2B, pages 53, 8 lines from bottom: R(10000) = 96.91% = 1 - 3.09% = **1 - LER(10000)**.

2B, pages 54: Exercise: For a loss of size 6 and a loss of size **15**, list

2D, page 125, middle of the page: the average size is $\frac{E[X \wedge u] - E[X \wedge d]}{S(d)}$

2D, page 131: $\frac{\mathbf{E[X \wedge u] - E[X \wedge d]}}{\mathbf{S(d)}}$ is <u>not</u> equal to e(d).

If u = ∞, in other words there is no maximum covered loss, then this is e(d).

2D, page 143, Q. 18.42: $300,000 excess of **$**200,000

2E, page 172, solution to the exercise: $\int_\theta^x y \frac{\alpha \theta^\alpha}{y^{\alpha+1}} dy + x \left(\frac{\theta}{x}\right)^\alpha = \alpha\theta^\alpha \int_\theta^x \frac{1}{y^\alpha} dy + \theta^\alpha x^{1-\alpha} =$

$$\alpha\theta^\alpha \frac{x^{1-\alpha} - \theta^{1-\alpha}}{1-\alpha} + \theta^\alpha x^{1-\alpha} = \frac{-\alpha}{(\alpha-1)} \frac{\theta^\alpha}{x^{\alpha-1}} + \frac{\alpha\theta}{\alpha-1} + \frac{\theta^\alpha}{x^{\alpha-1}} = \frac{\alpha\theta}{\alpha-1} - \frac{\theta^\alpha}{(\alpha-1)x^{\alpha-1}}$$

2I, page 277, 3rd paragraph: Each loss of size less than or equal to u contributes its own size, while each loss greater than u contributes just **u** to the average.

2K, page 377, line 8: $E[(1.1X)^2] = 1.1^2 E[X^{\mathbf{2}}]$.

2K, 381, last line of the solution to the first exercise: In 200**0**, e(3150) =

2K, 387, last line of the solution to the first exercise: (360,227 / **0**.702)

2N, 519, solution to the exercise: $\int_0^{10} \mathbf{0.01}\, dx$

3G, p. 256, sol. 5.74: Pr[S>9] ≅ 1 - Φ((9.5 - 6)/√14.4) = 1 - Φ(**.92**) = 1 - 0.8212 = **17.88%**.

3G, p. 263, sol. 5.101: Var[B] = (1)($\mathbf{2000}^2 + \mathbf{4000}^2$) = 20 million.

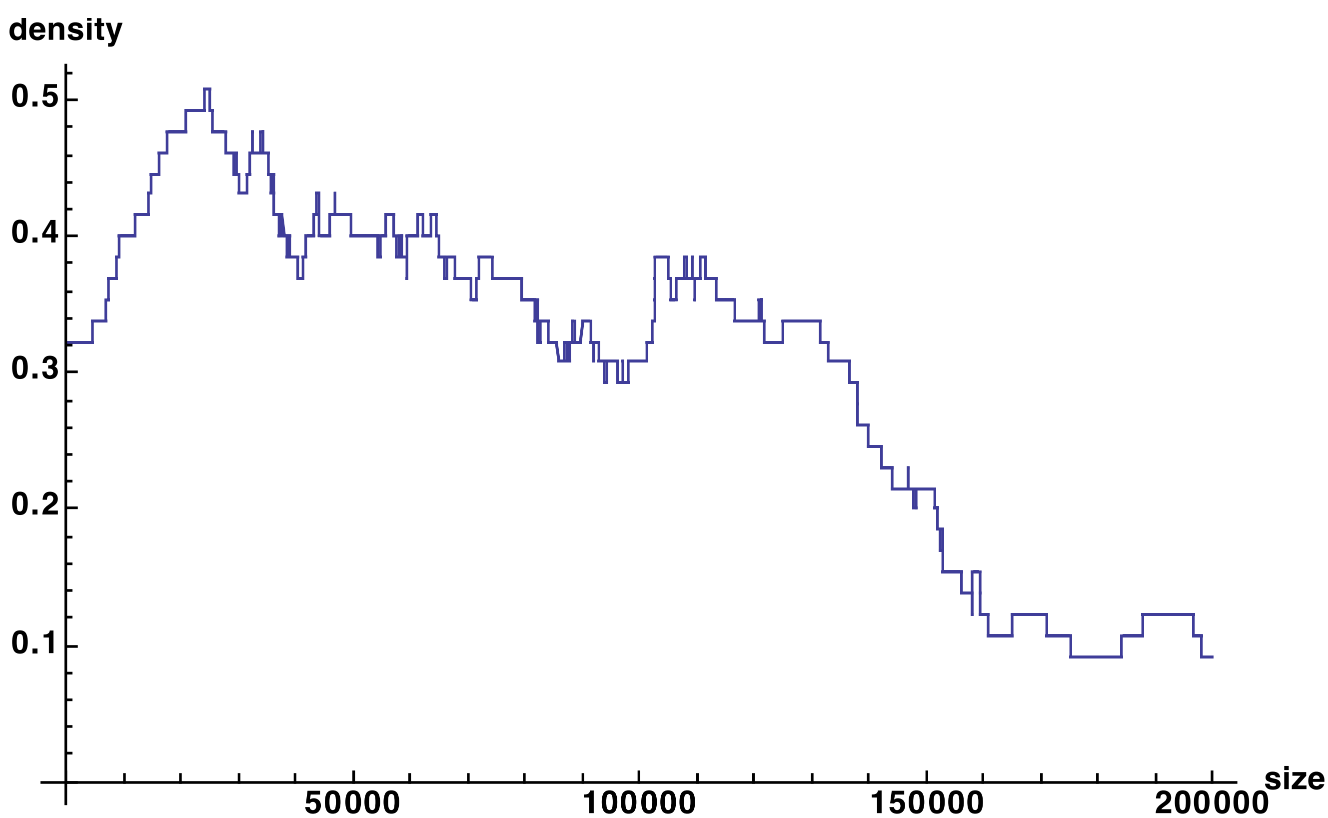
4C, p.70, sol. 6.2: ρ(X + c) = (1 + k)E[X +**c**]

