

00608

M.Sc. (ACTUARIAL SCIENCE)

Term-End Examination

December, 2012

**MIA-012 (F2F) : ACTUARIAL RISK
MANAGEMENT-I**

Time : 3 hours

Maximum Marks : 100

Note : (i) There are two sections A and B. Both are compulsory.

(ii) Internal choices are indicated under each section.

SECTION-A

There are 7 questions in *section-A*, each carries 8 marks. Answer *any five*.

1. What is Actuarial control cycle ? Describe in detail. 8
2. List the possible clients whom an actuary can advice and discuss the possible area of advice. 8
3. What is the aim of Regulation ? Discuss the cost involve in Regulation. Also discuss the function of a Regulator. 8
4. Discuss eight life insurance products and also discuss their utility for the policy holder. 8

5. What are the characteristic of a well run project ? Discuss. 8
6. What is collective investment schemes ? What is direct investment and indirect investment ? Discuss the Advantage and disadvantage of the direct and indirect investment. 8
7. (a) What is quantity theory of money ? 2
(b) What are the factors affecting short term interest rate ? Describe. 6

SECTION-B

There are *six* questions in *section- B*, each carries *15* marks. Attempt *any four* of them.

8. In a certain country the only tax levied on providers of financial product is a premium tax. A percentage of each premium received by the company is paid to the government.
- (a) State the advantage and disadvantage of this method of taxation from the perspective of the company and the Government. 8
- (b) State other practical ways of taxing the business of Financial providers. 7
9. (a) What is logical need ? What is current need ? Describe the two in detail with example. 7
- (b) What are the main type of financial products ? Explain them with an example in each category. 8
10. (a) Give detail of the types of pension scheme member. 8
Also state and explain the main types of Pension Scheme.
- (b) Give some example of why the needs of a young work force engaged in manual work may differ from those of the executive board of the same employer. 7

11. Discuss the cashflow of the following products :
- (a) annuity, 5x3=15
 - (b) term assurance
 - (c) endowment assurance
 - (d) an 'interest only' loan
 - (e) the repayment loan (or Mortgage)
12. (a) What is yield curve ? 10
Describe the Four Main theories which are able to explain the nature of yield curve.
- (b) Discuss the general nature and return from the property market. 5
13. (a) What are the main reasons to invest in overseas markets ? 4
- (b) List the problems with overseas investment. 4
- (c) What is derivative ? Why an individual will buy derivative ? What are main type of derivative ? Explain them clearly. 7
-