Question #265
Key: A

The simulated paid loss is $\exp[0.494\Phi^{-1}(u)+13.294]$ where $\Phi^{-1}(u)$ is the inverse of the standard normal distribution function. The four simulated paid losses are 450,161, 330,041, 939,798, and 688,451 for an average of 602,113. The multiplier for unpaid losses is $0.801(2006-2005)^{0.851}e^{-0.747(2006-2005)}=0.3795$ and the answer is 0.3795(602,113) = 228,502