The Institute of Actuaries of Australia

2008 Education Handbook

Institute of Actuaries of Australia

Publisher

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The Institute of Actuaries of Australia has a privacy policy which addresses the National Privacy Principles. The policy is available on the Institute of Actuaries of Australia website www.actuaries.asn.au

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INTRODUCTION TO THE INSTITUTE

The Institute of Actuaries of Australia (Institute) is the sole professional body representing the actuarial profession in Australia by creating, expanding and maintaining an environment where the skills of actuaries are widely used and valued. It is the public face of a learned profession, which represents the interests of its members within Government, the business community and the general public.

Actuaries apply mathematical, statistical, economic and financial analyses, which involve adding risk assessment to longer term financial contracts, in a wide range of practical business problems.

Insurance, superannuation, stock broking, investment, banking and government are the more readily recognised fields in which actuarial services are utilised. Actuaries also work in wider fields such as climate change, health and IT. In addition, as career executives, many actuaries participate in the operational management of financial institutions.

Vision
The Institute aims to position the profession so that wherever there is uncertainty of future financial outcomes, actuaries are sought after for their valued advice and authoritative comment.

Mission
The Institute represents the actuarial profession by creating, expanding and maintaining an environment where the skills of actuaries are widely used and valued.

The Institute:

- establishes and maintains professional standards for the protection of the public;
- provides pre-qualification and continuing professional education;
- creates forums for discussion about contemporary and relevant issues;
- promotes research and the development of actuarial science; and
- contributes to and informs the debate on public policy.

The Institute's heritage dates back to 1897 when the Actuarial Society of New South Wales was formed. By 1919, actuaries resident in other Australian States and New Zealand had joined the Actuarial Society of New South Wales and the name was changed to the Actuarial Society of Australasia. Further name changes occurred up to 1963 when The Institute of Actuaries of Australia and New Zealand was incorporated. When New Zealand actuaries formed their own society in 1977, the name changed to The Institute of Actuaries of Australia. The introduction of Australian Fellowship examinations in 1980 marked a new maturity for the profession in this country.

Most of the regular meetings of members and work undertaken by Institute committees are concentrated in Sydney and Melbourne, the centres of employment for over 90% of Australian actuaries. Smaller, informal meetings are held in Adelaide, Brisbane, Canberra and Perth. The Institute also manages a series of study programs, forums, special interest seminars and events. Every two years the Institute stages a convention which attracts both local and overseas actuaries. This forum allows for:

- current issues to be addressed in open discussion;
- special interest groups the chance to meet; and
- papers to be presented and examined in detail.

It also provides Australian and overseas actuaries with the opportunity to interact both professionally and socially. The Institute also produces a range of publications, such as the *Australian Actuarial* Journal, *Actuary Australia* magazine, research and sessional papers.

Using this handbook

This Handbook contains information concerning the Australian actuarial education program of the Institute of Actuaries of Australia. It contains details of actuarial examinations and courses conducted by the Institute, the Institute of Actuaries (London), and other accredited institutions. It covers relevant material on Parts I, II, III, the Practical Experience Requirement (PER)/Mentor Program, the Professionalism Course and Policies and Procedures relating to these areas.

This handbook is a guide to assist students in determining their pathway through the Education Program.

Because courses and requirements may change from time to time, students should check the Institute website http://www.actuaries.asn.au regularly for the most up to date information.

Students should also be familiar with the following web sites in relation to other Education Programs

Part I:
ActED Australasia: This organisation provides course material for the Part I UK examinations.
http://www.acted.com.au

Institute of Actuaries (UK): This site contains relevant information for all UK examinations.
http://www.actuaries.org.uk/Display_Page.cgi?url=/index.html

University of NSW:
http://actuary.web.unsw.edu.au

University of Melbourne:
http://econ.unimelb.edu.au/actwww/home.html

Macquarie University:
http://www.acst.mq.edu.au

Australian National University:
http://info.anu.edu.au/StudyAt/010PP_Undergraduate/_AOI_Actuarial_Studies.asp

Part II:
University of NSW:
http://actuary.web.unsw.edu.au

University of Melbourne:
http://econ.unimelb.edu.au/actwww/home.html

Macquarie University:
http://www.acst.mq.edu.au

Australian National University:

http://info.anu.edu.au/StudyAt/010PP_Undergraduate/_AOI_Actuarial_Studies.asp

Part III:
All Part III material can be located on the Institute's web site http://www.actuaries.asn.au

The Institute wishes you every success in your actuarial studies in 2008.

PATHWAY TO FELLOWSHIP

What is an Actuary

Actuaries apply mathematical, statistical, economic and financial analyses, which involves adding risk assessment to longer term financial contracts, in a wide range of practical business problems. In addition, as career executives, many actuaries participate in the operational management of financial institutions.
Insurance, superannuation, stockbroking, investment, banking and government are the more readily recognised fields in which actuarial services are utilised. Within these areas, actuaries may:

- design insurance policies, superannuation and other financial contracts;
- calculate premiums or contributions to be paid by members/participants in financial arrangements;
- advise insurance companies on the level of financial reserves held to meet claims;
- advise insurance companies on prudent distribution of profits;
- assist with investment policy and asset allocation;
- assess demographic influences on financial arrangements;
- act as private consultants managing superannuation and other employee benefit schemes;
- advise industry and commerce on a wide range of financial and statistical problems, e.g. compensation;
- design, manage or supervise financial policies for Government in areas such as social welfare, superannuation and pension schemes.

In carrying out this work, actuaries draw on resources provided by other professionals – legal, accounting, medical, economic, etc. They refer to information provided in journals, mathematical tables, statistical and other records and use sophisticated computer programs to process the relevant data.

Actuaries always have excellent mathematical skills combined with the ability to think clearly and logically. They also need to be very focussed and detail-oriented. They must have an interest in such issues as probability and risk identification and assessment, with an ability to understand complex financial topics such as derivatives. Actuaries must also be solutions-oriented with a desire to solve complex, difficult problems.
As actuaries often hold senior positions of authority and responsibility, they need to be able to communicate effectively at all levels.
This is a highly specialised career path requiring several years of study before qualification as an actuary. The rewards, however, are well worth the effort, generally providing an above-average income combined with the opportunity to work anywhere in the world. An actuarial career also offers the chance to work in either the traditional spheres of finance and insurance, or new, high-growth fields such as the environment, climate change and genetics.

Career Opportunities

The actuarial profession is a fast-growing one with opportunities opening up throughout Australia and the world. In Australia, the number of qualified actuaries as at July 2005 was 1,382.Typically, a newly qualified actuary would earn around $95,000-$110,000 per annum, with at least an $11,000 increase per year for several years. More senior, experienced professionals would earn in the vicinity of $200,000 per annum. From Europe to Asia to the Americas, actuaries are in demand in a growing number of industries and the work is no longer restricted entirely to the finance and insurance industries. For instance, opportunities for actuaries are opening up in such diverse areas as health and education, the environment and climate change, public infrastructure, and genetics.

Becoming a Fellow

To become a Fellow of the Institute of Actuaries of Australia (FIAA), members must successfully complete the following five parts of the Education Program:

- Part I Education Program
- Part II Education Program
- Part III Education Program
- Practical Experience Requirement/Mentor program
- Professionalism Course

These areas will be discussed in more detail in the following chapters.

Levels of Institute Membership

There are three levels of membership that relate specifically to levels of achievement in the Education Program. For more details about Membership categories and how to join, please go to membership section on the Institute's website at http://www.actuaries.asn.au/AboutTheInstitute/Membership .

Affiliate

Affiliate members are those members without a recognised actuarial qualification. Predominantly these are:

- professionals working in related fields and who are interested in participating in the activities of the Institute;
- people enrolling into the Institute's education program; or
- people enrolled in a recognised university course on a full time/part time basis.

Associate (AIAA)

Admission as an Associate of the Institute of Actuaries of Australia is granted to members who have:

- been approved by Council for the qualification of Associate of the Institute of Actuaries of Australia (AIAA) following completion or exemption from all of the Part I and Part II subjects of the Institute's education program; or
- qualified through a recognised overseas actuarial association.

Fellow (FIAA)

Admission as a Fellow of the Institute of Actuaries of Australia (FIAA) is granted to members who have:

- been approved by Council for the qualification of Fellow of the Institute of Actuaries of Australia (FIAA) after having passed or been exempted from Parts I, II and III of the Institute's education program, satisfied the twelve month practical experience requirement and completed a recognised professionalism course; or
- been approved by Council for the qualification of Fellow of the Institute of Actuaries of Australia (FIAA) after having completed the required experience of living and working in Australia as an Accredited Member.

PART I

Introduction

This section of the Handbook provides information for students undertaking Part I of the Institute Education Program. Part I is the categorised as the Core Technical stage of actuarial work.

The Institute does not teach or examine Part I of its syllabus. Various study paths are available to candidates in order for them to gain exemptions from the Institute Part I subjects. These are listed below.

1. Complete Part I subjects through an undergraduate actuarial studies courses offered by one of five accredited Australian universities. These are:
   - The Australian National University (ANU);
   - Curtin University of Technology (Curtin);
   - Macquarie University (MACQ);
   - The University of Melbourne (MELB); and
   - The University of New South Wales (UNSW);

2. Complete Part I subjects through the London Institute of Actuaries (IoA). The IoA offers examinations for Part I Subjects CT1 – CT8;

3. Apply to the Institute exemptions committee for a limited number of Part I subjects after completing a related course/subject at a non-accredited undergraduate and postgraduate courses in Australia and New Zealand.

A more detailed overview of the processes for these three paths is outlined below in the following categories:

- Completing Part I through an accredited university;
- Completing Part I through the UK Institute (IoA);
- Completing part I though a non-accredited university.

Prerequisites

Students should contact the relevant university or the IoA to ensure they are aware of any entry requirements or prerequisite studies for Part I subjects.

Completing Part I through an Accredited University

Assumed Knowledge
Students must meet the necessary entry requirements set out by that university. Students are encouraged to contact the university to determine these requirements for specific courses.

Recognised Programs
The table below lists the Australian universities that offer programs relevant to the actuarial examinations. Holders of these degrees may qualify for exemptions from some or all of the Part I subjects.

Higher Education Institution	Degree
Australian National University, Canberra	BAct.S; BAct.S/LLB (actuarial studies and law); BAct.S/BComm (actuarial studies and commerce majoring in accounting); BAct.S/BComm (actuarial studies and commerce majoring in finance); BAct.S/BComm (actuarial studies and commerce majoring in business information systems); BAct.S/BFin. (actuarial studies and Finance); BAct.S/BEc (actuarial studies and Economics); Grad. Cert. in actuarial studies.
Curtin University of Technology, Perth	BSc (Actuarial Science)
Macquarie University, Sydney	BCom including actuarial studies; BCom/LLB (actuarial studies and law); BAppFin/BCom (actuarial studies and applied finance); BCom/BEc (actuarial studies and economics/econometrics); BCom/BSc (actuarial studies and statistics); BCom/BSc (actuarial studies and computing); BCom/BSc (actuarial studies and mathematics).
University of Melbourne, Melbourne	BCom or BCom (Hons) including actuarial studies; Grad. Diploma in actuarial studies; Combined Degrees with Actuarial Studies including: - Commerce/Science, Commerce/Law, - Commerce/Engineering, - Commerce/Information Systems and Arts/Commerce.
University of NSW, Sydney	BCom including actuarial studies; BCom/BSc including actuarial studies; BCom/LLB including Actuarial Studies; BCom/BSocSc including actuarial studies; BCom/BA including actuarial studies; MCom in actuarial studies.

Required level of performance
In order for students to be eligible to obtain a Part I exemption through the Institute, they must meet a preset standard of performance in the related subjects. These standards are set out below as they relate to each university:

- Australian National University students must obtain a credit average grade;
- Curtin University of Technology students must obtain at least a mark of 73% in the Curtin unit,

for subjects CT1 & CT6 and an average of at least 73%, with a minimum of at least 65% in each of Curtin units for all the other subjects.

- Macquarie University students must obtain at least a credit grade;
- University of Melbourne students must obtain 73% or higher for subjects CT2, CT3, and CT7 and must perform at a similar level in end of semester examinations for all other subjects;
- University of New South Wales students must obtain a credit grade or higher.

Part I Exemption Fees

In order for a student who is completing Part I at an accredited university to gain exemption from a Part I subject, there are several steps that must be undertaken:

- The student must give the university permission to forward their exemption details to the Institute. Universities forward these details to the Institute at the end of a semester, or when relevant examination results become available. Students are advised to speak to their academic adviser at the University about this process;
- Once the Institute has the list of exemptions from a university, it will enter the information into the data base, and provided that the student is a member of the Institute they will be forwarded an eligibility letter and an invoice outlining the payment required for exemption. Exemption fees are set at AUD$250 per subject.
- The student is required to pay the exemption fee of AUD$250 per subject within two years of completing the relevant course.
- Once payment is received for all Part I subjects the student will be forwarded to Council for recognition and will be awarded a Certificate.

