

Errata and Updates for the 7th Edition 2nd Printing of the ACTEX Manual for Exam MAS-II

(Last updated 5/24/2023)

Page 111 **7th line from the bottom.**

Change $a_* = a + x_1 = 10 = 1$ to $a_* = a + x_1 = 1 + 0 = 1$.

Page 169 **Example 9.4**

Change the solution to:

Calculate

$$\hat{\mu}_X = \frac{\sum_{i=1}^r \tilde{Z}_i \bar{X}_i}{\sum_{i=1}^r \tilde{Z}_i} = \frac{(28/43)(450) + (14/19)(600)}{28/43 + 14/19} = 529.6296.$$

The Bühlmanncredibility premiums to be charged to each group per policyholder are

$$\tilde{Z}_i \tilde{X}_i + (1 - \tilde{Z}_i) \hat{\mu}_X = \begin{cases} (28/43)(450) + (1 - 28/43)(529.6296) = 477.7778, & i = 1, \\ (14/19)(600) + (1 - 14/19)(529.6296) = 581.4815, & i = 2. \end{cases}$$

The total claims predicted based on the new premiums are then

$$(2)(477.7778) + (3)(581.4815) = 2700,$$

which are the same as the total recorded claims.