

**STAT 479**  
**Quiz 6**  
**Spring 2022**  
April 21, 2022

1. The Ford Home Insurance Company has the following lag development ratios for cumulative payments for Homeowners coverage based on the chain ladder method:

<b>Development Years</b>	<b>Link Ratio</b>
1/0	1.50
2/1	1.20
3/2	1.05

There is no further development after three years.

For accident year 2021, the earned premium was 7,000,000. The expected loss ratio was 0.75. The claims paid in 2021 totaled 2,800,000.

For the claims from accident year 2021, determine the reserves as of December 31, 2021 using:

- a. The Loss Ratio Method

b. The Claims Ladder Method

c. The Bornhuetter-Ferguson method.