Please note that the above fee structure is only relevant for students completing their Part I studies at an accredited university. No exemption fee is required when a candidate has paid for and passed a Part I subject through the IoA (London).

University Contact Details:

For information on completing Part I through an Australian accredited University please contact:

Australian National University
Jennifer Hunt
School of Finance and Applied Statistics
Australian National University
Canberra ACT 0200
Tel: + 61 2 6125 4508
Email: Jennifer.Hunt@anu.edu.au

University of Melbourne
Centre for Actuarial Studies
The University of Melbourne
Victoria VIC 3010
Tel: +61 3 8344 5289
Email:actuarial.enquiries@econ.unimelb.edu.au

Macquarie University
Sharon Collett
Dept of Actuarial Studies & Demography
Macquarie University
North Ryde NSW 2109
Tel: + 61 2 9850 9987
Email: scollett@efs.mq.edu.au

University of NSW
Bindya Subba
Actuarial Studies Unit
Faculty of Commerce & Economics
University of NSW
Sydney NSW 2052
Tel: +61 2 9385 1886
Email: b.subba@unsw.edu.au

Completing Part I through the UK Institute (IoA)

Assumed Knowledge

While there is no set order in which students must take the UK subjects, and no set prerequisite list, the UK Institute recommends that: students working in general insurance may prefer to take CT 6 after studying CT 1, and students working in investments may prefer to take CT7 and CT8 before CT4, CT5 and CT6.

The UK Institute also advises students that:

- CT2 - assumes knowledge of CT1
- CT4 - assumes knowledge of CT1 and CT3
- CT5 - assumes knowledge of CT1, CT3, CT4
- CT6 - assumes knowledge of CT3 and CT4
- CT8 - assumes knowledge of CT1, CT4, CT7

Entry to IoA (London) Actuarial Examinations

To be eligible to enrol in a Part I IoA (London) examination, candidates must:

- Be a fully paid member of the Institute of Actuaries of Australia. Closing dates for receipt of membership admission to join the Institute to sit the Part I IoA (London) exams are **4 February 2008** (April exams); and
- Complete the official UK examination application form (available on the Institute of Actuaries of Australia web site), and lodge it with the Institute **by 18 February 2008** (April 2008 examinations). The Part I examination application forms for Institute members will be available on the Institute website from early January (for the April examinations), and from mid June (for the September 2008 examinations).

Institute candidates must not apply directly to the IoA (London) for examination entry. Also, if candidates inadvertently complete an entry form designed for members of the IoA (London) and send it direct to the UK, their application will **not** be accepted.

Completed applications must be lodged at the Institute office by the close of business of the due date stated on the form, accompanied by the appropriate fee. All entries are acknowledged by the Institute, however, it is the candidate's responsibility to ensure that an acknowledgement is received **as late entries or amendments will not be accepted under any circumstances after the closing date.** Receipts for all entry fees received are issued by the Institute. The IoA (London) does not permit refunds or transfer of funds to the next exam sitting after the closing date, except under special circumstances. (Please see Fees Carried Forward form in the Forms section on the Education web site for more details).

Approximately two weeks before the date of the first exam, Institute candidates will receive from the exam supervisor in their city/country the following:

- instructions to candidates;
- advice on times and venues for the exams;
- a permit letter, which must be brought into the examination room (along with photo ID) by the candidate for identification purposes.

Please note that, in Sydney and Melbourne, the Institute office acts as the exam supervisor for the IoA (London) exams. In all other cities and countries, a local exam supervisor is nominated by the IoA (London).

To compare the style and content of university examinations with IoA (London) examinations, candidates should refer to the past Part I syllabus and examination papers, available on the IoA (London) website.

Four Attempts Rule
The UK Institute has abolished the four attempts rule. From 2007 onwards you can attempt any Part I subject as many times as you need.

Part I UK Examination Fees
The current cost of sitting each Part I exam through the IoA (London) is approximately AUD$500. This fee is determined by current exchange rates and may vary depending on these figures. A more up to date figure will be available on the application form. This fee is paid when students enrol in a Part I UK subject through the Institute of Actuaries of Australia. This fee is not refundable after the application closing date.

Candidates should think very carefully before applying for an examination. The actual cost varies for each examination, as the cost is based on the exchange rate between the Australian dollar and the English pound sterling at the relevant time. This fee is not refundable after the application closing date

Core Reading for IoA (London) Actuarial Examinations
Core Reading for the Part I subjects (CT1-CT8) is produced by the IoA (London). The purpose of Core Reading is to ensure that tutors, students and examiners have a clear understanding of the requirements of the syllabus. It gives complete coverage of the syllabus and, in examinations, students are expected to demonstrate their understanding of the concepts in the Core Reading.

Core Reading is available for purchase from ActEd Australasia. To help prepare for the examinations in each subject, most candidates order part or all of the ActEd Australasia's *Combined Materials Pack.* This contains a study guide along with:

- Course Notes
- Question and Answer Bank
- Series X Assignments

Also available are:

- Mock Exams and Formulae & Tables for Actuarial Examinations

There are various forms of marking services outlined in the complete ActEd Australasia course material booklet. Candidates who have to sit a subject again may obtain a special *Retaker Pack* from ActEd Australasia. For details and prices, contact ActEd Australasia direct.

All Part I IoA (London) examination papers are of three hours' duration. Copies of past examination papers are available on the IoA (London) website.

For information on purchasing Part I course materials, please contact:

ActEd Australasia
Suite 1004, Level 10
16-20 Barrack Street
Sydney NSW 2000
Tel: +61 2 9262 1601
Email: info@acted.com.au
Web: www.acted.com.au

Dates/Times for UK Examinations

This section relates specifically to the UK examinations. Any information about the Part I examinations at accredited universities should be directed to each specific university.

Subject	MON 7 APRIL	TUES 8 APRIL	WED 9 APRIL	THUR 10 APRIL	FRI 11 APRIL	MON 14 APRIL	TUES 15 APRIL	WED 16 APRIL	THU 17 APRIL
CT1							9.30-12.30		
CT2									9.30-12.30
CT3				9.30-12.30					
CT4			9.30-12.30						
CT5						9.30-12.30			
CT6		9.30-12.30							
CT7					9.30-12.30				
CT8								9.30-12.30	
CA3 CA3CH		2:00-5:00							
ST1							2:00-5:00		
ST2				2:00-5:00					
ST3									2:00-5:00
ST4					2:00-5:00				
ST5								2:00-5:00	
ST6			2:00-5:00						
SA1-6						2:00-5:00			
CA1-1	9.30-12.30								
CA1-2	2:00-5:00								

UK Examination Results

IoA (London) examination results for Institute candidates are posted on the Institute's website on **20 June 2008** for semester one. Candidates also receive advice of their results by mail. Unsuccessful candidates are notified of their grades of failure where:

- FA (1-5 percentage points below the pass mark),
- FB (6-15 percentage points below the pass mark),
- FC (16-25 percentage points below the pass mark), or
- FD (more than 25 percentage points below the pass mark).

It is not the policy of the IoA (London) to provide a remarking service for candidates who fail an examination. If a candidate requires a detailed report on their exam, they should complete the form that can be found on the IoA (London) website entitled "Exam Counselling Service for Students" and send it to the IoA (London).

Completing Part I through an Non-Accredited University

If a student completes subjects that are equivalent to Part I subjects CT2 (Finance and Financial Reporting), CT3 (Statistical Modelling), CT7 (Economics) and CT8 (Financial Economics) at a non-accredited university in Australia or New Zealand, or an overseas university as approved by the Education Council Committee, then the student can apply to the Institute Exemptions Committee for exemptions from those Part I subjects if

1. sufficiently high marks have been obtained in the relevant subjects studied at the non-accredited university and
2. the subjects were completed no more than 4 years prior to the application.
3. The Exemption Committee will only consider the following Part I subjects CT2 (108), CT3 (101), CT7 (107) and CT8 (109). Applications for exemption will **NOT** be considered if they are not supported by **ALL** relevant documentation (please see application to the exemption committee).
4. Potential applicants should refer to the Part I Subject CT2 (108), CT3 (101), CT7 (107) and CT8 (109 syllabi on the Institute website http://www.actuaries.asn.au & the UK Institute of Actuaries website http://www.actuaries.org.uk when deciding whether to apply for an exemption.
5. Original or certified copies of the academic transcript(s) indicating the completion of all relevant courses must be submitted.
6. Applicants should clearly identify which parts of the university courses correspond to the objectives of the Institute Part I subject syllabus. This is particularly important for Subject CT8 (109).
7. There is an administration fee of $80.00 plus GST per application.
8. An exemption fee of $250.00 will apply only if you have been granted an exemption. This fee is payable within one year from the date the exemption is being granted
9. **Only current members** of the Institute of Actuaries of Australia **can apply** to the exemption committee.

If a student has studied actuarial studies at a university outside of Australia and New Zealand, which is accredited by the UK Institute of Actuaries, and the student can provide a written recommendation for Part I exemptions (original or certified copy required) from the relevant Professor or the UK Institute of Actuaries, then he/she will be eligible for the equivalent Part I exemptions.

If a student has completed SoA subjects (at grades 6-10) which the UK Institute of Actuaries recognise as equivalent to one or more of subjects CT1-CT8 of Part I and, therefore, would grant exemptions from these subjects, the Institute will also grant the relevant exemptions on production of original/certified copies of SoA results transcripts.

If a student has completed subjects at a university outside of Australia and New Zealand that is not accredited by the UK Institute of Actuaries, then the student is not eligible for Part I exemptions through the Institute (subject to points 8 and 9 above).

Students who have studied courses at a non-accredited university that have been pre-approved by the Institute Accreditation Committee

If a student completes subjects at a non-accredited university in Australia or New Zealand (or at an overseas university as directed by the Education Council Committee), that have been pre-approved by the Institute Accreditation Committee as being equivalent to Part I subjects CT2 (Finance and Financial Reporting), CT3 (Statistical Modelling), CT7 (Economics) and CT8 (Financial Economics), then the 'Approved Representative' at the non-accredited university (the individual agreed between the university and the Institute, but most likely the Professor or

Head of Department) may, on authorisation of the student, recommend this student for exemption to the Institute, if sufficiently high marks were gained in these subjects.

Part I Fee Relief

Providing a member meets the three criteria listed below, they may apply for fee relief from Part I exemption fees.

Candidates must complete the Part I Fee Relief Application, (found on the Institute website in the forms section) and return it to the Institute.

Criteria for Fee relief:

1. The member is a current full-time resident of and working in a qualified country (see list below).
2. The member is personally paying for the exemption fees and that I am not being reimbursed by an employer, or a company or other individual or entity.
3. The member's salary is paid in local currency.

Albania	Algeria	Angola	Argentina	Armenia
Azerbaijan	Bangladesh	Barbados	Belarus,	Benin
Bolivia	Bosnia-Herzegovina	Botswana	Brazil	Bulgaria
Burkina Faso	Burundi	Cambodia	Cameroon	Central African Republic
Chad	Chile	Peoples Republic of China (not Hong Kong or Macau)	Colombia	Congo Rep
Costa Rica	Croatia	Czech Republic	Dominican Republic	Ecuador
Egypt	El Salvador	Eritrea	Estonia	Ethiopia
Fiji	Gabon	The Gambia	Georgia	Ghana
Guatemala	Guinea	Guinea-Bissau	Guyana	Haiti
Honduras	Hungary	India	Indonesia	Iran
Ivory Coast	Jamaica	Jordan	Kazakhstan	Kenya
Korea	Kyrgyz	Lao	Latvia	Lebanon
Lesotho	Liberia	Lithuania	Macedonia	Madagascar
Malawi	Malaysia	Mali	Malta	Mauritania
Mauritius	Mexico	Moldova	Mongolia	Morocco
Mozambique	Namibia	Nepal	Nicaragua	Niger
Nigeria	Pakistan	Panama	Papua	New Guinea
Paraguay	Peru	Philippines	Poland	Romania
Russian Federation	Rwanda	Senegal	Serbia	Sierra Leone
Slovak Republic	Slovenia	Somalia	Sri Lanka	St Vincent & the Grenadines
Sudan	Swaziland	Syrian Arab Republic	Tajikstan	Tanzania
Thailand	Togo	Trinidad and Tobago	Tunisia	Turkey
Turkmenistan	Uganda	Ukraine	Uruguay	Uzbekistan
Venezuela	Vietnam	West Bank and Gaza	Yemen Republic	Yugoslavia
Zaire	Zambia	Zimbabwe		

Part I Syllabus

The Institute Part I subjects are equivalent to the Subjects CT1-CT8 of the IoA (London). A detail of this syllabus is found below.

