

**2000 GENERAL INSURANCE CONVENTION**  
**25-28 OCTOBER**

**RESERVING – BEST ESTIMATES AND RANGES**

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## Reserving Ranges and Best Estimates - 1

- What is a Best Estimate?
  - Does it include margins for prudence?
  - Does it include an allowance for unusual adverse experience?
  - Is it a mean or a median, or something else?
  - Do we expect savings or charges against our Best Estimate in most cases?
  - How do we deal with outliers in our Best Estimate?
  - Why are some actuaries Best Estimates ALWAYS higher than other actuaries Best Estimates? Does this matter?
  - How can we tell if a Best Estimate is too low?
  - How can we tell if a Best Estimate is too high?
  - Is the Best Estimate the one which the CEO likes BEST?
  - When can we reserve below our Best Estimate?
  - Do we ever disclose our "true" Best Estimate or is it a secret?
  - Should increased uncertainty make our Best Estimate higher?

## Reserving Ranges and Best Estimates - 2

- What is a Reserving Range?
  - Where does the Best Estimate live in the Range?
  - What does the lower end of the range mean?
  - Is it a mean or a median, or something else?
  - What does the part of the range below the Best Estimate mean?
  - Especially in a Statutory context.
  - Is the lower end of the range the "real" secret Best Estimate?
  - What does the upper end of the range mean?
  - Should all actuaries ranges be the same, regardless of the positioning of the Best Estimates?
  - Can we define a range as the scope for sensible Best Estimates?
  - Can we define a range as the scope for acceptable carried reserves?
  - Are these two things the same?
  - How wide should ranges be? Does it matter?