

LIFE INSURANCE AND RETIREMENT PRODUCT DEVELOPMENT

TUTORIAL 3 SEMESTER 1 2020: VALUATION



Question 1 [7 marks]

Describe the risks to the policyholder of purchasing a conventional with profits endowment assurance policy.

(The command verb is 'Describe', which means a much more detailed description is required than e.g. outline. A list of points in bullet format is not sufficient to pass.)

Question 2 [9 marks]

- (i) State the general considerations for any life insurer when setting assumptions. [4]

(State – i.e. list points although each needs to be a complete sentence. You do not have to provide a justification.)

A large life insurer is reviewing its lapse assumptions for critical illness business. The Appointed Actuary has stated that the results of this process need to be widely communicated to the actuaries in the business.

- (ii) Explain why this wide communication might be needed. [5]

Many candidates will list or outline an answer rather than explain. 'Explain' is defined as make (an idea or situation) clear to someone by describing it in more detail or revealing relevant facts.



Question 3 [8 marks]

- (i) State the key reasons for calculating the technical reserves of an insurer. [3]

- (ii) Describe how the Improvements in recovery rates from cancer would affect the reserves for existing business of an insurer writing accelerated and stand-alone trauma insurance and income protection. [5]