Subject CT1 Financial Mathematics Core Technical Syllabus

Aim
The aim of the Financial Mathematics subject is to provide a grounding in financial mathematics and its simple applications.

Links to other CT subjects
Subject CT2 Finance and Financial Reporting: develops the use of the asset types introduced in this subject.
Subject CT4 Models: develops the idea of stochastic interest rates.
Subject CT5 Contingencies: develops some of the techniques introduced in this subject in situations where cashflows are dependent on survival.
Subject CT7 Economics: develops the behaviour of interest rates.
Subject CT8 Financial Economics: develops the principles further.

Objectives
On completion of the subject the trainee actuary will be able to:

i. Describe how to use a generalised cashflow model to describe financial transactions.
ii. Describe how to take into account the time value of money using the concepts of compound.
iii. Show how interest rates or discount rates may be expressed in terms of different time periods.
iv. Demonstrate a knowledge and understanding of real and money interest rates.
v. Calculate the present value and the accumulated value of a stream of equal or unequal payments using specified rates of interest and the net present value at a real rate of interest, assuming a constant rate of inflation.
vi. Define and use the more important compound interest functions including annuities certain.
vii. Define an equation of value.
viii. Describe how a loan may be repaid by regular instalments of interest and capital.
ix. Show how discounted cashflow techniques can be used in investment project appraisal.
x. Describe the investment and risk characteristics of the following types of asset available for investment purposes: fixed interest government borrowings, fixed interest borrowing by other bodies, shares and other equity-type finance, derivatives
xi. Analyse elementary compound interest problems.
xii. Calculate the delivery price and the value of a forward contract using arbitrage free pricing methods.
xiii. Show an understanding of the term structure of interest rates.
xiv. Show an understanding of simple stochastic models for investment returns.

Subject CT2 Finance and Financial Reporting Core Technical Syllabus

Aim
The aim of the Finance and Financial Reporting subject is to provide a basic understanding of corporate finance including a knowledge of the instruments used by companies to raise finance and manage financial risk and to provide the ability to interpret the accounts and financial statements of companies and financial institutions.

Links to other CT subjects

Subject CT1 Financial Mathematics: uses this subject to provide a grounding in financial mathematics and investments.

Objectives
On completion of this subject the candidate will be able to:

i. Demonstrate a knowledge and understanding of the principal terms in use in investment and asset management.
ii. Demonstrate an awareness of the key principles of finance.
iii. Describe the structure of a joint stock company and the different methods by which it may be financed.
iv. Describe the basic principles of personal and corporate taxation.
v. Demonstrate a knowledge and understanding of the characteristics of the principal forms of financial instrument issued or used by companies and the ways in which they may be issued.
vi. Discuss the factors to be considered by a company when deciding on its capital structure and dividend policy.
vii. Define what is meant by a company s cost of capital and discuss how its cost of capital interacts with the nature of the investment projects it undertakes.
viii. Describe the basic construction of accounts of different types and the role and principal features of the accounts of a company.
ix. Interpret the accounts of a company or a group of companies and discuss the limitations of such interpretation.
x. Show how financial techniques can be used in the assessment of capital investment projects.

Subject CT3 Probability and Mathematical Statistics Core Technical Syllabus

Aim
The aim of the Probability and Mathematical Statistics subject is to provide a grounding in the aspects of statistics and in particular statistical modelling that are of relevance to actuarial work.

Links to other CT subjects
Subject CT6 Statistical Methods: use the statistical concepts and models covered in this subject.

Objectives
On completion of the subject the trainee actuary will be able to:

i. Summarise the main features of a data set (exploratory data analysis).
ii. Explain the concepts of probability.
iii. Explain the concepts of random variable, probability distribution, distribution function, expected value, variance and higher moments, and calculate expected values and probabilities associated with the distributions of random variables.
iv. Define a probability generating function, a moment generating function, a cumulant generating function and cumulants, derive them in simple cases, and use them to evaluate moments.
v. Define basic discrete and continuous distributions, be able to apply them and simulate them in simple cases.
vi. Explain the concepts of independence, jointly distributed random variables and conditional distributions, and use generating functions to establish the distribution of linear combinations of independent random variables.
vii. State the central limit theorem, and apply it.
viii. Explain the concepts of random sampling, statistical inference and sampling distribution, and state and use basic sampling distributions.
ix. Describe the main methods of estimation and the main properties of estimators, and apply them.
x. Construct confidence intervals for unknown parameters.

xi. Test hypotheses.
xii. Investigate linear relationships between variables using correlation analysis and regression analysis.
xiii. Explain the concepts of analysis of variance and use them.
xiv. Explain the concepts of conditional expectation and compound distribution, and apply them.

Subject CT4 Models Core Technical Syllabus

Aim
The aim of the Models subject is to provide a grounding in stochastic processes and survival models and their application.

Links to other CT subjects
Subject CT1 Financial Mathematics: provides an introduction to stochastic interest rates.
Subject CT3 Probability and Mathematical Statistics: introduces the concepts of statistical distributions and modelling.
Subjects CT5 Contingencies and CT6 Statistical Methods: develop the application of Markov chains.
Subject CT8 Financial Economics: develops the concepts introduced here further.

Objectives
On completion of the subject the trainee actuary will be able to:
i. Describe the principles of actuarial modelling.
ii. Describe the general principles of stochastic processes, and their classification into different types.
iii. Define and apply a Markov chain.
iv. Define and apply a Markov process.
v. Explain the concept of survival models.
vi. Describe estimation procedures for lifetime distributions.
vii. Describe statistical models of transfer between multiple states, including processes with single or multiple decrements, and derive relationships between probabilities of transfer and transition intensities.
viii. Derive maximum likelihood estimators for the transition intensities in models of transfers between states with piecewise constant transition intensities.
ix. Describe the Binomial model of mortality, derive a maximum likelihood estimator for the probability of death and compare the Binomial model with the multiple state models.
x. Describe how to estimate transition intensities depending on age, exactly or using the census approximation.
xi. Describe how to test crude estimates for consistency with a standard table or a set of graduated estimates, and describe the process of graduation.

Subject CT5 Contingencies Core Technical Syllabus

Aim
The aim of the Contingencies subject is to provide a grounding in the mathematical techniques which can be used to model and value cashflows dependent on death, survival, or other uncertain risks.

Links to other CT subjects
Subjects CT1 Financial Mathematics, CT3 Probability and Mathematical Statistics and CT4 Models: introduce techniques that will be drawn upon and used in the development of this subject.

Objectives
On completion of this subject the candidate will be able to:

i. Define simple assurance and annuity contracts, and develop formulae for the means and variances of the present values of the payments under these contracts, assuming constant deterministic interest.
ii. Describe practical methods of evaluating expected values and variances of the simple contracts defined in objective (i).
iii. Describe and calculate, using ultimate or select mortality, net premiums and net premium reserves of simple insurance contracts.
iv. Describe the calculation, using ultimate or select mortality, of net premiums and net premium reserves for increasing and decreasing benefits and annuities.
v. Describe the calculation of gross premiums and reserves of assurance and annuity contracts.
vi. Define and use straightforward functions involving two lives.
vii. Describe methods which can be used to model cashflows contingent upon competing risks.
viii. Describe the technique of discounted emerging costs, for use in pricing, reserving, and assessing profitability.
ix. Describe the principal forms of heterogeneity within a population and the ways in which selection can occur.

Subject CT6 Statistical Methods Core Technical Syllabus

Aim
The aim of the Statistical Methods subject is to provide a further grounding in mathematical and statistical techniques of particular relevance to financial work.

Links to other CT subjects
Subject CT3 Probability and Mathematical Statistics: provides a grounding in probability and statistics.
Subject CT4 Models: provides the groundwork for Markov processes.

Objectives
On completion of the subject the trainee actuary will be able to:

i. Explain the concepts of decision theory and apply them.
ii. Calculate probabilities and moments of loss distributions both with and without limits and risk-sharing arrangements.
iii. Construct risk models involving frequency and severity distributions and calculate the moment generating function and the moments for the risk models both with and without simple reinsurance arrangements.
iv. Explain the concept of ruin for a risk model.
v. Explain the fundamental concepts of Bayesian statistics and use these concepts to calculate Bayesian estimators.
vi. Describe the fundamental concepts of rating and apply them to simple experience rating systems.
vii. Describe and apply techniques for analysing a delay (or run-off) triangle and projecting the ultimate position.
viii. Explain the fundamental concepts of a generalised linear model (GLM), and describe how a GLM may apply.
ix. Define and apply the main concepts underlying the analysis of time series models.
x. Explain the concepts of Monte Carlo simulation using a series of pseudo-random numbers.

Subject CT7 Economics Core Technical Syllabus

Aim

The aim of the Economics subject is to provide a grounding in the fundamental concepts of economics as they affect the operation of insurance and other financial systems, both from the point of view of individuals and their requirements for financial security, and from the point of view of financial institutions and their ability to provide products that meet customer needs. It will also provide a sufficient understanding of macroeconomics to enable the future actuary to interpret the economic environment and to make informed judgements as to suitable assumptions to make regarding future inflation, returns on investment, stock market behaviour, exchange rates and economic growth.

Links to other CT subjects

Subject CT8 Financial Economics develops the material introduced in this subject.
Other Specialist Technical subjects and all the Specialist Application subjects require the use of economic judgement.

Objectives

On completion of the subject the trainee actuary will be able to:

i. Discuss the interaction between supply and demand in the provision of a product and the way in which equilibrium market prices are determined.
ii. Define elasticity of demand and supply and discuss the effects on a market of different levels of elasticity.
iii. Describe and discuss the application of utility theory to economic and financial problems.
iv. Describe how profit maximising firms make short run and long run production choices.
v. Describe what is meant by different sorts of competition, or lack of it, and discuss the practical effect on supply and demand.
vi. Use knowledge of the following microeconomic principles to increase their understanding of the markets in which we operate, the regulatory issues and the ramification of strategic decisions:
vii. Describe and discuss the structure of the public sector finances of an industrialised economy.
viii. Define what is meant by GDP, GNP and Net National Product, show how these concepts may be useful in describing the economy and in making comparisons between countries, and discuss their limitations. 1. State the major factors which have to be taken into account in the management of a country's economy.
ix. Describe how the propensity to save or to consume by the private sector or the corporate sector affects the economy.
x. Describe and discuss the impact of fiscal and monetary policy and other forms of government intervention on different aspects of the economy, and in particular on financial markets.
xi. Discuss the role of exchange rates and international trade in the economy and the meaning of the term balance of payments.
xii. Describe the major factors affecting the rate of inflation, the level of interest rates, the exchange rate, the level of unemployment, and the rate of economic growth in the economy of an industrialised country.

Subject CT8 Financial Economics Core Technical Syllabus

Aim

The aim of the Financial Economics subject is to develop the necessary skills to construct asset liability models and to value financial derivatives. These skills are also required to communicate with other financial professionals and to critically evaluate modern financial theories.

Links to other CT subjects
Concepts introduced in Subjects CT1 Financial Mathematics, CT4 Models and CT7 Economics are used in this subject.
Other Specialist Technical subjects provide an application for some of the hedging and derivative pricing techniques as well as asset-liability modelling.

Objectives
On completion of the subject the trainee actuary will be able to:

i. Discuss the advantages and disadvantages of different measures of investment risk.
ii. Describe and discuss the assumptions of mean-variance portfolio theory and its principal results.
iii. Describe and discuss the properties of single and multifactor models of asset returns.
iv. Describe asset pricing models, discussing the principal results and assumptions and limitations of such models.
v. Discuss the various forms of the Efficient Markets Hypothesis and discuss the evidence for and against the hypothesis.
vi. Demonstrate a knowledge and understanding of stochastic models of the behaviour of security prices.
vii. Define and apply the main concepts of Brownian motion (or Wiener Processes).
viii. Demonstrate a knowledge and understanding of the properties of option prices, valuation methods and hedging techniques.
ix. Demonstrate a knowledge and understanding of models of the term structure of interest rates.

PART II

Introduction

This section provides information for students undertaking Part II (Actuarial Control Cycle) of the Institute education program. The Institute has a process of accrediting universities to teach and examine Part II (Actuarial Control Cycle). In 2008 five universities – the Australian National University (Canberra), Macquarie University (Sydney), the University of Melbourne (Melbourne), the University of New South Wales (Sydney) - will be offering accredited education programs that cover the Institute Part II syllabus. These programs are offered either as part of an undergraduate honours degree, as part of a post graduate qualification or as non-award subjects. Details of the course arrangements and enrolment procedures for all four universities are set out in this section.

Prerequisites

Candidates who wish to undertake Part II (Actuarial Control Cycle) should contact the relevant university to discuss entry requirements. University contact details appear at the front of this Handbook.

