Directions:

Each question will provide information for a portion of a fictional property insurance portfolio consisting of two policies. Using that information along with given events, please calculate total company losses for the given financial perspectives: Ground Up, Retained, and Gross. Certain questions may ask you to specify your answers further based on relevant policy information. Remember to show your work.

1. **Policy X (HO3): Policy Y (HO7):**

Coverage A: $238,000 Coverage A: $300,000

Coverage B: $44,000 Coverage B: $78,500

Coverage C: $60,250 Coverage C: $90,500

Coverage D: $3,000 Coverage D: $14,000

Blanket Deductible: $2,000 Blanket Deductible: 2% of Cov A

Premium: $1,000 Premium: $2,864

Coverage values and limits are equal Coverage values and limits are equal

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| **Event** | **Event 1** | | **Event 2** | |
| **Policy** | **X** | **Y** | **X** | **Y** |
| **Claim Specifics** | **$5,000 Total Loss** | **$1,000 Total Loss** | **Complete Other Structures Loss, Nothing Else** | **5% Building Loss and 7% Contents Loss** |
|  |  |  |  |  |
|  | **Event 1: Total Company Loss** | | **Event 2: Total Company Loss** | |
| **Ground-Up Loss** |  | |  | |
| **Retained Loss** |  | |  | |
| **Gross Loss** |  | |  | |

1. **Policy S (BOP): Policy T (BOP):**

Coverage A: $2,000,000 Coverage A: $1,500,000

Coverage B: $15,000 Coverage B: $25,000

Coverage C: $250,250 Coverage C: $225,000

Coverage D: $200,000 Coverage D: $250,000

CovA Deductible: $2,000 Blanket Deductible: 1% of TIV

Premium: $5,000 Premium: $3,500

Coverage values and limits are equal Coverage values and limits are equal

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| **Event** | **Event 3** | | **Event 4** | |
| **Policy** | **S** | **T** | **S** | **T** |
| **Claim Specifics** | **$1,000 Building Loss, $50,000 Contents Loss** | **$50,000 Total Loss** | **Complete Loss** | **$580,000 Total Loss** |

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|  | **Event 3: Total Company Loss** | **Event 4: Total Company Loss** |
| **Ground-Up Loss** |  |  |
| **Retained Loss** |  |  |
| **Gross Loss** |  |  |

1. **Policy β (HO6): Policy θ (HO7):**

Policy β is a condo association where every

location has the same values listed below

Coverage A: $30,000 Coverage A: $0

Coverage B: $0 Coverage B: $0

Coverage C: $15,000 Coverage C: $50,000

Coverage D: $40,000 Coverage D: $0

Blanket Deductible: $1,000 Blanket Deductible: $500 (HU Only)

Premium: $1,601 AOP Deductible: $100

Number of Locs: 5 Premium: $100

Coverages above show limit only Coverages above show limit only

For Policy β, assume deductible is applied at

a policy level – i.e. each event affects the policy

as a whole.

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| **Event** | **Event 5 – Hurricane** | | **Event 6 – Convective Storm** | |
| **Policy** | **β** | **θ** | **β** | **θ** |
| **Claim Specifics** | **Complete Loss for 3 Locations Total** | **$7,500 Total Loss** | **$4,000 Total Loss** | **$7,500 Total Loss** |

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|  | **Event 5: Total Company Loss** | **Event 6: Total Company Loss** |
| **Ground-Up Loss** |  |  |
| **Retained Loss** |  |  |
| **Gross Loss** |  |  |

**Bonus Question for Problem 3:**

Suppose an earthquake impacted Policy θ. The earthquake demolished 30% of the building, valued at $200,000. It also destroyed the policyholder’s dining room set, as well as their TV, valued at $1,000 each. Lastly, the earthquake created a total loss for the detached garage, valued at $25,000. The policyholder wishes to send in a claim based on the coverage info provided in problem 3.

What would be the insurance company’s Gross Loss for this claim?