

2, p. 147: A coinsurance factor is the proportion of any loss that is paid by the insurer after any other modifications (such as deductibles or **maximum covered losses**) have been applied.

9, p.224, solution 6.37: Therefore,  $F(q) = 1 - (1 - q)^2$ ,  $0 < q < 1$ .

Set  $0.5 = 1 - (1 - q)^2$ . Final solution is okay.

9, p.353 and 359: natural parameter of the Binomial and Bernoulli is  $\ln[q/(1-q)]$ .

9, p.354 and 359: natural parameter of the Negative Binomial and Geometric is  $\ln[\beta/(1+\beta)]$

12, p. 153, fourth paragraph: IRBNR

12, p. 169: In each case 30 months maturity refers to the time from the start of the Policy Year.

12, p.171: Fitted severity =  $\exp[7.3162 + (0.07644) \mathbf{AY}]$ .

Projected Severity for **AY8** =

12, p.172: Fitted Frequency =  $0.065466 + (-0.000824)(\mathbf{AY})$

Fitted Frequency for **AY8**

12, p. 230, solution 7.34: The references to year 2005 should be to year **2015**.

12, p. 233, solution 7.41: Claim **D** would be:  $(2.3M)(1.04^{3.5}) = 2.638M$ .

12, p. 236, solution 7.48, the solutions to parts g and h are missing:

g. The first and third losses are part of AY07.

By the end of 2009, 8000 has been paid on the first loss and it has a reserve of 0.

As of 12/31/09 the first loss has an incurred of 8000.

As of 12/31/09 the third loss has an incurred of 1000.

AY07 incurred loss as of 12/31/09:  $8000 + 1000 = \mathbf{\$9000}$ .

h. The second and fourth losses are part of AY08.

As of 12/31/09 the second loss has an incurred of 15,000.

As of 12/31/09 the fourth loss has an incurred of 65,000.

AY08 incurred loss as of 12/31/09:  $15,000 + 65,000 = \mathbf{\$80,000}$ .

12, p. 240, solution 7.65, I need to take into account the subrogation:

$48,750 - 31,250 + 43,750 - 5000 = \mathbf{\$56,250}$ .

12, p. 244, solution 7.75, in the Comment:  $382,500/375,000 - 1 = \mathbf{2.0\%}$

12, p. 250, solution 7.89:  $(1.15) \{(1.75)(1.25)(1.05)(1.04)\} (1.3^{3.75}) (50,000) =$

12, p. 256, sol. 7.98: Since the rates will be in effect for one year, the average date of writing under the new rates will be 6 months later, or **May 1**, CY6. Final solution is okay.

12, p. 325, sol. 9.27:  $\frac{(828.63)(1.06) + 30}{1 - 0.14 - 0.03 - 0.10 - 0.03} = \mathbf{1298}$ .

12, p. 329, sol. 9.35:  $\Leftrightarrow (3/8)(250) = 93.75$  exposures.

$\Leftrightarrow (1/8)(300) = 37.5$  exposures.

12, p. 330, sol. 9.37:  $\Leftrightarrow 12.0\%$  increase.

12, p. 342, prior to the last line insert:

Assume in this example that exposures by class are: 1000, 500, and 500.

12, p. 348, last line:  $(0.9169)(1.8000) = 1.6504$

12, p. 437, bottom of the page: Gross IBNR Reserve =  
(Earned Premium)(Expected Loss Ratio) - (Case Reserves + **Paid Losses**).

12, p. 439, solution 13.2: Estimated Ultimate Losses. Remove reference to ALAE

12, p. 453, solution 14.7: Letter solution should be **A**.

12, p. 496, solution 16.5: answer is **563,846**.

12, p. 527, Q. 19.3: Calculate the rate at the **100,000** limit.

12, p. 527, Q. 19.18: In the fourth row the losses should be **16 million**.

12, p. 541, next to last paragraph: **x-d**  $x > d$

12, p. 543:  $E[X \wedge 500] = (0.6)(\$100) + (0.3)(\$500) + (0.1)(\$500) = \$260$ .

12, p. 561, Q. 20.9: Limited Expected Values should be denoted with  $\wedge$  rather than ;

12, p. 562, Q. 20.13: Limited Expected Value at Infinity should be **3309**

12, p. 579, Sol. 20.11:  $E[X \wedge 2000] =$

12, p. 609: AY2010 Ultimate trended Loss & ALAe in Layer should be 774,660.  
Subsequent numbers that follow from this change.

12, p. 611: The total of the expected losses in the layer should be 228,941.

12, p. 622, Q. 21.19: change the first column to read **Limit**.

12, p. 639, sol. 21.10, the on-level premium and values that follow from it are wrong:

On Level Premiums: 18,823,680, 20,080,825, 22,099,818

Loss Costs: 3.35%, 3.77%, 1.03%

$1,615,440 / 61,004,323 = 2.65\%$ .

Alternately, one could average the loss costs for the three years:

$(3.35\% + 3.77\% + 1.03\%) / 3 = 2.72\%$ .

13, p. 30, sol. 4.4: I believe root canal is an example of endodontics, and thus Type 2.

(The SOA solution to this past exam question had root canal as Type 3.

However, their solution to GHCORU, 11/18, Q.12f has root canal as Type 2.)

Thus the cost to the insurer is:  $(95\%)(\$1000) = \$950$ , both in network and out of network.

The totals are therefore \$7340 and \$5892.5.