STAT 575
Practice Problems for Final Exam (not to be turned in)

2 Problems.
The numbers refers to *Cunningham et.al*, if not specified otherwise. Some problems may have additional parts.

1. p158, 5-20

2. Let Z be the present value random variable for a whole life insurance of b payable at the moment of death.

You are given:

(i) $\delta = 0.04$
(ii) $\mu_{x+t} = 0.02, t \geq 0$
(iii) The APV of this insurance policy is equal to $Var(Z)$.

Calculate b and circle the answer below.

(A) 2.75
(B) 3.00
(C) 3.25
(D) 3.50
(E) 3.75