



ACTUARIAL SOCIETY
OF SOUTH AFRICA

EXAMINATION

23 October 2023 (am)

Subject N211 — Communications

Time allowed: Three hours and twenty minutes (which includes five minutes for downloading and uploading your answer document)

Total marks: 100

INSTRUCTIONS TO THE CANDIDATE

1. *Ensure that you are logged in and authenticated through Examyty before you attempt the examination.*
2. *Ensure that you have your exam permit handy. It reflects your candidate number to input as part of the examination.*
3. *The question paper is only available on the ASSA Exam Platform as a PDF download and may not be printed. Copy/paste of questions or parts thereof is allowed from the question paper to your answer documents only.*
4. *Download the Word and PowerPoint answer document templates from the ASSA Exam Platform. Save these Word and PowerPoint answer documents on your desktop, using your Candidate Number as filename. You are required to submit your answers in Word and PowerPoint format ONLY using these documents. No answers in any other format (e.g. handwritten) will be accepted. Save work regularly.*
5. *Ensure that your Candidate number appears in the “Header” (Word template) and “Footer” (PowerPoint template). [Double-click on the “Header” / “Footer” on the Word and PowerPoint documents, input your Candidate Number only, then press “Esc” to close the header/footer.] **Do not use your name or member number anywhere in your Word or PowerPoint answer document nor in the document name.***
6. *An Excel template will be available to use but will not be uploaded and used for the marking process.*
7. *You may not access any file from your computer, use any other computer program (e.g. Email), or open any other browser during the examination. The use of Grammarly and Grammarly Premium or similar is also not permitted in examinations.*
8. *You may not use any other material (e.g. a Formulae and Tables book) during the examination. Any such information that may be required will be provided to you within the examination.*
9. *You are strongly encouraged to use the first 15 minutes as reading time only; however, you may start answering the paper whenever you are ready.*
10. *Mark allocations are shown in brackets.*
11. *Add your word count to the bottom of Question 1. Include words and numbers in tables and graphs. If these are not included automatically, count manually and add to the total.*

12. *Attempt all questions. Save your work continuously during the examination.*
13. *Show calculations where appropriate. You may use blank paper to carry out rough work calculations. You may use a calculator from the approved list only.*
14. *Upload your Word and PowerPoint answer documents only into the ASSA Exam Platform. Once you have uploaded your documents, you must click on **Finish Attempt** to save your documents. You will still be allowed to go back and make changes (**Review Attempt**) if you have time.*
15. *Once you are satisfied with your uploaded documents, click **Finish Attempt** and **Finish all and Submit**. Once you have submitted you will not be able to make any changes.*
16. ***You must submit your answer documents BEFORE the end of the allotted examination time.** You should stop writing and start uploading during the last five minutes. Take this into account when planning your review and submission. There will be no time announcements.*

Note: The Actuarial Society of South Africa will not be held responsible for loss of data where candidates have not followed instructions as set out above.

END OF INSTRUCTIONS

QUESTION 1

Your grandmother has written an email to you:

<p>From: Pat Heart <pat&joe@webmail.com> To: PJ Heart <ironheart2000@gmail.com> Cc: Subject: Photo of your dad</p> <p>Dear Peanut</p> <p>I found this picture of your dad when he was young. You can tease him about that haircut!</p> <p>By the way, I know you are almost qualified as an actuary and so maybe you can help me with something. Why is the government making food so expensive? There are some items that I buy regularly, the same amount and brand, and the prices just keep going up. I've been making notes of some of them. Last week a loaf of bread, two litres of milk, a chicken and a bag of rice cost R15, R30, R70 and R35 respectively. This time last year these same items cost R14, R22, R40 and R25.</p> <p>My pension left over after my expenses is getting less and less all the time, even though I received a 5% increase on my pension recently. If this carries on like this, how will people and especially retired people, afford to eat and pay for all the other expenses that they have?</p> <p>I hear the news and they say that consumer price inflation is 8% per year. If inflation causes prices to go up by 8% then if the government stops inflation and I still get my 5% increase, I will be much better off. In any event I don't believe the 8% number. Based on what I see, prices go up by much more than that.</p> <p>The one saving grace is the small investment your grandfather made. The interest I get paid from that has increased, but I don't know why or for how long that will last.</p> <p>Anyway, good luck with the studies!</p> <p>Lots of love</p> <p>Your granny</p>	<p>Sun 20/08/2023 14:42</p>
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Write an email reply of 500 to 600 words to your grandmother answering the questions that she has posed in her email. Calculate the inflation she has experienced on the food items she provided prices for and explain why this is not the same as the consumer price inflation quoted in the news.

