



COURSE OUTLINE

1. **Course:** ACSC 537, Credibility Theory - Fall 2020

Lecture 01: MWF 11:00 - 11:50 - Online

Instructor	Email	Phone	Office	Hours
Dr Alexandru Badescu	abadescu@ucalgary.ca	220-3963	MS 576	M 15:00 - 16:00

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.

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Online Delivery Details:

Some aspects of this course are being offered in real-time via scheduled meeting times. For those aspects you are required to be online at the same time.

Most aspects of this course are being offered offline via a series of class notes and posted videos.

Each 'class' is to have two components:

1. Asynchronous Component: This consists of a series of pdf files with the notes for this course, accompanied by a series of videos in which I will go over these notes, show proofs of some of the results when necessary and solve a variety of related examples/problems.

2. Synchronous Component: The term tests will take place online and during the allocated lecture time on the specified exam date. For more information please see the Examination Policy section.

I will be offering Office Hours during the scheduled class time of each Wednesday. This will be held through Zoom, with the coordinates to be provided in D2L. Your presence is not required, but you are always encouraged to participate and ask questions.

Course Site:

D2L: ACSC 537 L01-(Fall 2020)-Credibility Theory

Note: Students must use their U of C account for all course correspondence.

2. **Requisites:**

See section [3.5.C](#) in the Faculty of Science section of the online Calendar.

Prerequisite(s):

Actuarial Science 327; Statistics 323; and 3 units from Mathematics 311, 313, 367 or 375.

Antirequisite(s):

Credit for Actuarial Science 537 and either 533 or 637 will not be allowed.

Actuarial Science 327; Statistics 323; and one of Mathematics 311, 313, 367 or 375.

3. **Grading:**

The University policy on grading and related matters is described in [F.1](#) and [F.2](#) of the online University Calendar.

In determining the overall grade in the course the following weights will be used:

Component(s)	Weighting %	Date
Test 1	25%	October 19
Test 2	25%	November 23
Final Exam	50%	TBA

Each piece of work (reports, assignments, quizzes, midterm exam(s) or final examination) submitted by the student will be assigned a grade. The student's grade for each component listed above will be combined with the indicated weights to produce an overall percentage for the course, which will be used to determine the course letter grade.

The conversion between a percentage grade and letter grade is as follows.

	A+	A	A-	B+	B	B-	C+	C	C-	D+	D
Minimum % Required	95 %	90 %	85 %	80%	75%	70 %	65 %	60%	55%	52 %	50 %

This course has a registrar scheduled final exam.

4. **Missed Components Of Term Work:**

The university has suspended the requirement for students to provide evidence for absences. Please do not attend medical clinics for medical notes or Commissioners for Oaths for statutory declarations.

In the event that a student legitimately fails to submit any online assessment on time (e.g. due to illness etc...), please contact the course coordinator, or the course instructor if this course does not have a coordinator to arrange for a re-adjustment of a submission date. Absences not reported within 48 hours will not be accommodated. If an excused absence is approved, then the percentage weight of the legitimately missed assignment could also be pro-rated among the components of the course.

There are no make-up tests for the term tests.

5. **Scheduled Out-of-Class Activities:**

There are no scheduled out of class activities for this course.

6. **Course Materials:**

Required Textbook(s):

Stuart Klugman, Harry H. Panjer and Gordon E. Willmot, *Loss models from data to decisions (fifth edition)*: Wiley.

Topics covered from the textbook

- Chapter 13: Bayesian Estimation
- Chapter 15: Model Selection
- Chapter 16: Introduction to Limited Fluctuation Credibility
- Chapter 17: Greatest accuracy Credibility
- Chapter 18: Empirical Bayes Parameter estimation

A calculator is essential for working exercises, tests and final exam. The Texas Instruments BA II PLUS calculator is one of the calculators allowed on the Society of Actuaries examinations; it has the financial functions that would be needed for this course and is recommended.

