



ACST8084

Survival Models

Session 1, In person-scheduled-weekday, North Ryde 2023

Department of Actuarial Studies and Business Analytics

Contents

<u>General Information</u>	2
<u>Learning Outcomes</u>	2
<u>General Assessment Information</u>	3
<u>Assessment Tasks</u>	3
<u>Delivery and Resources</u>	5
<u>Unit Schedule</u>	5
<u>Policies and Procedures</u>	6

Disclaimer

Macquarie University has taken all reasonable measures to ensure the information in this publication is accurate and up-to-date. However, the information may change or become out-dated as a result of change in University policies, procedures or rules. The University reserves the right to make changes to any information in this publication without notice. Users of this publication are advised to check the website version of this publication [or the relevant faculty or department] before acting on any information in this publication.

General Information

Unit convenor and teaching staff

Yanlin Shi

yanlin.shi@mq.edu.au

Credit points

10

Prerequisites

STAT806 or STAT810 or STAT8310

Corequisites

Co-badged status

Unit description

This unit provides sophisticated statistical and probabilistic models for survival, sickness, insurance losses and other actuarial problems based on survival data. Techniques of survival analysis are used to estimate survival and loss distributions and evaluate risk factors in actuarial applications. Methods of both nonparametric and parametric estimation are utilised. Advanced models based on Markov chains and processes will be introduced to capture the features of stochastic transitions between different survival or loss states and to estimate the transition rates. Methods for valuing cashflows that are contingent upon multiple transition events and methods of projecting and valuing such expected cashflows will also be covered. Students gaining a weighted average of credit across all of ACST8084, ACST8085 and the CS2-related components of the assessment in ACST8086 (minimum mark of 60% on all three components) will satisfy the requirements for exemption from the professional subject CS2 of the Actuaries Institute.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

ULO1: Apply and analyse different types of survival models and justify their connections with practical actuarial problems.

ULO2: Apply statistical inference technique to estimate parameters and probability distributions of survival models.

ULO3: Demonstrate an understanding of the concepts and properties of Markov processes.

ULO4: Solve Markov transition probabilities via matrix theory and differential equations.

ULO5: Perform valuation of cashflows that are contingent upon multiple transition / decrement events.

ULO6: Apply the various statistical techniques and quantitative methods in solving practical insurance problems.

General Assessment Information

Late Assessment Submission Penalty (written assessments)

Unless a Special Consideration request has been submitted and approved, a 5% penalty (of the total possible mark) will be applied each day a written assessment is not submitted, up until the 7th day (including weekends). After the 7th day, a grade of '0' will be awarded even if the assessment is submitted. Submission time for all written assessments is set at 11.55pm. A 1-hour grace period is provided to students who experience a technical concern.

For any late submissions of time-sensitive tasks, such as scheduled tests/exams, performance assessments/presentations, and/or scheduled practical assessments/labs, students need to submit an application for [Special Consideration](#).

Assessment Tasks

Name	Weighting	Hurdle	Due
Final Exam	60%	No	Examination period
Class Test	20%	No	Week 8
Assignment	20%	No	Week 7

Final Exam

Assessment Type ¹: Examination

Indicative Time on Task ²: 28 hours

Due: **Examination period**

Weighting: **60%**

The final examination will be closed book, a three-hour written paper with ten minutes reading time, to be held during the University Examination period.

On successful completion you will be able to:

- Apply and analyse different types of survival models and justify their connections with practical actuarial problems.
- Apply statistical inference technique to estimate parameters and probability distributions of survival models.
- Demonstrate an understanding of the concepts and properties of Markov processes.
- Solve Markov transition probabilities via matrix theory and differential equations.
- Perform valuation of cashflows that are contingent upon multiple transition / decrement events.
- Apply the various statistical techniques and quantitative methods in solving practical insurance problems.

Class Test

Assessment Type ¹: Quiz/Test

Indicative Time on Task ²: 17 hours

Due: **Week 8**

Weighting: **20%**

The test will be approximately 120 minutes, to be held during class time.

On successful completion you will be able to:

- Apply and analyse different types of survival models and justify their connections with practical actuarial problems.
- Apply statistical inference technique to estimate parameters and probability distributions of survival models.
- Demonstrate an understanding of the concepts and properties of Markov processes.
- Apply the various statistical techniques and quantitative methods in solving practical insurance problems.

Assignment

Assessment Type ¹: Quantitative analysis task

Indicative Time on Task ²: 20 hours

Due: **Week 7**

Weighting: **20%**

Problem-solving questions requiring detailed solutions using the statistical package R.

On successful completion you will be able to:

- Apply and analyse different types of survival models and justify their connections with practical actuarial problems.
- Apply statistical inference technique to estimate parameters and probability distributions of survival models.
- Solve Markov transition probabilities via matrix theory and differential equations.
- Perform valuation of cashflows that are contingent upon multiple transition / decrement events.
- Apply the various statistical techniques and quantitative methods in solving practical insurance problems.

¹ If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

² Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

Delivery and Resources

Please refer to iLearn for details.

Unit Schedule

Week 1: Probability models (revision); Survival analysis

Week 2: Estimation of survival distributions

Week 3: Variance estimation and confidence intervals

Week 4: Cox proportional hazards models

Week 5: Cox proportional hazards models; Stochastic processes;

Week 6: Markov chains

Week 7 (last week before semester break): Markov chains; **Due of Individual Assignment**

Week 8 (first week after semester break): Markov jump processes; **Mid-term test**

Week 9: Markov jump processes

Week 10: Applications of Markov processes

Week 11: Applications of Markov processes

Week 12: Competitive risks and multiple decrement tables

Week 13: Revision

Note: This is only a tentative schedule. The actual schedule will be adjusted from time to time in accordance with the progress of lectures.

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Assessment Procedure](#)
- [Complaints Resolution Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#)

Students seeking more policy resources can visit [Student Policies \(https://students.mq.edu.au/support/study/policies\)](https://students.mq.edu.au/support/study/policies). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

To find other policies relating to Teaching and Learning, visit [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au) and use the [search tool](#).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/admin/other-resources/student-conduct>

Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit ask.mq.edu.au or if you are a Global MBA student contact globalmba.support@mq.edu.au

Academic Integrity

At Macquarie, we believe [academic integrity](#) – honesty, respect, trust, responsibility, fairness and courage – is at the core of learning, teaching and research. We recognise that meeting the expectations required to complete your assessments can be challenging. So, we offer you a range of resources and services to help you reach your potential, including free [online writing and maths support](#), [academic skills development](#) and [wellbeing consultations](#).

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

The Writing Centre

[The Writing Centre](#) provides resources to develop your English language proficiency, academic writing, and communication skills.

- [Workshops](#)
- [Chat with a WriteWISE peer writing leader](#)
- [Access StudyWISE](#)
- [Upload an assignment to Studiosity](#)
- [Complete the Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

Student Services and Support

Macquarie University offers a range of [Student Support Services](#) including:

- [IT Support](#)
- [Accessibility and disability support](#) with study
- Mental health [support](#)
- [Safety support](#) to respond to bullying, harassment, sexual harassment and sexual assault
- [Social support including information about finances, tenancy and legal issues](#)
- [Student Advocacy](#) provides independent advice on MQ policies, procedures, and processes

Student Enquiries

Got a question? Ask us via [AskMQ](#), or contact [Service Connect](#).

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.