



ACST402

Actuarial Control Cycle 1

S1 Day 2014

Applied Finance and Actuarial Studies

Contents

<u>General Information</u>	2
<u>Learning Outcomes</u>	2
<u>Assessment Tasks</u>	3
<u>Delivery and Resources</u>	8
<u>Unit Schedule</u>	11
<u>Policies and Procedures</u>	11
<u>Graduate Capabilities</u>	12
<u>Research and Practice</u>	15

Disclaimer

Macquarie University has taken all reasonable measures to ensure the information in this publication is accurate and up-to-date. However, the information may change or become out-dated as a result of change in University policies, procedures or rules. The University reserves the right to make changes to any information in this publication without notice. Users of this publication are advised to check the website version of this publication [or the relevant faculty or department] before acting on any information in this publication.

General Information

Unit convenor and teaching staff

Unit Convenor

Leonie Tickle

leonie.tickle@mq.edu.au

Contact via leonie.tickle@mq.edu.au

E4A608

Monday 11-1 during teaching weeks, or other times by appointment

Credit points

3

Prerequisites

ACST357(P) and ACST358(P)

Corequisites

Co-badged status

This unit shares lecture classes with ACST831.

Unit description

This unit, in conjunction with ACST403 Actuarial Control Cycle 2, develops and applies the actuarial principles and practices underlying the design, assessment, management and control of financial systems in the areas of life insurance, general insurance, superannuation and other less traditional areas of actuarial practice. The two units together consider the process of actuarial and financial management including: product design; pricing; marketing; monitoring of experience; reserve setting; financing; solvency; determination and distribution of surplus; and its role in enterprise risk management. The overall control process is studied within the constraints imposed by the commercial environment and the actuarial professional code of conduct and standards. This includes a discussion of business ethics and issues of professionalism in actuarial practice. Students gaining a grade of credit or higher in all of ACST402, ACST403 and ACST404 are eligible for exemption from Part 2 of the professional exams of the Institute of Actuaries of Australia.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

Discuss and apply an Actuarial Control Cycle in a variety of practical commercial situations

Interpret and discuss how current economic, social, demographic and economic factors can affect medium- and long-term commercial decisions

Examine the need for, and impact of, regulation and government policy on medium- and long-term financial decisions

Analyse the main features and risks of financial products and contracts from the point of view of consumers and providers

Demonstrate an understanding of enterprise risk management and its role in organisational management

Discuss and apply the process of product design

Select, describe, critically examine, explain and analyse an appropriate model to solve client problems

Discuss the importance of capital, project future levels of capital, identify risks to capital, and demonstrate an understanding of the interaction between risk and capital

Apply appropriate techniques to the pricing of products and contracts

Assessment Tasks

Name	Weighting	Due
<u>Assessed coursework</u>	5%	Weekly
<u>Case study / report</u>	15%	14 April
<u>Assignment</u>	5%	28 April
<u>Presentation (Oral)</u>	5%	29 April or 1 May
<u>Final examination</u>	70%	20 June

Assessed coursework

Due: **Weekly**

Weighting: **5%**

Description

A range of tasks based on the chapters of the textbook. The tasks are due each Monday evening (Sydney time) prior to the lectures on the relevant section of work. Only a selection of the textbook chapter tasks will be marked and graded.

Submission

Textbook chapter tasks are submitted via the teaching website, and marks and feedback will be returned via the teaching website.

Extension

No extensions will be granted. Students who have not submitted the task prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

Penalties

Students who have not submitted the task prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Interpret and discuss how current economic, social, demographic and economic factors can affect medium- and long-term commercial decisions
- Examine the need for, and impact of, regulation and government policy on medium- and long-term financial decisions
- Analyse the main features and risks of financial products and contracts from the point of view of consumers and providers
- Demonstrate an understanding of enterprise risk management and its role in organisational management
- Discuss and apply the process of product design
- Select, describe, critically examine, explain and analyse an appropriate model to solve client problems
- Discuss the importance of capital, project future levels of capital, identify risks to capital, and demonstrate an understanding of the interaction between risk and capital
- Apply appropriate techniques to the pricing of products and contracts

Case study / report

Due: **14 April**

Weighting: **15%**

Description

Assignment 1 is a written case-study report.

Submission

Assignment 1 will be submitted via the teaching website, and marks and feedback will be

returned via the teaching website.

