

ERRATA
INTRODUCTION TO RATEMAKING AND LOSS RESERVING
FOR PROPERTY AND CASUALTY INSURANCE
Third Edition

Page 139, Table 4.8, Accident Year 2003:

Development Year 3 should be 8,800.

Page 140, Table 4.10, Accident Year 2003:

Development Year 3 should be 9,462.

Page 141, Table 4.11, Accident Year 2004:

Development Year 2 should be 83.3.

Page 179, Exercise 5.12

The question should be slightly reworded. The third sentence should read:

It wants to buy reinsurance to protect itself from experiencing an underwriting loss ($\text{Loss} + \text{Expense} > \text{Premium}$) *on both a direct basis (before reinsurance) and net basis (after reinsurance)*.

The (d) part of the question should read:

(d) What is the reinsurer's expected loss ratio at *the maximum purchase price*?

Page 190, Exercise 5.12

Answers should be:

- (a) Stop-loss reinsurance
- (b) \$6.4M
- (c) 66.0% and 66.7%
- (d) 50%

Updated 2/5/09