Available Part II Programs

Four Australian universities offer accredited education programs that cover the Institute Part II syllabus:

- Australian National University (Canberra)
- Macquarie University (Sydney)
- University of Melbourne (Melbourne)
- University of New South Wales (Sydney)

Distance education options are available from Macquarie University and the University of Melbourne.

Key Dates

All queries relating to enrolment, examination times and release of results for Accredited Universities should be directed to each specific university.

Australian National University

At the Australian National University (ANU), there are three options for taking the courses which comprise Part II: as part of an Honours year of the Bachelor of Actuarial Studies, as a non award course, or as part of the Masters of Actuarial Studies.

The ANU Part II course consists of lectures and tutorials, and also involves assignments and class work. Two sessions of two hours each occur every week. The times and locations are available prior to the first semester. For ANU timetabling information, please visit http://timetable.anu.edu.au

Semester Dates

Semester I	*Semester II*
25 February – 11 April	21 July – 26 September
28 April – 6 June	13 October – 31 October

Enrolment Arrangements

Names of Courses

4th year Honours students and non-award students

Stat 4031 (Semester I) Actuarial Control Cycle I
Stat 4032 (Semester II) Actuarial Control Cycle II

Masters in Actuarial Studies students

Stat 8040 (Semester I)	Actuarial Control Cycle I
Stat 8041 (Semester II)	Actuarial Control Cycle II

Application and Enrolment

Application forms are available from:
Admissions Office, Australian National University, Canberra ACT 0200
Tel: 61 (0)2 6125-3046 or Fax: 61 (0)2 6125-5594.

The Admissions Office must receive applications for non-award courses by 31 January 2008. Applicants will be notified in February of their acceptance and then billed for the first semester's fees. Applications for the Masters in Actuarial Studies must be received by 4 January 2008 (international) and 25 January 2008 (Domestic).

Contact Details

Jennifer Hunt
School of Finance and Applied Statistics
Australian National University
Canberra ACT 0200
Tel: + 61 2 6125 4508
Email: Jennifer.Hunt@anu.edu.au

Macquarie University

At Macquarie University, there are five options for taking the courses which comprise Part II: as part of an Honours year of the Bachelor of Commerce in Actuarial Studies, as part of the fourth year of a single or double degree program which incorporates the Bachelor of Commerce in Actuarial Studies, as part of the Master of Commerce in Actuarial Studies, or as part of the Master of Commerce in Business, or as a non-award course.

In addition Macquarie University offers a choice of three delivery methods. The first comprises lectures and discussion sessions two afternoons per week on campus. The second offers one evening per week of discussion sessions in a central city location together with Internet delivery of course material. The third method is full distance education via the Internet. All three delivery methods also involve assignments and group discussion. Undergraduate students are normally expected to attend the campus classes. Masters and non-award students may choose whichever delivery method they prefer.

Candidates who choose, now or at some future time, to enrol in the Macquarie University Master of Commerce in Actuarial Studies or Master of Commerce in Business degree may have their passes in the two "Control Cycle" subjects offered by Macquarie counted towards that degree, provided they have not already been included as part of another degree.

Semester Dates

Semester I	*Semester II*
26 February – 5 April	30 July – 15 September
23 April – 8 June	2 October – 9 November

Enrolment Arrangements

Names of Courses

For Masters of Commerce and non-award students

ACST831 (Semester I)	Actuarial Control Cycle 1
ACST832 (Semester II)	Actuarial Control Cycle 2

For 4th year and honours students

ACST400 (Semester I)	Actuarial Control Cycle 1
ACST401 (Semester II)	Actuarial Control Cycle 2

Application Forms and Enrolment details

For non-award courses: Application forms can be downloaded via
http://www.acst.mq.edu.au/non-award_study
For Masters Courses: Please download the application form via
http://www.mq.edu.au/postgrad/

Please consult the Actuarial Studies Department website, www.actuary.mq.edu.au for enrolment deadlines and other details. Any enquiries not answered by the website can be submitted via the contact form on the website, or by telephoning the department on + 61 2 9850 9987.

University of Melbourne

At University of Melbourne, there are three options for taking the courses which comprise Part II: as part of an Honours year of the Bachelor of Commerce or as a non-award course through the Community Access Program (CAP) or as a non-award course through the Distance Education Program.

The University of Melbourne offers a choice of two delivery methods. The first comprises classes held on two evenings per week with assignments. This method is available to students in their Honours year of the Bachelor of Commerce degree and to CAP students. The second is the Distance Education Program which offers lectures by video streaming on the Internet. (Classes held at the university are video recorded and the lectures made available on the Internet the following day).

Semester Dates

Semester I	Semester II
3 March – 1 June	28 July – 2 November

Enrolment Arrangements

Names of Subjects

For Honours students and non-award students:

300-410 (Semester I) Actuarial Practice and Control I
300-411 (Semester II) Actuarial Practice and Control II

Application and Enrolment

Application forms for enrolling in the Distance Education Program are available at http://www.economics.unimelb.edu.au/SITE/actwww/distance.shtml. Please note that this is the only option available for students who cannot attend lectures on campus at the University of Melbourne.

Students who wish to enrol in the Honours program must apply through the Falculty of Economics and Commerce. The contact details for the Falculty of Economics and Commerce are:

Tel: + 61 3 8344 5317

Email: commerce-courseadvice@unimelb.edu.au

Website: http://www.ecom.unimelb.edu.au/

External students enrolling in the non-award Community Access Program can obtain application forms from:

Community Access Program

Faculty of Economics and Commerce Student Liaison Officer

University of Melbourne

Tel: +61 3 8344 5317 or 1800 666 300

Website: www.unimelb.edu.au/community/access/generalinfo.html

Contact Details

Centre for Actuarial Studies
The University of Melbourne
Victoria VIC 3010
Tel: +61 3 8344 5289
Email: actuarial.enquiries@econ.unimelb.edu.au

University of New South Wales

At the University of New South Wales (UNSW), there are three options for taking the courses which comprise Part II: as part of an Honours year of the Bachelor of Commerce including Actuarial Studies, as a non-award course, or as part of the Master of Actuarial Studies.

The University of New South Wales (UNSW) course consists of lectures and tutorials held on one evening at UNSW each week, and also involves assignments and class tests. The course involves active use of the Internet in both delivery and learning.

Semester Dates

Semester I	*Semester II*
10 March – 20 March	28 July – 26 September
31 March – 6 June	7 October – 24 October

Enrolment Arrangements
Names of Courses
For 4th year Undergraduate Honours students and non-award students:
ACTL4001 (Semester 1) Actuarial Theory and Practice A
ACTL4002 (Semester 2) Actuarial Theory and Practice B

For Master of Actuarial Studies students:
ACTL5100 (Semester 1) Actuarial Theory and Practice A
ACTL5200 (Semester 2) Actuarial Theory and Practice B

Application and Enrolment
Contact the University for enrolment and application forms

For Masters Courses, Postgraduate Admissions must receive applications **by 30 November 2007** for Semester One 2008 intake and **31 May 2008** for Semester Two 2008 intake.

For Honours courses, continuing students at UNSW will continue to enrol as per normal.

For external students enrolling in non-award courses applications must be received by Student Central, UNSW **by late December**. Exact dates should be confirmed with Student Central.

Notification of the results of applications will be sent in February. The fee for each semester will be payable about four weeks after the start of semester.

Contact Details
Bindya Subba
Actuarial Studies
Australian School of Business
University of NSW
Sydney NSW 2052
Tel: +61 2 9385 1886
Email: b.subba@unsw.edu.au

Part II Assessment

There are two types of assessment used in the Part II (Actuarial Control Cycle) course:

- **Coursework** (assignments, projects and, where applicable, class presentations)
- **A three-hour examination** at the end of each semester (at least 70% of the assessment is based on examination)

The Institute monitors educational standards through an accreditation process that reviews syllabus coverage, examination setting and marking, grade distribution and exemption level at each university.

Examinations in Sydney, Melbourne and Canberra are held at the respective university campuses and administered by the universities. The Institute can provide administration support to distance education locations through its examination centres. Distance education candidates at locations other than Institute exam centres will be required to find a supervisor acceptable to the relevant university.

Students should contact the university for times of the Part II examinations and any other related assessment due dates.

Required level of performance

The Institute grants exemptions from Part II on the basis of university grades, which are consistent with Institute standards. Once the student has given authorisation to the relevant university, the university advises the Institute of the students' eligibility for Part II exemption. If students are Institute members, they are then advised that they are eligible for exemption from Part II.

For the purpose of university grades, each semester will be assessed separately. For the purpose of exemption from Part II, results in the two semesters will be combined.

Exemption eligibility is:

- an overall grade of Credit at the Australian National University;
- an overall grade of Credit (B grade) at Macquarie University;
- based on performance in end of semester examinations, and satisfactory completion of assignments at University of Melbourne;
- an overall grade of Distinction (75%) at the University of NSW.

Candidates repeating in 2007

If candidates sat the Part II (Actuarial Control Cycle) examinations previously but did not achieve an exemption level grade from Part II of the Institute syllabus, they may only need to repeat one of the two semesters. There may be cases, however, in which it is advisable to repeat both semesters. Candidates should consult the university lecturers if they are unsure what to do.

Part II Exemption Fees

In order for a student who is competing Part II at an accredited university to gain exemption from a Part II subject, there are several steps that must be undertaken

- The student must give the university permission to forward their exemption details to the Institute. Universities forward these details to the Institute at the end of a semester, or when relevant examination results become available. Students are advised to speak to their academic adviser at the University abut this process;
- Once the Institute has the list of exemptions from a university, it will enter the information into the data base, and provided that the student is a member of the Institute they will be forwarded an eligibility letter and an invoice outlining the payment required for exemption. Exemption fees are set at $1,500 per subject.
- The student is required to pay to the exemption fee of AUD$1,500 per subject within two years of completing the relevant course.
- Once payment is received for all Part I and Part II subjects the student will be forwarded to Council for recognition and will be awarded the title of Associate of the Institute of Actuaries of Australia.

Part II Fee Relief

Providing a member meets the three criteria listed below, they may apply for fee relief from Part I exemption fees.

Candidates must complete the Part I Fee Relief Application, (found on the Institute website in the forms section) and return it to the Institute.

Criteria for Fee relief:
1. The member is a current full-time resident of and working in a qualified country (see list below).
2. The member is personally paying for the exemption fees and that I am not being reimbursed by an employer, or a company or other individual or entity.
3. The member's salary is paid in local currency.

Albania	Algeria	Angola	Argentina	Armenia
Azerbaijan	Bangladesh	Barbados	Belarus,	Benin
Bolivia	Bosnia-Herzegovina	Botswana	Brazil	Bulgaria
Burkina Faso	Burundi	Cambodia	Cameroon	Central African Republic
Chad	Chile	Peoples Republic of China *	Colombia	Congo Rep
Costa Rica	Croatia	Czech Republic	Dominican Republic	Ecuador
Egypt	El Salvador	Eritrea	Estonia	Ethiopia
Fiji	Gabon	The Gambia	Georgia	Ghana
Guatemala	Guinea	Guinea-Bissau	Guyana	Haiti
Honduras	Hungary	India	Indonesia	Iran
Ivory Coast	Jamaica	Jordan	Kazakhstan	Kenya
Korea	Kyrgyz	Lao	Latvia	Lebanon
Lesotho	Liberia	Lithuania	Macedonia	Madagascar
Malawi	Malaysia	Mali	Malta	Mauritania
Mauritius	Mexico	Moldova	Mongolia	Morocco

Mozambique	Namibia	Nepal	Nicaragua	Niger
Nigeria	Pakistan	Panama	Papua	New Guinea
Paraguay	Peru	Philippines	Poland	Romania
Russian Federation	Rwanda	Senegal	Serbia	Sierra Leone
Slovak Republic	Slovenia	Somalia	Sri Lanka	St Vincent & the Grenadines
Sudan	Swaziland	Syrian Arab Republic	Tajikstan	Tanzania
Thailand	Togo	Trinidad and Tobago	Tunisia	Turkey
Turkmenistan	Uganda	Ukraine	Uruguay	Uzbekistan
Venezuela	Vietnam	West Bank and Gaza	Yemen Republic	Yugoslavia
Zaire	Zambia	Zimbabwe		

* Excludes Hong Kong and Macau

Part II Syllabus: The Actuarial Control Cycle

The aim of the Part II (Actuarial Control Cycle) is to provide students with an understanding of underlying actuarial principles that may be applied to a range of problems and issues in commercial and business environments. The Actuarial Control Cycle forms a 'bridge' between Part I, where students learn specific technical skills in a well-defined environment, and Part III, where students are taught to apply these skills in less well defined business and commercial environments. During Part II students are expected to develop a holistic approach to practical problem solving, and develop a level of judgement and professional skills required to successfully apply actuarial principles. While the area of 'professionalism' is outlined in Aim 2 of the syllabus, it is expected that there would be ongoing reference to professionalism throughout the course.

