

## Introduction

## Common Sets

**TABLE 1 COMMON SETS**

Set	Meaning	Example	Description/Example
$\mathbb{N}$	The natural numbers	$\{1, 2, 3, \dots\}$	Can sometimes be assumed to include 0, especially by computer scientists
$\mathbb{Z}$	The integers	$\{\dots - 2, -1, 0, 1, 2 \dots\}$	
$\mathbb{Z}^+$	The positive integers	$\{0, 1, 2 \dots\}$	
$\mathbb{Q}$	The rational numbers		
$\mathbb{R}$	The real numbers		
$\mathbb{C}$	Complex numbers		

Note that:

$$\mathbb{N} \subset \mathbb{Z} \subset \mathbb{Q} \subset \mathbb{R} \subset \mathbb{C}$$

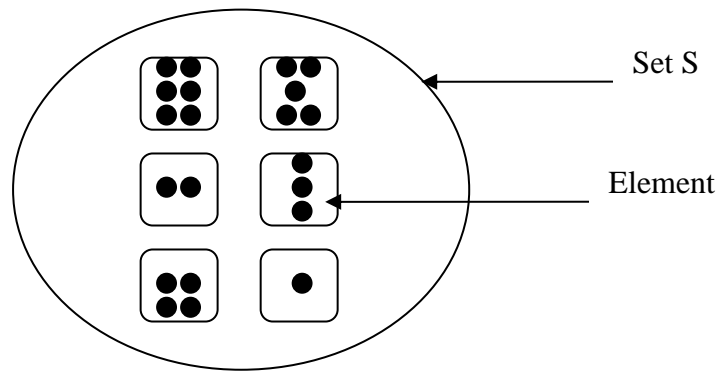
## Defining Sets

**TABLE 2 DEFINING SETS**

A set is a collection of things. We call the things elements of the set. If a set consists of the difference faces of a die we can write.

$$S = \{x: 1 \leq x \leq 6, x \in \mathbb{Z}\}$$

## Risk and Pricing Solutions



## Operations

**TABLE 3 SET DEFINITIONS**

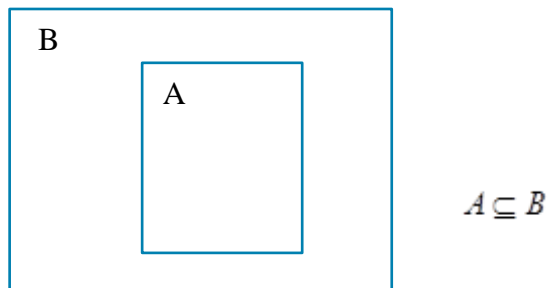
Symbol	Meaning	Example	Description/Example
$\in$	Membership	$1 \in \{1,2\}$	1 is in the set $\{1,2\}$
$\notin$	Not a member	$3 \notin \{1,2\}$	3 is not in $\{1,2\}$
$ \quad $	Cardinality	$ \emptyset  = 0,$ $ \{\emptyset\}  = 1,$	The cardinality of the empty set is zero. The cardinality of a set containing the empty set is one.
$\subseteq$	Subset	$\{1\} \subseteq \{1,2\},$ $\{1,2\} \subseteq \{1,2\},$	
$\subset$	Proper subset	$\{1\} \subset \{1,2\}$	
$\cap$	Intersection	$A \cap B$	
$\cup$	Union		
$\setminus$	Difference/Relative Complement	$A \setminus B$	
$A^c$	Absolute complement	$A^c$	

## Risk and Pricing Solutions

$[a, b]$	Open Interval	$[a, b] = \{x \in \mathbb{R}   a \leq x \leq b\}$	
$(a, b)$	Closed Interval	$(a, b) = \{x \in \mathbb{R}   a < x < b\}$	
$\times$	Cross Product / Cartesian Product	$A \times B$	

### $\subseteq$ - SUBSET

If  $x \in A \rightarrow x \in B$  then  $A \subseteq B$



### $\subset$ - PROPER SUBSET

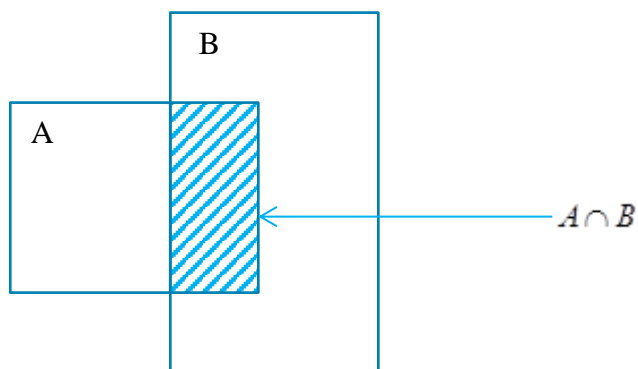
$A \subseteq B$  and  $A \neq B \rightarrow A \subset B$

