

CAS Exam 9 Study Manual – 2020
Errata
July 7, 2020

1. Bodie Kane Marcus, *Investments*, Eleventh Edition: Chapter 7, Optimal Risky Portfolios, Manual Page 48

Current: The securities have the following covariances:

Revised: The securities have the following correlations:

2. Joshua Coval, Jakub Jurek, and Erik Stafford, "The Economics of Structured Finance," *Journal of Economic Perspectives*, Vol. 23, #1, pp. 3–25: Manual page 357

Current: E. Sensitivity of CDO and CDO² to Changes in Default Correlation

Revised: E. Sensitivity of CDO and CDO² to Changes in Default Probability

3. J. David Cummins, "CAT Bonds and Other Risk-Linked Securities: State of the Market and Recent Developments," in *Risk Management and Insurance Review*, 11, 2008, pp. 23–47: Manual page 377

Current: e. 4) Modeled indices have the least exposure to basis risk but have exposure to model risk

Revised: e. 4) Modeled indices have the least exposure to basis risk but have exposure to model risk

4. J. David Cummins, "CAT Bonds and Other Risk-Linked Securities: State of the Market and Recent Developments," in *Risk Management and Insurance Review*, 11, 2008, pp. 23–47: Manual page 378

Current: D. 3. G. 2) Removal of risks from balance sheer

Revised: D. 3. G. 2) Removal of risks from balance sheet

5. Robert P. Butsic, "Solvency Measurement for Property-Liability Risk-Based Capital Applications," *The Journal of Risk and Insurance*, 61, December 1994, pp. 656-90: Manual page 408

Current: 9. Balance sheet at the end of the year without including future business

Revised: 9. Balance sheet at the end of the year including future business

6. J. Robert Ferrari, "The Relationship of Underwriting, Investment, Leverage, and Exposure to Total Return on Owners' Equity"; Discussion by Rafal J. Balcarek, *PCAS*, LV, 1968, pp. 295–302; *LVI*, 1969, pp. 58–60: Manual page 559

Current: I. B. The Solution - The author uses some basic equations and examples to show the impact of insurance leverage and to provide assistance in determining the optimal capital structure for a firm.

Revised: I. B. The Solution - The author uses some basic equations and examples to show the impact of insurance leverage and to provide assistance in determining the optimal capital structure for a firm.