INSTITUTE AND FACULTY OF ACTUARIES

EXAMINERS' REPORT

April 2022

SA3 – General Insurance
Specialist Advanced

Introduction

The Examiners' Report is written by the Chief Examiner with the aim of helping candidates, both those who are sitting the examination for the first time and using past papers as a revision aid and also those who have previously failed the subject.

The Examiners are charged by Council with examining the published syllabus. The Examiners have access to the Core Reading, which is designed to interpret the syllabus, and will generally base questions around it but are not required to examine the content of Core Reading specifically or exclusively.

For numerical questions the Examiners' preferred approach to the solution is reproduced in this report; other valid approaches are given appropriate credit. For essay-style questions, particularly the open-ended questions in the Specialist Advanced (SA) and Specialist Principles (SP) subjects, the report may contain more points than the Examiners will expect from a solution that scores full marks.

The report is written based on the legislative and regulatory context pertaining to the date that the examination was set. Candidates should take into account the possibility that circumstances may have changed if using these reports for revision.

Sarah Hutchinson
Chair of the Board of Examiners
July 2022

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A. General comments on the *aims of this subject and how it is marked*

The aim of the General Insurance Specialist Advanced subject is to instil in successful candidates the ability to apply knowledge of the general insurance environment and the principles of actuarial practice to providers of general insurance.

Our expectation of a passing candidate at this stage is that they should demonstrate not only a grasp of the technical aspects of general insurance actuarial work, but also a good sense for products, the competitive marketplace, regulatory environments and the operational aspects of an insurance company. They should be able to pull these areas of understanding together to provide well rounded advice to the users of their services.

We would offer candidates two key pieces of advice – (i) read the question properly and (ii) order your answer before committing to paper. We would stress that candidates do not need to make the majority of the points included in this report to achieve a pass mark (there are significantly more than 100 marks available for the points in this report). Therefore, time spent making sure that you are answering the question that is asked is more valuable attempting to make as many points as possible, regardless of whether they are relevant.

The wording of the question has been carefully chosen. Therefore, it is essential to read the question properly. Various examples from this paper of recurrent failure to read a question are noted in the commentary for the questions.

If something is not asked for then candidates will waste valuable time writing answers that will gain no marks. These broader answers may be a logical next step to the question and so may be appropriate for candidates to discuss in a professional context. However, this is an exam with a finite number of marks available and so the scope must necessarily be limited and specifically defined.

If a question does specifically mention something, candidates should also assume that there are marks available for this aspect of the question. During the exam setting process, any content that is superfluous will have been removed. A clear implication of that is that if there are numbers provided in the question paper then there are marks available for comment and consideration of those numbers.

Wording of question sections should also be considered in the context of the position within the overall question. Where new question information is provided between sections, candidates should recognise that this information is specifically relevant to the following section or sections. When answering preceding question sections, candidates should not consider any subsequent information in their answers (although it may cover similar ground).

On the second issue, candidates should note that SA3 is the key paper at which we test candidates' deeper thinking.

Successful candidates will be able to display some capacity for independent and broad thinking, as well as to reward instances where these skills are displayed. When reviewing past papers, candidates should assume that the marks available for generic points are generally fewer than those awarded for the more challenging points that would be the

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mark of high quality professional insight in a practising actuary. Marks available for list items from knowledge are lower still.

We strongly recommend that candidates step back and take the time to thoroughly think about what is actually asked in question situations proposed rather than simply considering numbers to be analysed with standard techniques. For example, candidates might stop to think about what claims actually are for a particular class of business, considering factors such as what event causes the claim, who reports the claim, how it is dealt with once reported, what makes one claim small while another substantial, etc.

This perspective will help candidates to consider items such as practical issues, stakeholders involved and their potentially diverging objectives, wider impacts, regulatory or ethical issues, inappropriateness of certain actuarial techniques for the specific situation, current economic or cyclical effects, etc.
This is likely to lead to significantly broader point generation (and indeed reflects the thought processes of the examiners in drafting the questions and solutions) and a more rounded understanding of the underlying risks and dynamics which should also be of value to candidates when dealing with different stakeholders in their professional life. Some examples of this failure to think more widely on the current paper are noted in the commentary for the questions below.

