

## AS4824A/AS9824A (Short Term Actuarial Mathematics II)

### Fall 2021/2022 Course Outline

#### 1. Instructor Information

Instructor	Day/Time	Location	Contact	Office hours
Dr. Amin <u>HASSAN ZADEH</u>	Tuesdays 10:30 am – 11:30 am Thursdays 10:30 am – 12:30 pm	<u>In-person</u> at WSC 240	<a href="mailto:Ahassa45@uwo.ca">Ahassa45@uwo.ca</a>	Mondays 2:00-3:00 pm (Zoom meeting)

Students must use their Western (@uwo.ca) email addresses when contacting their instructors.

#### 2. Course Information

##### Course description:

Students will learn the following subjects:

Pricing and reserving for short-term insurance coverages. Selection, calibration, and validation of parametric models for insurance losses. Credibility theory in insurance and statistical simulation.

##### List of Prerequisites

A minimum mark of 60% in Statistical Sciences 3858A/B.

##### List of Antirequisites:

Restricted to students enrolled in any Actuarial Science module, or those registered in the Honours Specialization module in Statistics or the Honours Specialization in Financial Modelling module.

Unless you have either the requisites for this course or written special permission from your Dean to enroll in it, you may be removed from this course and it will be deleted from your record. This decision may not be appealed. You will receive no adjustment to your fees in the event that you are dropped from a course for failing to have the necessary prerequisites.

## 3. Course Syllabus, Schedule, Delivery Mode

### Learning Outcomes

Upon successful completion of this course, students will learn about concepts and mathematics of

- Short-Term Insurance: Coverages, loss reserving, ratemaking, reinsurance.
- Construction and selection of parametric models:
  - Estimation: Maximum likelihood, method of moments, percentile matching and Bayesian procedure.
  - Variance and confidence interval of estimators.
  - Acceptability of fitted model: Graphical procedures and statistical tests.
- Credibility theory:
  - Limited fluctuation credibility.
  - Bayesian approach in credibility.
  - Bühlmann and Bühlmann-Straub models.
  - Exact credibility.
  - Empirical Bayesian in nonparametric and semi-parametric cases.
- Simulation (time permitted):
  - Inversion method.
  - Estimation of the number of simulations with a given error and a given degree of confidence.
  - Use simulation to determine the p-value for a hypothesis test.
  - Use the bootstrap method to estimate the mean squared error of an estimator.
  - Apply simulation methods within the context of actuarial models.

### Contingency plan for an in-person class pivoting to 100% online learning

In the event of a COVID-19 resurgence during the course that necessitates the course delivery moving away from face-to-face interaction, all remaining course content will be delivered entirely online, either synchronously (i.e., at the times indicated in the timetable) or asynchronously (e.g., posted on OWL for students to view at their convenience). The grading scheme will **not** change. Any remaining assessments will also be conducted online as determined by the course instructor.

## 4. Course Materials

### Textbook

(1) Klugman, S.A., Panjer, H.H. and Willmot, G.E. (2019). Loss Models: From Data to Decisions, 5th edition, Wiley.

(2) Introduction to Ratemaking and Loss Reserving for Property and Casualty Insurance (4th Edition), 2015, by Brown and Lennox, ACTEX

## **Topics covered**

Chapters 2-5 of Textbook (2) and Chapters 10-13 and 15-19 the textbook (1).

Students are responsible for checking the course OWL site (<http://owl.uwo.ca>) on a regular basis for news and updates. This is the primary method by which information will be disseminated to all students in the class.

All course material will be posted to OWL: <http://owl.uwo.ca>.

If students need assistance with the course OWL site, they can seek support on the OWL Help page. Alternatively, they can contact the Western Technology Services Helpdesk. They can be contacted by phone at 519-661-3800 or ext. 83800.