### = EQUALITY

$A = B \leftrightarrow A \subseteq B$  and  $B \subseteq A$

### $\cap$ - INTERSECTION

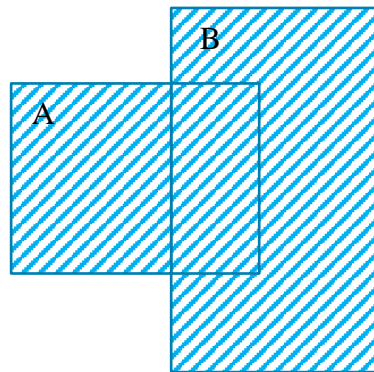
$A \cap B \rightarrow x \in A$  and  $x \in B$



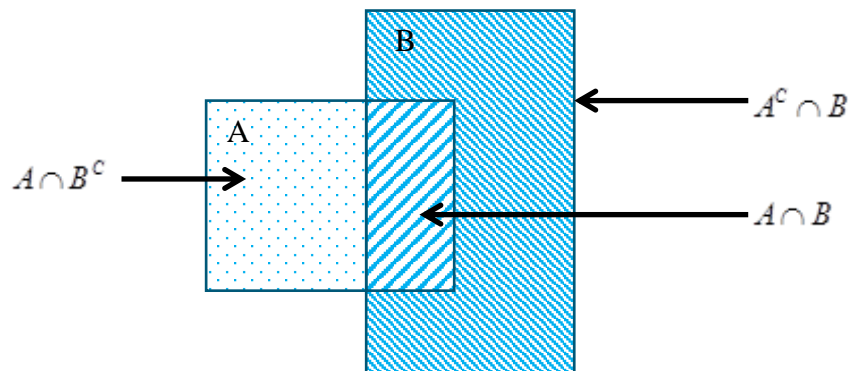
## Risk and Pricing Solutions

### U - UNION

$$A \cup B = x \in A \text{ or } x \in B$$



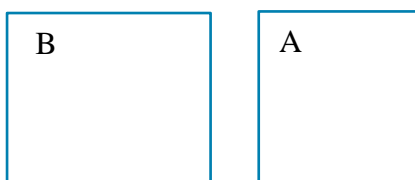
Note the following about the union of A and B



$$\begin{aligned} A \cup B &= (A \cap B^c) \cup (A^c \cap B) \cup (A \cap B) \\ &= A \setminus B \cup B \setminus A \cup (A \cap B) \end{aligned}$$

### Disjoint Sets

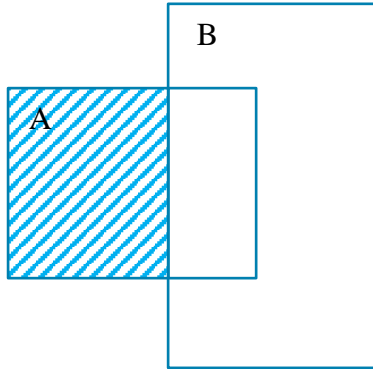
$$A \cap B = \emptyset$$



## Risk and Pricing Solutions

### $A \setminus B$ - DIFFERENCE (RELATIVE COMPLEMENT)

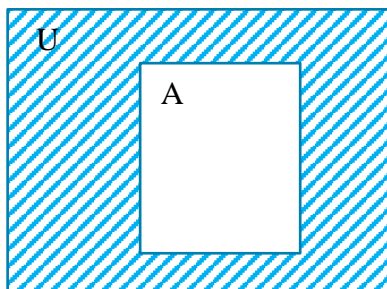
$$A \setminus B = x \in A \text{ and } x \notin B = A \cap B^c$$



