

11. (2 points)

The following information is known about an insurer's Workers Compensation (WC) policy:

- 1-year policy term effective April 1, 2018
- All premium is collected on April 1, 2018
- Earned premium is calculated using the monthly pro rata method

| | Calendar Year 2018 |
|-----------------------------------|--------------------|
| Written premium | \$200,000 |
| Losses incurred | \$25,000 |
| Losses paid | \$5,000 |
| Loss adjustment expenses incurred | \$4,000 |
| Loss adjustment expenses paid | \$500 |
| Other expenses incurred | \$3,200 |
| Other expenses paid | \$3,000 |

a. (1 point)

Calculate the contribution of the WC policy to the insurer's 2018 underwriting income.

b. (1 point)

Calculate the contribution of the WC policy to the insurer's year-end 2018 total liabilities.