More generally, we would also advise candidates to employ basic exam techniques such as well-structured answers and effective time management. The transition to online exams should assist candidates with providing well-structured answers. Bullet points within answers can help make answers clearer, and we would advise candidates to ensure that separate points are split into separate bullets and that they do not duplicate the same point across separate bullets.

Candidates should also consider the command words used and tailor the depth of their answers accordingly.

Candidates who give well-reasoned points relevant to the specific question being asked, which are not in the marking schedule, are awarded marks for doing so.

B. Comments on candidate performance in this diet of the examination.

A number of specific comments are provided next to the questions where there were repeated reasons for candidates to score lower marks. These include issues taking enough time to read the question properly and lack of consideration of secondary factors to assist with point generation and time management.

C. Pass Mark

The Pass Mark for this exam was 65
368 presented themselves and 89 passed.

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Solutions for SA3 – April 2022

Q1

(i)

Onerous contracts are those which are expected to be loss making at initial recognition. [1]
i.e. present value of cashflows relating to contract is negative [1]
Insurers need to separate groupings of contracts managed together to a further granularity for onerous status [1]
splitting into contracts unlikely to be onerous, contracts with a significant risk of becoming onerous and contracts considered onerous [1]
Can be assessed at individual contract level or for a set of contracts e.g. a business plan class [1]
Date at which contracts are realised to be onerous can affect contract boundary recognition [1]
Losses on onerous contracts are recognised immediately (profits on non-onerous contracts by comparison are recognised as earned) [1]
Contracts can also become onerous at a later point if assessment changes [½]

[Marks available 7½, maximum 3]

(ii)

May be at a soft point in the market cycle preserving market share for longer term benefits [1]
May be strategy to grow market share even if making temporary losses [1]
Some contracts may be part of a package of policies across multiple classes that is profitable in aggregate [1]
May write some loss-making policies as part of managing broker relationships [1]
May be loss making gross, but reinsurance profit expected [1]
May be overall profitable to the group that the insurer is part of e.g. if owning a cover holder or broker benefiting from brokerage income [1]
May not have considered policy onerous at time of underwriting [½]

[Marks available 6½, maximum 4]

(iii)

May identify a methodology or other error in original assessment [½]
Contract might include underlying cross subsidies e.g. between territories / business units for a multinational insurer and actual mix may differ from original assumptions [½]
May be using a simplified earning model with non-linear exposure so remaining period on risk is loss making [½]
Actual experience may be different from expected, or new information on contract or similar business may change insurer's view [½]
Change to regulation / case precedent etc. impacting profits [½]
Changes to inflationary environment [½]
Expense levels higher than anticipated [½]
Investment returns lower than anticipated [½]
Reinsurance default occurring [½]
Changes to discount rates [½]
Emergence of latent claims [½]

[Marks available 5½, maximum 4]

[**Total 11**]

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Candidates scored well in part (i) of this question, showing knowledge of the topical item that is IFRS 17.

Candidates also scored reasonably well for parts (ii) and (iii), which were questions where candidates could draw on their broad general insurance knowledge, as opposed to needing to know technical details regarding the IFRS 17 Standard.

Q2

(i)

Insufficient reserves	[½]
Premium rates too high or low	[½]
Too much new business	[½]
Too little new business	[½]
Poor underwriting	[½]
Poor investment returns	[½]
Assets not sufficiently liquid	[½]
Fraudulent claims	[½]
IT failure	[½]
Cyber attack	[½]
Catastrophe losses	[½]
Too many claims	[½]
Reinsurance failure	[½]
Reputational damage	[½]
Latent claims	[½]
Poor expense control	[½]
Failure to streamline processes	[½]
Poor management	[½]
Usually a combination of issues	[½]
Accumulation of losses	[½]
Anti-selection	[½]
Poor claims management	[½]
Credit for other valid suggestions	

[Marks available 11, maximum 5]

(ii)

Controls on premium rates:

Protects policyholders from excessive premiums in uncompetitive markets	[½]
Can stifle competition, causing inefficiencies and higher premiums than would otherwise be	[½]
Max premiums could ensure affordability for more	[½]
Small print may get round the restrictions, e.g. exclusions, high excesses etc.	[½]
There may be unintended consequences, e.g. poorly framed legislation means old subsidise the young etc.	[½]
Could lead to higher admin costs and therefore the higher premiums	[½]
If max premium is set too high, then this action may not be effective	[½]
If min premium is set too low, may increase risk of insolvency	[½]
Any form of controls may be hard for insurer to implement	[½]
Financial planning for policyholder may be easier	[½]

