

P.555 , 2nd to last line:  $\Rightarrow C = r_G + \phi(r_G) - \{r_H + \phi(r_H)\}.$

P. 704: LDD  
Service on the entire  
policy and  
excess loss coverage.

Excess WC  
Excess loss WC  
coverage only.

P. 757, sol. 17.20:  $2.85/1.14 = 2.50$

P. 866:  $d = D / M$

P. 879:  $G'(0)$

P. 908:  $\$100,000 / \$10,000 = 10.0$

P. 914, headings were scrambled:

Class 1 Countrywide Losses

Trended, Developed, and on Current Law Level

	<u>Number</u> <u>of Claims</u>	<u>Dollars of Loss (\$ million)</u>
Fatal	3	3
Perm. Total	2	4
Major P.P.	80	9
Minor P.P.	50	1
Temp. Total	600	7
Medical Only	2000	1

Hazard Group II Countrywide Losses Trended,

Trended, Developed, and on Current Law Level

	<u>Number</u> <u>of Claims</u>	<u>Dollars of Loss (\$ million)</u>
Fatal	400	65
Perm. Total	200	200
Major P.P.	25,000	2500
Minor P.P.	15,000	150
Temp. Total	200,000	1600
Medical Only	600,000	200

p. 917, sol. 21.7: The average claim cost for Hazard Group for Minor P.P. plus T.T. is 8140 rather than 7955. Therefore, Minor/T.T. Entry Ratio:  $500,000/8140 = 61.425$ .

**p. 977-78:** Then the estimate of  $W$  for this class is:

$$0.7\% + (0.02)(1\% - 0.5\%) + (0.04)(2\% - 0.7\%) + (0.07)(10\% - 9\%) + (0.03)(30\% - 35\%) = \mathbf{0.682\%}.$$

If for this class the frequency of Temporary Total Claims were estimated as 50 per \$100 million of payroll, then for this class the estimated frequency of Permanent Totals is:

$$(0.682\%)(50) = 0.341 \text{ per } \$100 \text{ million of payroll.}$$

For permanent total, the estimated relativity of this class to the hazard group is:

$$0.682\% / 0.7\% = 0.974.$$

**p. 1060,** 4th line: Merit Rating Class **A**.

**p. 1312:** The exposure factor for the reinsured layer is:  $1.00 - \mathbf{0.66} = \mathbf{0.34}$ .

In other words, for an insured value of \$175,000, the reinsurer will pay 34% of expected losses.

**p. 1340,** last line:  $(110\%)(\mathbf{23/40})(5/12)(\$3 \text{ million}) = \mathbf{\$790,625}$ .