



Strathmore
UNIVERSITY

STRATHMORE INSTITUTE OF MATHEMATICAL SCIENCES (SIMS)

BBS ACTUARIAL SCIENCE

END OF SEMESTER EXAMINATION

BSA 3213: ACTUARIAL PRACTICE AND COMMUNICATION

DATE: 8th December 2023

Time: 13:00 – 15:15Hrs

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.

Question 1

1. A value chain describes the categories of activities within and around an organization which together create a product or a service. Describe the activities included in Michael Porter's framework for representation of a value chain. [6]
2. List and explain the three main levels of strategy. [6]
3.
 - i. Define Culture.
 - ii. With the use of a diagram, explain the seven elements of the cultural web. [8]
4. Required:

The e-mail below is not written as clearly or concisely as they could be. In addition, they may have problems in organization, tone, or mechanical errors. Rewrite each so it is appropriate for the audience and their purpose. Correct mechanical errors. Finally, add a subject line to each.

Email 1

To: Guest lecturer

From: Communication for Actuaries Student

Subject:

It was fantastic meeting you today, don't you think? I really, really enjoyed your presentation on communication skills as you seem to know what you are talking about with 10 years under your belt in mainstream media in Kenya.

I particularly enjoyed your comments on how to build a positive self image that can improve how you present yourself to an audience. However, I don't think that the few minutes we had after class were enough to completely express my issues and interests and so I would greatly appreciate

your comments on some of my recorded speeches which I have been practicing after class hours. I have attached them on the email (sorry they are quite big)
So if you could send me your feedback and suggestions on how I can do better, especially my clip on a job interview as I am going for internship soon, I would really appreciate. In fact you can call me on 0790 11 22 33 this afternoon as I have no classes or on Sunday after church hours
Thanks so much. [10]

[Total 30mks]

Question 2

- i. With the aid of a clearly labelled diagram, define and describe at least four components of a communication process defined as the exchange of information with intention to influence action of recipient (s) [6]
- ii. Illustrate with two real life examples how the cultural dimension can influence the communication process. [4]
- iii. Explain in your own words what non-verbal communication is [2]
- iv. Describe and then provide an example of at least three different ways that non-verbal messages can interact with verbal messages to enhance the effectiveness of a communication process [3]

[Total 15mks]

Question 3

1. During the course of the lecture sessions, you were tasked with forming a group such that members of the group exhibited different personality types. Thereafter you were tasked with forming a company that could appeal to the wider class members. The success of company is a key indicator of maturity of a group of people into a functional team that embraces and leverages on diversity.

Required:

- i. Using specific examples and situations (ideally from your class experience) describe characteristics the following stages of group development according to Tuckman's theory
 - a. Storming
 - b. Norming
 - c. Performing [5]
2. An established retail bank in a developed country has recently been losing market share. The bank is also facing rising costs from increased rents of its branches and staff salaries. The bank's Board has decided to become an internet only bank, offering all services online to its retail customers with no physical branches.
 - i. List the stakeholders who might be affected by such a change. [2]

The Board of the bank believes that the reduction in costs should increase future profitability and the new model will attract new customers.

- ii. Describe the risks that might negatively impact the bank's plans. [8]

[Total 15mks]

Question 4

1. Describe the changes an insurance company may need to make to each of the following in response to climate change risks:
 - a) governance
 - b) risk management.

[6]
2. PESTEL analyses can be undertaken based on published sources, e.g company annual reports, media articles and consultants reports or more extensively by discussion with the major stakeholders. Carry out a PESTEL analysis for an insurance company in Kenya.

[9]

[Total 15mks]

Question 5

It is November 2021 and Bernice has just completed her first month of employment at Actuarial Heights Limited, a specialized actuarial services firm providing actuarial advice to corporate, retirement funds and insurance companies in Kenya.

Having graduated with top honors, as well as completed the actuarial professional papers in record time she was thrilled at the opportunity to join the prestigious consultancy to put her skills into practice. Further the opportunity pays rather well.

As the financial year for most insurance companies is coming to a close by December 2021 the office is busy with assisting their insurance clients to comply with regulatory filing requirement. A majority of these filings, including the Financial Condition Report (FCR) are quite complex requiring more experienced actuaries to perform the duties competently.

An FCR is an annual report evaluating an insurance company on various technical aspects. The report should include a review of an insurance company's corporate structure, operations and changes in business in the financial year, performance analysis over a 3 year period with comments on deviations from expected results and boards plans to address deficits, as well offer a critical review of the Insurance Liability Valuation. This being a new requirement set by the Insurance Regulatory Authority in June 2020, Bernice has not studied this in school or done this report before.

Due to resource pressures, Mr. K, a senior manager, has sent an email to Bernice to take lead and prepare the FCR for Complex Insurance Limited and report back directly to him by the end of the week.

Bernice is a bit worried about this request as she is not sure of how to go about the task well.

Required:

- i. Explain why Bernice is considered a professional by the society and within the context of the scenario explain the fundamental principles of "Professional competence and due care" that society expects from her and all other actuaries.

[6]
- ii. Discuss two response options that Bernice has including the pros and cons of either option [4]
- iii. Bernice is considering responding to the email to voice her concerns on the assignment at hand. Draft an appropriate email that she could send to the senior manager on the issue (include the subject and salutations)

[5]

[Total 15 marks]