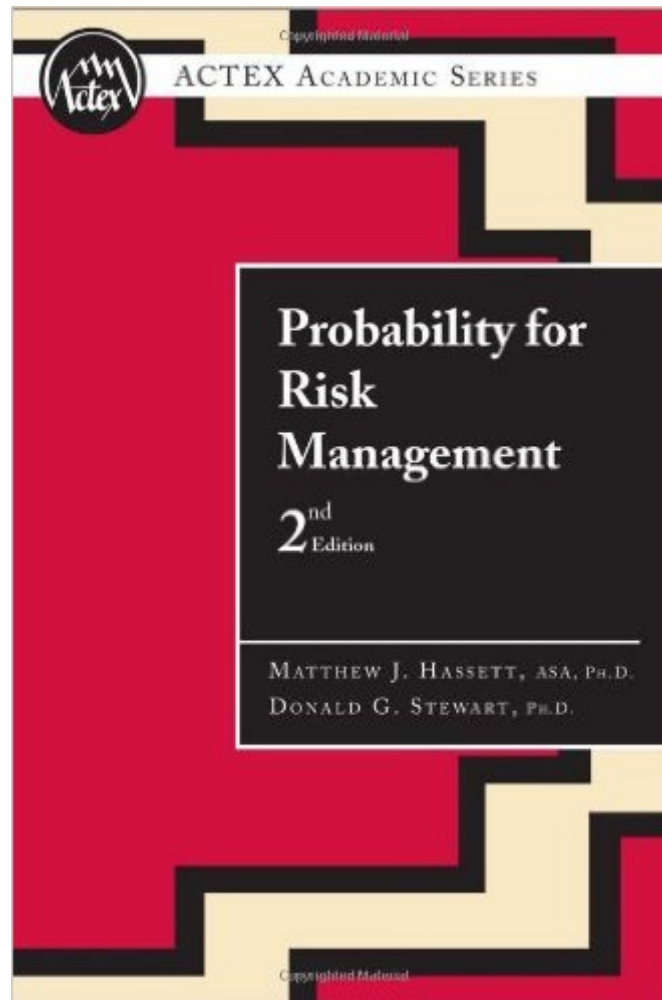


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# Probability For Risk Management



## Synopsis

This text is listed on the Course of Reading for the Exam P of the Society of Actuaries and the Exam 1 of the Casualty Actuarial Society. This unique text differs from most intermediate probability texts in that it focuses the theory directly on applications in the general field of financial risk management, including insurance, economics and finance. It will be appropriate for a first course in probability for students who have previously had two semesters of calculus. Past actuarial exam questions are included at the end of each chapter. This book will serve as an excellent background text for the more advanced probability material included on the Exams MLC and C of the SOA, Exams 3L and 4 of the CAS and the EA-1 Exam of the Joint Board for the Enrollment of Actuaries. It was designed for several audiences, including students of actuarial science, mathematical economics, finance and risk management. It will provide an interesting and appropriate preparation for mathematically gifted students in finance and economics. It is not abstract or proof-oriented. Rather, it shows the student how to use probability theory to solve real-world problems.

## Book Information

Paperback

Publisher: ACTEX Publications; Second Edition edition (2006)

Language: English

ISBN-10: 156698548X

ISBN-13: 978-1566985482

Product Dimensions: 8.9 x 5.9 x 1.2 inches

Shipping Weight: 1.6 pounds

Average Customer Review: 4.4 out of 5 stars [See all reviews](#) (29 customer reviews)

Best Sellers Rank: #542,318 in Books (See Top 100 in Books) #167 in [Books > Business & Money > Insurance > Risk Management](#) #108946 in [Books > Textbooks](#)

## Customer Reviews

If you're looking at this book, presumably you're looking to study for the first actuarial exam P/1. I took the exam in February and scored a 9. I used this book, as well as the Sam Broverman Actex study guide and an Actex online course. This may have been overkill, but I was changing careers and wanted to be sure I'd have the resources to pass. Anyway. While I wish there were 1 study guide or textbook that covered all the bases for all people, I'm skeptical that such a guide really exists. When deciding how to prep for exam P/1, students should consider how much they already know of the material. If you have a pretty decent statistics/probability background, a study guide

from Actex or ASM might be better. If you need a more thorough discussion of basic probability & the motivation behind certain concepts, a textbook may be better. Personally, I think it's worth consulting at least 2 sources anyway just because different authors will have different styles and points of emphasis. I like this book a lot, for what it is. It's among the most readable math books I've ever read. It uses very conversational language which makes it easy to follow, as other reviewers have pointed out. From what I've seen of Hassett & Stewart's Course 3 manual it has the same nice readable qualities. These guys do a nice job making the math accessible. They present each of the probability distributions and briefly describe the relative merits of each. There is intentionally very little theoretical discussion of the material, which may disappoint some readers, but there's no theory on the exam anyway, so the book seems to make a wise choice. However, this book does have several shortcomings, and I believe you'll need additional resources to pass the first exam.

The following review refers to the 1999 version specifically. I chose to include it with future version(s). This is not quite your normal review because it's also being used as a reference for something in case I want to refer back to it for something, but this reference does give you a detailed idea of why I say the things I do about the book. Based on the writing of this book, ASU (Arizona State University) probably has a great actuary program (undergrad or grad I think.) The terms in this book are well defined. This book tried to talk to students like they are human. It's not too drab, and makes smart comments like "Don't bet on it." which are witty enough and not too corny! (thumbs up) For people learning, this book minimizes fuss, frustration, and confusion. This book avoids the confusion by not explicating "too much" and saying things most books expect you to "figure out" intuitively. Most typos in this book are small compared to other books you may run into. When the author wrote this book, it wasn't just "plugging in numbers," but you can tell that they "felt" the readers and a maximization for understanding too. Sometimes the book likes to show an example, then present a formula. I like the way the book doesn't lead an example into a formula, because it can be more confusing and make the reader think that they should already know something. The book mentions alternate notational standards rather than letting the reader run into any potential problems on 2nd guessing. One good note to add is that the dot in midair in some of the problems presented is multiplication and NOT the dot product. This is a small, but possibly helpful tip the book should have mentioned.

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