

Introduction and Objectives

INTRODUCTION

What do you know about cognitive biases? Are you familiar with the analysis of financial statements? Do you know the appropriate financial model to use for different business decisions? Or how risk exposure and risk management can impact capital needs?

You will be learning in this module how risk management enables organizations to achieve business objectives.

We hope you find this module interesting and applicable as you continue toward your actuarial fellowship.

OVERALL OBJECTIVES

After you complete this module, you will be able to:

- Explain strategic management and strategic competitive concepts and discuss how they are applied.
- Evaluate the impact of human behavior factors on the effectiveness of decision-making processes within organizations.
- Evaluate the importance of communication to the decision-making processes, change management and implementation of organizational strategies.
- Distinguish how various professions may approach business strategy development and execution.
- Discuss the difference between financial accounting (FA) and managerial accounting (MA).
- Name the three basic financial statements and discuss the purpose of each.
- Differentiate between the items that are included on the Balance Sheet, Income Statement and Statement of Cash Flows.
- Analyze the purpose of various financial analysis techniques.
- Identify appropriate financial data and modeling systems for making various business decisions to achieve the business objectives.
- Understand sources and uses for capital across industries.
- Identify, evaluate and mitigate risk exposures to calculate capital at risk.

MODULE SECTIONS

- Section 1: Module Overview
- Section 2. Business Strategy and Organizational Behavior
- Section 3. The Financial Statement

General Insurance Applications: Introduction and Objectives

- Section 4. Modeling
- Section 5: Establishing Capital Strategies Across Industries

General Insurance Applications: Introduction and Objectives

Section 2 Objectives

After completing this section, you will be able to:

- Explain strategic management and strategic competitive concepts and discuss how they are applied.
- Evaluate the impact of human behavior factors, including cognitive biases, on the effectiveness of decision-making processes within organizations.
- Evaluate the importance of communication, teamwork and conflict resolution to the decision-making processes and implementation of organizational strategies.
- Compare and contrast how various professions may approach business strategy development and execution.

Section 3 Objectives

After completing this section, you will be able to:

- Discuss the difference between financial accounting (FA) and managerial accounting (MA).
- Name the three basic financial statements and discuss the purpose of each.
- Discuss various accounting concepts and conventions that establish accounting standards.
- Describe the accounting cycle and demonstrate how to close the books and prepare financial statements.
- Differentiate between the items that are included on the Balance Sheet, Income Statement and Statement of Cash Flows.
- Analyze the purpose of various financial analysis techniques.

Section 4 Objectives

After completing this section, you will be able to:

- Identify SMART business objectives.
- Identify key business risks and discuss possible risk solutions.
- Describe modules used by financial institutions.
- Identify scenarios, stress testing and sensitivities.
- Identify appropriate models for making various business decisions.

Section 5 Objectives

After completing this section, you will be able to:

- Name and describe sources and uses for capital across industries.
- Identify, evaluate and mitigate risk exposures to calculate capital at risk.
- Use risk capital allocation to achieve an enterprise-wide capital driven strategy.
- Analyze capital metrics to evaluate product performance.
- Understand how the model output can be used in actuarial tasks.