**EMPOWER** DEVELOPMENT

*'All the elements of additional consideration that will help define the risk'*

**RISK FACTORS**

**LIMITATIONS OF STATISTICAL DATA**

- ✓ Changes in underlying risks covered
- ✓ Changes in underwriting policy
- ✓ Changes in exposure over time
- ✓ Changes in legislation

**11** QUESTIONS
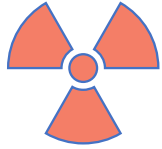
*'Are elements of these factors that can actually be used in the process to determine the level of premium to charge'*

**RATING FACTORS**

**LEARNING OUTCOME 3 – UNDERSTAND HOW STATISTICAL DATA IS USED FOR UNDERWRITING**

**PROBABILITIES**

- ✓ A decimal
- ✓ A fraction
- ✓ A percentage

**DISTRIBUTION OF DATA**

- ✓ Frequency distributions
- ✓ Comparing subsets of data
- ✓ Statistical distribution

- ✓ The minimum value within the set
- ✓ The maximum value within the set
- ✓ The averages contained within
- ✓ The spread of data

**IMPORTANCE OF AVERAGES**

**MEASURE OF AVERAGE**

- ✓ Arithmetic mean
- ✓ Median
- ✓ Mode

**EMPOWER** DEVELOPMENT