

**217.** For a portfolio of policies, you are given:

- (i) There is no deductible and the policy limit varies by policy.
- (ii) A sample of ten claims is:

350    350    500    500    500<sup>+</sup>    1000    1000<sup>+</sup>    1000<sup>+</sup>    1200    1500

where the symbol + indicates that the loss exceeds the policy limit.

- (iii)  $\hat{S}_1(1250)$  is the product-limit estimate of  $S(1250)$ .
- (iv)  $\hat{S}_2(1250)$  is the maximum likelihood estimate of  $S(1250)$  under the assumption that the losses follow an exponential distribution.

Determine the absolute difference between  $\hat{S}_1(1250)$  and  $\hat{S}_2(1250)$ .

- (A) 0.00
- (B) 0.03
- (C) 0.05
- (D) 0.07
- (E) 0.09