

232. You are given:

- (i) Losses on a certain warranty product in Year i follow a lognormal distribution with parameters μ_i and σ_i .
- (ii) $\sigma_i = \sigma$, for $i = 1, 2, 3, \dots$
- (iii) The parameters μ_i vary in such a way that there is an annual inflation rate of 10% for losses.
- (iv) The following is a sample of seven losses:

Year 1:	20	40	50	
Year 2:	30	40	90	120

Using trended losses, determine the method of moments estimate of μ_3 .

- (A) 3.87
- (B) 4.00
- (C) 30.00
- (D) 55.71
- (E) 63.01