- You will need these formula to answer Question 7 of the coursework
- The Mean (Average) E(S) and Variance VaR(S) of the Aggregate Claim on a group of policies can be calculated as:

$$E(S) = \lambda . \mu_C$$

$$Var(S) = \lambda . \sigma_C^2 + \lambda . \mu_C{}^2$$

- Where μ_c is the average claim severity, σ_c^2 is the variance of the claim severity and λ is the average frequency of claims