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May not be appropriate for commercial policies [½]

Requirement to hold catastrophe reserves:
Better protection for policyholders if reserves are set appropriately [½]
Difficult to judge levels [½]
Difficult to frame legislation [½]
Tying up capital impacts profitability [½]
Tying up capital will ultimately lead to high premiums [½]
Could defer tax payments [½]
Could adversely impact insurer's dividend payments [½]

Requiring actuarial sign off on the adequacy of reserves:
Expert opinion should provide better protection for policyholders [½]
Different actuaries will have different opinions [½]
There will be a cost to insurers of actuarial input [½]
Improved governance [½]
In line with other markets, e.g. Lloyd's [½]

Closing a company to new business:
Need to decide exactly what triggers this [½]
Should encourage management to behave appropriately to avoid this stigma [½]
Could protect existing policyholders [½]
Could protect future prospective policyholders from entering into a contract with a doomed company [½]
Could make situation worse as expenses start to be spread over fewer policies.
Need to deal with run-off, i.e. huge ongoing impact [½]
May lead to reputational issues [½]
Credit for other valid suggestions

[Max 4 marks per section]
[Max 12]
[**Total 17**]

Many candidates scored very highly on part (i).

Candidates did not score as well on part (ii) of this question, often failing to generate sufficient points to score highly.

Q3
(i)
Branding is helped if you are known as a specialist, e.g. Saga for over 50s in UK [½]
Specific customer base may help with cross selling [½]
of goods or services as well as insurance [½]
There may be better policyholder behaviour: [½]
Higher persistency as older policyholders may be less likely to shop around at renewal [½]
Older p/h less likely to make claims? [½]
Older p/h may be more honest on application form [½]
Older p/h has more affordability [½]
Lower claims e.g. with household (house occupied) [½]

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and motor (drive less and more slowly and cautiously) [½]
Therefore can write more profitable business as a result of a combination of the above factors. [½]
There may be a gap or a lack of competition in the market [½]
There may be a large target market, e.g. ageing population [½]
[Marks available 6½, maximum 4]

(ii)
Expenses High:
Processing new policies and renewals higher due to no online presence [½]
Office costs high, e.g. prestige location or above market rent [½]
Over staffed [½]
Staff over paid relative to market [½]
Pension scheme costs excessive [½]
Legacy systems mean running costs high [½]
Marketing costs high, maybe poorly targeted [½]
Poor cost control generally, e.g. no central purchasing system etc.. [½]
Low volumes of premium in relation to expenses incurred [½]
Policies under-priced [½]
Large one-off expense, e.g. systems change [½]
Cost of interaction with older policyholders may be higher [½]
[Marks available 6, maximum 3]

Persistency rates high:
Niche products not widely sold; therefore policyholders have little choice [½]
Age profile means less internet savvy and less likely to shop around [½]
Good customer service [½]
Good claims service [½]
Competitive premiums [½]
Automatic renewal unless action taken to cancel the policy [½]
Cancellation of policy more difficult if not online [½]
Effective direct marketing [½]
[Marks available 4, maximum 3]

(iii)
Written premiums:
Depends on if plan is to increase rates or volumes, or both [½]
Could certainly have a material impact on profit [½]
Particularly if geared relative to material fixed costs [½]
Wouldn't work if grew at expense of profitability [½]
And hard to grow profitably depending on market [½]

Reinsurance costs:
May be difficult to get material impact depending on extent of reinsurance in place [½]
Depends on appropriateness of reinsurance in place [½]
Depends on the value of reinsurance arrangements in place [½]
Removing a quota share for example could be equivalent to growing written premiums [½]
Removing non proportional reinsurance is likely in most years to lead to higher profits but at risk of greater downside in some years [½]

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Capital / risk appetite etc. may constrain ability to change RI [½]
otherwise easiest of the measures to change materially & quickly [½]

Claims ratio:
Largest outgoing so could definitely be material [½]
If profits are marginal, then could be very geared [½]
Most companies work to improve their claims ratio so may already have taken any easier opportunities to reduce ratio [½]
May be difficult to reduce going forward without impacts on premium volume [½]
May increase reputational risks/ reopened claims etc. [½]

