



ASSOCIATION ACTUARIELLE INTERNATIONALE
INTERNATIONAL ACTUARIAL ASSOCIATION



Institute of Actuaries of India



13th Global Conference of Actuaries 2011

Emerging Risks... Daring Solutions

General Insurance Reserving Methods in the U.S. By Line of Business

Charles Cicci

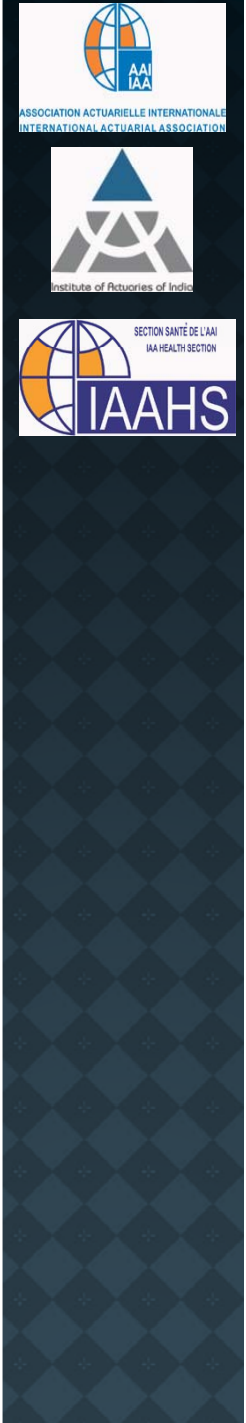
Specialist Leader – Deloitte Consulting

United States of America

February 20 – 22, 2011

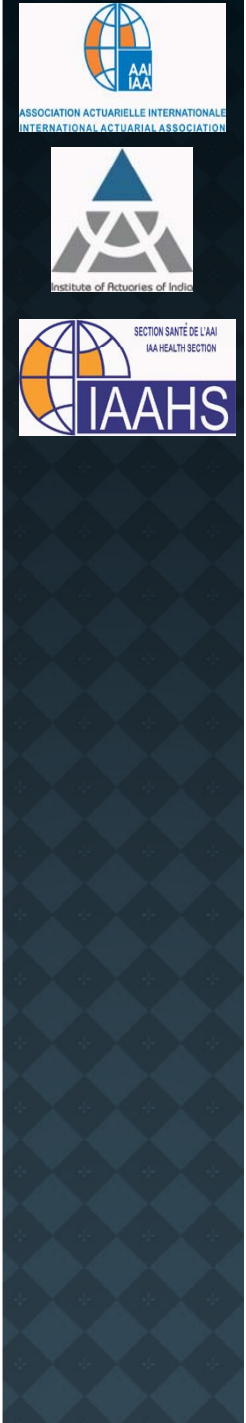
Common U.S. Lines of Business

- ⦿ Personal Auto Liability (often by coverage)
- ⦿ Personal Auto Physical Damage (often split between Collision and Other Than Collision coverages)
- ⦿ Homeowners Property (excl. catastrophes)
- ⦿ Homeowners Liability
- ⦿ Commercial Auto Liability
- ⦿ Commercial General Liability
- ⦿ Products Liability
- ⦿ Workers Compensation (often segmented by benefit type)
- ⦿ Commercial Property
- ⦿ Hospital and Physician Liability (Medical Malpractice)
- ⦿ Other (D&O, E&O, Inland Marine, Surety, etc.)



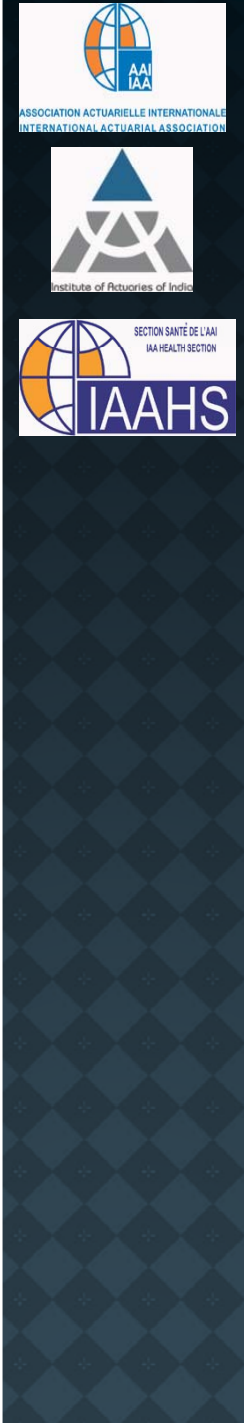
Other U.S. Types of Loss

- ◎ Asbestos, Environmental, Mass Tort
- ◎ Construction Defects
- ◎ Catastrophes (by peril)
- ◎ Lead Paint
- ◎ Warranty



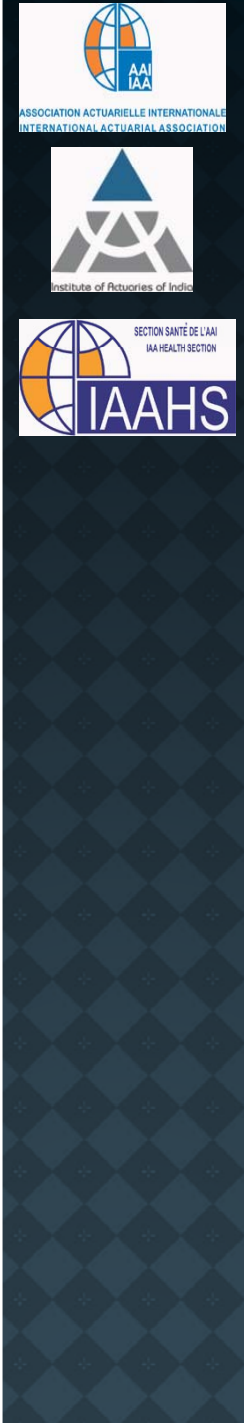
Common U.S. Loss Reserving Methods

- ⦿ Incurred Loss Development Method
- ⦿ Paid Loss Development Method
- ⦿ Incurred B-F Method
- ⦿ Paid B-F Method
- ⦿ Case Reserve Development Method
- ⦿ Incurred Berquist-Sherman Method
- ⦿ Paid Berquist-Sherman Method
- ⦿ Incremental Paid Severity Method
- ⦿ Frequency-Severity Method
- ⦿ Cape Cod Method



Other U.S. Loss Reserving Methods

- ⦿ Ground-Up, Industry Benchmark, Curve-Fitting Techniques for AEMT
- ⦿ Report Year Analysis for other latent exposures
- ⦿ Daily Development and Comparable Events for Catastrophe reserving
- ⦿ Model Year Analysis for Warranty exposures



Common U.S. Expense Reserving Methods

- ⦿ Paid ALAE Development Method
- ⦿ Incurred ALAE Development Method
- ⦿ Paid ALAE to Paid Loss Development Method
- ⦿ Incremental ALAE to Ultimate Loss Method
- ⦿ ALAE B-F Method
- ⦿ Calendar Year Paid ULAE to Paid Loss Method
- ⦿ Paid ULAE per Weighted Claim Method

