Page No. :
Date :

Introduction to Acturial Models

Assignment - 1

Q1 ans

I will take following steps while building the model.

1] I will first set the objectives which are change in regulatory capital requirement such that there is less than 0.5 % chances of liabilities exceeding after 1 year.

2] I will plan modelling and validation process of the model

3] Collect and analyze necessary data

4] Define parameters and consider appropriate parameter values

5] Involve the experts on real world system

6] Decide wether a simulation package or genral purpose language is appropriate for the implentation of the model

Q2 ans

I will consider issues such as regulations, taxations and cancellation terms also future events affecting investment returns inflation new businesses lapses mortality and expenses.

Page No. :
Date :

Q3 1] Developing a well defined set of objectives
2] Planning the modelling and validation process
3] Collecting and analysing necessary data
4] Defining parameters and considering appropriate parameter values
5]

Q4 By ensuring that any relevant professional guidence has been compiled with.
For eg: The financial reporting council has issued a technical acturial standard on the principles for technical acturial work (TAS, 100) which includes principles for models used in technical acturial work
Communicate and document the results and models.

Q8 Before finalising the choice of model and parameters it is important to consider the objectives for creation and use of the model for example: In many cases there may not be a desire to create the most accurate model but instead to create a model that will not understand costs or other risks that may be involved.