



**INVITATION FOR  
EXPRESSION OF INTEREST (EOI) FOR  
DEVELOPMENT OF STUDY MATERIAL FOR  
SA3- GENERAL INSURANCE SUBJECT**



Institute of Actuaries of India (IAI) established under The Actuaries Act 2006 (35 of 2006) for regulation of profession of Actuaries in India invites Expression of Interest from interested Service Providers for development of Study Material for SA3-General Insurance Subject.

Interested Service Providers who meet the pre-qualification criteria may furnish their Expression of Interest with all the necessary documents in a sealed cover along with the covering letter duly signed by an authorized signatory on or before 13<sup>th</sup> October, 2015 by 16:00 hours at the following address and mark the envelope as **“Expression of Interest for Development of Study Material for SA3-General Insurance Subject for IAI Actuarial Examinations”**:

Mr. Gururaj Nayak  
Head – Operations  
Institute of Actuaries of India  
302, Indian Globe Chambers,  
142, Fort Street, Off D N Road,  
Fort, Mumbai 400 001  
Phone: 022 67843331  
Email ID: [gururaj@actuariesindia.org](mailto:gururaj@actuariesindia.org)



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## Part I: General Terms

## 1. GOALS OF THIS EXPRESSION OF INTEREST (EOI)

The objective of this EOI is to solicit proposals from the interested bidders for development of Study Material for SA3-General Insurance Subject.

## 2. EOI ISSUING AUTHORITY

Sr. No	Item	Description
1	Project Title	Selection of Service Provider for development of Study Material for SA3-General Insurance Subject
2	Project Initiator Details	
	Contact Person	Mr. Gururaj Nayak Head – Operations Institute of Actuaries of India 302, Indian Globe Chambers, 142, Fort Street, Off D N Road, Fort, Mumbai 400 001 Phone: 022 67843331 Email ID: <a href="mailto:gururaj@actuariesindia.org">gururaj@actuariesindia.org</a>
	Website	<a href="http://www.actuariesindia.org">www.actuariesindia.org</a>

## 3. TENTATIVE CALENDAR OF EVENTS

The following table enlists important milestones and timelines for completion of bidding activities:

Sr. No	Milestone	Date and time (dd-mm-yyyy; hh:mm)
1.	Release of Expression of Interest (EOI)	09-09-2015
2.	Last date for submission of written questions by bidders	22-09-2015;17:00 hrs
3.	Response to the Queries	03-10-2015
4.	Last date for Submission of EOI Response	13-10-2015;16:00 hrs



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## 4. AVAILABILITY OF THE EOI DOCUMENTS

EOI can be downloaded from the IAI website given under the Important Announcement Section. The bidders are expected to examine all instructions, forms, terms, project requirements and other details in the EOI documents. Failure to furnish complete information as mentioned in the EOI documents or submission of a proposal not substantially responsive to the EOI documents in every respect will be at the bidder's risk and may result in non-invitation for RFP.

## 5. VENUE AND DEADLINE FOR SUBMISSION OF PROPOSALS

Proposals, in its complete form in all respects as specified in the EOI, must be submitted to Institute of Actuaries of India at the address specified above in Section 2. IAI may, in exceptional circumstances and at its discretion, extend the deadline for submission of proposals by issuing an addendum to be made available on the IAI's website, in which case all rights and obligations of IAI and the bidders previously subject to the original deadline will thereafter be subject to the deadline as extended.



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## Part II: Scope of Work



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## BACKGROUND

**Institute of Actuaries of India (IAI)** IAI is a statutory body established under The Actuaries Act 2006 (35 of 2006) for regulation of profession of Actuaries in India. The provisions of the said Act have come into force from 10<sup>th</sup> day of November 2006, in terms of the notification dated 8<sup>th</sup> November 2006, issued by the Government of India in the Ministry of Finance, Department of Economic Affairs. As a consequence of this, the erstwhile [Actuarial Society of India](#) was dissolved and all the Assets and Liabilities of the Actuarial Society of India were transferred to, and vested in, the Institute of Actuaries of India constituted under Section 3 of the Actuaries Act, 2006.

The erstwhile Actuarial Society of India (ASI) was established in September 1944. Since 1979 the ASI has been a Full Member of International Actuarial Association (umbrella Organization/Institute/Actuaries) and is actively involved in its affairs. In 1982, the ASI was registered under Registration of Literary, Scientific and Charitable Societies Act XXI of 1860 and also under Bombay Public started conducting Fellowship level examination leading to professional qualification of an actuary, till then the accreditation was based on Institute of Actuaries, London examinations (now Institute and Faculty of Actuaries.).

