

LIFE INSURANCE AND RETIREMENT PRODUCT DEVELOPMENT

ASSIGNMENT SEMESTER 2 2019



Life Insurance and Retirement Product Development

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Rubric for the LI&R Product Development Assignment Semester 2 2019

A key skill is telling the story in a professional well-written manner. The first rubric applies across all the parts of the report and is weighted by 10%.

Weight: 10%	Significantly above pass level	Pass level	Some improvement required	Significantly below pass level
Clarity of report	<p>All sentences are complete and grammatically correct. All paragraphs deal with a single theme.</p> <p>All new or unusual terms are well-defined. Key concepts are accurately and completely explained. Where appropriate, clear examples are used to illuminate concepts and issues.</p> <p>The report has been spell-checked, has no errors, and the language is appropriate to the audience.</p>	<p>All sentences are complete and grammatically correct. All paragraphs deal with a single theme.</p> <p>Most new or unusual terms are well-defined. Key concepts are explained.</p> <p>Examples are clear.</p> <p>The documentation has been spell-checked, has some errors, and the language is appropriate to the audience.</p>	<p>A few sentences are incomplete and/or grammatically incorrect. Words are not chosen for their precise meanings.</p> <p>New or unusual terms are not well-defined. Key concepts are not explained sufficiently well.</p> <p>Examples are not clear. Information (names, facts, etc.) is mostly accurate.</p> <p>The documentation has several spelling errors and at times the language is not appropriate for the intended audience.</p>	<p>Many sentences are incomplete and/or grammatically incorrect. The author does not acknowledge that key words have precise meanings.</p> <p>Information (names, facts, etc.) is inaccurate.</p> <p>The documentation has many spelling errors and often the language is not appropriate for the intended audience.</p>



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Question 1 – Risks and benefits

Weight: 10%	Significantly above pass level	Pass level	Some improvement required	Significantly below pass level
Customer benefits	Clear explanation of the products and their suitability to defined customers and in what circumstances they are suitable.	Demonstrated an understanding of the products but some parts on the benefits are unclear or too brief.	A material misunderstanding of one product.	Unclear explanation and clear that the candidate does not understand the products.
Customer risks	Clear articulation of how the benefits for each product may not achieve the objectives of a customer.	A good description of the risks but sometimes there is a lack of clarity on linking benefits and risks.	The reader can infer what the risks are but revisions are required to the text to make it clearer to the intended audience.	The student does not really understand the concept of customer risks relative to the benefits on offer.
Risks to the organisation	The reader is provided with clarity on the risks for each of the three products from the correct perspective.	The student demonstrates an understanding of the risks but appears to miss one or two key risks.	Similar to the above – it's clear the ideas are present but need revision to bring out the key points.	The report demonstrates a weak understanding of the risks.

Question 2 – Developing input assumptions

Weight: 10%	Significantly above pass level	Pass level	Some improvement required	Significantly below pass level
Calculations	A well-documented model in the spreadsheet.	A well-documented model in the spreadsheet.	The model is not well-documented but looks ok.	Poor design of spreadsheet with no documentation.



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	<p>Clear separation of data, assumptions, calculations and results.</p> <p>All assumptions are inputs rather than hard coded.</p> <p>The modelled results are consistent with the stated assumptions.</p> <p>Student has used all information provided in the question appropriately.</p> <p>Additional assumptions are clearly explained in the report and are relatively sensible.</p>	<p>Clear separation of data, assumptions, calculations and results.</p> <p>All assumptions are inputs rather than hard coded.</p> <p>Student has used most of the information in the question appropriately.</p> <p>Any additional assumptions are in the report although they may be partially explained or inconsistent.</p>	<p>OR, there is not a clear separation of data, assumptions, calculations and results.</p> <p>Assumptions are hard coded rather than inputs.</p> <p>Any additional assumptions are in the report although they may be partially explained or inconsistent.</p> <p>Student has misunderstood or not used key information provided.</p>	<p>Unclear or obviously incorrect calculations.</p> <p>No explanation of any assumptions.</p>
Results	<p>Results are presented clearly and are reasonable in light of given information and declared assumptions.</p> <p>Complete evidence of sense check of results.</p>	<p>Results are presented clearly most of the time and are reasonable in light of given information and declared assumptions.</p> <p>Some evidence of sense checks.</p>	<p>Results are not unclear in some places.</p> <p>Results may not be reasonable due to errors in model.</p> <p>No evidence of sense checks.</p>	<p>Results not presented clearly.</p> <p>No evidence of sense checks.</p>



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Question 3 – Deterministic model for Products 1 and 2

