

SOA Exam P 007 (General Probability)

Let A = Auto policy
H = Homeowners policy

	Percent of Policyholders	Renewal Percent	Expected Renewals
A only	50%	40%	20%
H only	35%	60%	21%
A and H	15%	80%	12%
Total	100%	XXXXXXXXXX	53%

$$\text{A only: } 65\% - 15\% = 50\%$$

$$\text{H only: } 50\% - 15\% = 35\%$$

$$\text{Expected Renewals} = \text{Percent of policyholders} \times \text{Renewal percent}$$

ANS: D