Estanciero – Insurance pricing model

“Estanciero” is an argentinian board game, that involves financial management and business administration between players.

As time goes by, and business start to be settled, the game becomes harder and harder. In some scenarios luck plays a crucial role in this game. If you happen to come across someone else’s territory, you may have to pay an unaffordable amount of money.

This is why an insurance model within the game was created. This project aims to create an insurance pricing model that allows players to have a coverage in case of having an extraordinary loss, that would have resulted in bankruptcy.

This model evaluates the scenario, possible outcomes and their probability.

Once we have these two vectors, the net premium is calculated:

Being X a random variable that describes the sum of the values of 2 dice.

Event Lossi is defined as the amount of money it must be paid for staying in someone else’s territory in step #i.