LETTER TO THE EDITORS

Dear Editors,

Concerns: "Premium Calculation Implications of Reinsurance without Arbitrage" by Gary G. Venter
Astin Bulletin, Vol. 21, No. 2, pp. 223-230.

In section three it is correctly stated that the principle of zero utility is additive if the underlying utility function is linear or exponential. The author gives credit for this result to C. Borch (1968, The Economics of Uncertainty, Princeton University Press, Princeton, N.J.). However to my knowledge this nice result has been discovered and proved by H. Gerber (On Additive Premium Calculation Principles, Astin Bulletin 7 (1974) pp. 215-222).

Sincerely Yours,

MARC J. GOOVAERTS

Remark of the editors: Borch treats the case, where the preference ordering is independent of initial wealth and gives credit to Pfanzagl (1) for the result.
(1) Pfanzagl J. "A General Theory of Measurement: Application to Utility", Naval Research Logistics Quarterly (1959) pp. 283-294.