

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.

§6.9: Extra risks

1. Give two reasons why an individual might not be offered insurance at standard rates,
 - (a)

 - (b)

2. Give three approaches to modeling extra risk. Describe each briefly.
 - (a)

 - (b)

 - (c)

3. If one models extra risk by a constant addition to μ_x , why can't we simply change the rate in the calculation of the insurance benefit?

§6.10: Notes and further reading

1. Give four approaches to premium calculation (including the ones discussed previously in this chapter).

(a)

(b)

(c)

(d)