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.

§6.6: Gross premiums

1. List and briefly describe each of the three main types of expenses associated with insurance policies.

    (a)

    (b)

    (c)

2. Under the equivalence principle, $E[L_0^g] = $ _____.

3. State the equivalence principle for gross premiums in words (Equation 6.3)

4. In Example 6.6, where does the term $0.475P$ come from?

5. What is **new business strain**?