STOCHASTIC -v- DETERMINISTIC FOR RESERVING

- Is the underlying model statistical or chaotic?
- What are the implications of using a: deterministic model stochastic model?
- Are the actuaries trained to perform stochastic modelling (has he passed his driving test?)
- Why bother to do all these statistics when the answers we know are wrong?
- How do we explain to management stochastic modelling?
- What happens to GN12?
- What happens to simple 'chain ladder method' or Bornhuetter Ferguson?
- Will the nature of the actuary change if he uses stochastic models?
- How do we test stochastic models?
- How do we test deterministic models?
- Do we introduce stochastic interest rates to discount?