Extension

No extensions will be granted. Students who have not submitted the assignment prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

Penalties

Students who have not submitted the assignment prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Discuss and apply an Actuarial Control Cycle in a variety of practical commercial situations
- Interpret and discuss how current economic, social, demographic and economic factors can affect medium- and long-term commercial decisions
- Examine the need for, and impact of, regulation and government policy on medium- and long-term financial decisions
- Analyse the main features and risks of financial products and contracts from the point of view of consumers and providers
- Demonstrate an understanding of enterprise risk management and its role in organisational management

Assignment

Due: **28 April**

Weighting: **5%**

Description

Assignment 2 is a written executive summary and slides. The task may be completed in groups.

Submission

Assignment 2 will be submitted via the teaching website, and marks and feedback will be returned via the teaching website.

Extension

No extensions will be granted. Students who have not submitted the assignment prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

Penalties

Students who have not submitted the assignment prior to the deadline will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Discuss and apply an Actuarial Control Cycle in a variety of practical commercial situations
- Interpret and discuss how current economic, social, demographic and economic factors can affect medium- and long-term commercial decisions
- Examine the need for, and impact of, regulation and government policy on medium- and long-term financial decisions
- Analyse the main features and risks of financial products and contracts from the point of view of consumers and providers
- Demonstrate an understanding of enterprise risk management and its role in organisational management

Presentation (Oral)

Due: **29 April or 1 May**

Weighting: **5%**

Description

The presentation is an oral presentation to the class based on Assignment 2.

Submission

Presentations will be given in lecture classes. Marks and feedback will be returned via the teaching website.

Extension

No extensions will be granted. Students who do not complete the presentation on the scheduled date will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

Penalties

Students who do not complete the presentation on the scheduled date will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

On successful completion you will be able to:

- Discuss and apply an Actuarial Control Cycle in a variety of practical commercial

situations

- Interpret and discuss how current economic, social, demographic and economic factors can affect medium- and long-term commercial decisions
- Examine the need for, and impact of, regulation and government policy on medium- and long-term financial decisions
- Analyse the main features and risks of financial products and contracts from the point of view of consumers and providers
- Demonstrate an understanding of enterprise risk management and its role in organisational management

Final examination

Due: **20 June**

Weighting: **70%**

Description

The final examination is a three-hour (plus reading time) written examination.

Calculators will be allowed in the final examination but a clear indication of the steps involved in every calculation must be shown. Any machines that have a text-retrieval capacity, specifically those with a full alphabet on the keyboard, are not allowed. Calculators may be checked at the commencement of the examination, and the make / model may be recorded.

Dictionaries are not permitted in the final examination. No reference material is allowed to be taken into the final examination.

You should ensure that your handwriting is legible. Sections of work that are not legible will not be marked.

Extension

No extensions will be granted. The only exception to sitting the examination at the designated time is due to documented illness or unavoidable disruption. In these circumstances you may apply for Special Consideration. Details are given in the Policies and Procedures section of this outline. If a supplementary examination is granted as a result of the special consideration process, the examination will be scheduled after the conclusion of the official examination period, and you must be available to sit the examination at the designated time.

On successful completion you will be able to:

- Discuss and apply an Actuarial Control Cycle in a variety of practical commercial situations
- Interpret and discuss how current economic, social, demographic and economic factors can affect medium- and long-term commercial decisions

- Examine the need for, and impact of, regulation and government policy on medium- and long-term financial decisions
- Analyse the main features and risks of financial products and contracts from the point of view of consumers and providers
- Demonstrate an understanding of enterprise risk management and its role in organisational management
- Discuss and apply the process of product design
- Select, describe, critically examine, explain and analyse an appropriate model to solve client problems
- Discuss the importance of capital, project future levels of capital, identify risks to capital, and demonstrate an understanding of the interaction between risk and capital
- Apply appropriate techniques to the pricing of products and contracts

Delivery and Resources

Classes

ACST402 is offered via classes on campus (Macquarie University). Students share lecture classes and a common teaching website with the unit ACST831, which is also offered via classes in the Sydney CBD and via distance education throughout the world.

Style of classes

We believe that the best way we can help you to master the Actuarial Control Cycle subject is not by giving traditional lectures where your role is basically to listen, think and take notes. We have planned the face-to-face classes to be like workshops: a mixture of short "micro-presentations", small group work, discussions involving the whole class, and individual activities. Most weeks, we will ask you to do some preparatory work - reading, research, writing or just thinking. If you want to get the most out of the classes, do the preparation, and get involved in the classroom work.

Downloadable lecture recordings

In all weeks, standard recordings of campus lectures using the University's lecture recording facility will be available. The recordings capture audio and screenshot. Since the classes in this unit are not traditional lectures but contain periods of group discussion, the recordings will contain some stretches of background noise which you will need to fast forward through.

