Chapter 6

General Formulas

Net Premium => Present Value of Premium = Present Value of Benefits

Gross Premium => Present Value of Premium = Present Value of Benefits + Present Value of Expenses

Variances

Premium Continuous; Benefits at Moment of Death	Annual Premiums; Benefits End of Year of Death
$$Var[L_0^n] = \left(S + \frac{P}{\delta} \right)^2 \left({}^2\bar{A}_{x:\overline{n}|} - (\bar{A}_{x:\overline{n}|})^2 \right)$$	$$Var[L_0^n] = \left(S + \frac{P}{d} \right)^2 \left({}^2A_{x:\overline{n}|} - (A_{x:\overline{n}|})^2 \right)$$
$n \to \infty$ for a whole life	$n \to \infty$ for a whole life

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