

INSTITUTE AND FACULTY OF ACTUARIES

EXAMINERS' REPORT

Subject CA2 Model Documentation, Analysis and Reporting

Examination Assignment S03

Introduction

The attached subject report has been written by the Principal Examiner with the aim of helping candidates. The specimen solutions are based on one possible approach to modelling the assignment set but the examiners gave credit for any alternative approach or interpretation which they considered to be reasonable.

D C Bowie
Chairman of the Board of Examiners

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A possible model with audit trail and a possible summary are posted on the website. These are not intended to be model solutions but include more detail than would ordinarily be possible within the time allowed within the examination. There were many marks available in the audit trail and summary for the explanations, observations, conclusions and suggestions on the model itself. In practice, a wide number of solutions was acceptable and candidates would have achieved good pass standards without having the same level of detail as the specimen solutions.

Candidates were required to project historic sales figures forward to determine the best order to sell all lots in an auction house. This particular exam did not require specific knowledge from any of the CT subjects.

Generally, the standard of the models produced was varied. The stronger candidates were able to accurately build the schedule required, using standard Excel functions. The weaker candidates struggled with the schedule aspect, and some did not get the correct number of combinations of the four auctioneers.

Some common pitfalls and mistakes included:

- not spotting that the unclassified items would be best categorised as Furniture and Clocks
- not spotting the trends in the historic sales for projecting the data forward
- overly complicating the construction of the work schedule of the four auctioneers for all 24 valid combinations ...
- ... leading to descriptions of the calculations in the audit trail and summary approach section that were difficult to follow
- not including enough discussion in the summary results and conclusions section on the results of the model

Candidates were generally able to make a reasonable assumption for projecting the data forward. The results were typically presented well. However, sometimes more distinct and reasonable conclusions on the results could have been included. Candidates need to be able to demonstrate a good level and depth of understanding of the model scenario to meet the pass standard.

END OF EXAMINERS' REPORT