



- 1 Relation to Syllabus
- 2 Point of the Paper
- 3 Comments on the Paper



LEARNING OBJECTIVES	KNOWLEDGE STATEMENTS
<p>1. Identify and evaluate possible rate classes. <i>Range of weight: 5-10 percent</i></p>	<p>a. Characteristics of appropriate classifications b. Sampling techniques <b>c. Credibility Considerations</b> d. Statistical significance e. Cluster analysis</p>
<p>2. Measure statistical significance of possible classes and estimate the loss costs of rating classes. <i>Range of weight: 5-10 percent</i></p>	<p>a. Multidimensional relativities <b>b. Credibility techniques</b> c. Quintiles Test d. Holdout sample</p>



Main point: The experience of a single car for 1 year has significant and measurable credibility for experience rating, and thus experience rating is actuarially justified.

The paper backs into the credibility using the experience rating formula.

The paper also concludes that experience rating is less predictive (individual risk experience is less credible) in robust risk classification systems.



- Conceptually not hard, but not written clearly.
- I suggest reading the study guide first to avoid confusion.