

Overview

Operators

Symbol	Meaning	Example	Description/Example
\in	Is in the set	$1 \in \{1,2\}$	1 is in the set $\{1,2\}$
\notin	Is not in the set	$3 \notin \{1,2\}$	3 is not in $\{1,2\}$
$ \quad $	Cardinality	$ \emptyset = \mathbf{0}, \{\emptyset\} = \mathbf{1},$	The cardinality of the empty set is zero.
\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	
$A \Delta B$	Symmetric difference		
$[a, b]$	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	$A \times B$	

Risk and Pricing Solutions

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

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

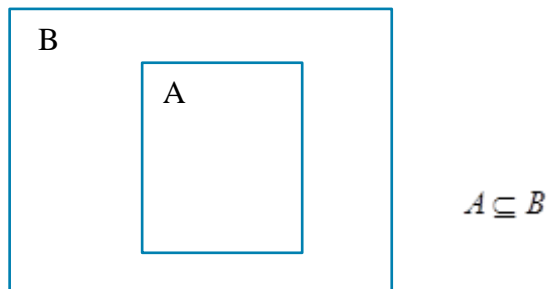
A set is a collection of things. We call the things elements of the set. If a set consists of the difference faces of a die we can write.

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

Risk and Pricing Solutions

\subseteq - SUBSET

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



\subset - PROPER SUBSET

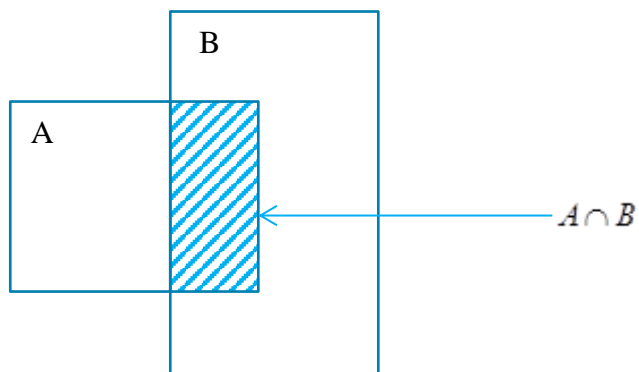
$A \subseteq B$ and $A \neq B \rightarrow A \subset B$

= EQUALITY

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

\cap - INTERSECTION

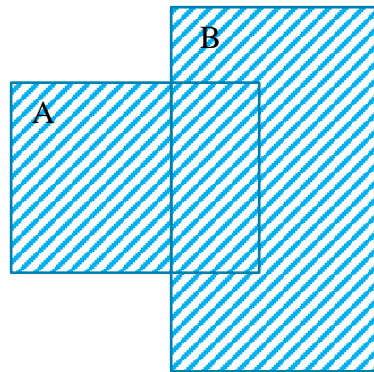
$A \cap B \rightarrow x \in A$ and $x \in B$



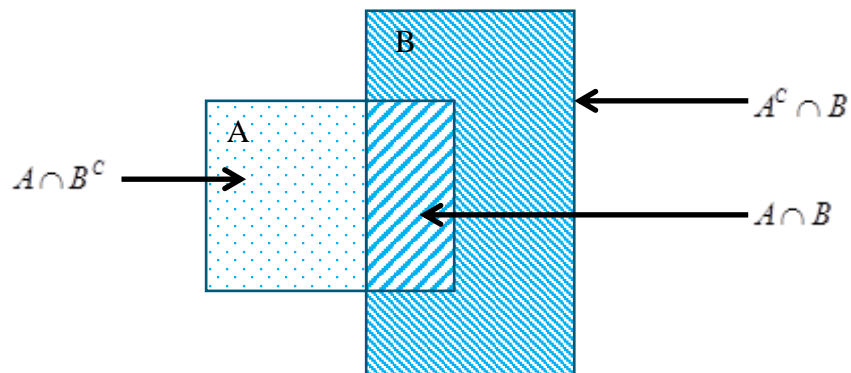
\cup - UNION

$A \cup B = x \in A$ or $x \in B$

Risk and Pricing Solutions



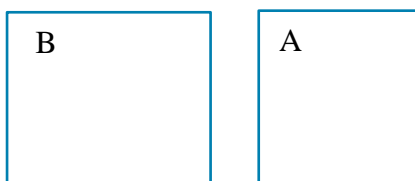
Note the following about the union of A and B



