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UNIVERSITY EXAMINATIONS 2023/2024

FIRST YEAR, SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR
OF SCIENCE IN ACTUARIAL SCIENCE

SMS 3130: THEORY OF ACTUARIAL PRACTICE AND PROFESSIONALISM

DATE: APRIL 2024

TIME: 2 HOURS

INSTRUCTIONS: Answer Question ONE and any other TWO questions.

QUESTION ONE (30 MARKS)

- a) Explain the following terms:
- i. Professional Integrity [2 Marks]
 - ii. Actuarial Compliance [2 Marks]
 - iii. Professional Standards [2 Marks]
- b) State three key professional guidance documents for actuaries. [6 Marks]
- c) State three components of the Technical Actuarial Standards. [6 Marks]
- d) Explain the challenges in maintaining ethical standards in actuarial practices. [4 Marks]
- e) Explain the role Actuarial society of Kenya (TASK) in actuarial practice. [4 Marks]
- f) Explain primary roles of actuaries in financial services [4 Marks]



MUST is ISO 9001:2015 and



ISO/IEC 27001:2013 CERTIFIED

QUESTION TWO (20 MARKS)

You are a senior actuary at ActuConsult, a well-established actuarial consulting firm. The firm is known for its adherence to professional standards and ethics in providing a wide range of actuarial services, including risk assessment, insurance product design, and pension consulting. ActuConsult is facing two major challenges: First, there has been a significant update in professional standards which impacts several of the firm's key service areas. Second, the firm is expanding its operations into diverse international markets, requiring a nuanced understanding of cultural competence and global actuarial practices. In this scenario, your role involves ensuring that the team at ActuConsult is fully apprised of and compliant with the updated professional standards. You also need to oversee the training and development of staff to ensure high levels of professionalism, particularly in complex international engagements.

- a) How would you ensure that all actuaries at ActuConsult are aware of and understand the latest changes in professional standards? [7 Marks]
- b) Discuss the steps you would take to integrate the new guidance standards into ActuConsult's actuarial consulting practices. [6 Marks]
- c) Explain the measures you would implement to maintain professionalism in actuarial practice, especially in light of the firm's international expansion. [7 Marks]

QUESTION THREE (20 MARKS)

- a) Discuss how national regulations in Kenya differ from international actuarial standards, and what challenges does this pose for actuaries working in global markets? [12 Marks]
- b) Explain the challenges faced by actuaries due to regulatory changes. [8 Marks]

QUESTION FOUR (20 MARKS)

You are the lead actuary at GlobalAct, a multinational actuarial consulting firm that provides services in various countries, including in regions with diverse actuarial practices and regulatory frameworks. GlobalAct is renowned for its commitment to the highest standards of actuarial practice. The firm is currently handling a complex project involving pension fund management



across different countries, each with its unique regulatory requirements and actuarial standards. In this project, you are tasked with ensuring that the work adheres to the Actuaries' Code, aligns with both local and international actuarial standards, and respects practice-specific standards and guidance notes. Additionally, there is a need to balance technical actuarial expertise with ethical considerations in diverse cultural and regulatory environments.

- a) How would you ensure that GlobalAct's work on the pension fund project adheres to the Actuaries' Code across different countries? [7 Marks]
- b) Discuss the role and importance of Technical Actuarial Standards in this project, especially in maintaining high-quality actuarial work. [5 Marks]
- c) Describe the measures you would take to ensure compliance with practice-specific standards and guidance notes relevant to pension fund management in various jurisdictions. [8 Marks]

QUESTION FIVE (20 MARKS)

You are a senior actuary at a leading actuarial firm in Kenya, "KenAct Consultants." The firm offers a range of actuarial services including pension consulting, insurance product design, and risk management. Recently, the regulatory environment in Kenya has undergone significant changes, with new rules being introduced by the Insurance Regulatory Authority (IRA) and the Institute and Faculty of Actuaries (IFoA). Additionally, there has been a push towards greater global harmonization of actuarial standards, particularly with the introduction of IFRS 17. Amidst these changes, KenAct Consultants is also exploring expansion opportunities in Ghana, which has a different regulatory environment compared to Kenya. The firm is also considering implementing more robust internal self-regulation practices to enhance service quality and compliance.

- a) As a senior actuary, how would you navigate the changes in the regulatory environment in Kenya, particularly with the new rules introduced by the IRA and IFoA? [8 Marks]
- b) Describe the measures you would take to ensure that KenAct Consultants adheres to the framework of self-regulation in the actuarial profession. How would this framework function within your firm? [8 Marks]
- c) Discuss the powers and responsibilities of the Institute and Faculty of Actuaries in regulating actuarial services, and how this impacts your firm's operations and service offerings. [4 Marks]