The Actuarial Control Cycle demonstrates a holistic approach to understanding actuarial practice and principles; and as such it is not taught specifically by practice area. The syllabus relates to actuarial practice both in the financial services and in other industries, and as such is deliberately presented in general terms to highlight its application beyond financial services. In each Aim, it is expected that examples will be drawn from traditional and non-traditional areas to illustrate and establish the underlying actuarial principles, although financial services applications would represent a large proportion of the examples. The recommended approach to presentation of the Actuarial Control Cycle is that it be a problem based learning approach. The use of case studies and business-based examples is therefore required. The intention is for the Actuarial Control Cycle to be taught over two semesters, with Investment Management sections falling in the second semester.

The Actuarial Control Cycle course enables candidates to:
1. Discuss and Apply an Actuarial Control Cycle in a Variety of Practical Commercial Situations
2. Apply the Tests of Professionalism
3. Relate the Main Features within the General Environment to Medium and Long Term Commercial Decisions
4. Examine the Need for and Impact of Regulation and Government Policy on Medium and Long Term Commercial Decisions
5. Analyse the Main Features and Risks of Financial Products and Contracts, from the Point of View of Consumers and Providers
6. Apply a Risk Assessment Framework to Identify and Assess the Risks in a Range of Commercial Situations
7. Discuss and Apply the Process of Product Design
8. Select an Appropriate Model to Solve Client Problems
9. Recognise the Importance of Capital
10. Apply Relevant Approaches and Techniques to the Valuation of Liabilities
11. Apply Appropriate Techniques to the Pricing of Products and Contracts
12. Demonstrate an Understanding of the Different Types of Investment
13. Construct and Explain an Investment Portfolio
14. Monitor the Investment Results
15. Measure, Report and Manage Solvency
16. Measure and Report Emerging Profits and/or Costs
17. Monitor and Assess Experience
18. Manage the Business and Respond to the Experience

OVERVIEW OF APPROACH AND PROFESSIONALISM

1. Discuss and Apply an Actuarial Control Cycle in a Variety of Practical Commercial Situations

a) Identify the elements of the Control Cycle and how the elements interrelate in an actuarial context

b) Recognise the various stakeholders involved in a variety of situations involving medium and long-term commercial decisions and demonstrate how the use of the Control Cycle can add value in resolving issues between the stakeholders

c) Demonstrate how the Control Cycle can be applied in a variety of practical commercial situations

2. Apply the Tests of Professionalism

a) Identify the principles of professionalism and relate them to the actuarial profession

b) Outline the main features and functions of the professional association, its code of conduct, professional standards and major guidance notes

c) Discuss the responsibilities of actuaries individually and in statutory roles

d) Demonstrate an understanding of the need for and application of, materiality and peer review

e) Identify situations where actuarial expertise may be insufficient, and analyse what consequent actions might then be appropriate

THE GENERAL ECONOMIC AND COMMERCIAL ENVIRONMENT

3. Relate the Main Features within the General Environment to Medium and Long-Term Commercial Decisions

a) Interpret how the present economic conditions and the social, demographic, and economic trends within a community can affect medium and long-term commercial decisions

b) Discuss the impact of technological changes on the economic environment

4. Examine the Need for, and Impact of, Regulation and Government Policy on Medium and Long-Term Commercial Decisions

a) Identify and examine the roles and objectives of regulators and of Government policymakers

b) Examine the implications of the main features of legislation and the regulatory taxation framework which affect medium and long-term commercial decisions

c) Explain the statutory roles of actuaries and other independent professionals, and their interactions

5. Analyse the Main Features and Risks of Financial Products and Contracts, from the Point of View of Consumers and Providers

a) Discuss the needs of consumers that are met by financial products and the major considerations which providers need to assess to meet these objectives

b) Identify the main features and objectives of consumer protection requirements and relate these to the responsibilities of both consumers and providers

c) Identify the main features of commonly available financial services and risk based products, and differentiate the advantages and disadvantages, including the financial, business and political risks, of each contract to the provider and the consumer

d) Distinguish the main forms of distribution for financial services products, and interpret the impact of varying distribution channels on the development and management of products

e) Identify the range of marketing strategies available to financial services institutions, and discuss the effect that alternative marketing strategies may have on the quality and quantity of business generated

f) Identify and discuss how these concepts apply to products and contracts other than financial services.

SPECIFYING THE PROBLEM

6. Apply a Risk Assessment Framework to Identify and Assess the Risks in a Range of Commercial Situations

a) Demonstrate an understanding of risk analysis frameworks, including a discussion of operational risk, and identify the stakeholders involved and the risks they face
b) Relate the concept of financial risk evaluation to a range of financial products, with particular reference to assets in isolation (e.g. derivatives), liabilities in isolation (e.g. reinsurance) and asset-liability management, from the point of view of the provider and the consumer
c) Demonstrate an understanding of the considerations which need to be taken into account in the decision of accepting, transferring or rejecting risk, including the availability of capital
d) Examine the importance of quality data in the assessment of risks, and identify checks that could be used
e) Explain the major risks faced by the long-term insurer, identify factors that are likely to affect their future experience and how they may be handled
f) Examine the effect of variations in the major areas of risk and uncertainty faced by general insurers, and how they may be handled
g) Describe the operation of the main types of reinsurance
h) Explain the major risks faced by employers and members of defined benefit and defined contribution superannuation plans, and how they may be handled
i) Demonstrate an understanding of the impact of guarantees and options on the risks faced by providers, and how they may be handled
j) Identify the principles of project management, including verification of client needs and ongoing communication

7. Discuss and Apply the Process of Product Design

a) Outline and relate the factors to consider in determining a suitable design for a range of financial products, including new contracts for life insurance, general insurance and the design of superannuation plans, from perspectives of the major stakeholders
b) Examine the interaction between the different disciplines in a product development process, including finance, sales and marketing, and compliance
c) Outline the protections available to consumers of financial products, including insurance and wealth creation products
d) Describe the purpose and process of risk assessment (underwriting), the impact of adverse selection, and examine its role in financial product design
e) Explain the concept of Policyholder Reasonable Expectations and how these can be managed
f) Examine particular issues which need to be taken into consideration in the design of group financial products, in contrast to individual financial products
g) Demonstrate an understanding of the interests of various stakeholders, and the ability to communicate and verify this understanding

DEVELOPING THE SOLUTION

8. Select an Appropriate Model to Solve Client Problems

a) Identify the objectives of building a model for the management of risk based and other financial products, from the perspective of users and other stakeholders
b) Describe the basic features of commonly used models, and discuss their limitations in terms of achieving the objectives of the modelling exercise
c) Critically examine the data available for constructing a model, and identify shortcomings
d) Identify the parameters required for a model, and the assumptions inherent in the model

e) Examine the interrelationships between the parameters and assumptions within the model, and the way in which the model objectives affect the choice of these parameters and assumptions
f) Explain the need for assessing the sensitivity of the results to changes in the major assumptions, and demonstrate an understanding of how the results from models are influenced by its assumptions
g) Examine the role of scenario testing, including the nature of "best estimate" assumptions
h) Discuss the strengths and weaknesses of stochastic and deterministic models, and identify situations to which each may be well-suited
i) Analyse the choice of a model for use in solving particular problems in a range of areas

9. Recognise the Importance of Capital

a) Discuss the importance of capital for different types of entities
b) Recognise the ongoing need for capital, and how to project future levels of capital, and the special issues which apply to mutual organisations
c) Identify risks to the level of capital and apply risk based capital methodologies
d) Demonstrate an understanding of the interaction between the management of risk and capital requirements

10. Apply Relevant Approaches and Techniques to the Valuation of Liabilities

a) Compare and contrast the different purposes for which a valuation of liabilities may be needed
b) Relate data requirements, specification, verification, correction and materiality to the purpose of the valuation of liabilities
c) Discuss and apply the major criteria in the selection of discount factors
d) Explain the need for assessing sensitivities and reasonableness of the valuations, identifying the major drivers of change, both at a point in time and over time, and how these may be communicated
e) Explain how guarantees and other options for long-term products can be incorporated in the valuation of liabilities
f) Apply the valuation of liabilities in a variety of practical situations

11. Apply Appropriate Techniques to the Pricing of Products and Contracts

a) Discuss the general objectives of pricing for each stakeholder, and examine the interrelationship of their particular needs and requirements
b) For each assumption used in the modelling process, specify the information required, explain its relevance, examine problems that may arise in obtaining the required information, including difficulties with data, and explain how these issues may be addressed in determining the appropriate assumption
c) Describe and apply processes for setting margins (either implicit or explicit) which may be used in the pricing process
d) Describe the role of profit testing and its relationship with the desired return on capital invested
e) Apply the pricing process in a variety of practical situations

THE INVESTMENT PROCESS

12. Demonstrate an Understanding of the Different Types of Investment

a) Explain the behaviour of different investment types under different economic conditions, recognising risk factors, including issuer default, counterparty failure, systemic liquidity, the collapse of speculative bubbles, shocks to the system and cyclical/structural changes
b) Demonstrate an understanding of the application and limitations of the major theories in the capital markets, including the efficient market hypothesis, the capital asset pricing model, multi-factor pricing models, the relationship between risk and return, and

theories from behavioural finance

c) Describe the principles, implicit assumptions and limitations of the main methods used to value the common forms of debt, equity, property and derivative securities

13. Construct and Explain an Investment Portfolio

a) Describe the needs of different investors in terms of the role of liabilities, the attitude to risk, liquidity requirements and any gearing restrictions, taxation and regulatory constraints that should be taken into account in establishing an investment strategy
b) Determine investment objectives, including identification of a liability asset if appropriate
c) Formulate a strategic asset allocation, including using an asset liability model where appropriate
d) Examine the imperfections and compromises of the model and the process
e) Discuss the practical implementation of investment mandates, including the roles of major stakeholders (fund managers, custodians, etc) in the process.

14. Monitor the Investment Results

a) Explain how returns on asset portfolios should be monitored and assessed, including the appropriate usage of the different methods of calculating returns, performance attribution to asset classes and security selection, and analysis of risk
b) Discuss the operational risks arising from implementation of an investment management process
c) Demonstrate how to monitor the ongoing validity of the strategic asset allocation adopted in light of experience
d) Discuss and apply criteria by which the success of the investment decision can be assessed over time, and identify how the asset liability monitoring process can be used to benefit the investment decision

MONITORING, REPORTING AND RESPONDING TO THE EXPERIENCE

15. Measure, Report and Manage Solvency

a) Compare and contrast the different purposes for which a comprehensive valuation of liabilities and assets may be needed, including the various purposes for which these values might be reported.
b) Recognise alternative measures of solvency with reference to assets and liabilities
c) Describe the different approaches to dealing with uncertainty in measuring liabilities and assets, including the difficulties of placing a value on risk.
d) Discuss the interaction between solvency, best estimates of liabilities, prudential margins and release of profit.
e) Discuss how consumers can be protected from the effects of insolvency, including the role of regulators, professions and guarantee schemes.
f) Identify the issues involved in dealing with insolvency/"winding-up."
g) Communicate valuation methodology and results to stakeholders.

16. Measure and Report Emerging Profits and/or Costs

a) Relate the interaction between the valuation process and the timing of release of profit
b) Describe, in broad terms, techniques used to manage the release of profit on ongoing contracts
c) Examine the issues in spreading the cost for commitments, such as defined benefit superannuation, where costs are being met over a period, and describe, in broad terms, the techniques used
d) Calculate embedded value and appraisal values, and discuss the uses of these measures of profitability
e) Communicate the results to stakeholders

17. Monitor and Assess Experience

a) Identify the need for experience to be monitored, and the critical elements of experience relevant to particular products or entities.
b) Identify appropriate measures of experience.
c) Undertake an experience analysis.
d) Examine the practical issues involved, including data difficulties.
e) Explain the need for analysis of the financial impact of experience and its place in the Control Cycle.
f) Identify the items of such analysis relevant to particular products or entities.
g) Undertake an analysis of the financial impact of experience in a simplified situation.
h) Examine the practical issues involved, including the use of approximations.

18. Manage the Business and Respond to the Experience

a) Discuss how changes in experience impact on the management of businesses.
b) Outline ways of responding to the experience, other than distribution of surplus.
c) Explain the issues of distribution of surplus, including equity, solvency and practicality.
d) Apply methodologies for allocating investment return to individual accounts, for both unitised and non-unitised products, and discuss the issues which arise in practice.

