



ACTEX Virtual eFlashcards for Exam CP1

[< Back](#)**14-6** Unit 14 - Modelling

What is a deterministic model?

Card 6 of 19

Show back of card



Filter ▾

Rating ▾

Card #

Go

Manage Application

Quiz

Start

Skipped / Flagged / Incorrect

History



ACTEX Virtual eFlashcards for Exam CP1

< Back

14-6 Unit 14 - Modelling



- Uses fixed assumptions to produce one outcome
- Easier for non-technical users to understand
- Quick to build and run
- Limited in capturing uncertainty

Example: Calculating premiums using a single interest rate and fixed mortality rates.

Card 6 of 19

Show front of card



Filter ▾

Rating ▾

Card #

Go

Manage Application

Quiz



Start

Skipped / Flagged / Incorrect

History

**ACTEX Virtual eFlashcards for Exam CP1**[< Back](#)**14-10** Unit 14 - Modelling**How are model points used in pricing or financing strategy models?**

Card 10 of 19

Show back of card



Filter ▾

Rating ▾

Card #

Go

Manage Application

Quiz

Start

Skipped / Flagged / Incorrect

History



ACTEX Virtual eFlashcards for Exam CP1

[< Back](#)

14-10 Unit 14 - Modelling



- Model points represent typical contracts or information from whole business
- Grouping should aim for homogeneity
- Project cash flows for each model point, discounted using a risk discount rate
- Adjust charges to meet target profit levels

Example: If 1,000 similar policies are grouped as one model point, the outcome is scaled to the full portfolio.

Card 10 of 19

Show front of card



Filter ▾

Rating ▾

Card #

Go

Manage Application

Quiz



Start

Skipped / Flagged / Incorrect

History