

GI 201 – Operational, Financial, Regulatory and Legal

Nov 2025/Mar 2026

This Guide provides an overview of GI 201 – General Insurance: Operational, Financial, Regulatory and Legal – to help the candidate understand the essence of this course and to provide a guide for how to prepare for the examination of this course. However, while this Guide can be a valuable aid in preparation, the material in this Guide will not be tested.

I. Purpose of this Course

The purpose of GI 201 is to provide candidates with insight into the environment that influences the function of general insurance companies. This includes operational, financial, regulatory and legal conditions. Knowledge of this environment is essential for the general insurance actuary when applying actuarial analyses, such as ratemaking and reserving, because it sets constraints on what may be done by the actuary and implemented by the insurer.

GI 201 should be taken after GI 101 – General Insurance Ratemaking and Reserving.

II. Exam Syllabus Learning Objectives and Learning Outcomes

GI 201 focuses on seven topics:

1. General Insurance Company Operations
2. Regulatory Environment
3. Legal Environment
4. Financial Economics
5. Financial Reporting
6. Financial Health Management
7. Responsibilities of the Actuary

These topics are chosen to provide an understanding of the environment under which general insurers function and the responsibilities of general insurance actuaries.

Topic 1 is foundational to Topics 2 through 7. Topic 1 covers the operations of a general insurance company including the varying functions performed within them and the products they typically offer. This gives context to the functions provided by general insurance actuaries. Candidates must understand Topic 1 before studying the environment under which general insurance companies and actuaries operate.

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Topics 2 and 3 cover the regulatory environment, and the legal environment as it pertains to general insurance.

Topics 4 through 6 delve into the financial environment for general insurance. Topic 4 examines several aspects of how financial economics may be used in general insurance. Topic 5 then covers topics related to the financial reporting of general insurance. Topic 6 provides insight into how a general insurer's financial information may be used to measure financial health. While the material in Topics 5 and 6 is provided on a general basis, some nation-specific examples are included to provide additional insight.

Finally, actuaries are professionals that must uphold standards as set by their profession. It is important that they be aware of their professional responsibilities. Topic 7 covers the responsibilities of the actuary on a general basis as documented by the International Actuarial Association (IAA).

Topic 1: General Insurance Company Operations

Topic 1 covers the operations of a general insurance company including the varying functions performed within them and the products they typically offer. Topic 1 describes the various core and supporting functions of a general insurance company. It also describes the purpose and content of general insurance contracts and describes the different risks and coverages offered. Additionally, Topic 1 describes the different types of reinsurance. The Topic 1 syllabus reading includes a study note written by the SOA specifically prepared for this topic, a chapter from a textbook prepared by the SOA and two papers written by the IAA.

It is recommended that candidates understand Topic 1 before proceeding to the other six topics. Furthermore, reading about Topic 2 should follow understanding Topic 1.

Topic 2: Regulatory Environment

Topic 2 covers the regulatory environment for general insurance. It describes the functions and goals of various forms of insurance regulation. Topic 2 also describes several issues of importance that influence insurance regulations such as discrimination, usage-based insurance, credit scores, and price optimization. It describes situations when the government controls a specific general insurance program. Topic 2 also describes the function and purpose of captive insurers and the regulatory environment for captives and reinsurers. The Topic 2 syllabus reading includes four study notes written by the SOA specifically prepared for this topic, a chapter from an SOA textbook, parts of two IAA Risk Book chapters and four articles.

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Insurance is a highly regulated industry. One cannot ignore the regulations that apply to general insurers and the products they offer. While regulations are nation-specific, there are many commonalities found in regulations for the insurance industry between countries. While this material is provided on a general basis, some nation-specific examples are included to provide additional insight into types of regulation. The regulatory environment affects many aspects of the provision of insurance. As such, it must be considered in conjunction with all the other topics included in this course. It should be noted that insurance regulations vary by country and are subject to change. A practicing actuary must regularly check the regulations that apply to the work they are performing. This is generally done as a part of their continuing education.

It is recommended that candidates understand Topics 1 and 2 before proceeding to the remaining 5 topics. Furthermore, reading about Topic 3 should follow understanding Topics 1 and 2.