Weight 20%	Significantly above pass level	Pass level	Some improvement required	Significantly below pass level
Calculations and Results	See Question 2's "Calculations" and "Results".	See Question 2's "Calculations" and "Results".	See Question 2's "Calculations" and "Results".	See Question 2's "Calculations" and "Results".
Discussion	<p>Clear understanding of the calculations and implications for risks and benefits for the customer.</p> <p>Clear discussion of weaknesses of calculations from a customer's perspective.</p>	<p>Clear and correct use of the product comparison results and some links to risks and benefits.</p> <p>Reasonable understanding of the weaknesses.</p>	<p>Predominantly correct use of the product comparisons although the links to risks and benefits are incomplete.</p> <p>Does not understand the weaknesses.</p>	<p>No reasonable attempt has been made to demonstrate an understanding of the calculations and the application to a customer.</p>

Question 4: Pooled annuity product

Weight 20%	Significantly above pass level	Pass level	Some improvement required	Significantly below pass level
Calculations and Results	See Question 2's "Calculations" and "Results".	See Question 2's "Calculations" and "Results".	See Question 2's "Calculations" and "Results".	See Question 2's "Calculations" and "Results".
Method	Correct application of mortality credits, investment returns and mortality tables.	Correct application of mortality credits, investment returns and mortality tables.	Correct application of some of mortality credits, investment returns and mortality tables.	Incorrect application of mortality credits, investment returns and mortality tables.



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	Clear explanation of method and assumptions used to determine how many alive each year.	An explanation of method and assumptions used to determine how many alive each year.	Unclear or incomplete explanation of method and assumptions used to determine how many alive each year.	No explanation of method or assumptions used to determine how many alive each year.
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Question 5: Sensitivity testing

Weight 15%	Significantly above pass level	Pass level	Some improvement required	Significantly below pass level
Calculations and results	See Question 2's "Calculations" and "Results".	See Question 2's "Calculations" and "Results".	See Question 2's "Calculations" and "Results".	See Question 2's "Calculations" and "Results".
Discussion	<p>Sensitivity tests are well explained and demonstrate a range of different mortality events.</p> <p>Discussion demonstrates a clear understanding of concepts and issues, in particular the impact of early or late deaths on mortality credits.</p> <p>The implications of volatility of mortality are discussed.</p>	<p>The sensitivity tests selected are reasonable.</p> <p>Discussion of results demonstrates an understanding of results produced.</p> <p>Student demonstrates an understanding of the impact of the timing of deaths on the size of mortality credits.</p> <p>The implications of volatility of mortality are identified.</p>	<p>Sensitivity tests do not demonstrate a breadth of possible mortality events.</p> <p>Discussion does not demonstrate an understanding of results or key concepts.</p> <p>Student does not demonstrate an understanding of mortality credits.</p> <p>Some other risk factors mentioned with no discussion.</p>	<p>Student does not understand basic concepts.</p> <p>No other risk factors mentioned.</p>



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	Relevant risk factors mentioned with explanation of whether necessary to test other factors.	Some risk factors mentioned with some explanation of whether it is necessary to test other factors.		
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Question 6: Cohort size

Weight 10%	Significantly above pass level	Pass level	Some improvement required	Significantly below pass level
Calculations and results	See Question 2's "Calculations" and "Results".	See Question 2's "Calculations" and "Results".	See Question 2's "Calculations" and "Results".	See Question 2's "Calculations" and "Results".
Discussion	<p>Clear understanding of how the size of the scheme affects the payments to the annuitants.</p> <p>Clear understanding of pros and cons of definition.</p> <p>Provides a well justified alternative definition that addresses the issues.</p>	<p>Understanding of how the size of the scheme affects the payments to the annuitants.</p> <p>Identifies pros and cons of definition.</p> <p>Provides some justification for an alternative definition.</p>	<p>The report may be read that the size is important but reasons why are not quite clear.</p> <p>Does not identify pros or cons of definition or misunderstands some issues.</p> <p>Alternative definition is not reasonable.</p>	<p>Either no discussion at all or student does not understand basic concepts.</p> <p>No mention of pros/cons or incorrect understanding.</p> <p>No alternative presented.</p>



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Question 7: Product design

Weight 5%	Significantly above pass level	Pass level	Some improvement required	Significantly below pass level
Discussion	<p>Student demonstrates a clear understanding of concepts and issues.</p> <p>Suggested changes to product design are well justified and show a direct link to solving problems.</p>	<p>Suggested improvements to product design appear reasonable based on information provided in the question and results produced in the analysis.</p>	<p>Comments are vague or general rather than specific to the product, provider and situation.</p>	<p>Student clearly does not understand basic concepts.</p>

END OF MARKING GUIDE