

Analysis of Risk

Section 3

Quantitative Analysis: Tools

Red Slides

- Red Slides indicate information not in the notebook
- Created by me to help the learning process
- Available online at:

Sovereign.ky or DaleFenwick.com

Look for the “CRM” button.

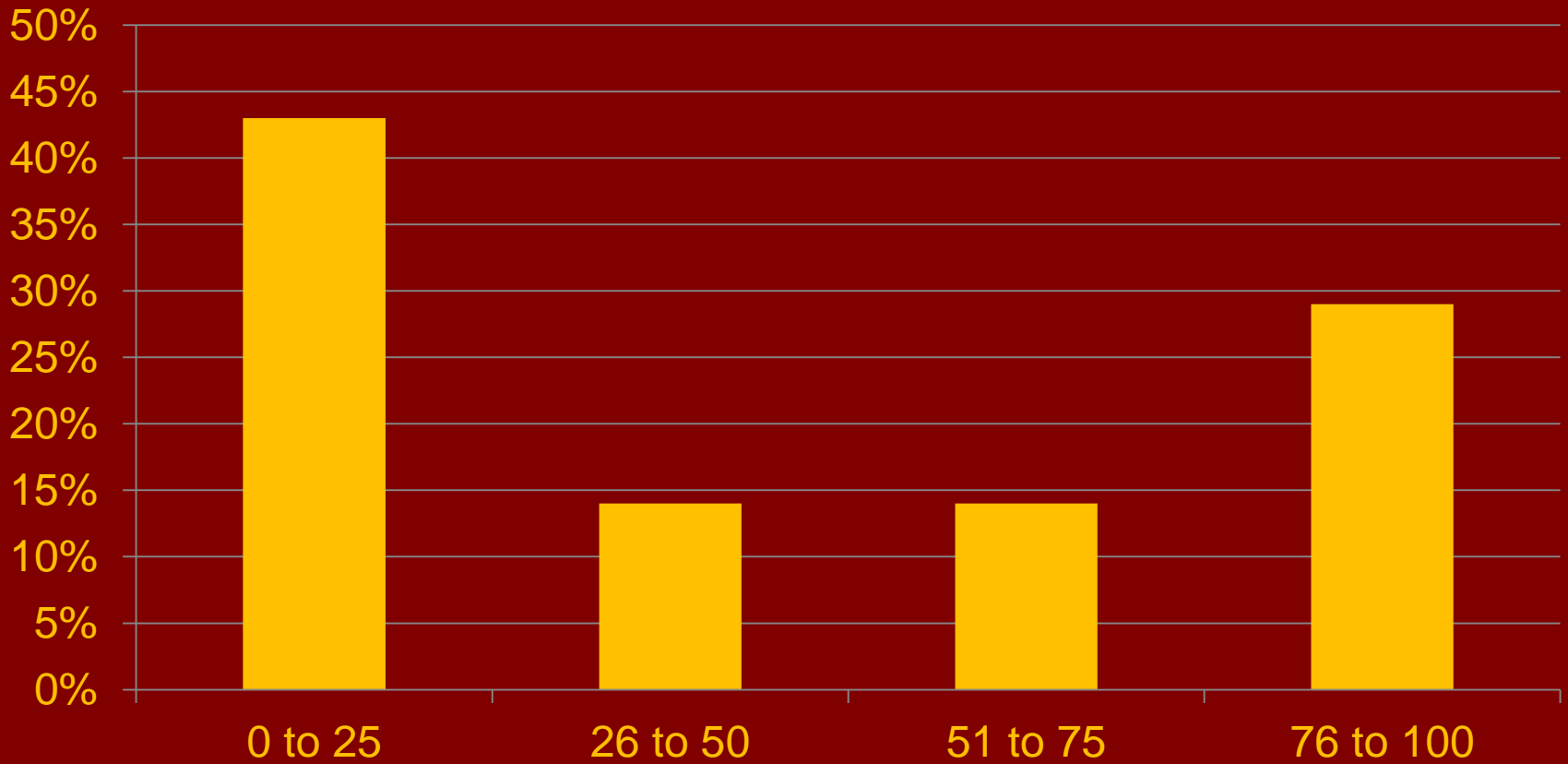
Quiz Question 14

Draw a simple histogram using the following losses (\$1,000's): 55, 25, 65, 85, 25, 25 and 35. Which of the following should be the size of the selected bins?