In addition, for some weeks, a special downloadable presentation covering the lecture content has been created; this was produced specifically for distance students but is available to all students.

Timetable

The timetable for classes can be found on the Macquarie University website at:

<http://www.timetables.mq.edu.au>

Campus classes will all be held in the C5C Collaborative Learning Forum, on Tuesday 2-4 and Thursday 2-4.

Alterations to the class times or locations will be advised in class and on the teaching website.

Teaching staff

Leonie Tickle is the unit convenor and will be taking three weeks of classes. Leonie can be contacted via Dialogue on the website, or during her consultation hours.

Bruce Edwards and Peter Carroll will be conducting other classes. Bruce and Peter are industry practitioners with a wide range of knowledge across many areas in which actuaries practice. Outside of classes, the forum for interaction with your industry lecturers will be the website Discussion forums.

Hong Xie is the teaching administrator, and can deal with any administrative queries related to the unit. Hong can be contacted via Dialogue on the website.

Assumed knowledge

We assume from the start of the Actuarial Control Cycle that you have acquired the knowledge and skills in subjects CT1 to CT8 of Part I of the Actuaries Institute education program.

Prize

The AMP Prize for Actuarial Control Cycle 1 is awarded for this unit.

Required and recommended texts and materials

Textbook

There is one textbook for this unit, referred to here and elsewhere as UAM:

Bellis, C., Lyon, R., Klugman, S and Shepherd, J. (2010). Understanding Actuarial Management: The Actuarial Control Cycle, 2nd edition, Institute of Actuaries of Australia.

The textbook can be purchased from the Actuaries Institute, at:

<http://www.actuaries.asn.au/knowledge-bank/book-shop?id=8>

You should buy the book immediately, if you haven't already, as assessment tasks based on the book are due at the beginning of the second week of classes.

Copies of the book are available in the Reserve section of the Macquarie University library.

Other useful articles will be set out at the beginning of each Learning Guide, and made available on the teaching website.

Learning Guide

There is a Learning Guide for each section of work. You should read the Learning Guide in advance of the lectures, and bring a copy with you to classes.

Technology Used and Required

In this unit, you will need to have access to and to be able to use software to produce overhead slides, .pdf documents, and word-processing software to produce reports.

Teaching Website

Course material is available on the online learning management system (iLearn).

The teaching website is integral to this course unit. Passive involvement in this unit greatly reduces the likelihood of achieving the exemption standard of understanding. Interaction with other students and with teachers is very important, and the website is the forum for that interaction.

You will need to be accessing the website regularly to see announcements, read postings and stay informed - at least every couple of days. This is your responsibility and we cannot make any allowances for students who miss important information due to not checking the website regularly.

The website entry page is at:

<http://ilearn.mq.edu.au>

Teaching and Learning Activities

The unit is taught as set out in the Classes section. The Unit Schedule available under the Unit Information section of the website sets out the assessment and the topics covered in each week of the semester.

Exemptions

The Macquarie University units ACST402/831/831X (Control Cycle 1), ACST403/832/832X (Control Cycle 2) and ACST404/871/871X together count for exemption from the Actuaries Institute Part II subject. You will be recommended for exemption from Part II if you attain grades of Credit or better in these three units. If you attain a Pass in one or more of these units, then the exemption will be recommended if and only if a Standardised Numerical Grade (SNG) of at least 60 is achieved in all three units, and the average SNG is at least 65. For students who have completed part of Part II at a different university, each case is considered individually based on the exemption requirements at those universities.

It is the responsibility of the student to apply to Macquarie University to recommend them to the Actuaries Institute for professional exemptions. For information about this process and links to relevant forms, see:

http://www.businessandconomics.mq.edu.au/current_students/undergraduate/how_do_i/exemptions_for_professional_examinations

Changes since the last offering

The learning objectives, structure of assessment, class format and text are all the same as in the last offering. Learning Guides, readings, lecture slides and lecture recordings are updated each

year, and the individual assessments are new each year. There has also been a change in the order in which topics are covered since the last offering.

Unit Schedule

The Unit Schedule is available under the Unit Information section of the website.

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](#). Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy http://mq.edu.au/policy/docs/academic_honesty/policy.html

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy http://mq.edu.au/policy/docs/grievance_management/policy.html

Disruption to Studies Policy http://www.mq.edu.au/policy/docs/disruption_studies/policy.html *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: https://students.mq.edu.au/support/student_conduct/

Supplementary Exams

Further information regarding supplementary exams, including dates, is available here http://www.businessandeconomics.mq.edu.au/current_students/undergraduate/how_do_i/special_consideration

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)

- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

IT Help

For help with University computer systems and technology, visit <http://informatics.mq.edu.au/help/>.