Expense ratio:
Internal expenses may not be that high or easy to reduce [½]
Marketing expenses may be necessary to maintain volumes [½]
Some expense reductions may have longer term brand impacts [½]
External expenses / commissions may be difficult to reduce without impacts on premiums [½]
Underwriting expenses may be necessary to maintain profitability [½]
Credit for other valid suggestions

[Max 6 marks]

(iv)
Premiums – marketing initiatives, rate increases, new product launches, moving overseas markets, introducing deductibles / excess etc. [½]
RI costs – take on more risk by reducing programmes, renegotiate terms, renegotiate brokerage, optimise reinsurance programmes e.g. with more targeted stop loss etc. [½]
Claims – tackle claims leakage & fraud, push for early settlement, aggressive claims handling, reunderwrite portfolios, exit underperforming lines, increase premium rates [½]
Expenses – reduce advertising spend, invest in automation, renegotiate commissions, change mix away from high expense lines etc. [½]

(v)
Premiums / Marketing initiative:
Possible advantages - successful marketing initiatives should increase premium [½]
if targeted well could also improve claims ratios [½]
higher premium volumes should also reduce fixed cost expense ratios [½]
Possible disadvantages – will lead to additional expenses, [½]
marketing initiatives may not generate sufficient additional premium to cover associated costs [½]
if marketing with some kind of promotional offer may impact profits [½]

[Marks available 3, maximum 2]

RI costs / reducing cover:
Possible advantages – cede less profit to reinsurer [½]
less exposure to reinsurance cycle [½]
reduced credit risk [½]
reduced dispute risk [½]
expense ratio vs net premium improves [½]
net claim ratio may improve if RI more profitable than gross [½]
Possible disadvantages – retain additional risk [½]

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if at poor point in RI cycle may be profitable to cede [½]
may be additional capital [½]
greater volatility in earnings [½]
[Marks available 5, maximum 2]

Claims ratio / tackle leakage & fraud:
Possible advantages – will reduce claims ratios if successful [½]
may be limited cost of some measures once embedded [½]
better policyholders not subsidising fraud [½]
organised fraud may channel profits to criminal activity [½]
Possible disadvantages – additional expenses associated with anti-fraud measures [½]
may be reputational damage / fines if process is unreasonably onerous [½]
or if it results in inappropriate denial of valid claims [½]
may distort development patterns leading to reserving uncertainty [½]
[Marks available 4, maximum 2]

Expense ratio / reduce advertising spend:
Possible advantages – lower expense ratio if successful in reducing advertising spend [½]
may reduce by targeting on more effective advertising channels [½]
if high renewals & persistency may not generate much additional premium [½]
Possible disadvantages – likely to lead to some drop in premium income [½]
if competing purely on price may impact claims ratio [½]
lower brand recognition may impact customer loyalty [½]
[Marks available 3, maximum 2]

(vi)
Reserving assumptions don't fundamentally affect ultimate profitability, only the timing of recognition of the result [1]
Potential for one-off benefits in a calendar year from reducing some form of prudence in the reserving basis but wouldn't generate any sustained improvement in profitability [1]
Potential indirect benefits from moving from a prudent to best estimate basis [1]
e.g. higher notional free capital that can be invested in higher return assets [1]
access to more investment capital for further growth with more apparent profit [1]
potential to re-invest any one-off benefit into e.g. automation or other process improvements [1]
Extent of potential one-off benefits depend on extent of prudence in reserving basis [1]
Moving to lower than best estimate basis likely to get challenge from regulators [1]
and would act as drag on future profits [1]
Changes to reserving basis likely to be challenged by auditors [1]
May create issues with investors / markets if change not adequately communicated [1]
Review may even lead to decrease in profitability [1]
There could be an impact on taxes which could dampen any increase in profitability [1]
[Marks available 13, maximum 4]

(vii)
Potential for online delivery to support greater cost efficiency relative to physical premises and / or phone agents [1]
but likely to be some significant one-off costs in developing a high quality online offering [1]

