ph/wp-content/uploads/2013/10/course-4-C-05-PAS-19-Employee-Benefits-Accounting-Standards-Council.pdf>
- Actuarial Society of the Philippines, *ASP Guidance Note Clarifying Guidelines on Defined Benefit Pension Valuation Standards in accordance with PAS19* (Adopted Nov 2, 2016)
- Actuarial Society of the Philippines, *Standards of Practice for the Valuation of Retirement Plans* (Adopted November 18, 2005)



- Insurance Commission, *Circular Letter No. 23-2013*, Guidelines for the Approval of Personal Equity Retirement (PERA) Investment Products  
[http://www.insurance.gov.ph/\\_@admin/upload/reports/CL%2023%20-%202013.pdf](http://www.insurance.gov.ph/_@admin/upload/reports/CL%2023%20-%202013.pdf)
- Rules and Regulations Implementing The Personal Equity and Retirement Account (PERA) Act of 2008 (Approved on October 21, 2009)  
<http://www.actuary.org.ph/actuarial-resources/downloads-and-archived/exam-catalogues-and-readings/>
- Herrera, Henry Joseph. *PERA Opportunities for the Life Insurance Industry*, June 2010  
<http://www.actuary.org.ph/actuarial-resources/downloads-and-archived/exam-catalogues-and-readings/>

#### **E. Philippine Practice and Regulation For Pre-Need Products**

- Republic Act 9829 An Act Establishing the Pre-Need Code of the Philippines (as approved Dec. 3, 2009), All sections.
- Insurance Commission. *Circular Letter No. 08-2012*, Allowable Investments for Pre-Need Trust Funds, March 15, 2012  
[http://www.insurance.gov.ph/\\_@dmin/upload/reports/CL08\\_2012.pdf](http://www.insurance.gov.ph/_@dmin/upload/reports/CL08_2012.pdf)
- Insurance Commission, *Circular Letter No. 23-2012*, Valuation of Transitory Pre-Need Reserves
- Insurance Commission, *Circular Letter No. 34-2013*, Guidelines for Foreign Currency Denominated Investments  
[http://www.insurance.gov.ph/\\_@admin/upload/reports/CL2013\\_34.pdf](http://www.insurance.gov.ph/_@admin/upload/reports/CL2013_34.pdf)
- ASP Guidelines Governing the Implementation of Amended Pre-Need Rule 31, Issued January 16, 2008  
<http://www.actuary.org.ph/wp-content/uploads/2013/02/ASP-Guidelines-Governing-Implementation-of-Amended-Pre-Need-Rule-31-PNUCA.pdf>
- Actuarial Society of the Philippines, *Standards of Actuarial Practice in Pre-need*. November 18, 2005, **All Articles Included**  
<http://www.actuary.org.ph/wp-content/uploads/2013/02/standards-of-actuarial-practice-in-pre-need.pdf>
- Josef, Aida. *The Actuary in Pre-Need Plans*. ASP Proceedings Volume XIV, pages 124-131, including Discussion.
- Insurance Commission, Insurance Circular Letter No. 23-2016, Key Features of Micro PreNeed Products, Apr. 12, 2016  
[https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016\\_23.pdf](https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016_23.pdf)
- Insurance Commission, Insurance Circular Letter No. 11-2016, Standard Contract Provisions for Pre-Need Plans, Mar. 8, 2016  
[https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016\\_11.pdf](https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016_11.pdf)
- Insurance Commission, Insurance Circular Letter No. 10-2016, Minimum Requirements for the Approval of Pre-Need Products, Mar. 8, 2016  
[https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016\\_10.pdf](https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016_10.pdf)

- Insurance Commission, Insurance Circular Letter No. 14-2016, Filing of Pre-Need Annual Statements, Mar. 10, 2016  
[https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016\\_14.pdf](https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016_14.pdf)
- Insurance Commission, Insurance Circular Letter No. 12-2016, Standard Format for Viability Study for Pre-Need Plans, Mar. 8, 2016  
[https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016\\_12.pdf](https://www.insurance.gov.ph/wp-content/uploads/2017/02/CL2016_12.pdf)

## **Appendix A.**

### **Topics Required under Actuarial Society of the Philippines Validation by Educational Experience (ASP-VEE)**

#### **ASP-VEE – Mathematical Statistics**

The VEE requirement for Mathematical Statistics is usually covered by a one semester course. All of the topics listed below should be covered to fulfil the requirement.