## **5. Methods of Evaluation**

The overall course grade will be calculated as listed below:

Midterm Exam 1 (October 5 ): 15%

Midterm Exam 2 (November 11): 30%

Final Exam (will be announced by the registrar's office): 55%

All the exams are closed-book.

Non-programmable calculators are allowed on the midterm tests and the final exam. However, SOA approved calculators are strongly recommended.

### **CIA Accreditation**

This course is accredited under the Canadian Institute of Actuaries (CIA) University Accreditation Program (UAP). Achievement of the minimum required grades in accredited courses may provide credit for preliminary exams. Please note that a combination of courses may be required to achieve exam credit.

Details of required courses and grades at Western University are available at:

<https://www.cia-ica.ca/membership/university-accreditation-program---home/accredited/uwo>.

In addition to the university's internal policies on conduct, including academic misconduct, candidates pursuing credits for writing professional examinations shall also be subject to the Code of Conduct and Ethics for Candidates in the CIA Education System and the associated Policy on Conduct and Ethics for Candidates in the CIA Education System. For more information, please visit Obtaining UAP Credits and the CIA FAQ

### **Accommodated Evaluations**

If you are unable to meet a course requirement due to illness or other serious circumstances, you must seek approval for the absence as soon as possible. Approval can be granted either through a self-reporting of absence or via the Dean's Office/Academic Counselling unit of your Home Faculty. If you are a Science student, the Academic Counselling Office of the Faculty of Science is located in NCB 280,

and can be contacted at [scibmsac@uwo.ca](mailto:scibmsac@uwo.ca).

For further information, please consult the university's policy on academic consideration for student absences:

[https://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/Academic\\_Consideration\\_for\\_absences.pdf](https://www.uwo.ca/univsec/pdf/academic_policies/appeals/Academic_Consideration_for_absences.pdf).

**Missed Midterm or Test:** The policy of the department of Statistical and Actuarial Sciences is that there will be no make-up exams for a missed midterm. For those that do legitimately miss a midterm and provide the required supporting documentation, the standard practice will be that the weight of the midterm will be reassigned to the final exam. If your reason is not deemed valid, then you will receive a mark of 0.

If you miss the Final Exam, please contact your faculty's Academic Counselling Office as soon as you are able to do so. They will assess your eligibility to write the Special Exam (the name given by the university to a makeup Final Exam).

You may also be eligible to write the Special Exam if you are in a "Multiple Exam Situation" (see [http://www.registrar.uwo.ca/examinations/exam\\_schedule.html](http://www.registrar.uwo.ca/examinations/exam_schedule.html)).

### **Rounding of Marks Statement**

Across the Sciences Undergraduate Education programs, we strive to maintain high standards that reflect the effort that both students and faculty put into the teaching and learning experience during this course. All students will be treated equally and evaluated based only on their actual achievement.

**Final grades** on this course, irrespective of the number of decimal places used in marking individual assignments and tests, will be calculated to one decimal place and rounded to the nearest integer, e.g., 74.4 becomes 74, and 74.5 becomes 75. Marks WILL NOT be bumped to the next grade or GPA, e.g. a 79 will NOT be bumped up to an 80, an 84 WILL NOT be bumped up to an 85, etc. The mark attained is the mark you achieved, and the mark assigned; requests for mark "bumping" will be denied.

## **6. Student Absences**

### **Academic Consideration for Student Absences**

Students who experience an extenuating circumstance (illness, injury or other extenuating circumstance) sufficiently significant to temporarily render them unable to meet academic requirements may submit a request for academic consideration through the following routes:

- (i) Submitting a Self-Reported Absence (SRA) form provided that the conditions for submission are met. To be eligible for a Self-Reported Absence:
  - an absence must be no more than 48 hours
  - the assessments must be worth no more than 30% of the student's final grade
  - no more than two SRAs may be submitted during the Fall/Winter term
  - SRA is only applicable to undergraduate students only

- (ii) For medical absences, submitting a Student Medical Certificate (SMC) signed by a licensed medical or mental health practitioner to the Academic Counselling office of their Faculty of Registration.
- (iii) Submitting appropriate documentation for non-medical absences to the Academic Counselling office in their Faculty of Registration.

