

Example LC-92:

A 3-year fully discrete term insurance issued to (x) has death benefit of 1000. You are given: $q_x = 0.1$, $q_{x+1} = 0.2$, $q_{x+2} = 0.3$ $i = 0.1$. Premiums are based on the equivalence principle. Formulate the random variables L , ${}_1L$ and ${}_2L$, and find their conditional expected values given that (x) has survived to the appropriate point.