

Question #298

Answer: A

$$\begin{aligned} E(Z^2) &= (5,000 / 1.030)^2 (0.005) + \left[\frac{5,000}{1.030(1.032)} \right]^2 (1 - 0.005)(0.006) \\ &\quad + \left[\frac{5,000}{1.030(1.032)(1.035)} \right]^2 (1 - 0.005)(1 - 0.006)(0.007) \\ &= 392,917 \end{aligned}$$