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

Disjoint Sets

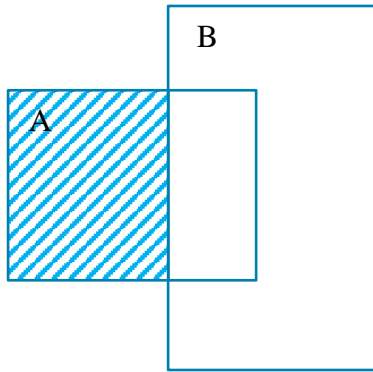
$$A \cap B = \emptyset$$



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

Risk and Pricing Solutions

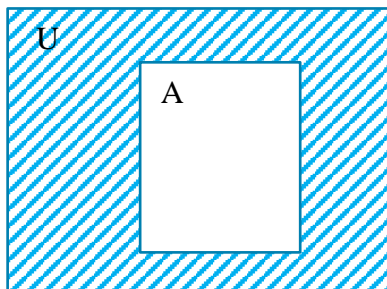
$$A \setminus B = x \in A \text{ and } x \notin B = A \cap B^c$$



A^c – ABSOLUTE COMPLEMENT

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

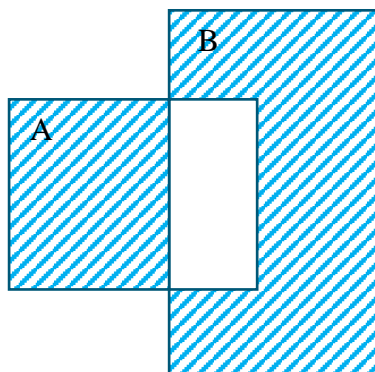
The set of elements in the universe U which are not in the set A