When using the University's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students.

Graduate Capabilities

Discipline Specific Knowledge and Skills

Our graduates will take with them the intellectual development, depth and breadth of knowledge, scholarly understanding, and specific subject content in their chosen fields to make them competent and confident in their subject or profession. They will be able to demonstrate, where relevant, professional technical competence and meet professional standards. They will be able to articulate the structure of knowledge of their discipline, be able to adapt discipline-specific knowledge to novel situations, and be able to contribute from their discipline to inter-disciplinary solutions to problems.

This graduate capability is supported by:

Learning outcomes

- Discuss and apply an Actuarial Control Cycle in a variety of practical commercial situations
- Interpret and discuss how current economic, social, demographic and economic factors can affect medium- and long-term commercial decisions
- Examine the need for, and impact of, regulation and government policy on medium- and long-term financial decisions
- Analyse the main features and risks of financial products and contracts from the point of view of consumers and providers
- Demonstrate an understanding of enterprise risk management and its role in organisational management

- Discuss and apply the process of product design
- Select, describe, critically examine, explain and analyse an appropriate model to solve client problems
- Discuss the importance of capital, project future levels of capital, identify risks to capital, and demonstrate an understanding of the interaction between risk and capital
- Apply appropriate techniques to the pricing of products and contracts

Assessment tasks

- Assessed coursework
- Case study / report
- Assignment
- Final examination

Critical, Analytical and Integrative Thinking

We want our graduates to be capable of reasoning, questioning and analysing, and to integrate and synthesise learning and knowledge from a range of sources and environments; to be able to critique constraints, assumptions and limitations; to be able to think independently and systemically in relation to scholarly activity, in the workplace, and in the world. We want them to have a level of scientific and information technology literacy.

This graduate capability is supported by:

Learning outcomes

- Discuss and apply an Actuarial Control Cycle in a variety of practical commercial situations
- Interpret and discuss how current economic, social, demographic and economic factors can affect medium- and long-term commercial decisions
- Examine the need for, and impact of, regulation and government policy on medium- and long-term financial decisions
- Analyse the main features and risks of financial products and contracts from the point of view of consumers and providers
- Demonstrate an understanding of enterprise risk management and its role in organisational management
- Discuss and apply the process of product design
- Select, describe, critically examine, explain and analyse an appropriate model to solve client problems
- Discuss the importance of capital, project future levels of capital, identify risks to capital, and demonstrate an understanding of the interaction between risk and capital
- Apply appropriate techniques to the pricing of products and contracts

Assessment tasks

- Assessed coursework
- Case study / report
- Assignment
- Final examination

Problem Solving and Research Capability

Our graduates should be capable of researching; of analysing, and interpreting and assessing data and information in various forms; of drawing connections across fields of knowledge; and they should be able to relate their knowledge to complex situations at work or in the world, in order to diagnose and solve problems. We want them to have the confidence to take the initiative in doing so, within an awareness of their own limitations.

This graduate capability is supported by:

Learning outcomes

- Discuss and apply an Actuarial Control Cycle in a variety of practical commercial situations
- Interpret and discuss how current economic, social, demographic and economic factors can affect medium- and long-term commercial decisions
- Examine the need for, and impact of, regulation and government policy on medium- and long-term financial decisions
- Analyse the main features and risks of financial products and contracts from the point of view of consumers and providers
- Demonstrate an understanding of enterprise risk management and its role in organisational management

Assessment tasks

- Case study / report
- Assignment

Effective Communication

We want to develop in our students the ability to communicate and convey their views in forms effective with different audiences. We want our graduates to take with them the capability to read, listen, question, gather and evaluate information resources in a variety of formats, assess, write clearly, speak effectively, and to use visual communication and communication technologies as appropriate.

This graduate capability is supported by:

Learning outcomes

- Discuss and apply an Actuarial Control Cycle in a variety of practical commercial situations
- Interpret and discuss how current economic, social, demographic and economic factors can affect medium- and long-term commercial decisions
- Examine the need for, and impact of, regulation and government policy on medium- and long-term financial decisions
- Demonstrate an understanding of enterprise risk management and its role in organisational management

Assessment tasks

- Assessed coursework
- Case study / report
- Assignment
- Presentation (Oral)
- Final examination

Research and Practice

This unit uses research in several ways.

- This unit uses research by Macquarie University researchers (eg. current and ex-Macquarie staff members are editors and authors of the main text and other readings)
- This unit uses research from external sources (references will be provided)
- This unit gives you practice in applying research findings in your assignments