### $A^c$ – ABSOLUTE COMPLEMENT

$$A^c = \bar{A} = x \in U \text{ and } x \notin A = U \setminus A$$

The set of elements in the universe  $U$  which are not in the set  $A$

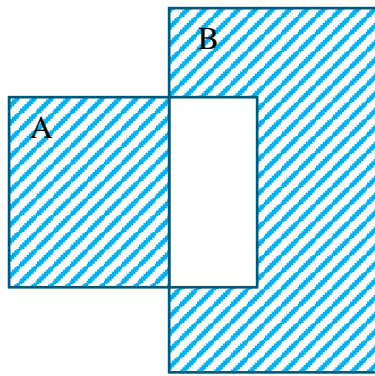


### $A \Delta B$ SYMMETRIC DIFFERENCE

The elements in  $A$  or  $B$  but not in both

$$A \Delta B = (A \setminus B) \cup (B \setminus A)$$

## Risk and Pricing Solutions



$$A \Delta B = (A \setminus B) \cup (B \setminus A)$$

### CROSS PRODUCT / CARTESIAN PRODUCT

If A and B are sets we can form the product C as

$$C = \{(a, b) : a \in A, b \in B\}$$

And we write

$$C = A \times B$$

## Risk and Pricing Solutions

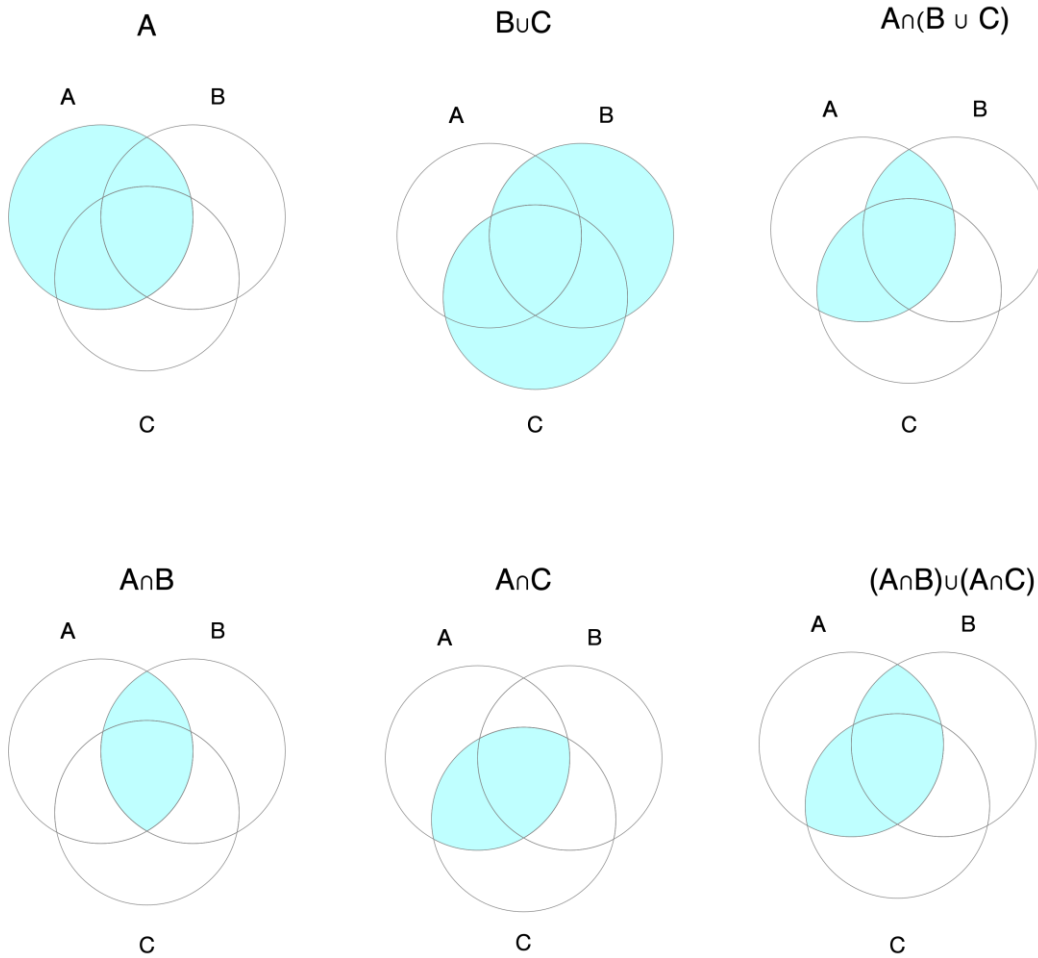
### Rules

**TABLE 4 RULES**

Law	Name	Description/Example
$A \cap A = A$	Idempotency	
$A \cup A = A$	Idempotency	
$A \cap B = B \cap A$	Commutative	
$A \cup B = B \cup A$	Commutative	
$(A \cup B) \cup C = A \cup (B \cup C)$	Associative	
$(A \cap B) \cap C = A \cap (B \cap C)$	Associative	
$A \cap (A \cup B) = A$	Absorption	
$A \cup (A \cap B) = A$	Absorption	
$A \cap (B \cup C) = (A \cap B) \cup (A \cap C)$	Distributive	
$A \cup (B \cap C) = (A \cup B) \cap (A \cup C)$	Distributive	
$\overline{(A \cup B)} = \bar{A} \cap \bar{B}$	De Morgan	
$\overline{(A \cap B)} = \bar{A} \cup \bar{B}$	De Morgan	
$A \setminus (B \cap C) = (A \setminus B) \cup (A \setminus C)$	De Morgan	
$A \setminus (B \cup C) = (A \setminus B) \cap (A \setminus C)$	De Morgan	