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In addition, correct her view that inflation causes prices to increase and give her some examples of economic drivers of inflation. Let her know that government is not directly responsible for managing inflation and then clearly draw the link between the interest she earns on her investment and the reserve bank's mandate to manage annual inflation to a target range of 3% to 6%. For your reply assume the investment is a bank deposit with a floating interest rate and the pension increase is discretionary, based on inflation.

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[Total 50]

QUESTION 2

Swenorland, a country in Northern Scandinavia, has been named the happiest country in the world in the 2023 World Happiness Report. This is, astonishingly, the seventh year in a row that Swenorland's citizens are top of the Happiness Index. This is a well-designed and -conducted United Nations index. It measures happiness in 156 countries based on levels of GDP, life expectancy, environment, social support, freedom and absence of corruption. Over the last ten years, Swenorland has shared the top three happiness spots with various countries shown in the table below and is consistently ranked among the top ten for productivity, level of corruption and social freedoms.

Country	Happiness Index Score 2023
Swenorland	8,2
Fineland	7,8
Dennerland	7,6
Icicoldplace	7,5
Irail	7,4
Netherplace	7,4

Swenorees have unusually high levels of institutional trust in their government and welfare system, which offers free healthcare and generous unemployment benefits. Swenorland has a pristine environment, but the long, dark winters curtail Swenorees' full enjoyment of these for a good portion of the year. Substance abuse and inequality is on the rise. Swenorees seldom display outpourings of joy or other positive emotions, even at Christmas time. It has recently been questioned whether the positive image of the country glosses over ongoing mental health challenges.


Depression and suicide rates are showing decreasing trends but are still significantly above the European average. A recent survey of 100 city-dwelling Swenoree adults aged 18 to 30 revealed that 27% define themselves as struggling/suffering in life for reasons such as depression or unemployment. Depressive symptoms have been recorded for 19% of those aged under 30 in the last year, compared to an average of 8% across society; suicide and unemployment rates are also highest in this age group. Social media usage is seen as contributing to differences in mental illness statistics across age groups as is the 6-week waiting list of those seeking psychiatric treatment in cities. Joblessness is higher among young adults than any other age grouping in the country. Young adults comprise 18% of the population of Swenorland.

Finalise a presentation of eight to ten slides to members of the *Citizens for Truth* organisation to address their request for information on possible reasons for the difference in findings of the well-established Happiness Index and the recent young adults' survey. Briefly set out the background and composition of the Happiness Index and Swenorland's score on this index relative to the five countries nearest to it in ranking. Comment on the differences between the populations covered by the studies and their impact as well as survey design and content on relative results.

Note: A preliminary draft of the first three slides of presentation is shown overleaf. This draft should be revised to ensure appropriate subject matter, content and order.

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	<p>TITLE ABOUT SWENORLAND'S HAPPINESS</p> <p>(and young adults' doubts ?)</p> <p>Appropriate author, user, date etc info</p>

Rating? Index?
Relative placement?

And Swenorland
specific comments?

Background to happiness index

Relative HI placement

Consideration of population differences (HI vs young adult) and concomitant impact

Possible differences eg questionnaire design (including wording of questions), data analysis, population surveyed

Summary/conclusion

(don't forget closing pleasantries)

Background

Who compiled it, factors considered, 10 year stats Swenorland vs others

[Total 50]

[Grand Total 100]

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END OF EXAMINATION