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# Reserve Uncertainty

Sarah MacDonnell, LCP



# Reserve Uncertainty



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# Look out the window



Nick Line  
Graham Fulcher



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# Curiosity!



Martin White



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# Over-promising?



Mark Graham

Communicating using percentiles



“there is a clear sense in which too much has been expected of actuaries and explicitly or otherwise, too much has been promised by them...”

Morris Review



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# Australian experience



MUQ  
Pravesh Ponna



Requirement to report at the  
75<sup>th</sup> percentile



New framework  
developed



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# Telling a story

## The 1920s stand-off

### Risk

Probabilities

Bayes

Portfolio Theory

### Uncertainty

Likelihoods

Degrees of belief

Narratives

Beware of over-reliance on models





Take back control

## Pressures on reserving actuaries

- SII reporting
- Tighter turnaround times
- Efficiencies



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## Not rocket science

What  
story is  
the data  
telling  
me?

Does it  
make  
sense?

Think  
from the  
users  
point of  
view

*Takes skill to make it look simple*



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# MUQ workshop C9



*Keith Brown*

## Reserve Uncertainty Framework

More resources on the MUQ webpage



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# Questions

# Comments

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.



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