

RMS® CCRA® Training Program Financial Modeling Exercise 1

ANSWER KEY

Using the MS Excel spreadsheet attached (Financial Model Exercise 1_template.xls), calculate the following, which is shown by the colored cells in the spreadsheet:

- a. Expected mode mean ground-up losses for each coverage for each location, based on the MDRs and location values given above.

Answer: Ground-up loss for each location is listed in the table below:

Location 1	\$11,952,560
Location 2	\$1,722,604
TOTAL Locations	\$13,675,164

- b. Account client and gross losses based on the insurance structure detailed above. Work under the expected mode. Follow the steps detailed in the presentation to calculate and record the client and gross losses at the different aggregation levels (location coverage, site and policy).

Note: In this example no over limit losses are taken by the insurer.

*Answer: Account Client Loss = \$1,727,502
Account Gross Loss = \$900,000*

Answer: Yes, the answer changes. By adding the second policy layer, the new gross loss is \$1,650,000.