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A Discounted Cash Flow Approach to Property-Liability Insurance Rate Regulation


| Chapter

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Fair Rate of Return in Property-Liability Insurance

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Abstract

This chapter begins by considering how a fair system of rate regulation—fair to both policyholders and insurance-company stockholders—would work. This question is usually answered by defining a fair rate of return. However, fairness can be more clearly and generally defined in terms of present value.

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