

196. You are given the following 20 bodily injury losses (before the deductible is applied):

Loss	Number of Losses	Deductible	Policy Limit
750	3	200	∞
200	3	0	10,000
300	4	0	20,000
>10,000	6	0	10,000
400	4	300	∞

Past experience indicates that these losses follow a Pareto distribution with parameters α and $\theta = 10,000$.

Calculate the maximum likelihood estimate of α .

- (A) Less than 2.0
- (B) At least 2.0, but less than 3.0
- (C) At least 3.0, but less than 4.0
- (D) At least 4.0, but less than 5.0
- (E) At least 5.0