5C, p. 92, at top: A zero-truncated Negative Binomial has a mean of: $\mathbf{r}\beta/\{1 - 1/(1 + \beta)^r\}$.

Therefore for r fixed, $\bar{X} = \mathbf{r}\beta/\{1 - 1/(1 + \beta)^r\}$.

5D, p.120, Sol. 3.41: Setting the partial derivative of the loglikelihood with respect to λ equal to zero: $-5 + 4\,\mathbf{e^{-\lambda}} / (1 - e^{-\lambda}) = 0. \Rightarrow e^{-\lambda} = 5/9. \Rightarrow \lambda =$ **0.588**.

6B, page 55: Here is a corrected version of 100,000 times the uniform kernel smoothed density with an even wider bandwidth of 25,000, and thus even more smoothing:



6B, p. 67: For the triangular kernel, $K_y(x) = 1 - \frac{\{x - (y + b)\}^2}{2b^2}$ for $y \le x \le y + b$.

6L, p. 425, line 3: $\frac{2\,\theta^2}{(\alpha - 1)\,(\alpha - 2)} - \left(\frac{\boldsymbol{\theta}}{\alpha - 1}\right)^2 = \frac{\alpha\,\theta^2}{(\alpha - 1)^2\,(\alpha - 2)}$

7B, p.65, Q. 3.36: bad line break, should read ${}_3\hat{q}_2$.

7C, p. 100-101: There are two questions both labeled 5.53.

7E, p. 194, Sol. 25.9: (85/100)/(65/85)(45/65)(35/**45**) = 35/100 = 0.350.

9D, p. 116, last line: The **predictive** distribution is denoted by: $f_{Y|X}(y|x)$.

10B, p. 46, 6th line from the bottom: mean of **predictive** distribution

13D, p.121, last two column headings in the table should be: $S_i/\sqrt{i}$, $(S_i/Xbar_i)/\sqrt{i}$

13D, p.125, last column heading in the table should be: $n\ F_n\ /\ S_n$

13D, p.131, Q.12.3, last column heading in the table should be: S_i^2

13D, Q.12.12 and 12.13, last column heading in the table should be: $n\ F_n\ /\ S_n$

13D, p. 138, Q.12.23, last two column headings in the table should be: S_n($1 billion), $n\ S_n\ /\ F_n$

13D, p.139, Q.12.26, last column heading in the table should be: S_i^2

13D, p.140, Q.12.29, last 3 column headings in the table should be: S_i^2, S_i, $S_i/\sqrt{i}$

13E, p.174&175, Q. 16.13 & Q. 16.20: should be cubed rather than squared, $\dfrac{\sum_{i=1}^{3}(X_i - \overline{X})^3}{3}$.

13G, p. 258, sol.5.20: Φ[-0.5**6**] = .2877. Thus the first simulated Standard Normal is -0.5**6**.

13H, p. 295, sol. 11.18: Set $u = 1 - \{500/(500 + x)\}^2$. $\Rightarrow x = 500\{(1-u)^{-0.5} - 1\}$.

13I, p. 298, sol. 12.6: Want $n \geq (y/k)^2 (S_n/\overline{X}_n)^{\mathbf{2}}$.

13I, p. 329, sol. 17.12, head of last column of the spreadsheet: (**e(20)** - 33.33)^2