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CAS Exam 9 Section D - Robbin UW Profit Provision

Paper	Methods	Base For Investment Income	Discounting	Tax Consideration
Robbin UW Profit Provision	CY Investment Income offset method	Policyholder supplied fund(% of EP) = Loss Reserve + unearned prem reserves - prepaid expenses - Avg prem receivables	n/a	After-tax portfolio yield is used
	PV offset method	n/a	Losses are discounted at preferably new money yield(or recent portfolio yield, current or est. portf. yield)	Not currently contemplated (after-tax interest rate for discounting losses could be used to account for taxes)
	PV return on CF method	Invest. Income only on Surplus	- Use rate on invest. to discount UW CF, I.I, and tax PMTs to Time 0 - Use target rate of return to discount change in equity to Time 0	Tax on UW CF and invest. Income
	Risk-adj. discounted CF method	Invest. Income only on Surplus	- All values are discounted to Time 1 (end of First Year) - Use Risk adj. rate to discount losses - use risk-free to discount I.I.	- PV of Tax on invest. Income - PV of Tax on UW income
Robbin IRR, ROE, PVI/PVE	CY Return on Equity and Growth Model	Accounting rules applied: Statutory Expense&losses Reserve + surplus - receivables	- For PVI/PVE cal, PVE is discounted to Time 0 while PVI to time 1	Accounting rules applied: Tax on GAAP income + invest. Income
	IRR on Equity Flows method		- For IRR cal, equity flow is discounted to Time 0	