1. Explain the concepts of random sampling, statistical inference and sampling distribution, and state and use basic sampling distributions.
2. Describe the main methods of estimation and the main properties of estimators, and apply them. Methods include matching moments, percentile matching, and maximum likelihood, and properties include bias, variance, mean squared error, consistency, efficiency, and UMVUE.
3. Construct confidence intervals for unknown parameters, including the mean, differences of two means, variances, and proportions.
4. Test hypotheses. Concepts to be covered include Neyman-Pearson lemma, significance and power, likelihood ratio test, and information criteria. Tests should include for mean, variance, contingency tables, and goodness-of-fit.

#### **ASP-VEE – Accounting and Finance**

The VEE requirement for Accounting and Finance may be covered in one course covering both topics or in two separate courses. If two distinct courses are used, the application for accreditation of the courses should indicate which are for the accounting topic and which are for the finance topic. Should the topics be split across two semesters or two courses, both will be required to meet the VEE requirement. Most of the topics listed below should be covered to fulfil the requirement.

##### **1. Accounting**

- Describe the basic principles of personal and corporate taxation and the taxation of investments held by institutions.
- Explain why companies are required to produce annual reports and accounts.
- Explain fundamental accounting concepts and terms, and describe the main sources of accounting regulation.
- Explain the purpose and interactions between the income statement, balance sheet, and cash flow statements.
- Explain the value of reporting on environmental, social and economic sustainability and other alternatives to traditional financial reporting, and describe possible contents of such reports.
- Explain the basic structure of company and group accounts.
- Explain the purpose of the main components of company accounts and interpret them.
- Construct simple statements of financial position and profit or loss.
- Calculate and interpret financial and accounting ratios.

##### **2. Corporate Finance**

- Explain the characteristics of various forms of equity capital from the point of view of the issuer and the investor.
- Explain the characteristics of various forms of long-term debt capital from the point of view of the issuer and the investor.
- Explain the characteristics of various forms of short- and medium-term financing from the point of view of the issuer and the investor.
- Calculate weighted-average cost of capital.
- Explain the main methods of capital budgeting.
- Calculate a project's investment return.

## **ASP-VEE – Economics**

The VEE requirement for Economics may be covered in one course covering both topics or in two separate courses. If two distinct courses are used, the application for accreditation of the courses should indicate which are for the microeconomics topic and which are for the macroeconomics topic. Should the topics be split across two semesters or two courses, both will be required to meet the VEE requirement. Most of the topics listed below should be covered to fulfil the requirement.

### **1. Microeconomics**

- Explain the concept of utility and how rational utility maximizing agencies make consumption choices.
- Explain the elasticity of supply and demand and the effects on a market of the different levels of elasticity.
- Explain the interaction between supply and demand and the way in which equilibrium market prices are achieved.
- Explain various pricing strategies that can be used by firms.
- Explain the core economic concepts involved in choices made by businesses with respect to short-run and long-run investment and production choices.
- Explain competitive markets and how they operate.
- Explain profitability in markets with imperfect competition.

### **2. Macroeconomics**

- Explain basic macroeconomic measures (e.g., GDP) used to compare the economies of countries.
- Describe the structure of public finances for an industrialized country.
- Explain the effect of fiscal and monetary policy on the economy, including the effect on financial markets.
- Explain the role of international trade, exchange rates and the balance of payments in the economy.
- Explain the effect of savings and consumption rates on the economy.
- Explain the major factors affecting the level of interest rates, the rate of inflation, the exchange rate, the level of employment and the rate of growth for an industrialized country.
- Describe the function of money in the economy.
- Explain the relationship between money and interest rates.
- Explain how macroeconomic policies affect businesses.

## **ASP-VEE – Basic Non-Life Insurance\***

To obtain credit for this topic, the candidate must show satisfactory proof of attendance in course(s) covering most of the subjects listed below:

1. Basic insurance contracts, proposals and policy forms used in Non-Life insurance
2. General Non-Life Insurance principles
3. Basic principles underlying Personal Accident, Motor Car, Fire, Engineering, Marine and other Casualty Insurance, and Surety bonds
4. General overview of the Claims process under Non-Life
5. An overview of how reinsurance is used and affects non-life products

\*Prior to June 1, 2019, this is one of the ASP-VEE topics required to fulfil the Associateship requirements. Candidates who have earned credits for this topic may continue to use the ASP-VEE credits earned for this topic to fulfil the Associateship and Fellowship requirements provided Fellowship in the ASP is earned on or before June 30, 2024. Refer to the Transition Rules.

