

# Errata

Note that all of the July 31, 2018 errata below has been fixed in the final version of Part II that was posted on July 31, 2018. You only need to review the July 31, 2018 errata if you already printed Part II and do not wish to reprint. Also note that the page numbers references in the July 31, 2018 errata are based on the Outline Only version of Part II.

Please check the errata once every week or so. Given this is the first sitting for the study guide, we expect errata to be found.

## July 31, 2018

### Feldblum (Loss Reserve Discounting)

- On page 484, the second bullet from the top is partially incorrect. It should NOT say “Due to the unwinding of the interest rate, the discounted reserve change from \$12,100 to \$13,310.” Since the payment is made in 2016, it should say “Paid losses plus the change in discounted reserves equals  $\$13,310 + (\$0 - \$12,100) = \$1,210$  (i.e. underwriting loss of \$1,210)

### Feldblum (Surplus)

- On page 303, in the Scenario 1 Example, it should say “...and this capital is invested in 10% **annual** coupon taxable bonds,” not semi-annual coupon taxable bonds.

### CAS Financial Reporting Ch. 9 (Surplus & Capital)

- On page 312, the change in gross paid-in and contributed surplus is double counted. It should only appear in the “Additional Capital Contributions.” The current year surplus should say \$57,598,000.

### CAS Financial Reporting Ch. 14 (Schedule F)

- The formula for the provision for reinsurance for certified reinsurers is slightly off. Instead of using total recoverables in the formula (i.e. letter A), we should be using total **net** recoverables (we call this letter J), where net means total recoverables less reinsurance

payable on ceded balances payables and reinsurance payable on other amounts due to reinsurers. Thus, replace all of the letter A's with letter J's. In addition, for the net unsecured recoverable (i.e. let G), we should be using total net recoverables in place of total recoverables. See the original practice problem for more insight on certified reinsurers.

#### CAS Financial Reporting Ch. 15 (Schedule P)

- On page 368, in the Discounting section, it should say "...these amounts will NOT reconcile to the amounts shown in Part 1 for companies that use **tabular** discounting." The article says non-tabular which is misleading. The subsequent sentence should say **tabular** as well.

#### CAS Financial Reporting Ch. 19 (RBC)

- On page 397, the  $R_3$  is risk charge is cubed by mistake. It should be squared
- On page 422, in the third bullet under the example, the word "development" should not be there. We are using the loss ratio here, not the development factor
- On page 423, in the "Second" section, it should say **Net written premium** RBC after discount, not Loss and LAE RBC after discount

#### NAIC IRIS

- On page 431, it should state that IRIS Ratio **3** is 3, not IRIS Ratio 1.
- On page 432, it should state that IRIS Ratio **4** is 1, not IRIS Ratio 1.
- On page 445, it should state that IRIS Ratio 13 is 4 which is less than **25**, not less than 24.