PART III

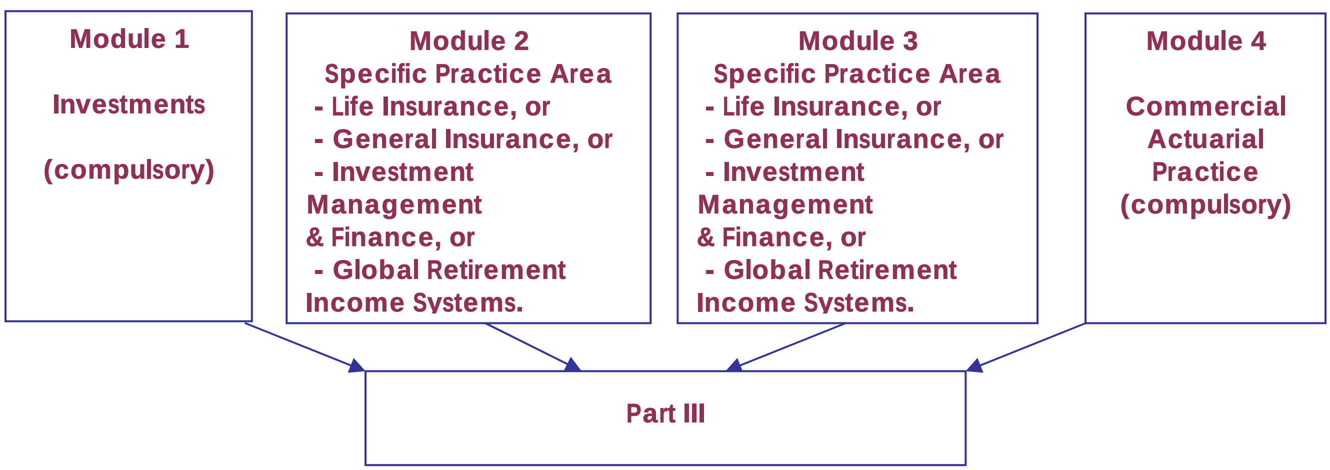
Introduction

This section of the Handbook provides information for students undertaking Part III of the Institute education program in 2007.

In order to complete Part III, all candidates must successfully complete four Modules. The Institute does not grant any exemptions from Part III modules.

Module 1 (Investments) and Module 4 (Commercial Actuarial Practice) are compulsory. In Modules 2 and 3 students choose to complete their study in one specialty area of practice. These specialty areas are currently:

- Life Insurance;
- General Insurance;
- Investment Management & Finance;
- Global Retirement Income Systems



Each specialty area comprises two Modules. All students who start their Part III studies from 2005 onwards must complete modules 2 and 3 in the same specialty area in order to complete part III.

From 2008, Course 4 Superannuation & Planned Savings has been replaced by Course 6 Global Retirement Income Systems.

Students who have partially completed Part III prior to 2005 are to refer to the 'New Part III Transition Arrangements from 2005' at the end of the handbook, or can go to the Institute website for more information.

To sit for Part III examinations candidates must:

- Be fully paid up members of the Institute (**2 January 2008** for semester 1 and **23 June 2008** for semester 2);
- Enrol in the chosen Institute subject(s) by lodging the official Part III Application Form between **21 December - 13 January 2008 for semester one** and **16 June – 6 July 2008 for semester two.** Late enrolments will not be accepted;
- Contact the Institute if an examination entry confirmation letter with a candidate number has not been received two weeks prior to the exam.

Key Dates for 2008

Semester 1

Date	Event
2 - 13 January	Enrolment Period. New member s must join by 2 January
14 January	Semester I starts
27 February	Assignment due for Course 1 and Part A Courses
12 March	Assignment due for Part B Courses
25 - 29 March	Commercial Actuarial Practice Residential Course
28 April	Course 1 Investments Examination 9:15 am - 12:30 pm Course 10 Commercial Actuarial Practice Exam 1:45 pm – 5:00 pm
29 April	Course 2A Life Insurance Examination 9:15 am - 12:30 pm Course 2B Life Insurance Examination 1:45 pm – 5:00 pm
30 April	Course 3A General Insurance Examination 9:15 am - 12:30 pm Course 3B General Insurance Examination 1:45 pm – 5:00 pm
1 May	Course 5A Investment Management and Finance Examination 9:15 am - 12:30 pm Course 6A Global Retirement Income Systems Examination 1:45 pm – 5:00 pm
25 June	**Examination Results released**

Semester II

Date	Event
23 June – 6 July	Enrolment Period. New member s must join by 23 June
7 July	Semester I starts
20 August	Assignment due for Course 1 and Part A Courses
3 September	Assignment due for Part B Courses
8 – 12 September	Commercial Actuarial Practice Residential Course
20 October	Course 1 Investments Examination 9:15 am - 12:30 pm Course 10 Commercial Actuarial Practice Exam 1:45 pm – 5:00 pm
21 October	Course 2A Life Insurance Examination 9:15 am - 12:30 pm Course 2B Life Insurance Examination 1:45 pm – 5:00 pm
22 October	Course 3A General Insurance Examination 9:15 am - 12:30 pm Course 3B General Insurance Examination 1:45 pm – 5:00 pm
23 October	Course 5A Investment Management and Finance Examination 9:15 am - 12:30 pm Course 6A Global Retirement Income Systems Examination 1:45 pm – 5:00 pm
18 December	**Examination Results released**

Prerequisites

There is no formal requirement relating to the order in which subjects are taken in the actuarial education program. However, the Institute strongly recommends candidates complete Part I and Part II subjects before they attempt Part III, as Part III assumes knowledge of the content of the Part I and Part II syllabi. Some students may choose to sit more than one subject per semester. While the Institute recognises that there may be a variety of reasons why students choose to sit more than one subject per semester, it does not recommend this and would recommend that students sit one subject per semester.

Part III Enrolment

On line enrolment/application forms will be available on the Institute website during the enrolment periods. Enrolments occur from **21 Dcember - 13 January 2008 for Semester One,** and **16 June – 6 July 2008 for Semester Two.** From 2008, course materials will be available electronically on the Learning Management System. Students will receive an email with a username and password to access the Learning Management System after they enrol. Hardcopies of the course material are now optional and available for an extra charge. If you choose to purchase a hardcopy of the course materials for Part III modules it will be available to be collected from the Institute 3-5 days after enrolment, or will be delivered within 10 working days of lodgement of application. Please note that for reasons of security, the Institute **does not accept cash** for any payment. Potage costs are charged to cover the delivery of subject material to students. Please note the relevant amount as listed on the enrolment application form.

Part III Study Guidelines

Recommended Study/Workload

The Institute recognises that students who undertake Part III subjects may be also employed in full time positions. However in order to allow students appropriate time to engage in the learning of any Part III subject the Institute recommends that students should allow at least 15-20 hours of study per week for each Part III subject.

The Institute also recommends that students do not undertake any other study whilst sitting a Part III subject.

The Institute acknowledges that students may wish to sit more than one subject in any semester. While the Institute does not recommend that students sit more than one subject per semester it recognises that students who may be working in a practice area or who have attempted the same subject previously may be in a position to want to attempt more than one subject in a semester. If students choose to take more than one subject per semester they are advised to be aware of the study guidelines and requirements of completing more than one subject.

Course Material

Following enrolment, candidates receive a username and password for the new Online Learning Management System where all the course material will be accessible and, designed to prepare them for the assessment. The course material comprises a course overview (syllabus, aims and objectives) and specific reading material related to the aims and objectives. It also contains recommended text books and other background reading (the Institute does not supply background reading). Candidates must thoroughly understand all items in the reading list.

Candidates should keep up-to-date with economic developments in Australia as an essential part of their preparation, so that where appropriate, they can illustrate principles by reference to current affairs. It is recommended that candidates regularly read the financial press.

The Institute accepts no responsibility for opinions expressed in the professional papers recommended. Of course, some of the less recent papers will not deal with issues that have emerged since these papers were written and the Institute encourages students to keep up to date with appropriate literature. Similarly, information given and opinions expressed in course notes may not reflect the view of the Institute.

Discussion Forums

On–Line discussions are a great way to have access to fellow students and course leaders about a range of topics related to the course material being covered. On-line discussion forums for Part III Modules 1-4 are available in the Online Learning Management System.

Each unit of the course material has a forum, and can be used by students to post questions for each other and/or the Course Leader. Please note that the content of the postings should be related to the Course material. The Course Leaders will check the discussion forum on a regular basis and post questions and answer queries as necessary, however the forum is predominantly a place where students are encouraged to use them on a weekly basis, and to post responses to other students/leaders comments and questions. Students are expected to contribute to on line discussion topics.

Please note the Student Consultative Group Feedback Forum is open for all students to post on matters relating to the education process and other related matters.

Tutorials

The Institute conducts tutorials in Sydney, and depending on minimum numbers (6 students) and facilities/resources they are also conducted in Melbourne, Hong Kong and Singapore. Tutorials are used to cover specific course material, to go over study and exam preparation activities and it is also a place for candidates to discuss any difficulties arising from their studies. To assist candidates who lack practical experience of the subject, these meetings also extend knowledge gained from the prescribed readings. Any papers/presentations/audio recordings from the tutorials are made available to students enrolled for the subject on the Institute's Online Learning Management System.

Before attending the tutorial, the Institute expects candidates to have a basic understanding of the tutorial topic, acquired through the course material. Tutorials are not lectures however there is often a guest speaker. Tutors are generally flexible and prepared to modify the style and format of the tutorial to suit the wishes of the majority of candidates. The Institute will provide full details and arrangements for these tutorials prior to each semester.

Tutorials are recorded and the audio recordings are made available to students on the Online Learning Management System. In some cases students will also have the opportunity to ‘dial in’ and attend the tutorial over the phone. Students will be advised of these facilities throughout the semester.

Tutorial times for 2008: Semester One. Please check the Online Learning Management System for venue and PowerPoint slides.

Course	Date	Time
Course 1 Investments	Monday 4 February TBC	5:00pm - 7:00pm 5:00pm - 7:00pm
* *Melbourne Tutorial Dates TBC*	Monday 3 March	5:00pm - 7:00pm
A teleconference will be available for interstate and overseas students to dial into the Melbourne tutorial only.	Monday 31 March	5:00pm - 7:00pm
Course 2A Life Insurance	Tuesday 5 February	5:00pm - 7:00pm
	Tuesday 4 March	5:00pm - 7:00pm
	Tuesday 1 April	5:00pm - 7:00pm
Course 2B Life Insurance	Wednesday 6 February	5:00pm - 7:00pm
	Wednesday 5 March	5:00pm - 7:00pm
	Wednesday 2 April	5:00pm - 7:00pm
Course 3A General Insurance	Monday 11 February	5:00pm - 7:00pm
	Monday 10 March	5:00pm - 7:00pm
	Monday 7 April	5:00pm - 7:00pm
Course 3B General Insurance	Tuesday 12 February	5:00pm - 7:00pm
	Tuesday 11 March	5:00pm - 7:00pm
	Tuesday 8 April	5:00pm - 7:00pm
Course 6A Global Retirement Income Systems	Thursday 14 February	12:00pm - 2:00pm
* *Lunch time Tutorial*	Thursday 13 March	12:00pm - 2:00pm
	Thursday 10 April	12:00pm - 2:00pm
Course 5A Investment Management & Finance	Wednesday 13 February	5:00pm - 7:00pm
These tutorials will be run out of Melbourne.	Wednesday 12 March	5:00pm - 7:00pm
	Wednesday 9 April	5:00pm - 7:00pm

Past Assignments

To assist students in their preparation for assessment the Institute has made available on the web previous assignments and their solutions. Students are encouraged to review these assignments when considering their own assignments.

Past Examinations

To assist students in their preparation for examinations the Institute has made available on the web previous examinations and their solutions. Students are encouraged to review these examinations when considering their own preparation and study. These questions may also be used by tutors to assist in the preparation for examinations.

Past Board of Examiners' Reports

To assist students in their exam preparation the Institute has made available on the web a student version of the Board of Examiners report. This provides students with a summary of the results from previous semesters and gives an overview of the performance of each cohort of students for each subject.

Part III Assessment

This section outlines the assessment that students are required to submit for each Part III subject. Details of the weightings, due dates and requirements are also listed.

Modules 1-3

There are two pieces of assessment for modules 1, 2 and 3. These are assignments (1 each for Modules 1, 2 and 3) and an exam (1). Students are not required to pass assignments in order to gain an overall pass in the subject however when determining an overall grade Chief Examiners will consider the following aspects:

- Overall scaled and raw marks in the exam. Students must meet an overall scaled pass mark in the exam. Scaled marks are determined by weighting given to various questions.
- Overall number of passes - in order to pass, a candidate is expected to demonstrate a sound knowledge across a broad range of the course. It would be inappropriate for a candidate to pass who had performed very well on a few questions but had performed poorly over the majority of questions. The criterion used is that any candidate should be expected to pass at least half of the exam questions (50% + 1 rounded down), in order to gain an overall pass. Any candidates that passed on the above criteria but did not meet this scaled/raw marks criterion may be considered borderline.
- Serious lack of knowledge (SLK). Any candidates who achieved the criteria to pass (outlined above) but scored at least one SLK response (i.e. E grade) or two weak responses (i.e. D grade) on exam questions would be reviewed to assess whether this lack of knowledge warranted reversal of the pass due to the seriousness of the deficiency.

