

Subject ST7

Corrections to 2014 study material

Comment

This document contains details of any errors and ambiguities in the Subject ST7 study materials for the 2014 exams that have been brought to our attention. We will incorporate these changes in the study material each year. We are always happy to receive feedback from students, particularly details concerning any errors, contradictions or unclear statements in the courses. If you have any such comments on this course please email them to ST7@bpp.com.

You may also find it useful to refer to the Subject ST7 threads on the Actuarial Discussion Forum. (You can reach the Forums by clicking on the “Discussion Forums” button at the top of the ActEd homepage, or by going to www.acted.co.uk/forums/.)

Important note

This document was last revised significantly on 13th August 2014. The date on which any subsequent corrections have been added is noted below.

Chapter 24 *(added 13th August 2014)*

Page 27

In the example question, item (c) should read:

“Total claims incurred are expected to be 65% of earned premium in 2013.”

Page 28

The paragraph after the first set of bullets should read:

“The balance sheet for 1 January 2014 seems more complex initially, but is very easy after some preliminary reasoning.”

Q&A Bank *(added 10th February 2014)*

Solution 2.16 (ii)

The second sentence of the fifth bullet point should read:

“However, the seller might want to use an optimistic basis and the buyer might want a prudent basis.”

CMP Upgrade *(added 18 December 2013)*

Page 8

The second line of page 8 should refer to page 9 instead of page 7. The third line of page 8 should refer to reporting years instead of accident years.