CHANGES TO THE SYLLABUS AND CORE READING FOR SUBJECT ST8 FOR THE 2018 EXAMINATIONS

Changes to the Syllabus and their impact on Core Reading

There have been no changes to the Syllabus.

Changes to Core Reading

UNIT 2

Section 2.2.4.3

In the 2nd bullet pointed list the 5th bullet point has been amended to read:

- sex of main driver (note that current European regulations ban sex as a rating factor)

Section 2.3.4

The 2nd bullet point has been amended to read:

sex (note that current European regulations ban sex as a rating factor)

Section 2.4.4.1

The 4th sentence has been amended to read:

Sex may be a factor: women tend to be less prone to accidents than men (note that current European regulations ban sex as a rating factor)

UNIT 4

Section 1.1.2

In the 3rd paragraph the 2nd sentence has been amended to read:

At the start of 2017 there were 105 syndicates at Lloyd's.

Section 6.1

The final paragraph has been amended to read:

In the UK, for example, this resulted in a statement of principles from the ABI committing member insurers to continue to provide flood insurance coverage in defined circumstances until 2013. Following the expiry of this agreement, the UK Government and the insurance industry have agreed to set up a fund called Flood Re, to provide flood insurance at a fixed price to high risk policyholders. The scheme was implemented in the summer of 2015. Flood Re is financed by a levy on all insurers that provide home insurance.

UNIT 5

Section 1

A new bullet point has been inserted between the 2nd and 3rd bullet point as follows:

- Parameter error: This covers the uncertainty arising from the estimation of parameters used in a model.

Section 2.9

"asbestosis" *has been amended to* "asbestos-related illnesses"

UNIT 9

Section 3.3

The 1st bullet point has been amended to read:

- This will enable us to understand better the risks being handled and will help us to avoid unintentional cross-subsidies.

Section 3.5.1

In the 2nd paragraph "deflate" *has been amended to* "inflate"

UNIT 11

Section 6.1

A new paragraph has been added to the end of this section as follows:

This approach can also be used alongside more traditional curve fitting methods to derive loss distributions to use in capital modelling.

© Institute and Faculty of Actuaries

UNIT 12

Section 3.1.5

The following text has been added to the end of the penultimate paragraph:

More precisely, the model with lower AIC is expected to have higher predictive accuracy.

The following text has been added to the end of the final paragraph:

This is because the more parameters the model has, the greater the amount of parameter error and the risk of over-fitting.

UNIT 13

Relating to "**USE OF MULTIVARIATE MODELS IN PRICING**"

Section 3.2

In the 1ˢᵗ paragraph "attributed" *has been amended to* "attributing".

The only other changes that have been made to the Core Reading are to correct typographical errors and improve the style.

E N D