In order to successfully engage in their learning experiences at the University of Calgary, students taking online, remote and blended courses are required to have reliable access to the following technology:

- A computer with a supported operating system, as well as the latest security, and malware updates;
- A current and updated web browser;
- Webcam/Camera (built-in or external);
- Microphone and speaker (built-in or external), or headset with microphone;
- Current antivirus and/or firewall software enabled;
- Stable internet connection.

For more information please refer to the UofC [ELearning](#) online website.

7. Examination Policy:

As this course is a CIA accredited course, we need to follow two of the preferred practices given in [CIA-UAP](#).

1. All exams (midterms and final exam) will be published online at the same time for all candidates, with a total publication and completion time limit corresponding to the exam duration plus a limited period of about 15 minutes for upload if paper answers are to be uploaded. Exceptions will be made only to students who have SAS accommodations and/or students who are living in different time zones; these will be handled on a case by case basis. Students requiring accommodations for exceptional circumstances will need to arrange these with the instructor no less than 7 days before the exam.
2. There will be two (2) midterm exams administered through the course D2L website. They will be completed during the regularly scheduled class periods (i.e. synchronous) on the dates mentioned in the Grading section, and you will be expected to be available to write the exams during those times. The exams will be 45 minutes long, not including the 15 minute period for uploading.
3. The final exam date will be scheduled by the Registrar's Office and will have a duration of 2 hours, not including the 15 minute time for uploading the exam.
4. You will be required to sign the following statement based on honor on each assessment "I understand that this assessment is part of an accredited course under the University Accreditation Program of the Canadian Institute of Actuaries (CIA). In addition to the University rules governing academic integrity, I understand that I am subject to the Code of Conduct and Ethics for Candidates in the CIA Education System and related policy. I swear on my honor to have completed the work on my own and in accordance with the assessment's rules and instructions."

Students should also read the Calendar, [Section G](#), on Examinations.

8. Approved Mandatory And Optional Course Supplemental Fees:

There are no mandatory or optional course supplemental fees for this course.

9. Writing Across The Curriculum Statement:

For all components of the course, in any written work, the quality of the student's writing (language, spelling, grammar, presentation etc.) can be a factor in the evaluation of the work. See also [Section E.2](#) of the University Calendar.

10. Human Studies Statement:

Students will not participate as subjects or researchers in human studies.

See also [Section E.5](#) of the University Calendar.

11. Reappraisal Of Grades:

A student wishing a reappraisal, should first attempt to review the graded work with the Course coordinator/instructor or department offering the course. Students with sufficient academic grounds may request a reappraisal. Non-academic grounds are not relevant for grade reappraisals. Students should be aware that the grade being reappraised may be raised, lowered or remain the same. See [Section I.3](#) of the University Calendar.

- a. **Term Work:** The student should present their rationale as effectively and as fully as possible to the Course coordinator/instructor within **ten business days** of either being notified about the mark, or of the item's return to the class. If the student is not satisfied with the outcome, the student shall submit the Reappraisal of Graded Term work form to the department in which the course is offered within 2 business days of receiving the decision from the instructor. The Department will arrange for a reappraisal of the work within the next ten business days. The reappraisal will only be considered if the student provides a detailed rationale that outlines where and for what reason an error is suspected. See sections [I.1](#) and [I.2](#) of the University Calendar
- b. **Final Exam:** The student shall submit the request to Enrolment Services. See [Section I.3](#) of the University Calendar.

12. Other Important Information For Students:

- a. **Mental Health** The University of Calgary recognizes the pivotal role that student mental health plays in physical health, social connectedness and academic success, and aspires to create a caring and supportive campus community where individuals can freely talk about mental health and receive supports when needed. We encourage you to explore the mental health resources available throughout the university community, such as counselling, self-help resources, peer support or skills-building available through the SU Wellness Centre (Room 370, MacEwan Student Centre, [Mental Health Services Website](#)) and the Campus Mental Health Strategy website ([Mental Health](#)).
- b. **SU Wellness Center:** For more information, see www.ucalgary.ca/wellnesscentre or call [403-210-9355](tel:403-210-9355).