## Risk and Pricing Solutions

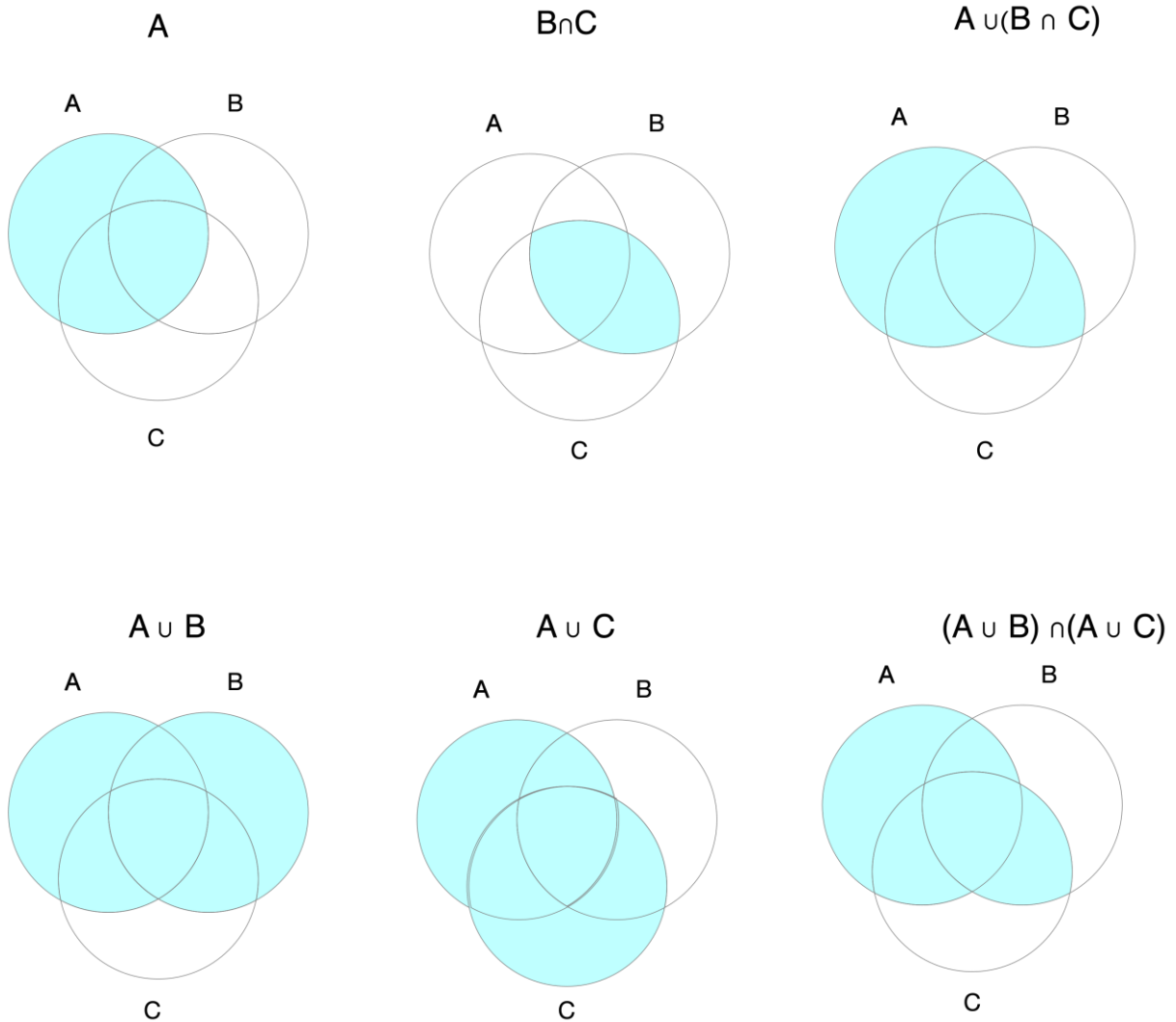
**DISTRIBUTIVE LAW 1**  $A \cap (B \cup C) = (A \cap B) \cup (A \cap C)$





## Risk and Pricing Solutions

**DISTRIBUTIVE LAW 2**  $A \cup (B \cap C) = (A \cup B) \cap (A \cup C)$



**DEMORGAN LAW**  $A \setminus (B \cap C) = (A \setminus B) \cup (A \setminus C)$