SOA真题Course8F PDF转换可能丢失图片或格式，建议阅读原文

https://www.100test.com/kao_ti2020/84/2021_2022_SOA_E7_9C_9F_E9_A2_98C_c50_84122.htm COURSE 8: Fall 2005 - 1 - GO TO NEXT PAGEFinance and Enterprise Risk Management. Core SegmentMorning Session**BEGINNING OF EXAMINATION**FINANCE AND ENTERPRISE RISK MANAGEMENT. CORE SEGMENTMORNING SESSIONQuestions 1-2 pertain to the Case Study.Each question should be answered independently.1. (13 points) Kelly Ratings recently completed their review of Zoolander and sent you theresults, which recommend a downgrade in the rating. Tomas Lyon has asked you toprovide a report about this situation.You have gathered the following information as of December 31, 2004:Term net amount at risk is $3,000 million.Whole Life net amount at risk is $1,500 million.The general account annuity business is 100% GICs.Prepare a report that addresses the following points.(a) (2 points) Describe the roles of rating agencies and how they serve the securitiesmarkets and the public.(b) (1 point) Describe how rating agencies develop and use liquidity ratios inassessing a firm ’ s financial strength.(c) (4 points) Calculate Zoolander ’ s capital adequacy ratio as of December 31, 2004,based on Kelly ’ s rating methodology.(d) (4 points) Describe aspects of Kelly ’ s ratings process and models that could beconsidered inferior to those used by Standard &amp. Poors, Moody ’ s and FitchRatings.(e) (2 points) List the requirements to become a nationally recognized statisticalratings organization, as defined in the SEC ’ s proposed rule, and determinewhether Kelly meets those requirements.Questions 1 - 2 pertain to the Case Study.Each question should be answered independently.2. (10 points) Tomas Lyon, Zoolander ’ s CEO, has asked to speak with you about twoconcerns: liquidity risk and credit risk.(a) (2 points) Describe the forms of liquidity risk faced by insurance companies andthe importance of maintaining adequate liquidity.(b) (1 point) Comment on Zoolander ’ s current liquidity position.(c) (4 points) Lyon is concerned with a 0drop in the quality of the bond portfolio. Heasks you to build a model to quantify the potential exposure over the next yeardue to credit risk. Lyon wants an expectation as well as a “ worst case scenario ” based on a confidence interval of 99%.You have recently become familiar with the CreditMetrics approach to modelingcredit risk. Outline a plan to develop a model for Zoolander, including the majorcalculations and assumptions needed.(d) (3 points) Lyon wants to consider securitization as a means of reducing credit andliquidity risks and as a management tool.Explain the advantages to Zoolander of securitizing:i. Private Placement Bondsii. A Closed Block of Insurance Liabilities3. (12 points) Your company, New West Life, has been seeking expansion into the Asianmarket. New West ’ s CEO has negotiated a joint venture opportunity with a Chinesefirm, Orient Life.The joint venture will sell investment products to the expanding Chinese middle class.Each of the two partners will have 50% ownership of the venture. New West will invest$600 million, and Orient Life will invest $400 million. Neither partner will be able toexit the venture during the first five years.In addition, New West will have the option, at the end of five years, to buy Orient Life ’ sshare of the partnership, for $550 million.You have assessed that the joint venture has a 50% probability of increasing in value to$2,150 million at the end of five years and a 50% probability of decreasing in value to$600 million at the end of five years. There are no interim cash flows expected in thefive year period.You are given the following data:New West Life weighted average cost of capital (WACC): k = 10%New West Life fe Beta: β NW = 1.2Joint Venture Beta: β JV = 0.8Market Return: rm = 9%Risk-free Rate: rf = 4%The CEO of New West has asked you to review the joint venture opportunity.(a) Determine the appropriate risk-adjusted discount rate to use to assess thisopportunity.(b) Assess the opportunity using a net present value (NPV) approach.(c) Re-evaluate the joint venture using a contingent claims analysis (CCA) approach.(d) Explain to the CEO why the NPV and CCA results are different.(e) Recommend to the CEO whether or not New West should pursue thisopportunity. Justify your response.COURSE 8: Fall 2005 - 4 - GO TO NEXT PAGEFinance and Enterprise Risk Management. Core SegmentMorning Session