

Name: _____ .

Preview Chapter 6: Premium Calculation

Directions: Print out and complete, based on your reading of the text. If there are multiple sheets, staple together the top left corners (in the correct order). Turn in at the start of class on the date due. Do not submit answers on notebook paper or via email. No credit for late or incomplete preview assignments. Assignments may be turned in, in advance, to my mailbox in 233 MSB.

§6.2: Preliminaries

1. Define each of the following.

(a) net premium (risk premium, benefit premium)

(b) gross premium (office premium, expense-loaded premium)

(c) single premium

2. Why are life insurance premiums payable in advance?

3. Why is it common for premium payments to cease at a certain age?

§6.3: Assumptions

1. Give the specifications of the Standard Select Survival Model that will be used for numerical examples.

§6.4: The present value of future loss random variable

1. Define each of the following.

(a) L_0^n

(b) L_0^g

(c) premium principle

2. The class flows for a traditional life insurance contract consist of what?