Topic 3: Legal Environment

Topic 3 covers the legal environment for general insurers. It describes insurance law, tort law and other legal issues under which general insurers operate. Actuaries should understand the legal environment as it pertains to general insurance. The business of general insurance is affected by the legal environment in several ways. One way is that general insurers are subject to insurance law. This involves laws specific to the business of insurance affecting contracts, coverages and claims handling. Actuaries should understand the concepts behind insurance law as violations may expose an insurer to a bad faith lawsuit. Another way is that general insurers provide coverage for a policyholder's liability in a liability insurance contract. Actuaries should understand tort law and how it shapes liability coverage. They should also understand how the U.S. tort law environment affects tort law and torts in other countries. Other legal issues important to general insurance include international business issues, transnational torts, tort reforms, mass torts, no-fault insurance and the concept of social inflation.

While the topic is presented generally, there is some focus on the U.S. legal environment. This is because U.S. tort law influences transnational torts and can influence the legal environment in other countries. The Topic 3 syllabus reading includes two study notes written by the SOA specifically prepared for this topic, excerpts from a textbook and one article. Candidates should have knowledge of legal cases cited in the syllabus readings that are related to the learning outcomes for this topic.

The legal environment for insurance varies by country and it is subject to change. A practicing actuary should understand the legal environment that applies to the work they are performing and stay informed of any changes. This is generally done as a part of their continuing education.

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It is recommended that candidates understand the legal environment from Topic 3 before proceeding to Topics 4 through 7.

Topic 4: Financial Economics

Topic 4 covers three unrelated areas from financial economics that have applications for general insurance. These three areas may be read in any order. They are behavioral economics as it applies to general insurance markets, asset liability management strategies for general insurers and a general insurance ratemaking technique that uses financial economics. The Topic 4 syllabus reading includes one study note written by the SOA specifically prepared for this topic, and two articles.

Topic 4 may be covered before or after Topics 5 and 6. However, Topic 5 should be understood before proceeding to Topic 6.

Topic 5: Financial Reporting

Topic 5 covers financial reporting for general insurance companies covering accounting for insurance contracts and accounting for financial instruments. It is presented on a general basis but provides examples from U.S. GAAP, U.S. statutory accounting, and International Financial Reporting Standards. Topic 5 also covers the concept of accounting for reinsurance. The syllabus reading for this topic includes selected chapters from two different textbooks prepared by the SOA and a chapter from the IAA Risk Book.

It is recommended that candidates understand financial reporting from Topic 5 before proceeding to Topic 6.

Topic 6: Financial Health Measurement

Topic 6 covers methods to assess the financial health of a general insurance company. This topic reviews consideration for general insurance company financial health measurement, key financial health ratios for general insurers and solvency monitoring of general insurance companies. Topic 6 also covers the EU Solvency II requirement, the Own Risk Solvency Assessment (ORSA) and the function of credit rating agencies with respect to general insurance companies. The syllabus resources for this topic include selected chapters from a textbook prepared by the SOA, two articles on ORSA and a chapter from the IAA Risk Book.

It is recommended that candidates understand financial reporting from Topic 5 before reading the syllabus for Topic 6.

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Topic 7: Responsibilities of the Actuary

Topic 7 covers professional standards and applicable standards of practice as outlined by the IAA. Topic 7 also covers the role of the appointed actuary and the concept of materiality. The syllabus reading for this topic includes one chapter from a textbook prepared by the SOA, two IAA standards of practice and two chapters from the IAA Risk Book.

Topic 7 should be covered after Topics 1 to 6.

III. Recommended Approach in Preparing for the Course Assessment

Our recommended study approach is to first read the descriptions of the Learning Objectives and Learning Outcomes and then read the syllabus study materials in the order presented for each topic section. The recommended order is purposeful.

Keep in mind that each exam question is based on one, or a combination, of the Learning Objectives and Learning Outcomes. The candidate should be very familiar with the Learning Outcome statements as described in the syllabus and repeated in this document. These Learning Outcome statements were the first ingredient in developing the syllabus and guide the examination committee when writing questions (items). The Learning Objectives set out the cognitive level needed to pass this exam and will also provide an indication of what the candidates are expected to get out of the readings.

The syllabus readings build the candidate's knowledge, and each reading was selected to explain or illustrate one or more Learning Objectives. While studying the syllabus material candidates may want to consider both the organizational approach provided by this document and to refer to the Learning Objectives to remain focused on the educational goals being tested by this exam.