- A) 0 to 25; 26 to 50; 51 to 75; 76 to 100
- B) 0 to 30; 31 to 60; 61 to 90
- C) 0 to 40; 41 to 80; 81 to 120
- D) 0 to 50; 51 to 100

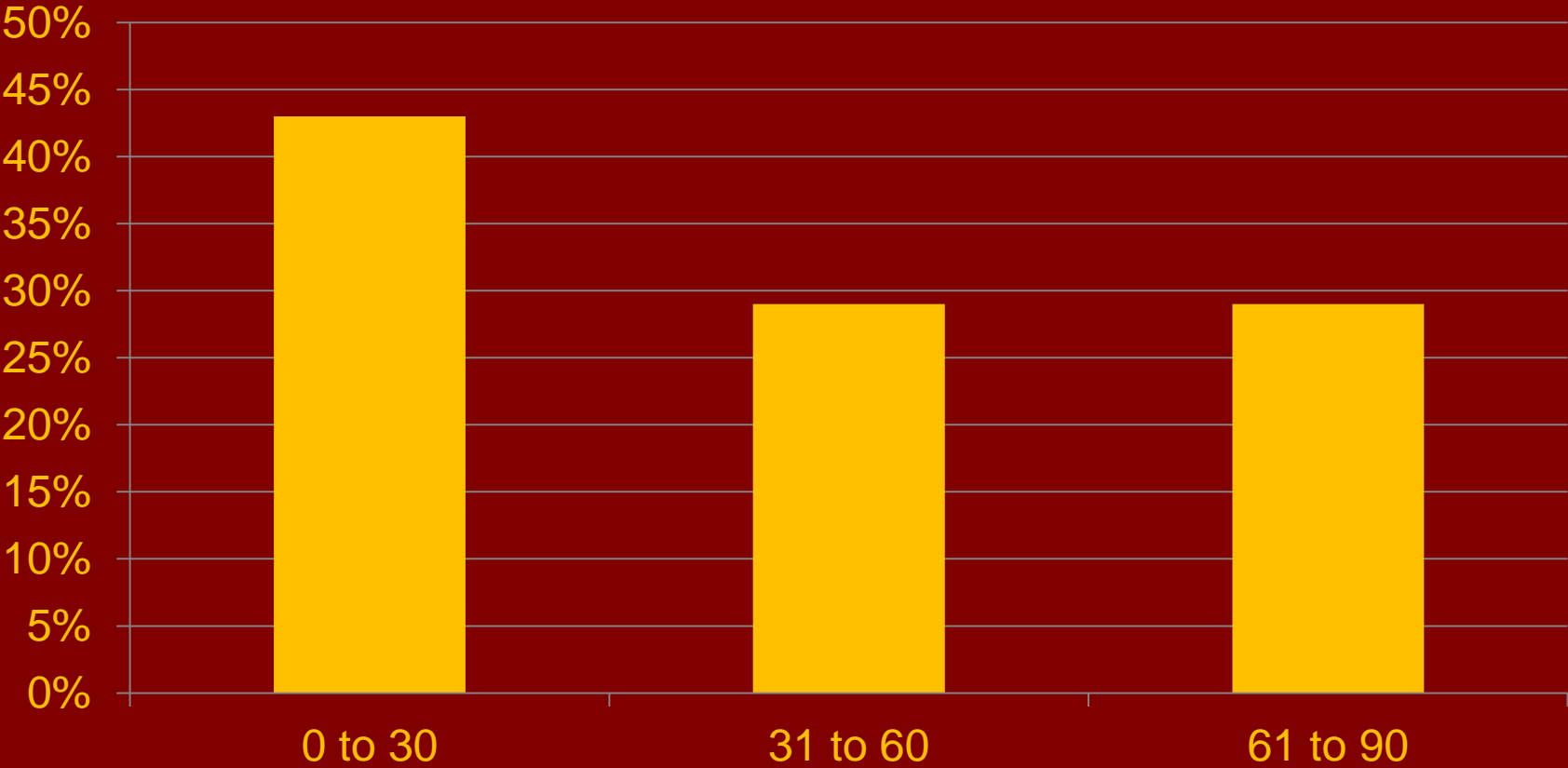
Question 14

