

Errata for Loss Models: From Data to Decisions

Page 165, Exercise 2.44, the last sentence should be:

Keep the two samples separate so that (2.14) can be used. Then construct a 95% confidence interval for the mean.

Page 190, Table 2.38, the fifth row of the table should be 4–13 and not 5–13.

Errata for the Solutions Manual to Loss Models: From Data to Decisions

Exercise 5.50

$$a_s = [0.05 + (0.1)^2](25,000) - (0.1)^2(100)^2 = 1,400. \quad k = 5,000/1,400 = 3.5714, \\ Z = 3/(3 + 3.5714) = 0.4565, \quad P_c = 0.4565(200/3) + 0.5435(10) = 35.87.$$

Exercise 5.67

(a) Because $\mu(B) = (5/6)(2) = 5/3$, other changes are $\mu = 7/6$, $a = 1/4$, $k = 185/9$, and $Z = 36/221$.

$$(b) \quad (36/221)(0.25) + (185/221)(7/6) = 1,349/1,326 = 1.01735.$$

Exercise 5.85

The formula for \hat{v} is correct, however the value is 22,401.00. Substituting this correct value into the rest of the development produces $\hat{a} = 617.54$, $\hat{k} = 36.27$, $Z_1 = 0.8585$, $Z_2 = 0.8663$, $Z_3 = 0.9330$. The three estimates are then 203.61, 225.53, and 181.39. For the alternative method, the new Z values must be used and so $\hat{\mu} = 204.32$ and the three estimates are 204.50, 226.37, and 181.81.