

Question #63

Answer: D

Let \bar{A}_x and \bar{a}_x be calculated with μ_{x+t} and $\delta = 0.06$

Let \bar{A}_x^* and \bar{a}_x^* be the corresponding values with μ_{x+t} increased by 0.03 and δ decreased by 0.03

$$\bar{a}_x = \frac{1 - \bar{A}_x}{\delta} = \frac{0.4}{0.06} = 6.667$$

$$\bar{a}_x^* = \bar{a}_x$$

$$\begin{aligned} \left[\text{Proof: } \bar{a}_x^* &= \int_0^{\infty} e^{-\int_0^t (\mu_{x+s} + 0.03) ds} e^{-0.03t} dt \right. \\ &= \int_0^{\infty} e^{-\int_0^t \mu_{x+s} ds} e^{-0.03t} e^{-0.03t} dt \\ &= \int_0^{\infty} e^{-\int_0^t \mu_{x+s} ds} e^{-0.06t} dt \\ &= \bar{a}_x \left. \right] \end{aligned}$$

$$\begin{aligned} \bar{A}_x^* &= 1 - 0.03\bar{a}_x^* = 1 - 0.03\bar{a}_x \\ &= 1 - (0.03)(6.667) \\ &= 0.8 \end{aligned}$$