<u>Assignments:</u>

There is one assignment for Modules 1, 2 & 3. The assignment is worth 15% of the overall grade for the module. While the Institute does not require students to pass the assignments in order to gain an overall pass in the subject, it recommends that students submit assignments as they not only provide 15% of a students overall grade, but they also assist the student in their preparation for the exams and assist Chief examiners when viewing borderline pass candidates.

Assignments are available on the Institute web site at least three weeks prior to the due date. They must be submitted by the due date. Details of submission of assignment will be provided for students on the web. Once assignments are submitted and marked candidates will be provided with feedback on their performance in the assignment. Students should note that the marks they receive for assignments may not necessarily predict how well they will do in the examination.

Students are advised that results of assignments in one semester cannot be carried forward to count towards an overall mark in a following semester. Assignments vary in their question and topics and as such all assignments must be resat for each attempt of a Part III subject (module 1-3).

Assignment solutions are posted on the web site 3-4 weeks after the due date.

<u>Examinations:</u>

There is one three hour exam for each Part III subject (Module 1-3). This exam is undertaken at the end of the semester and is worth 85% of the overall grade. Exams centres are set up in each major city in Australia. Exam centres are also set up in New Zealand, Hong Kong, Singapore, London and other cities where Institute members are based. In cases where there are no members or an exam centre has not been set up before, candidates are required to provide the Institute with details of a temporary exam centre (forms available on the web).

Module 4

There are two pieces of assessment for Module 4. Both assessments are sat under exam conditions and both must be passed in order to be eligible for a pass in the subject.

Case Study:

The case study is worth 45% of the overall grade for Module 4. It is completed on the final day of the residential program and students are provided with up to eight hours to complete the task. There is also a 5% participation component for the residential course. Students must pass the case study and residential course in order to pass the subject.

If a student fails the case study they will be able to re-sit it once, in the following semester, without attending the residential course again provided they passed the participation portion and only failed assessment piece one at a "C" level. Otherwise they will be required to attend the full residential course again. They will not need to resit the non-traditional exam if they have passed it.

Examination:

There is one two hour exam for Module 4. This exam is undertaken at the end of the semester and is worth 50% of the overall grade for the subject. Students must pass the examination in order to pass the subject. Exams centres are set up in each major city in Australia. Exam centres are also set up in New Zealand, Hong Kong, Singapore, and other cities where Institute members are based. In cases where there are no members or an exam centre has not been set up before, candidates are required to provide the Institute with details of a temporary exam centre (forms available on the web).

If a student fails the final examination they will be able to re-sit it as many times as necessary or desired in the following 2 years. After that time they will need to attend the residential course again, although they will not need to re-sit the case study if they have already passed it.

Part III Examinations Dates 2008 Semester One and Two

Subject Name/Number	Exam Date Semester One	Exam Date Semester Two	Exam Time
Investments	Mon 28 April	Mon 20 October	9:15am – 12.30pm
Commercial Actuarial Practice	Mon 28 April	Mon 20 October	1:45pm – 4:00pm
Life Insurance 2A	Tues 29 April	Tues 21October	9:15am – 12.30pm
Life Insurance 2B	Tues 29 April	Tues 21 October	1:45pm – 5:00pm
General Insurance 3A	Wed 30 April	Wed 22 October	9:15am – 12.30pm
General Insurance 3B	Wed 30 April	Wed 22 October	1:45pm – 5:00pm
Investment Management & Finance 5A	Thurs 1 May	Not offered	9:15am – 12.30pm
Investment Management & Finance 5B	Not offered	Thurs 23 October	9:15am – 12.30pm
Global Retirement Income Systems 6A	Thurs I May	Not offered	1:45pm – 5:00pm
Global Retirement Income Systems 6B	Not offered	Thurs 23 October	1:45pm – 5:00pm

Keeping up-to-date for Part III exams

In order to avoid problems which might arise as a result of changes in legislation (including taxation legislation) after the examination papers have been completed, the Board of Examiners acknowledges that Part III candidates may base their answers on either:

- the legislative provisions set out in the prescribed course of reading;
- legislation that takes into account more recent changes.

As the examinations in Part III are intended to test fitness to practise as an actuary, candidates should maintain an awareness of the broad thrust of current legislative, financial, social and other developments relevant to each subject studied.

However, candidates should not concentrate too heavily on the fine detail of current affairs at the expense of mastering the basic actuarial principles of a subject, or gaining familiarity with the material in the prescribed course of reading.

Open Book Examinations

Part III examinations are conducted under open book conditions. Candidates are permitted to bring written material into the examination room, e.g. their course notes, subject guides, readings and, other written material that the student has identified (e.g. personal notes).

Examination Centres

The Institute has exam centres in:

Australia	Sydney, Melbourne, Canberra, Brisbane, Adelaide, Perth
Asia	Hong Kong, Singapore, Kuala Lumpur
New Zealand	Wellington, Auckland
UK	London

A candidate who wishes to sit an exam at a centre other than one of the regular centres listed above must request the creation of a temporary exam centre on their Part III application form, and provide the contact details of a suitable supervisor by completing the relevant form. The proposed supervisor should ideally be an actuary at the candidate's place of work. If a candidate has problems finding a suitable supervisor, he/she should contact the Institute office and ask for assistance. Under some circumstances, the candidate may be required to pay a share of the additional costs of creating a temporary examination centre, or of arranging special examination conditions.

Candidates who wish to sit an examination at a centre which is different from that originally requested on their application form must advise Institute by week 5 of the semester. Candidates will be sent an exam permit which will contain their candidate number and exam location in mid/late March for the Semester One exams and mid/late September for the Semester Two exams.

Examination Results and Reports

Examination results will be released on the Institute website on **25 June** (Semester One) and **18 December** (Semester Two) 2008, immediately following the Institute Council meeting at which the results are ratified. At the same time, the Institute will make available a results letter to each candidate. Any candidates who have been unsuccessful in passing a subject/s will be sent indicative grades on their level of performance in the assignments and the exam (question by question) and their rank.

A candidate, who has been unsuccessful in an examination in the same subject more than once, may apply for Exam Performance Interview on the current results if he/she gained an overall C grade at the last attempt. The fee for an interview for each subject is AUD$88. Requests for examiner's interviews should be submitted in writing to the Institute by 23 July 2008 (for semester one subjects) and 15 January 2009 (for semester two subjects).

Academic Honesty

Academic honesty is a core value of the Institute. The Institute is committed to recognising that students receive credit for work they have submitted for assignments and examinations. It is unfair for students to submit work for assessment that dishonestly represents the work of others as their own. The most common form of Academic dishonesty is plagiarism. Students should be aware of the Institute's policy on Academic Honesty (found in this handbook).

Part III Fees

Fees are payable to the Institute for course materials and notes, the assignment marking service, tutorials in Sydney, Melbourne, Hong Kong and Singapore, distribution of tutorial materials, and the Institute examinations for Courses 1 to 4 (Investments, Life Insurance, General Insurance, Superannuation & Planned Savings, and Investment Management & Finance).

Fees for Part III subjects are listed below:

Subject	**Fee ($AUS)**
Course 1 (Investments)	1,680
Course 2A (Life Insurance Part A)	1,680
Course 2B (Life Insurance Part B)	1,680
Course 3A (General Insurance Part A)	1,680
Course 3B (General Insurance Part B)	1,680
Course 5A (Investment Management & Finance Part A)	1,680
Course 5B (Investment Management & Finance Part B)	1,680
Course 6A (Global Retirement Income Systems Part A)	1,680
Course 6B (Global Retirement Income Systems Part B)	1,680
Course 10 (Commercial Actuarial Practice)	3,990

Part III Fee Relief

Providing a member meets the three criteria listed below, they may apply for fee relief from Part I exemption fees.

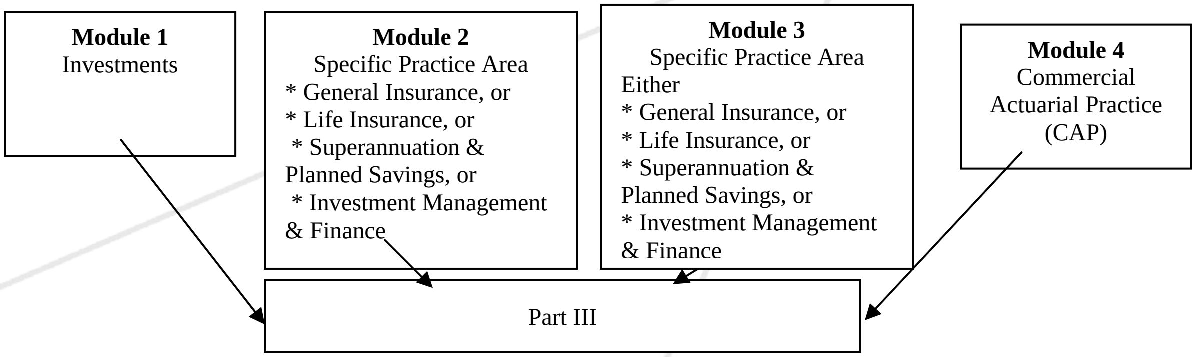
Candidates must complete the Part I Fee Relief Application, (found on the Institute website in the forms section) and return it to the Institute.

Criteria for Fee relief:
1. The member is a current full-time resident of and working in a qualified country (see list below).
2. The member is personally paying for the exemption fees and that I am not being reimbursed by an employer, or a company or other individual or entity.
3. The member's salary is paid in local currency.

Albania, Algeria, Angola, Argentina, Armenia, Azerbaijan, Bangladesh, Barbados, Belarus, Benin, Bolivia, Bosnia-Herzegovina, Botswana, Brazil, Bulgaria, Burkina Faso, Burundi, Cambodia, Cameroon, Central African Republic, Chad, Chile, Peoples Republic of China (not Hong Kong or Macau), Colombia, Congo Rep, Costa Rica, Croatia, Czech Republic, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Estonia, Ethiopia, Fiji, Gabon, The Gambia, Georgia, Ghana, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Hungary, India, Indonesia, Iran, Ivory Coast, Jamaica, Jordan, Kazakhstan, Kenya, Korea, Kyrgyz, Lao, Latvia, Lebanon, Lesotho, Liberia, Lithuania, Macedonia, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mauritius, Mexico, Moldova, Mongolia, Morocco, Mozambique, Namibia, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Romania, Russian Federation, Rwanda, Senegal, Serbia, Sierra Leone, Slovak Republic, Slovenia, Somalia, Sri Lanka, St Vincent & the Grenadines, Sudan, Swaziland, Syrian Arab Republic, Tajikstan, Tanzania, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Uganda, Ukraine, Uruguay, Uzbekistan, Venezuela, Vietnam, West Bank and Gaza, Yemen Republic, Yugoslavia, Zaire, Zambia, Zimbabwe.

Transition Arrangements

The Institute introduced a new Part III Education program in 2005. It consists of four Modules:



Module 1: Investments is based on part of the old Investment Management course content and is compulsory.

Modules 2 and 3: Life Insurance, General Insurance, Superannuation & Planned Savings are based on the old Part III courses. Students will complete both Module 2 and 3 in one chosen practice area. Investment Management & Finance will be one practice area with 2 new modules containing content from both the old Investment Management and Finance courses.

Module 4: Commercial Actuarial Practice is a new course, with a residential component, and is compulsory. Students are strongly advised to study Module 4 after Modules 2 and 3 in one chosen practice area.

Each Module represents a semester (half-year) subject and it is planned that each Module will be offered every semester

Arrangements from 2005
From 2005, the new Part III structure was adopted. All modules are expected to be offered twice a year with examinations, consisting of a single paper, being held in May and October/November.

In the new structure, Modules 2 and 3 in a combined Investment Management & Finance course will replace the old Finance and Investment Management specialist courses. For this combined course, Module 2 will be biased towards Investment Management and Module 3 will be biased towards Finance.

From 2005 all new Part III students will be required to pass Modules 1 to 4 to complete Part III under the new arrangements. (Students who have attempted, but not passed any Part III subjects or papers will be considered as a new student)

Continuing students (i.e. students who have partially completed Part III in the old system prior to 2005) can earn an equivalent pass under the new system. These “equivalent” passes will be valid until the end of 2006. The table below summarises this mapping.