### **Objects of the IAI: The main objects of the Institute is (section 5 of the Actuaries Act, 2006);**

- To promote, uphold and develop the standards of professional education, training, knowledge, practice and conduct amongst Actuaries;
- To promote the status of the Actuarial profession;
- To regulate the practice by the Members of the profession of Actuary;
- To promote, in the public interest, knowledge and research in all the matters relevant to Actuarial Science and its application; and
- To do all such things as may be incidental or conducive to the above objects or any of them.



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## SCOPE OF WORK

- 1.1 Subject SA3- General Insurance, is one of the Specialist Applications subject which the IAI student members have to pass to qualify as a Fellow member of the Institute.
- 1.2 The aim of the General Insurance Specialist Applications subject is to in still in newly-qualified actuaries the ability to apply knowledge of the Indian General insurance environment and the principles of the actuarial practice of General insurance to an Indian General insurance company.
- 1.3 On completion of this subject the student should be able to:
  - a) Define the principal terms in use in general insurance in the India (Glossary)
  - b) Describe the principal regulatory and supervisory requirements that affect general insurers established in India and describe the current status and expected future development of Solvency 2 in Europe and the general regulatory environment in the US.
  - c) Describe the requirements of the professional guidance and other guidance material issued by IRDA relevant to actuaries practicing in or advising Indian general insurance companies
  - d) (i) Understand the particular considerations to be borne in mind when pricing large commercial risks.
  - e) Describe alternative approaches to rating such risks
  - f) Determine appropriate bases for valuing the insurance liabilities of an Indian general insurer.
  - g) (i) Understand the different reserving techniques detailed in IRDA's IBNR manual and appropriateness of the techniques by line of business  
(ii) Describe alternative approaches to reserving commonly used in Indian and US markets  
(iii) Understand the claims experience of the India Motor Third Party Pool and methods that may be used for reserving for bodily injury claims.
  - h) (i) Analyze the financial planning requirements of a general insurer and develop appropriate strategies  
(ii) Develop appropriate models for the purpose of financial planning to enable a general insurer to develop and monitor its strategic objectives at either the corporate or product level.  
(iii) Understand the Economic Capital requirements prescribed by IRDA vide circular No IRDA/ACT/NL/CIR/EC/2010-11
  - i) Understand the basic concepts of ruin theory and its practical uses in a general insurance environment.
  - j) Solve complex problems and analyze complex issues.



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- 1.4 The Study Material for Subject SA3 should cover the relevant sections of the Insurance Act 1938, Income Tax Act 1961, IRDA Regulations and Circulars, guidance Notes, APS Published by the Institute of Actuaries of India and reports.
  - 1.5 The material should cover any new APS/GNs issued by IAI or any new regulations issued by IRDA during the year 2014 relevant to SA3 subject
  - 1.6 The Institute requires a study material to be developed which will cover all the topics relevant to the SA3 subject of General Insurance. Current Syllabus is given in Appendix 1.
  - 1.7 The study material should cover the learning objectives in both a comprehensive and integrated manner. The writing style should be clear and concise and of a literary quality that would reflect well on the IAI, but care should be taken so that the publication is not unnecessarily complex in its wording. The presentation style should be easy to follow. Where possible, numerical examples should be presented to support the text.



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## Part III: Bidding Terms and Pre- Qualification Criteria



## 1. CONDITIONS UNDER WHICH THIS EOI IS ISSUED

i) This EOI is not an offer and is issued with no commitment. IAI reserves the right to withdraw the EOI and change or vary any part thereof at any stage. IAI also reserves the right to disqualify any bidder, should it be so necessary at any stage.

ii) Short-listed bidders may be issued Request for Proposal inviting their technical and commercial bids at a later date.

iii) Timing and sequence of events resulting from this EOI shall ultimately be determined by IAI.

iv) No oral conversations or agreements with any official, agent, or employee of IAI shall affect or modify any terms of this EOI and any alleged oral agreement or arrangement made by a bidder with any department, agency, official or employee of IAI shall be superseded by the definitive agreement that results from this EOI process. Oral communications by IAI to bidders shall not be considered binding on IAI, nor shall any written materials provided by any person other than IAI.

v) Neither the bidder nor any of the bidder's representatives shall have any claims whatsoever against IAI or any of their respective officials, agents, or employees arising out of, or relating to this EOI or these procedures (other than those arising under a definitive service agreement with the bidder in accordance with the terms thereof).

vi) Applicants who are found to canvass, influence or attempt to influence in any manner the qualification or selection process, including without limitation, by offering bribes or other illegal gratification, shall be disqualified from the process at any stage.

vii) Each applicant shall submit only one Pre-qualification requirements proposal.