Answer A Chart



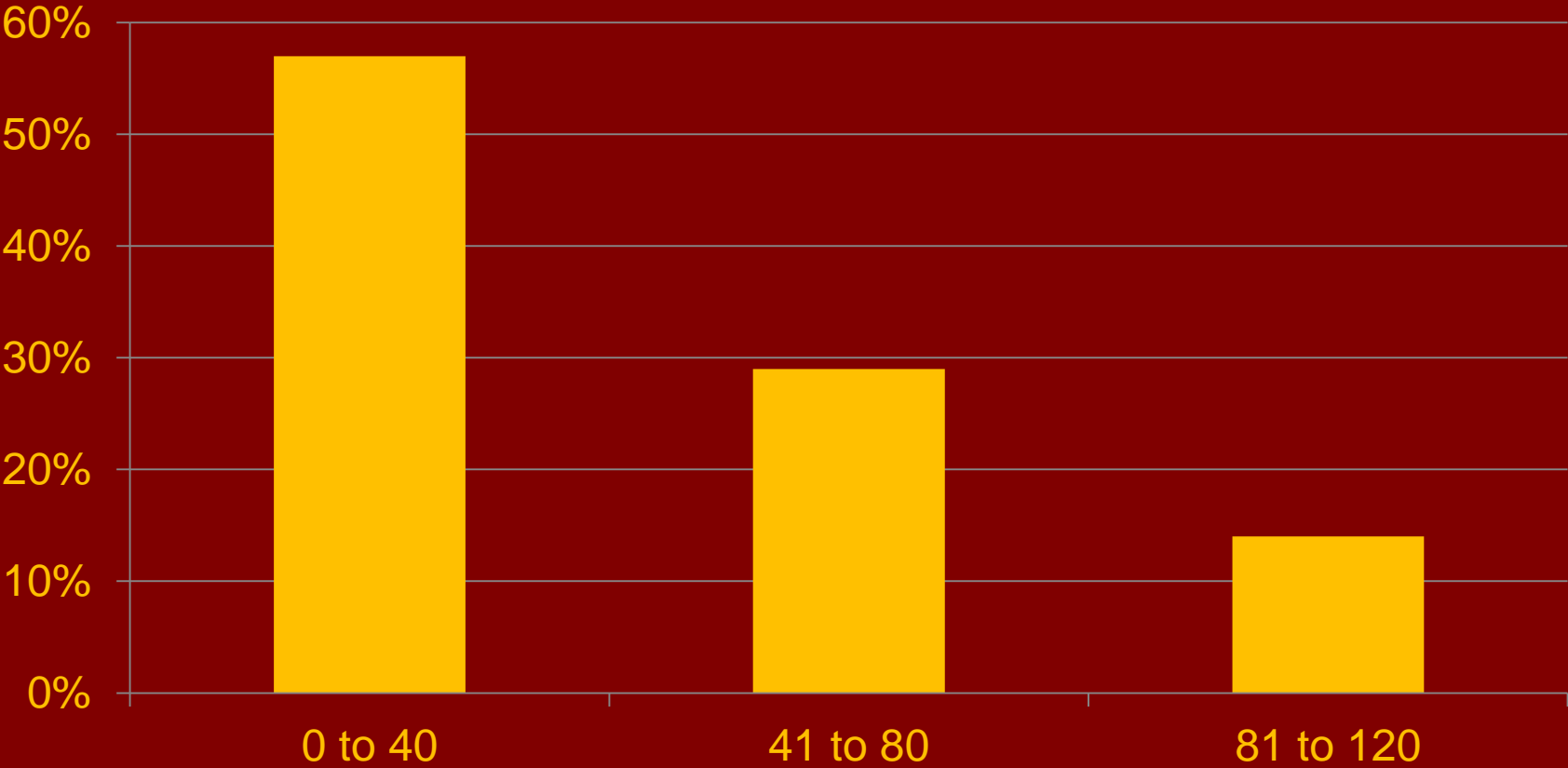
Question 14

Answer B Chart



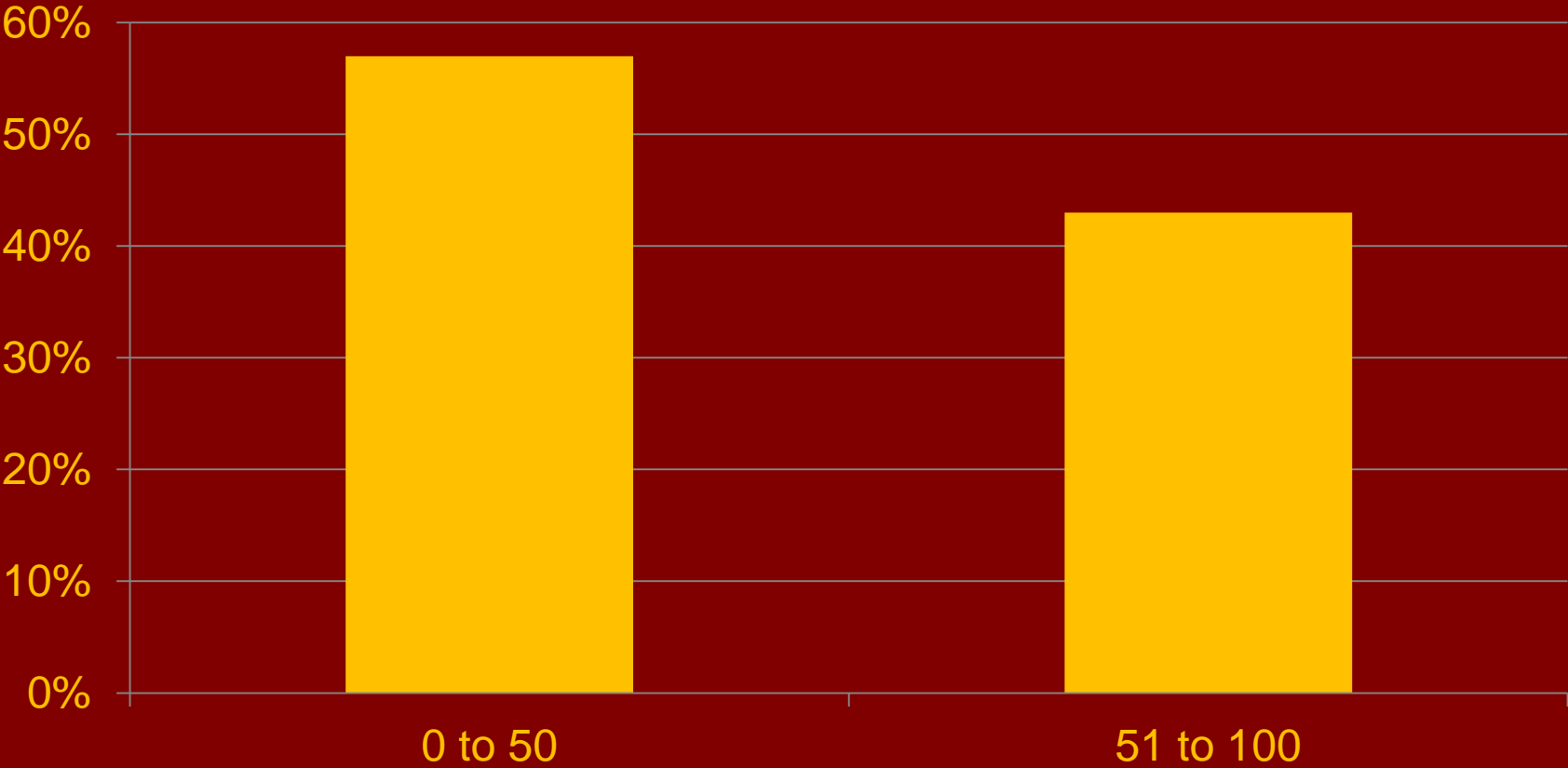
Question 14

Answer C Chart



Question 14

Answer D Chart



Quiz Question 14

Draw a simple histogram using the following losses (\$1,000's): 55, 25, 65, 85, 25, 25 and 35. Which of the following should be the size of the selected bins?

