

115. A claim severity distribution is exponential with mean 1000. An insurance company will pay the amount of each claim in excess of a deductible of 100.

Calculate the variance of the amount paid by the insurance company for one claim, including the possibility that the amount paid is 0.

(A) 810,000

(B) 860,000

(C) 900,000

(D) 990,000

(E) 1,000,000