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Potential for online model to be more efficient for policyholders with faster quote / bind / claims handling process [1]
but dependent on quality of online processes [1]
and poor processes where it is challenging to speak to a customer service representative can have significant reputational issues [1]
Unclear how sales will be delivered through a mobile phone application as would need a potential policyholder to download an application before they have even been sold a product [1]
Over 60's demographic may be less technologically inclined [1]
and may respond badly to the change with loss of existing business [1]
which may affect claims performance if this leads to mix change to younger policyholders [1]
particularly if pricing is not sophisticated enough to manage this mix change [1]
May be some regulatory requirements or expectations around customer service delivery that could cause issues with a purely online model [1]
Competitor behaviours may affect all these potential impacts [1]
Possible reputational damages if move lead to layoffs in the claims and marketing teams [1]
May increase operational risk, e.g. Cyber risk [1]

[Marks available 14, maximum 6]

[**Total 36**]

Candidates found it challenging to determine what exactly was being asked for in different parts of the question.

In parts (vi) and (vii) only well prepared candidates demonstrated deeper thinking.

Q4

(i)

Event Module: The event module generates thousands of possible catastrophic event scenarios based on a database of historical parameter data. [1]
Hazard Module: The hazard module determines the level of physical hazard specific to geographical locations using the location specific risk characteristics for each simulated event [1]
Inventory (or exposure) module: This module contains information of the insured systems and structures. For example, in the case of insured properties, it will include information such as age, type, occupancy, construction and number of storeys of the property [1]
Vulnerability Module: The vulnerability module quantifies the expected damage from an event taking into account the exposure characteristics and event intensity. [1]
Financial Module: The financial module measures monetary loss from the damage estimates. Insured loss estimates are generated for different policy conditions, such as deductibles, limits and attachment points. Varying financial perspectives, such as primary insurance or reinsurance treaties, are also provided. [1]

[Marks available 5, maximum 4]

(ii)

US windstorm [½]

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Earthquake	[½]
Tornado	[½]
Wildfire	[½]
Flood	[½]
Typhoon	[½]
Terrorism	[½]
Hailstorm	[½]
Freeze	[½]
Nuclear	[½]

[Marks available 5, maximum 2]

(iii)

The OEP represents the probability of seeing any single event within a defined period (typically one year) with a particular loss size or greater	[1]
The AEP represents the probability of seeing total annual losses of a particular amount or greater.	[1]

(iv)

The metrics can be used to understand or quantify risk at various probabilities or return periods	[½]
Can support reinsurance purchasing – brokers and reinsurers are interested in risk profiles of the business	[½]
Can be used to assess the reinsurance effectiveness, e.g., by comparing gross to net results	[½]
Can support portfolio construction	[½]
Can support business planning	[½]
Can be used to define risk appetite or limits	[½]
Can be used to compare amount of risk y-o-y so business trends or direction of travel in terms of risk taking	[½]
Can be used in a capital model for catastrophe capital calculation	[½]
Can be used in a reserving, e.g., for ENID calculation	[½]
Can be used as a tool in aggregate exposure management	[½]
Can be in pricing, e.g., for calculating CAT loadings	[½]
Can be used in stress and scenario testing e.g., what does a 1-in-200-year of catastrophic events look like?	[½]

[Marks available 6, maximum 4]

(v)

B is lower than A in the lower return periods but A is lower in the tail	[½]
the 2 results may cover different lines of business….	[½]
perhaps model B has more fat tailed lines such as terrorism	[½]
Lines of business coverage differs…	[½]
A includes onshore and offshore energy and B excludes offshore energy	[½]
Error in one or both models…	[½]
one model had some risks/policies missing	[½]
parameter input error	[½]
Different peril definition…	[½]
A cover windstorm and hurricane and B may only cover hurricane	[½]
Different region coverage…	[½]
B may cover USA only and A may cover USA and Canada	[½]

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Different complexities of models… [½]
secondary uncertainty included in one model [½]
clustering of storms included in another model [½]
Different accuracies of the model… [½]
one model may better capture the vulnerability of a particular type of construction [½]
the other model might measure the wind speeds at landfall better [½]
one model might measure the impact of deductibles more accurately [½]
the other might capture the value of contents, additional living expense or business interruption coverage more precisely [½]
Completely different methodology [½]
one model might be using industry loss curves and market shares and one model may be using actual exposure / policy data [½]
Different default setting in each model [½]
The number of simulations set to 10,000 vs 100,000 [½]
Different period considered [½]
A may have 1/7 in-force business and B may have 1/1 in-force business [½]
Different trending assumptions… [½]
one model may include climate change impacts [½]