- c. **Sexual Violence:** The Sexual Violence Support Advocate, Carla Bertsch, can provide confidential support and information regarding sexual violence to all members of the university community. Carla can be reached by email (syva@ucalgary.ca) or phone at 403-220-2208. The complete University of Calgary policy on sexual violence can be viewed at (<https://www.ucalgary.ca/policies/files/policies/sexual-violence-policy.pdf>)
- d. **Misconduct:** Academic misconduct (cheating, plagiarism, or any other form) is a very serious offence that will be dealt with rigorously in all cases. A single offence may lead to disciplinary probation or suspension or expulsion. The Faculty of Science follows a zero tolerance policy regarding dishonesty. Please read the sections of the University Calendar under [Section K](#). Student Misconduct to inform yourself of definitions, processes and penalties. Examples of academic misconduct may include: submitting or presenting work as if it were the student's own work when it is not; submitting or presenting work in one course which has also been submitted in another course without the instructor's permission; collaborating in whole or in part without prior agreement of the instructor; borrowing experimental values from others without the instructor's approval; falsification/ fabrication of experimental values in a report. **These are only examples.**
- e. **Academic Accommodation Policy:** Students needing an accommodation because of a disability or medical condition should contact Student Accessibility Services in accordance with the procedure for accommodations for students with disabilities available at [procedure-for-accommodations-for-students-with-disabilities.pdf](#).
- Students needing an accommodation in relation to their coursework or to fulfill requirements for a graduate degree, based on a protected ground other than disability, should communicate this need, preferably in writing, to the Associate Head of the Department of Mathematics & Statistics, Mark Bauer by email bauerm@ucalgary.ca or phone 403-220-4189. Religious accommodation requests relating to class, test or exam scheduling or absences must be submitted no later than **14 days** prior to the date in question. See [Section E.4](#) of the University Calendar.
- f. **Freedom of Information and Privacy:** This course is conducted in accordance with the Freedom of Information and Protection of Privacy Act (FOIPP). Students should identify themselves on all written work by placing their name on the front page and their ID number on each subsequent page. For more information, see [Legal Services](#) website.
- g. **Student Union Information:** [VP Academic](#), Phone: [403-220-3911](tel:403-220-3911) Email: suvpaca@ucalgary.ca. SU Faculty Rep., Phone: [403-220-3913](tel:403-220-3913) Email: sciencerep@su.ucalgary.ca. [Student Ombudsman](#), Email: ombuds@ucalgary.ca.
- h. **Surveys:** At the University of Calgary, feedback through the Universal Student Ratings of Instruction ([USRI](#)) survey and the Faculty of Science Teaching Feedback form provides valuable information to help with evaluating instruction, enhancing learning and teaching, and selecting courses. Your responses make a difference - please participate in these surveys.
- i. **Copyright of Course Materials:** All course materials (including those posted on the course D2L site, a course website, or used in any teaching activity such as (but not limited to) examinations, quizzes, assignments, laboratory manuals, lecture slides or lecture materials and other course notes) are protected by law. These materials are for the sole use of students registered in this course and must not be redistributed. Sharing these materials with anyone else would be a breach of the terms and conditions governing student access to D2L, as well as a violation of the copyright in these materials, and may be pursued as a case of student academic or [non-academic misconduct](#), in addition to any other remedies available at law.
- j. **Canadian Institute of Actuaries Ethics:** In addition to the university's internal policies on conduct, including academic misconduct ([Section K of the online calendar](#)), 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](#)

Course Outcomes:

- Apply limited fluctuation (American) credibility and develop several criteria for both full and partial credibility
- Perform Bayesian analysis and compute credibility premiums using both discrete and continuous time models
- Apply Bühlmann and Bühlmann-Straub models and understand the relationship of these to the Bayesian model. Construct credibility premiums associated to these models
- Apply conjugate priors in Bayesian analysis and compute the credibility premiums for several models, such as Poisson-Gamma, Binomial-Beta, Normal-Normal and Exponential-Inverse Gamma.

- Apply empirical Bayesian methods in the nonparametric and semiparametric cases.
- Construct non-life insurance premiums using bonus-malus systems.

Electronically Approved - Sep 08 2020 13:09

Department Approval