

X: no deductible claims Y: deductible claims

$$\lambda_Y = \frac{200}{3}$$

Note Title

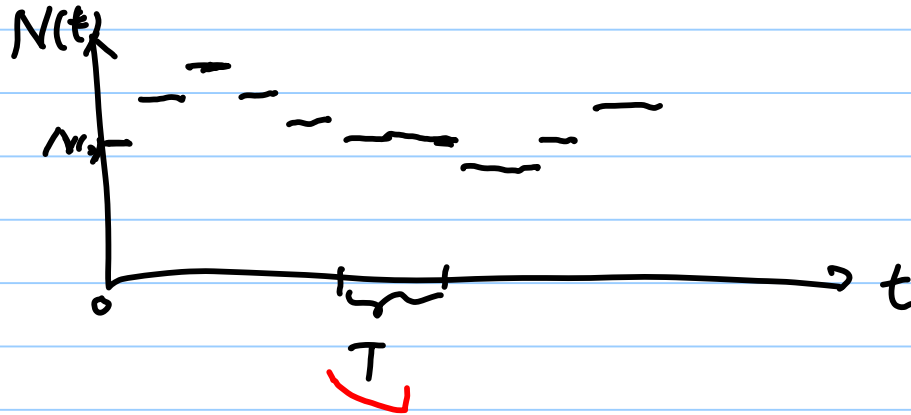
10/1/2013

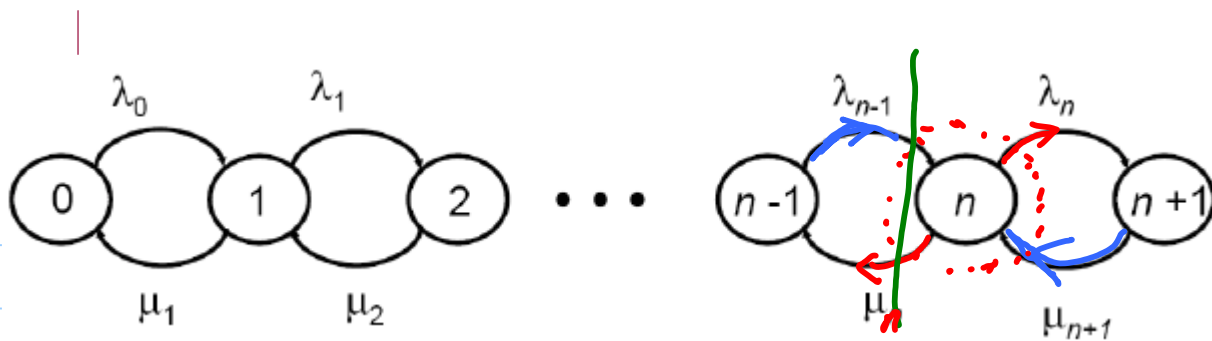
M_Y : liability for claims of Y per week

$$E[M_Y] = E[Y] \cdot (700 - 250) = \frac{200}{3} \times 450 =$$

$$13 \text{ weeks} = 13 \times (E[M_Y] + E[M_X])$$

$$M_Y = Y_1 + Y_2 + Y_3 + \dots$$





$$\lambda_{n-1} P_{n-1} = \mu_n P_n$$

$$\lambda_{n-1} P_{n-1} + \mu_{n+1} P_{n+1} = (\lambda_n + \mu_n) P_n$$