[Marks available 14, maximum 6]

(vi)
Risk appetite is the amount of risk an organisation is willing to accept [½]
A critical tool for effective decision-making and project performance management [½]
To protect the balance sheet [½]
Required by regulators [½]
Expected by other agencies like credit ratings [½]
This risk appetite is clearly focussed on minimising the amount of risk taken for cat risk in particular and given it is specified as a net of reinsurance at a fairly high return period – likely to support reinsurance purchasing and risk monitoring [1]

[Marks available 3½, maximum 2]

(vii)
May be in appetite:
Model A and B show $200m and $180m respectively for 1 in 250 (equates to 0.4%) [½]
so it appears to be just about in appetite/ borderline [½]
The model results are all gross of reinsurance. [½]
Assuming the company buys reinsurance for cat, the results would be lower if they were net of reinsurance so the company could be in appetite [½]
Maybe take the max one - $200m – so borderline in appetite [½]

May not be in appetite:
Model results differ and both could be wrong – model error [½]
The model may not include all risks – all cat perils or regions so the actual model results should be higher than the $200m threshold at 1 in 250 [½]
Model results might be old or not including unwritten business over the rest of the year [½]

[Marks available 4, maximum 2]

(viii)
Must be worded accurately and be easy to understand [½]
Easy to measure [½]

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Protects the company balance sheet from bad events to meet target cover ratios or credit rating [½]
Can be used in decision making - buying reinsurance [½]
Cannot be gamed. [½]
One could technically buy lots of reinsurance for the largest gross cat event but then the second largest might be breaking the appetite so need to make sure statement catches this situation too [½]
In line with peers as optics in external environment matter [½]
Approved by the board or CUO or other appropriate governance as per the governance framework for the company [½]
Reviewed regularly [½]
Consistent with other targets and objectives set across the company [½]
All relevant stakeholders should be made aware of it [½]

[Marks available 5½, maximum 3]

(ix)
May lead to purchasing less reinsurance [½]
Could lead to higher regulatory capital requirements [½]
Changes the portfolio/business mix - lines [½]
Changes strategy – new regions, different line sizes targeted [½]
May increase the ROE achieved OR shareholder target ROE [½]
May lead to increased volatility of results [½]
Shareholders may not like the increased risk appetite [½]
May lead to reviewing the risk appetite threshold for investment portfolio or other risk areas that are considered uncorrelated to catastrophe risk [½
May impact the opinion from the regulator [½]
Could lead to a change in credit rating [½]
May need to review underwriting guidelines [½]

[Marks available 5½, maximum 4]

(x)
Split natcat and manmade cat risk appetite from each other [1]
Split into legal entity risk appetites [1]
Include the top single events e.g. The largest five net of reinsurance catastrophe single events must be under $XXXm at 1 in 250 [1]
Switch to AEP: All catastrophe losses by peril over the year must be under $XXXm at 1 in 250 [1]
Specify risk appetite on a gross or net basis [1]

[Marks available 5, maximum 2]

(xi)
Perils e.g. pandemic or terrorism / manmade cat [½]
Different Regions e.g. India [½]
Lines of business that have very different characteristics e.g. political and credit risk so don't naturally fall into the typical cat modelling [½]
Some risks or policies may not have all the data needed for modelling [½]
Unmodelled contracts in modelled classes, where data has not been captured for all contracts. [½]
Unmodelled component for modelled contracts [½]

[Marks available 3, maximum 2]

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(xii)

Scenario based approach	[½]
based on review of portfolio and input from appropriate expert stakeholders	[½]
Top-down approach	[½]
Apply any industry information about financial impact of elements you need to model and based of market share, apply those results	[½]
Bottom-up approach	[½]
Consider individual policy wordings and estimate the potential exposure to any unmodelled risk at a policy level then aggregate up for the whole portfolio	[½]
Use of expert judgement	[½]
Actuary could just add x% (e.g. 10%) onto the modelled results	[½]
Use of benchmarks	[½]
Market information / regulator / consultancies can be used to provide guidance for adjusting model results for unmodelled risks	[½]

[Marks available 5, maximum 3]

[**Total 36**]

Many candidates found challenging the later parts of this question. However, candidates scored better in earlier parts of the questions.

[Paper Total 100]

END OF EXAMINERS' REPORT

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