## **Appendix B.**

### **Courses Accredited by ASP under the new Validation by Educational Experience (VEE) curriculum (as of February 2019)**

The following courses have been accredited by ASP for Validation by Educational Experience. A passing grade is required to obtain ASP-VEE credits.

#### **VEE – Mathematical Statistics**

1. Ateneo de Manila University (ADMU)  
Stat 109 – Introduction to Statistical Theory, taken during 2002 to present
2. De La Salle University (DLSU)
3. University of the Philippines – Diliman (UP-D)
4. All SOA-accredited Courses, Standardized Examinations and Other Educational Experiences for its VEE-Mathematical Statistics, taken from July 1, 2018 to present

#### **VEE-Economics**

1. Ateneo de Manila University (ADMU)  
Economics 102 - Basic Economics, Agrarian Reform & Taxation, taken during 1998 to present
2. De La Salle University (DLSU)
  - a) INTRECO - Introduction to Economics, taken during 1998 to present
  - b) ECONONE - Basic Microeconomics and ECONTWO - Aggregate Economics, both taken during 1998 to present
3. University of Asia and Pacific (UA&P)  
FOS 101 - Basic Economics, taken during 1998 to present
4. University of the Philippines – Diliman, Quezon City
  - a) ECON 101 - Macroeconomics and ECON 102 – Microeconomics, taken during 1998 to present
  - b) ECON 100.1 – Introduction to Macroeconomic Theory and Policy, and
  - c) ECON 100.2 – Introduction to Microeconomic Theory and Policy, both taken during 1998 to present
5. SOA-accredited Courses, Standardized Examinations and Other Educational Experiences for its VEE-Economics, taken from July 1, 2018 to present

#### **VEE-Accounting and Finance**

1. Ateneo de Manila University (ADMU)
  - a) ACC20 – Financial Accounting and
  - b) ACC35 – Managerial Accounting Course and
  - c) FIN105 – Financial Management
2. De La Salle University (DLSU)
3. SOA-accredited Courses, Standardized Examinations and Other Educational Experiences for its VEE-Accounting and Corporate Finance, taken during July 1, 2018 to present

#### **VEE- Non-Life Insurance**

1. Insurance Institute for Asia and the Pacific Basic Non-Life Course

#### **ASP VEE Topics under the Old VEE Curriculum**

The following are no longer required VEE topics, but some candidates may be eligible to obtain VEE transition credit for these previously required topics. Refer to the Transition Rules.

- VEE Corporate Finance – candidates who has previously earned for this VEE may claim credit for VEE Accounting and Corporate Finance.
- VEE Applied Statistical Methods – candidates who has previously earned for this VEE may claim credit for VEE Mathematical Statistics

### **Previously Accredited VEE Courses**

#### **VEE-Applied Statistical Methods**

1. Ateneo de Manila University (ADMU)
  - a) AMF 131 – Time Series and Forecasting, taken during 1998 to present
2. De La Salle University (DLSU)
  - a) TIMESER or TIMEFOR - Time Series and Forecasting, taken during 1998 to present
3. University of the Philippines – Diliman (UP-D)
  - a) Statistics 136 – Regression Analysis AND Statistics 145 – Introduction to Time Series Analysis and Forecasting, taken during 1998 to present
4. ASP Courses
  - a) Course on Applied Statistical Methods: Econometrics, August 1 - October 3, 2007, conducted by Prof. Robert E. de Vera
5. All SOA-accredited Courses, Standardized Examinations and Other Educational Experiences for its VEE-Applied Statistical Methods, taken during 1998 to present

#### **VEE-Corporate Finance**

1. Ateneo de Manila University (ADMU)
  - a) FIN 120 – Financial Statement and Credit Analysis, taken during 1998 to present
2. De La Salle University (DLSU)
  - a) FINAMA2 - Financial Management 2, taken during 1998 to present
3. All SOA-accredited Courses, Standardized Examinations and Other Educational Experiences for its VEE-Corporate Finance, taken during 1998 to present

