

ERRATA
Introduction to Credibility Theory
Third Edition

1. Page 52, first line after Equation (5.1): “For $i = 1, 2, \dots$,” should be “For $i = 1, 2, \dots$,”.
2. Page 90, first and third lines: These two lines are reversed. The first line should read “denote the expected value of the process variance,” and the third line should read “denote the variance of the hypothetical means.”
3. Page 93, Step 3: The word “average” should be “aggregate.”
4. Page 110, lines 19 and 20, replace “Recall from Theorem 8.4” by “As will be shown in Theorem 8.4 of Chapter 8”.
5. Page 115, line 4: The symbol n_{i+1} should be n_i+1 .
6. Page 117, line 6: Again n_{i+1} should be n_i+1 .
7. Page 121, lines 1 and 3: The symbol x -hat should be x -bar-hat, in two places.
8. Page 127, solution to Example 7.5: In the numerator of the long fraction, the last term $5(5-1)^2$ should be $2(5-1)^2$. This makes the sample variance 1.20 instead of 1.36, and changes all numbers in the rest of the solution. 1.36 should be 1.20, .36 should be .20 (in two places), 2.78 should be 5.00 (in two places), .265 should be .167 (in three places), .735 should be .833 (in two places), and the final results should be 0.833, 1.000, 1.167, 1.334, 1.501, and 1.668.
9. Page 128, first line: The reference to Section 6.6.2 should be 6.6.4.
10. Page 153, Exercise 8-10: In the first line, it should read “... number of claims *per risk in a homogeneous collection* of 20 risks ...”
11. Page 160, first line after Equation (9.3): “ $f(\delta | m', y, mn\text{-bar}, y)$ ” should be “ $f(\delta | m'+mn\text{-bar}, y+y)$ ”.
12. Page 164, Equation (9.9): The subscript n on X and on x should be $mn\text{-bar}$, in two places, and again in the fourth line after Equation (9.9).
13. Page 168, Table 9.1, Exponential column: x' should be y' in both numerators.
14. Page 192, in the second line of Section 11.4, “203(b)/245” should be “203(b)/245(a)”.

15. Page 217, in the first line of Expression (A.10) at the bottom of the page, the superscript on “ e_j ” should be “ T_j ” instead of “ t ”.
16. Page 236, the five entries – 21.69, 17.52, 21.9, 16.93, and 13.68 – all need to be followed by per cent signs; e.g., “21.69” should be “21.69%”
17. Page 243, the first positive entry in the third column should be “12,266” instead of “12,666”.
18. Page 260, the answers to Exercise 7-8 should be: .442; .735; 1.028; 1.321
19. Page 59 of Solutions Manual, Exercise 7-8: The sample variance, accurate to 3 decimals, is .884, not .889. This changes the .889 to .884 in the next line, and changes the .264 to .259. Also change .264 to .259 in denominator in next line, change 2.37 to 2.41 (two places), and change .422 to .293. (Note that .422 was incorrect even without the error in .889.) Then the compliment of .293 will be .707 (instead of .578) in the credibility formula and in the table of results. The results should be 0.442, 0.735, 1.028, and 1.321

CLARIFICATIONS

Page 31, in the first two lines of the proof of Theorem 3.2, replace “continuous distribution function” by “continuous distribution function, $F(\theta)$ ”.

Page 39, last sentence of first paragraph: Replace “the (aggregate) amount of claims” by “the amount of the claim, if any”.

Page 57, add the following after the first sentence on page 57: “(Note that the substitution of λ for s assumes that S is an unbiased estimator.)”

Page 59, rewrite the last sentence of the statement of Example 5.6 as follows: “Determine the value of c under the following assumptions:

1. The loss frequency distribution is Poisson which can be approximated by a normal distribution.
2. The coefficient of variation of the loss severity distribution is .894.
3. The aggregate loss distribution can be approximated by a normal distribution.

Page 163, in Equation (9.8) and the line of text immediately below Equation (9.8) replace “ n ” by “ m ” (in four places). This produces more consistent notation in Chapter 9.