



Students requiring accommodations as a result of a disability, must contact the Centre for Students with Disabilities 778-782-3121 or csdo@sfu.ca

Instructor: Dr. Gary Parker

Prerequisite:

Math 232, STAT 285, and ACMA 210 (with a grade of C+ or higher)

Required Text:

Actuarial Mathematics (2nd ed) by Bowers, et al.; Publishers: Society of Actuaries

References:

- x Models for Quantifying Risk by R. Cunningham, T. Huerzog, R. London, Publisher: ACTEX
- x ACTEX Study Manual for Exam M of the Society of Actuaries by Matt Hassett, Donald G. Stewart, Amy Steeby, publishers: ACTEX.
- x Life Contingencies by C.W. Jordan; publishers: SOA.
- x Life Insurance Mathematics by H.U. Gerber; publishers: Springer-Verlag.
- x The Mathematics of Life Insurance by Menge and Fisher; publishers: Ulrich's.

Calendar Description:

Survival distributions: age at death, life tables, fractional ages, mortality laws, select and ultimate life tables. Life insurance: actuarial present value function (apv), moments of apv, basic life insurance contracts, portfolio. Life annuities: actuarial accumulation function, moments of apv, basic life annuities. Net annual premiums: actuarial equivalence principle, loss function, accumulation type benefits. Actuarial reserves: prospective loss function, basic contracts, recursive equations, fractional durations. Covers part of the syllabus for Exam M of the Society of Actuaries, and Exam 3 of the Casualty Actuarial Society, and covers practical applications such as computational aspects of pricing and reserving, and risk measurement of insurance portfolios. Quantitative.

Outline:

This course covers the fundamentals of Actuarial Mathematics in life insurance. The topics covered correspond to about the first half of the syllabus of Exam M of the Society of Actuaries and they include the following:

1. Survival Distributions: Future lifetime, life tables; fundamental theorems for calculating moments of actuarial functions; other actuarial functions; 3 assumptions for fractional ages; analytical laws of mortality.
2. Net Single Premiums for Life Insurance Contracts: Definition using a stochastic approach; distribution of the actuarial present value function for different insurance contracts.
3. Life Annuities: Actuarial accumulation function; aggregation and current payment techniques; life annuities with monthly payments- UDD, complete annuities (immediate), proportionable annuities (due), recursive equations.
4. Net Annual Premiums: Actuarial equivalence principle; basic contracts; monthly premiums; life insurance with accumulation type benefits.
5. Reserves: Definition of prospective loss; basic contracts; monthly premiums reserves: recursive equations for discrete reserves, reserves at fractional durations, allocation of the loss to the policy years.

Grading Scheme:

Assignments – 10%  
2 Midterms – 25% each  
Final – 40%

The grading is subject to change.

Students should be aware that they have certain rights to confidentiality concerning the return of course papers and the posting of marks. Please pay careful attention to the options discussed in class at the beginning of the semester. Students are reminded that Academic Honesty is a cornerstone of the acquisition of knowledge. Scholarly integrity is required (8hEyh11 Tc -0