## 2. RIGHTS TO THE CONTENT OF THE PROPOSAL

For all the bids received before the last date and time of bid submission, the proposals and accompanying documentation of the Pre-Qualification proposal will become the property of IAI and will not be returned after opening of the pre-qualification proposals. IAI is not restricted in its rights to use or disclose any or all of the information contained in the proposal and can do so without compensation to the bidders. IAI shall not be bound by any language in the proposal indicating the confidentiality of the proposal or any other restriction on its use or disclosure.

## 3. ACKNOWLEDGEMENT OF UNDERSTANDING OF TERMS

By submitting a proposal, each bidder shall be deemed to acknowledge that it has carefully read all sections of this EOI, including all forms, schedules and annexure hereto, and has fully informed itself as to all existing conditions and limitations.

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## 4. LANGUAGE OF PROPOSALS

The proposal and all correspondence and documents shall be written in English.

## 5. PRE-QUALIFICATION REQUIREMENTS PROPOSAL

The Pre-Qualification Proposal should be submitted in the sealed envelope with the following details.

Bidders are requested to submit their responses for the Pre-Qualification Requirements in four (4) parts, clearly labelled according to the following categories:

### 1. Part I – Covering Letter

a. Covering Letter from the Bidder as per the format provided in Annexure – Form I

### 2. Part II – Details of the Organization/Institute/Actuary

a. This part must include a general background of the respondent Organization/Institute/Actuary (limited to 400 words) along with other details of the Organization/Institute/Actuary as per the format provided in the EOI (Annexure – Form II). Enclose the mandatory supporting documents listed in format.

b. The bidder must also provide the financial details of the Organization/Institute/Actuary as per format provided in the EOI (Annexure – Form III). Enclose the mandatory supporting documents listed in format.

### 3. Part III – Relevant Project Experience for development of study material

a. Respondents must provide details of similar projects, project value and experience as per the format provided in the EOI (Annexure – Form IV). The projects mentioned here should match with the projects quoted by the respondent in order to satisfy the qualification requirements. Enclose the mandatory supporting documents listed in format.

### 4. Part IV – Proof of Fulltime Professionals in the Bidder's Organization/Institute/Actuary

a. The bidder must enclose certified copy by Statutory Auditor or Company Secretary of the bidder's Organization/Institute/Actuary with the number of full time professionals in the bidder's Organization/Institute/Actuary.



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## Part IV: Annexure – Response Formats



## 1. FORM I: COVERING LETTER

(Company letterhead)

[Date]

To,

Mr. Gururaj Nayak  
Head – Operations  
Institute of Actuaries of India  
302, Indian Globe Chambers,  
142, Fort Street, Off D N Road,  
Fort, Mumbai 400 001

Dear Sir,

### **Ref: Expression of Interest for development of study material**

Having examined the Expression of Interest (Eoi), the receipt of which is hereby duly acknowledged, we, the undersigned, intend to submit a Pre-qualification requirements proposal in response to the Expression of Interest (Eoi) for Selection of Service Provider for Development of Study Material for SA3- General Insurance Subject for IAI Actuarial Examinations. We attach hereto the response as required by the Eoi, which constitutes our proposal. Primary and Secondary contacts for our company are:

Name:

Title:

Company Name:

Address:

Phone:

Mobile:

E-mail:

We confirm that the information contained in this response or any part thereof, including its exhibits, and other documents and instruments delivered or to be delivered to IAI is true, accurate, verifiable and complete.

This response includes all information necessary to ensure that the statements therein do not in whole or in part mislead the department in its short-listing process.

We fully understand and agree to comply that on verification, if any of the information provided here is found to be misleading the short listing process, we are liable to be dismissed from the selection process or termination of the contract during the project, if selected to do so.

We agree for unconditional acceptance of all the terms and conditions set out in the EOI document.