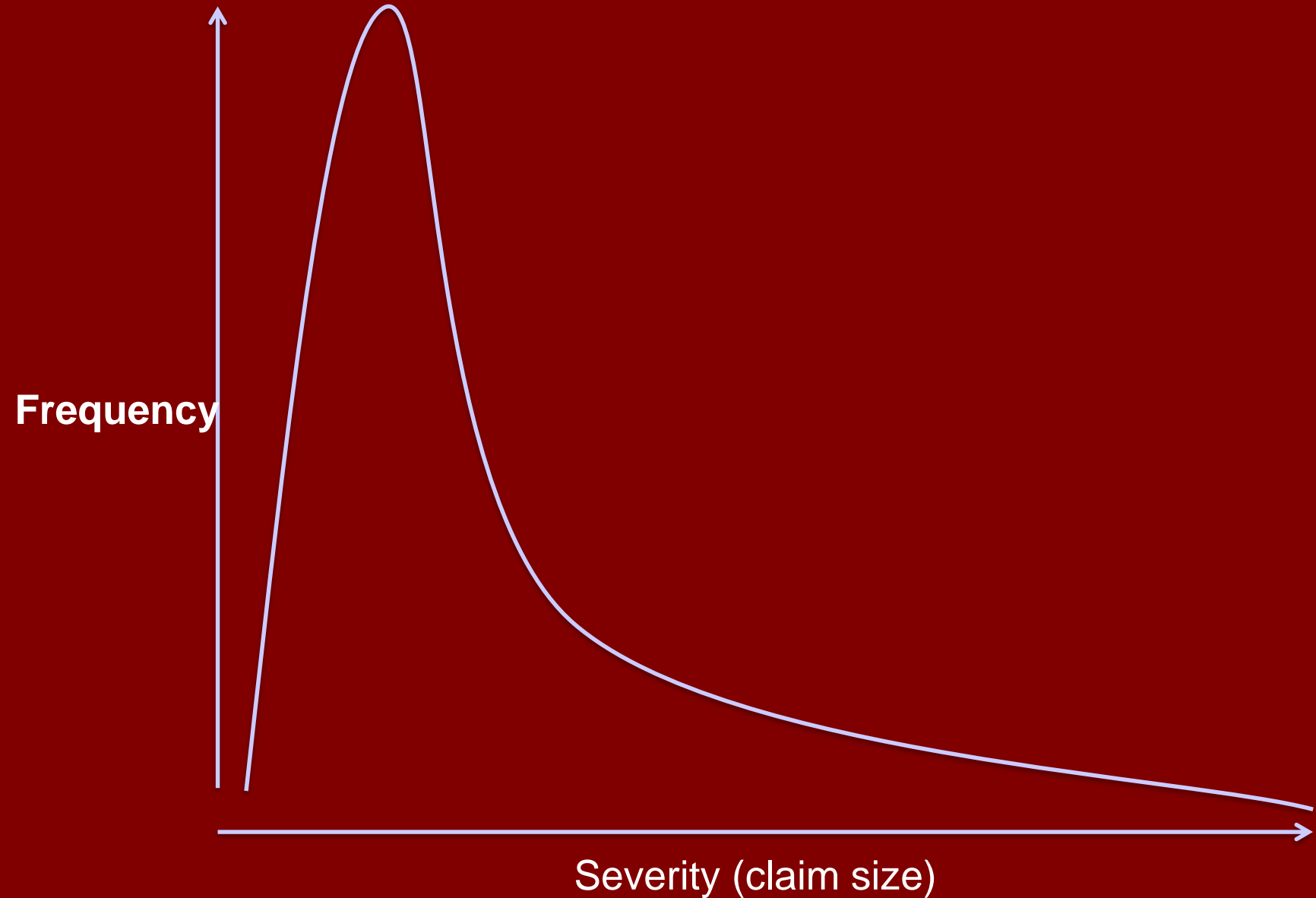
- A) 0 to 25; 26 to 50; 51 to 75; 76 to 100
- B) 0 to 30; 31 to 60; 61 to 90
- C) 0 to 40; 41 to 80; 81 to 120
- D) 0 to 50; 51 to 100

Quiz Question 16

A typical histogram for insurance claim data should be in the shape of which of the following?

