ACTEX STAM STUDY MANUAL – 2018

Errata List, by S. Broverman Updated July 12, 2018

Jul 12/18   Page 849, Section N41, Solution to Example 41.2. Sentence starting on line 4 should be

The balance-back factor is $\dfrac{1.2083}{\dfrac{3200}{4800}\times 1 + \dfrac{1600}{4800}\times 1.5} = \dfrac{1.2083}{1.1667} = 1.0357$ under either method. In

order to have an overall average 10% rate change, the change in the Class A rate increase ratio should be $1.1 \times 1.0357 = 1.139$ (13.9% rate increase) and the new rate for Class A will be $400 \times 1.139 = 456$ and for Class B it will be $446 \times 1.5 = 684$.