Summary of Equivalent Passes

Paper(s) passed in 2004 or earlier	Equivalent passes given from 2005
LGS[1] Specialist in 2004 or earlier	Modules 2 and 3 in the equivalent subject
LGS Paper 1 only in 2004	Module 2 in the equivalent subject
LGS Paper 2 only in 2004	Module 3 in the equivalent subject
Investment Management Specialist in 2004 or earlier	Module 1 (Investments), and Module 2 Investment Management & Finance
Investment Management Paper 1 only in 2004	Module 1
Investment Management Paper 2 only in 2004	Module 2 in Investment Management & Finance
Finance Specialist (Institute examination plus SIA) in 2004 or earlier	Modules 2 and 3 in Investment Management & Finance
Finance Paper 1 only in 2004	Module 3 in Investment Management & Finance
Finance Paper 2 only in 2004	Module 3 in Investment Management & Finance
Finance Institute examination (Paper 1 and 2) but not SIA	Module 3 in Investment Management & Finance

[1]LGS stands for Life Insurance, General Insurance or Superannuation & Planned Savings

Transition Period for Continuing Students

The transition period for the new Part III structure will be for two years - 2005 and 2006. Continuing students will have the option to attempt to pass two specialist subjects under the existing system by the end of the transition period (end of 2006) i.e. they will not be required to complete the two new compulsory Modules 1 and 4, or alternatively complete the equivalent of Modules 1 to 4 (with no time constraints).

The table below outlines the equivalent modules that continuing students need to pass if they wish to complete Part III under its current form by the end of the transition period.

Equivalent Passes required for continuing students to complete the current Part III system by the end of the Transition Period.

Subjects/Papers Remaining at the end of 2004	Modules to complete by 2006 to qualify under transition arrangements
LGS Paper 1	LGS Module 2
LGS Paper 2	LGS Module 3
LGS Papers 1 and 2	LGS Modules 2 and 3
Investment Management Paper 1	Module 1
Investment Management Paper 2	Module 2 in Investment Management & Finance
Investment Management Papers 1 and 2	The equivalent of an Investment Management specialist course is not available from 2005.
Finance SIA course*	Finance SIA course
Finance Paper 1	Module 2# in Investment Management & Finance
Finance Paper 2	Module 2# in Investment Management & Finance
Finance Papers 1 and 2	The equivalent of a Finance specialist course is not available from 2005

*If a student has passed both Institute Finance papers by the end of 2004, they must gain a credit pass or higher in the SIA E141 examination within the transition period to have completed a specialist Finance subject. If they do not, they would need to complete Modules 1, 2 and 4 (or Modules 1 and 4 if they have already passed another specialist subject by the end of 2006) as they would not have completed the whole of Part III within the transition period.

this option is only available to students who have not already completed an Investment Management Specialist subject.

Extension to Transition Arrangements 2006

During semester one 2006 the Institute investigated the implications of the cessation of the transition period at the end of 2006 for students in specific hypothetical transition cases. It was agreed that students who were eligible for transition, (i.e. had passed at least one Part III paper prior to 2005) should be provided with additional options if, at the end of semester two, they had passed an A and a B course (or one full subject under the old system) in one subject and either an A or a B course (or one Paper of a subject under the old system) only in another subject. Students in this situation would have successfully completed 3 courses out of the required 4 for transition under the previous structure.

The Institute felt these students should not be disadvantaged under the transition rules. The Institute therefore provides the following two options for any transition student who finds themselves in a situation where they have passed 3 courses under the previous structure (e.g. Paper 1 of an old Subject and 3A and 3B). The student may either:

1. complete the Commercial Actuarial Practice course only (with no time constraints); OR
2. take up to a maximum of one more year to complete the final module they require to meet the requirements of the previous structure.

Option 2 effectively extends by 12 months the transition period for students who, at the end of 2006, have completed 3 of the required 4 subjects under the requirements of the previous structure.

Part III Syllabus

Details of the syllabus of each subject appears on the Institute web page at http://www.actuaries.asn.au/education/courses/Part_Three_Syllabus.

- Course 1 Investments
- Course 2A (Life Insurance Part A)
- Course 2B (Life Insurance Part B)
- Course 3A (General Insurance Part A)
- Course 3B (General Insurance Part B)
- Course 5A (Investment Management & Finance Part A)
- Course 5B (Investment Management & Finance Part B)
- Course 6A (Global Retirement Income Systems Part A)
- Course 6B (Global Retirement Income Systems Part B)
- Course 10 (Commercial Actuarial Practice)

PRACTICAL EXPERIENCE REQUIREMENT

For Students who commenced Part III study prior to 2004

All members qualifying from 2001 onwards are required to meet The Practical Experience Requirement (PER) before becoming an FIAA.

To meet the PER, students must have at least 'one year' of 'Practical Experience' before attending the Institute Professionalism Course. 'One year' means the equivalent of 45 full-time working weeks during any continuous period of up to two years. The PER should be counted from the date of the student's last exam for Part II (Actuarial Control Cycle). Activities that qualify for the PER are those that make practical use of what is studied in order to become an actuary. They consist of work that makes use of economic, financial, and statistical principles to solve practical problems; work that deals with the financial implications of uncertain events.

Continuing Part III students must nominate a Mentor, who must confirm that he or she believes that the PER has been met. A Mentor can be one or more of the following:

a) The Appointed Actuary or Valuation Actuary of a life insurance company; or
b) The Approved Actuary of a general insurance company; or
c) The Senior Actuary (recognised by the Institute) of a firm or partnership that employs actuaries, or is run by actuaries; or
d) An actuary who is nominated by an Appointed Actuary, Valuation Actuary, Approved Actuary or Senior Actuary (as above); or
e) An actuary who is nominated by the student and accepted as the Mentor by the Institute.

Students must register their PER on the form available from the Institute (www.actuaries.asn.au) and have the form counter-signed by the Mentor. All students who plan to attend the Professionalism Course must submit their form at least six weeks prior to the Course. If the form is not received, the students will not be accepted onto the Professionalism Course, and not be able to qualify as an FIAA that year.

If students consider that they may have problems completing the PER, please contact the Institute.

For Students who commenced Part III study from 2005

It is a requirement of becoming a Fellow of the Institute that, from 2004, all students commencing the Part III education program, complete a Practical Experience Requirement (PER) and, at the start of their work experience, nominate a Mentor who is required to meet with the student on a regular basis and to sign-off their PER form.

A Mentor can be one or more of the following:

a) The Appointed Actuary or Valuation Actuary of a life insurance company; or
b) The Approved Actuary of a general insurance company; or
c) The Senior Actuary (recognised by the Institute) of a firm or partnership that employs actuaries, or is run by actuaries; or
d) An actuary who is nominated by an Appointed Actuary, Valuation Actuary, Approved Actuary or Senior Actuary (as above); or
e) An actuary who is nominated by you and accepted as your Mentor by the Institute; or
f) Some other suitable person who has been accepted by the Institute who is seen to have relevant work experience in a business environment and has experience in supervising, managing or mentoring.

(the word 'actuary' here means an FIAA, FIA, FFA, FSA, FCAS or FCIA.)

Students must register their PER/Mentor Program on the form available from the Institute (www.actuaries.asn.au) and have the form counter-signed by the Mentor. Forms should be received by the Institute no later than one month after the enrolment of your first Part III subject.

If students are not currently working in a position that satisfies the PER, they should contact the Institute office outlining their situation.

Once students have completed the necessary work to satisfy the PER, they are also required to submit a form confirming this and have the form signed-off by the Mentor.

Further details on the Practical Experience Requirement Mentor Program can be found on the Institute website http://www.actuaries.asn.au/Education/Courses/PracticalExperience or by contacting Lauren O'Donnell, Education Officer on 02 9233 3466.

PROFESSIONALISM COURSE

After completing Parts I, II and III and satisfying the Practical Experience Requirement, all students must attend a recognised Professionalism Course in order to qualify as a Fellow of the Institute of Actuaries of Australia (FIAA).

A recognised Professionalism Course means any official Professionalism Course (at Fellowship level) that is run by the Institute, the Institute of Actuaries UK (IoA), the Faculty of Actuaries UK (FoA), the Casualty Actuarial Society (CAS), or the Society of Actuaries in the USA. The Actuarial Society of South Africa (ASSA) is also considered an approved Course.

The Institute Professionalism Course is held biannually in February/March and September. The Professionalism Course provides members with an opportunity to reflect on what it means to be a professional. The Course aims to facilitate knowledge of the obligations, risks and the legal responsibilities of being a member of the actuarial profession. It focuses on the Institute Code of Conduct and its practical applications, the ethical requirements of being an actuary and the dilemmas likely to be faced in practice, and also seeks to strengthen the professional network of those attending the course.

Dates of the 2008 Professionalism Courses are as follows:

- 25 – 26 February
- 25 – 26 August

PRIZES AND SCHOLARSHIPS

A H Pollard PhD Scholarship

The Council of the Institute of Actuaries of Australia (the Institute) has founded a scholarship in honour of the late Professor Alfred Hurlstone Pollard. Professor Pollard is widely acknowledged as one of Australia's most outstanding actuaries, having made particularly important contributions in the field of actuarial education. Recognising the financial hardship that Professor Pollard had to endure in order to gain his own PhD, the scholarship is intended to provide assistance to a member of the Institute who is studying for a PhD degree at a recognised university, in an actuarial or related field.

The Pollard Scholarship may take two alternative forms:
Type 1: A PhD supplementary scholarship of up to $8,000 pa, for a maximum of three years; or
Type 2: A travelling scholarship of up to a total of $8,000 available to a PhD student,
In order to be eligible for an award, the student must be:
• A permanent resident of Australia;
• A Member of the Institute;
• Enrolled for a PhD degree in a recognised university worldwide; and
• Undertaking a course of PhD studies relevant to actuaries or the actuarial profession.

It is desirable that the student has already been awarded an Australian Postgraduate Award (APA) or similar award or grant.

Details of the terms and conditions can be obtained from the Institute.

Part III Education Prizes.

A prize is awarded for particularly outstanding performance in the Institute's Part III examinations, as well as overall outstanding performance in Part I, II and III subjects.

Prizes are awarded in three divisions:

- **Andrew Prescott Memorial Subject Prizes:** Prizes for the best performance for Part III Module 2 and 3 subjects in Investment Management, Life Insurance, and Superannuation, provided that a certain minimum standard is attained. (established in 1980)

- **Katherine Robertson Prize:** Prize for the best performance for the Part III Module 2 and 3 subjects in General Insurance, provided that a certain minimum standard is attained (established in 2001)

- **Andrew Prescott Memorial Major Prize:** A prize for outstanding performance over the whole examination on completing the Fellowship. (established in 1980)

Contact Details

Institute Education Staff

Institute staff can assist students with queries relating to their progression through the education program. All education enquiries should be directed to Lauren O'Donnell or Robyn Bulless (details listed below)

Stephen Wright
Director, Professional Education
Tel: +61 2 9233 3466
Email: stephen.wright@actuaries.asn.au

Stephen is responsible for managing and implementing the Institute strategies as they relate to education and publications.

Philip Latham
Education Manager
Tel: +61 2 9233 3466
Email: philip.latham@actuaries.asn.au

Philip has overall responsibility for the administration of the Institute education programs.

Carmen Joseph - Currently on leave until mid July. Please contact Lauren O'Donnell.
Part I & II Education Coordinator
Tel: +61 2 9233 3466
Email: lauren@actuaries.asn.au

Carmen is responsible for Part I examination applications, Part I fees carried forward, Exemptions Part I and Part II and general education queries.

Robyn Butchart
Part III Education Coordinator
Tel: +61 2 9233 3466
Email: robyn.bulless@actuaries.asn.au

Robyn coordinates the Institute's administrative and operational services related to the Part III Education program.

Lauren O'Donnell
Education Officer
Tel: +61 2 9233 3466
Email: lauren@actuaries.asn.au

Lauren is responsible for processing Part III enrolment applications, Part III assignments, Part III tutorials, website issues and general education queries.

Katrina McFadyen
Program Manager
Tel: +61 2 9233 3466
Email: katrina.mcfadyen@actuaries.asn.au

Katrina is responsible for the Institute's publications, management of the website, on-line education programs and new projects in education. Katrina also manages the Professionalism

Course.

Institute's Mailing Address
Institute of Actuaries of Australia
Level 7 Challis House
4 Martin Place
Sydney NSW 2000
Ph: + 61 2 9233 3466
Fax: + 61 2 9233 3446

POLICIES, PROCEDURES AND FORMS

All policies, procedures and forms are located on the Institute website at http://www.actuaries.asn.au/Education/Forms.

Part III Change of Course Application Form

List of Qualifying Countries for Fee Relief

Part I Mitigation Circumstances Form

Part I Exemption Committee Application Form

Part I Exemption Payment

Part I Fee Relief Application Form

Part I Fees Carried Forward

Part II Exemption Payment

Part III Fee Relief Application Form

Part III Request for an Exam Performance Interview

Part III Request for a Temporary Exam Centre

Part III Special Consideration

Part III Withdrawal from a Course and Refund Policy

Registering a Complaint

Students with Disabilities

Academic Honesty Policy

Part II Fee Relief Application Form