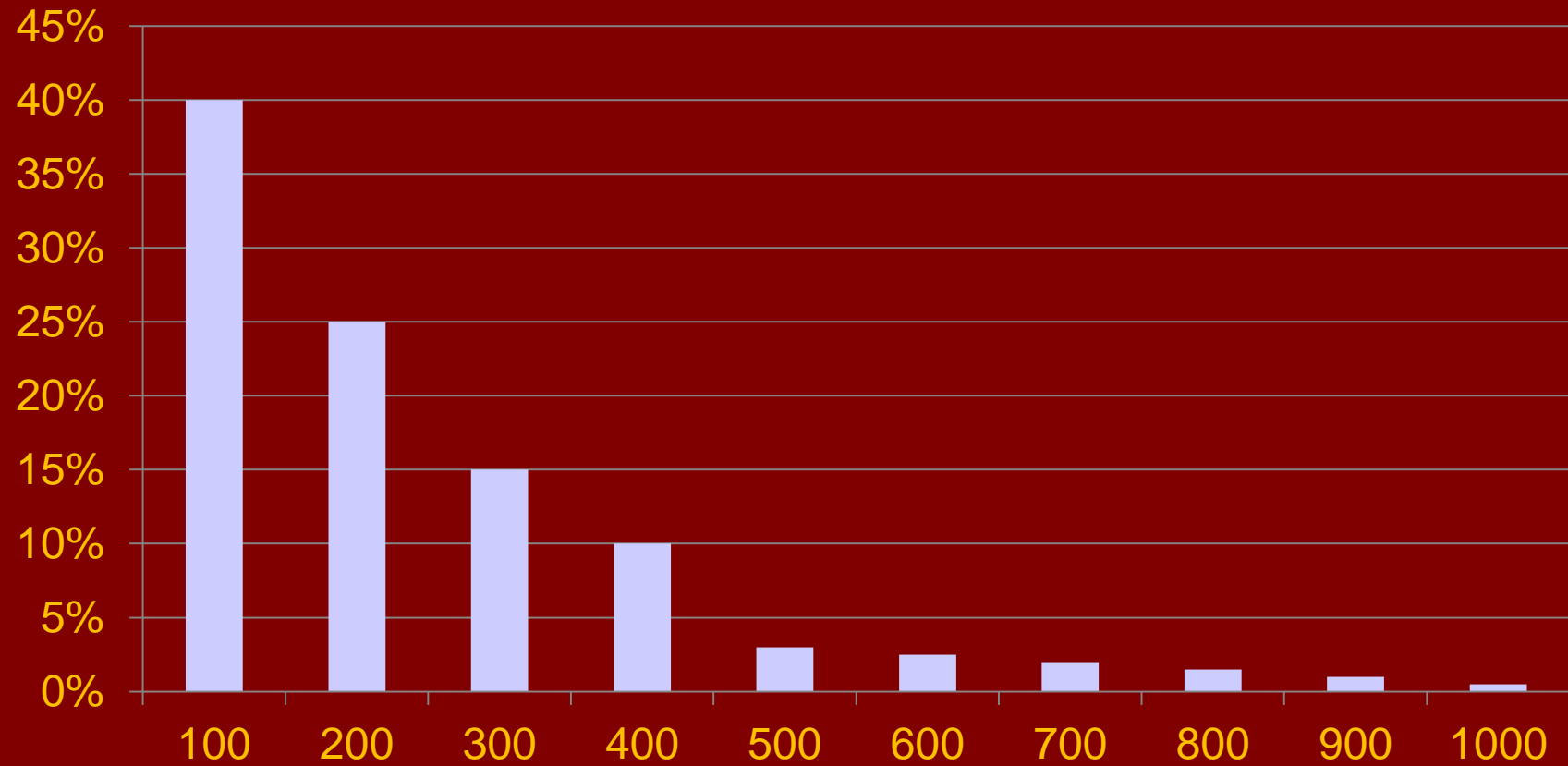
- A) Stair step down to left
- B) Stair step up to left
- C) Stair step down to right
- D) Stair step up to right

Typical Claim Distribution



Quiz Question 16

Stair Step Down to the Right



End of Section 3

Terms to Know:

1. Mean, Median & Mode
2. Range, Variance, & Standard Deviation
3. The Empirical Rule
4. The Central Limit Theorem
5. Confidence Interval
6. Causality
7. Coefficient of Determination (aka “ r^2 ”)
8. $y = mx + c$