

237. Losses for a warranty product follow the lognormal distribution with underlying normal mean and standard deviation of 5.6 and 0.75 respectively.

You use simulation to estimate claim payments for a number of contracts with different deductibles.

The following are four uniform (0,1) random numbers:

0.6217 0.9941 0.8686 0.0485

Using these numbers and the inversion method, calculate the average payment per loss for a contract with a deductible of 100.

- (A) Less than 630
- (B) At least 630, but less than 680
- (C) At least 680, but less than 730
- (D) At least 730, but less than 780
- (E) At least 780