$A \Delta B$ SYMMETRIC DIFFERENCE

The elements in A or B but not in both

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



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

Risk and Pricing Solutions

CROSS PRODUCT / CARTESIAN PRODUCT

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

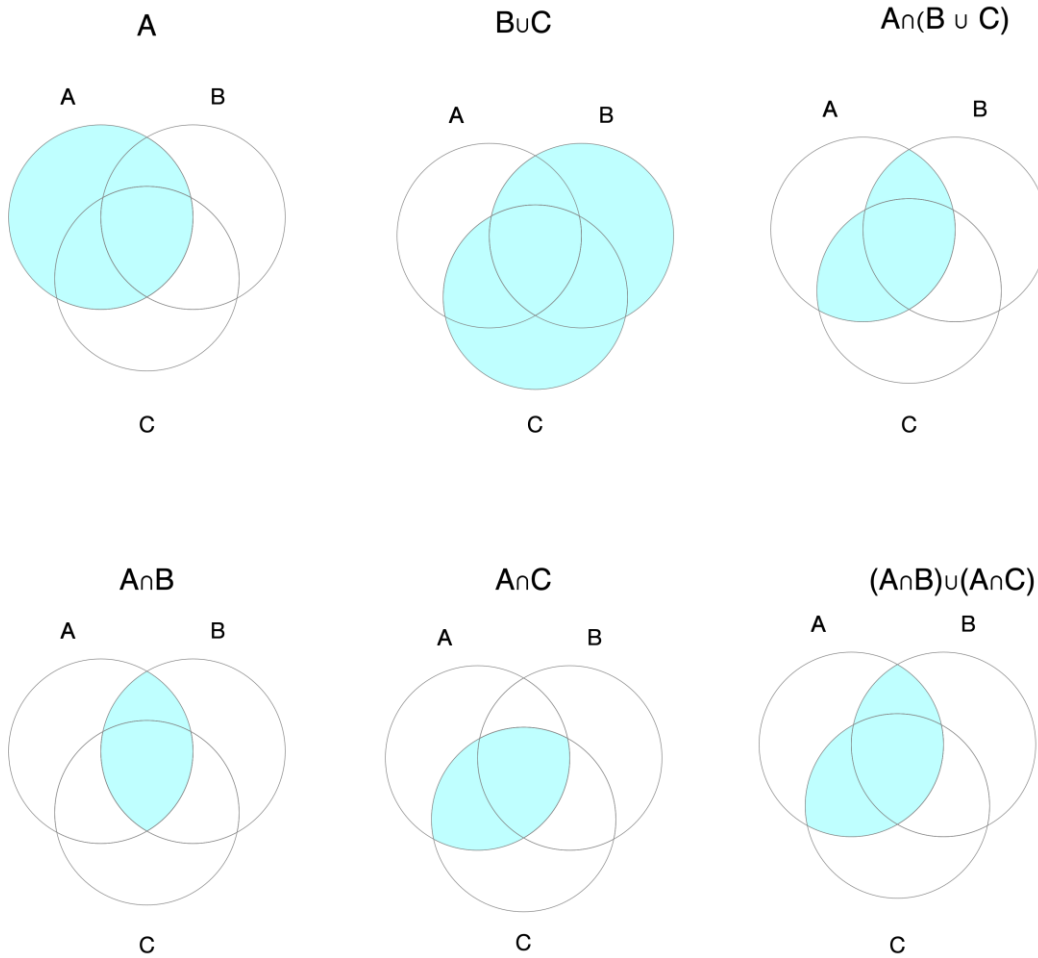
$$C = \{(a, b): a \in A, b \in B\}$$

And we write

$$C = A \times B$$

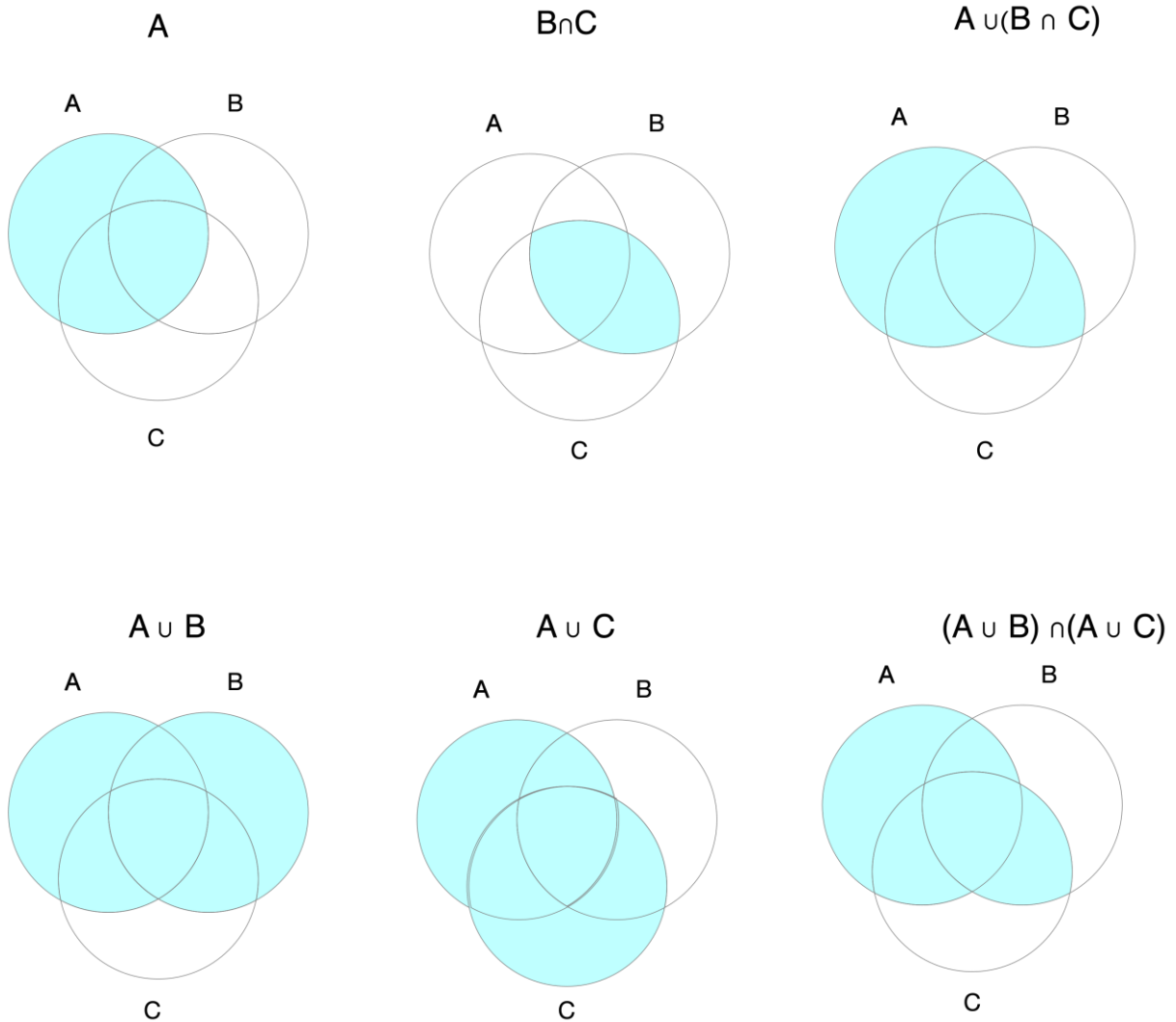
Risk and Pricing Solutions

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 $A \setminus (B \cap C) = (A \setminus B) \cup (A \setminus C)$