It is hereby confirmed that I/We are entitled to act on behalf of our company/ corporation/ firm/ Organization/Institute/Actuary and empowered to sign this document as well as such other documents, which may be required in this connection.



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Dated this                      Day of                      2015

(Signature)                      (In the capacity of)

(Name)

Duly authorized to sign the Tender Response for and on behalf of:

(Name and Address of Company)                      Seal/Stamp of bidder

Witness Signature:

Witness Name:

Witness Address:

## CERTIFICATE AS TO AUTHORISED SIGNATORIES

I,....., the Company Secretary of ....., certify that ..... who signed the above Bid is authorized to do so and bind the company by authority of its board/ governing body.

Date:

Signature:

(Company Seal)

(Name)





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## 2. FORM II: GENERAL DETAILS OF THE ORGANIZATION/INSTITUTE/ACTUARY

Details of the Organization/Institute/Actuary

Name of Organization/Institute/Actuary

Nature of the legal status in India

Legal status reference details

Nature of business in India

Date of Incorporation

Date of Commencement of Business

Address of the Headquarters

Address of the Registered Office in India

Other Relevant Information

## 3. FORM III: FINANCIAL DETAILS OF THE ORGANIZATION/INSTITUTE/ACTUARY

Financial Information			
	FY 2011-12	FY 2012-13	FY 2013-14
Revenue (in INR crores)			
Profit Before Tax (in INR crores)			
Revenue from IT services and system integration services (in INR crores)			
Other Relevant Information			



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## 4. FORM IV: Relevant Project Experience for development of study material

### General Information

1. Name of the project
2. Client for which the project was executed
3. Name and contact details of the client
4. Current Status

### Project Details

1. Description of the project
2. Outcomes of the Project
3. Other Relevant Information
4. Total Duration of the project (no. of months, start date, completion date)
5. Total cost of the project
6. Total cost of the services provided by the Bidder

## Appendix 1

### Aim

The aim of the General Insurance Specialist Applications subject is to instill in newly qualified actuaries the ability to apply knowledge of the Indian general insurance environment and the principles of the actuarial practice to providers of general insurance in the India and the awareness of regulatory developments in the principal general insurance markets of the world like UK, Europe, and USA.

### Link to other subjects

Subject ST7 — General Insurance — Reserving and Capital Modelling Specialist Technical provides the underlying principles of reserving and capital modelling techniques in general insurance upon which this subject is based. It is assumed that students have a good understanding of the principles covered in this Subject.

Subject ST8 — General Insurance — Pricing Specialist Technical provides the underlying principles of premium rating techniques in general insurance upon which this subject is based. It is assumed that students have a good understanding of the principles covered in this Subject. Candidates can expect to be examined in aspects of general principles developed in Subjects ST7 and ST8 as well as the further aspects of general principles, and also India specific aspects, developed in this subject.

### Objectives

On completion of this subject, the successful candidates will be able to:

- a) Define the principal terms in use in general insurance in the India (Glossary)
- b) Describe the principal regulatory and supervisory requirements that affect general insurers established in India and describe the current status and expected future development of Solvency 2 in Europe and the general regulatory environment in the US.
- c) Describe the requirements of the professional guidance and other guidance material issued by IRDA relevant to actuaries practicing in or advising Indian general insurance companies
- d) (i) Understand the particular considerations to be borne in mind when pricing large commercial risks  
(ii) Describe alternative approaches to rating such risks
- e) Determine appropriate bases for valuing the insurance liabilities of an Indian general insurer in order to produce:
  - a. Quarterly solvency margin reports (Forms KG, HG)
  - b. Taxation accounts
    - i. Annual Financial Condition Report
    - ii. Annual Appointed Actuary's Report
    - iii. Calculation of Economic Capital
  - f) (i) Understand the different reserving techniques detailed in IRDA's IBNR manual and appropriateness of the techniques by line of business  
(ii) Describe alternative approaches to reserving commonly used in Indian and US markets  
(iii) Understand the claims experience of the India Motor Third Party Pool and methods that may be used for reserving for bodily injury claims
  - g) (i) Analyze the financial planning requirements of a general insurer and develop appropriate strategies

(ii) Develop appropriate models for the purpose of financial planning to enable a general insurer to develop and monitor its strategic objectives at either the corporate or product level (Chapter 11)

(iii) Understand the Economic Capital requirements prescribed by IRDA vide circular No IRDA/ACT/NL/CIR/EC/2010-11.

h) Understand the basic concepts of ruin theory and its practical uses in a general insurance environment.