Note that in all cases, students are required to contact their instructors within 24 hours of the end of the period covered, unless otherwise instructed in the course outline.

Students should also note that individual instructors are not permitted to receive documentation directly from a student, whether in support of an application for consideration on medical grounds, or for other reasons. **All documentation required for absences that are not covered by the Self-Reported Absence Policy must be submitted to the Academic Counselling office of a student's Home Faculty.**

For the policy on Academic Consideration for Student Absences – Undergraduate Students in First Entry Programs, see:

[https://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/accommodation\\_illness.pdf](https://www.uwo.ca/univsec/pdf/academic_policies/appeals/accommodation_illness.pdf)

and for the Student Medical Certificate (SMC), see:

[http://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/medicalform.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf).

### **Religious Accommodation**

When a course requirement conflicts with a religious holiday that requires an absence from the University or prohibits certain activities, students should request accommodation for their absence in writing at least two weeks prior to the holiday to the course instructor and/or the Academic Counselling office of their Faculty of Registration. Please consult University's list of recognized religious holidays (updated annually) at

<https://multiculturalcalendar.com/ecal/index.php?s=c-univwo>.

### **Absences from Final Examinations**

If you miss the Final Exam, please contact the Academic Counselling office of your Faculty of Registration as soon as you are able to do so. They will assess your eligibility to write the Special Examination (the name given by the University to a makeup Final Exam).

You may also be eligible to write the Special Exam if you are in a “Multiple Exam Situation” (e.g., more than 2 exams in 23-hour period, more than 3 exams in a 47-hour period).

## **7. Accommodation and Accessibility**

### **Accommodation Policies**

Students with disabilities work with Accessible Education (formerly SSD), which provides recommendations for accommodation based on medical documentation or psychological and

cognitive testing. The policy on Academic Accommodation for Students with Disabilities can be found at:

[https://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/Academic\\_Accommodation\\_disabilities.pdf](https://www.uwo.ca/univsec/pdf/academic_policies/appeals/Academic_Accommodation_disabilities.pdf),

## 8. Academic Policies

The website for Registrarial Services is <http://www.registrar.uwo.ca>.

In accordance with policy,

[https://www.uwo.ca/univsec/pdf/policies\\_procedures/section1/mapp113.pdf](https://www.uwo.ca/univsec/pdf/policies_procedures/section1/mapp113.pdf),

the centrally administered e-mail account provided to students will be considered the individual's official university e-mail address. It is the responsibility of the account holder to ensure that e-mail received from the University at his/her official university address is attended to in a timely manner.

**Scholastic offences** are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence, at the following Web site:

[http://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/scholastic\\_discipline\\_undergrad.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/appeals/scholastic_discipline_undergrad.pdf).

## 9. Support Services

Please visit the Science & Basic Medical Sciences Academic Counselling webpage for information on adding/dropping courses, academic considerations for absences, appeals, exam conflicts, and many other academic related matters: <https://www.uwo.ca/sci/counselling/>.

Please contact the course instructor if you require lecture or printed material in an alternate format or if any other arrangements can make this course more accessible to you. You may also wish to contact Accessible Education at (519) 661-2147 if you have any questions regarding accommodations.

Western University is committed to a thriving campus as we deliver our courses in the mixed model of both virtual and face-to-face formats. We encourage you to check out the Digital Student Experience website to manage your academics and well-being: <https://www.uwo.ca/se/digital/>.

Students who are in emotional/mental distress should refer to Mental Health@Western (<http://www.health.uwo.ca/mentalhealth>) for a complete list of options about how to obtain help.

Additional student-run support services are offered by the USC, <http://westernusc.ca/services>.