Reading material:

Poisson Models:
Either Study note from the Society of Actuaries: Daniel “Poisson Processes and mixture distributions” (in course pack)

Aggregate Loss Models:

Markov Chains:
Study note from the Society of Actuaries: Daniel: “Multi-State Transition Models with Actuarial Applications” (in course pack)

Course pack: www.study.net. Password: INSR2010

Office hours: Tuesdays and Thursdays, 12:30-1:30, Tuesdays 4:30-5:30, and by appointment, JMHH 458 (lemaire@wharton.upenn.edu)

Note: If you hit “Reply” to an e-mail from me to the class, you are replying to the whole class

Syllabus

Poisson Models

Lesson 1 (8/29): The Poisson process
Lesson 2 (9/3): The distribution of waiting times
Lesson 3 (9/5): Thinning. Non-homogeneous Poisson processes
Lesson 4 (9/10): The Compound Poisson process I
Lesson 5 (9/12): The Compound Poisson process II
Lesson 6 (9/17): Mixed Poisson processes
Lesson 7 (9/19): Applications

Aggregate Loss Models

Lesson 8 (9/24): The Compound model
Lesson 9 (9/26): No class
Lesson 10 (10/1): Convolution of two random variables
Lesson 11 (10/3): The moments of aggregate losses
Lesson 12 (10/8): Normal approximations I
Lesson 13 (10/15): Normal approximations II
Lesson 14 (10/17): Net stop loss premiums
Lesson 15 (10/22): Examples

Markov Chains

Lesson 16 (10/24): Definition of a Markov Chain
Lesson 17 (10/29): Chapman – Kolmogorov equations
Lesson 18 (10/31): Mid-term on Poisson Models and Aggregate Loss Models
  Open book, with SoA calculator. You may have in class: Textbooks, your class notes, a few pages with formulas. You may not have in class: ACTEX manuals or any other material. Exam counts for 50% of grade
Lesson 19 (11/5): The stationary distribution
Lesson 20 (11/7): Examples: Gambler’s ruin and credit scoring
Lesson 21 (11/12): Application to genetics
Lesson 22 (11/14): Example: Bonus-Malus systems in automobile insurance
Lesson 23 (11/19): Present value of cash flows in Markov Chains
Lesson 24 (11/21): Examples: Continuing care retirement community and Chinese Bonus-Malus System
Lesson 25 (1/26): Continuous Markov Chains.
Lesson 26 (12/3): Continuous Markov Chains
Lesson 27 (12/5): Application to Genetics

Final exam on Markov Chains (50% of grade): Thursday, December 19, 12:00 – 2:00.
  Same rules as mid-term.