(i) Solve complex problems and analyze complex issues associated with:

- product design
- product pricing
- reserving for unexpired risks
- reserving for outstanding claims
- valuation of assets and liabilities
- reinsurance arrangements
- investment policy
- asset adequacy
- long-term financial control
- capital modeling and hence draw reasoned conclusions in relation to:
  - risks undertaken
  - the requirement for capital
  - the return on capital

### **Study material for subject SA3:**

**A** Reading Material by Actuarial Education Co:

Chapter	Chapter Name	Comments
0	Introduction	
1	The Indian general insurance market	Number of companies, PSU vs Private, market share, performances etc. Source: IRDA Annual reports, handbooks of statistics. IRDA quarterly statistical supplements.
2	Taxation	Tax on general insurance References: Section 44 of Income Tax Act First Schedule B Income Tax Rules: Rule 6E
3	Legislation	<a href="http://www.irdaindia.org/regulations.htm">http://www.irdaindia.org/regulations.htm</a>
4	Professional Guidance	GN21 (Draft) & Professional Conducts Standard (PCS) issued by IAI IBNR manual published by IRDA File and use circulars issued by IRDA
5	Pricing large commercial risks	
6	Incorporation of cost of return on capital calculations	
7	Catastrophe models	
8	Valuation bases	
9	Reserving – latent claims and disease	

	claims	
10	Financial Planning	
11	Extreme value Theory	
12	Ruin Theory	
	Ruin Theory appendix	
13	Portfolio transfers, Part VII transfers	
14	Problem Solving	
15	Case Study 1	
16	Case Study 2	
17	Further Reading	
18	Glossary	
	Products Appendix	

## B India specific reading material for Indian legislations

- (i) IRDA (Appointed Actuary) Regulations, 2000
- (ii) IRDA (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2000
- (iii) IRDA (General Insurance - Reinsurance) Regulations, 2000
- (iv) IRDA (Obligations of Insurers to Rural Social Sectors) Regulations, 2000
- (v) IRDA (Protection of Policyholders' Interests) Regulations 2002
- (vi) IRDA (Protection of Policyholders' Interests) (Amendment) Regulations 2002 and Modified IRDA (Protection of Policyholders' Interests) Regulations 2014
- (vii) IRDA (Licensing of Insurance Agents) Regulations, 2000
- (viii) IRDA (Insurance Advertisements and Disclosure) Regulations, 2000
- (ix) IRDA (Registration of Indian Insurance Companies) Regulations, 2000
- (x) IRDA ( Insurance Brokers ) Regulations, 2013 and IRDA (Web Aggregators) Regulations 2013
- (xi) IRDA(Licensing of Corporate Agents Corporate Agents) Regulations, 2002 and Exposure Draft on IRDA (Licensing of Bancassurance Agents) Regulations 2011
- (xii) Redressal of Public Grievances Rules, 1998
- (xiii) Insurance Act, 1938 as amended by Insurance (Amendment) Act, 2002 and The Insurance Laws Amendment (Ordinance), 2014
- (xiv) IBNR calculation manual [http://www.irdaindia.org/ibnr\\_manual08.pdf](http://www.irdaindia.org/ibnr_manual08.pdf)
- (xv) Circular dated 13th August 2009 about 'Role of Appointed Actuaries'
- (xvi) IRDA File and Use circular main document and related circulars
  - a. <http://www.irdaindia.org/fileusegi.htm>
  - b. [http://www.irdaindia.org/cirnonlife/notice\\_f&uguidelines\\_9aug06.htm](http://www.irdaindia.org/cirnonlife/notice_f&uguidelines_9aug06.htm)
  - c. [http://www.irdaindia.org/guidelines/guideline\\_genins\\_fileuse.pdf](http://www.irdaindia.org/guidelines/guideline_genins_fileuse.pdf)
- (xvii) IRDA's Economic Capital circular No IRDA/ACT/NL/CIR/EC/2010-11
- (xviii) IRDA's Financial Condition Report circular No IRDA/ACTL/CIR/MISC/153/07/2014
- (xix) IRDA's General Insurance Comprehensive Procedure on Claims reserving regulations 2012 – Exposure draft
- (xx) IRDA's Asset Liability Management and Stress Testing circular no IRDA/ACTL/CIR/ALM/006/01/2012