

General Insurance Study Group - October 1987

Overseas Developments

1. Following last year's convention in Windermere, it was decided that a working party should be set-up to review overseas developments including a review of the ASTIN Bulletin and overseas actuarial journals. The membership of the working party is somewhat scattered with two members in London, one in Amsterdam and one in Edinburgh while the fifth disappeared and has now been traced to Miami! This has inhibited meetings and communication has been by correspondence (apart from the two members in London).
2. The outcome of this correspondence is that we shall make use of two existing sources of research information: 'Insurance: Abstracts and Reviews' (IAR) published by Nationale Nederlanden and the 'Register of Insurance Research' (the Register), which is a terminal based enquiry system run by the Centre for Insurance and Investment Studies at The City University Business School (of which I am the Director). IAR is published two or three times a year and relies on a number of national editors covering all the major developed countries. There is an inevitable delay between publication of a paper or book and its subsequent appearance in IAR. The Register is continuously updated and does not suffer from the delay in printing which is inevitable with a publication. However, its coverage is at present restricted to the U.K., ASTIN, Geneva Association and such other overseas articles of interest that come to my notice.
3. The IAR and the Register are to a large extent complementary, particularly as a feature of the Register is that it records research in progress (both at the University and by members registering with the Institute's Research Network). Agreement has been reached that abstracts from IAR will be recorded on the Register and vice versa. This work will soon be completed and will provide a good basis to work from.
4. However, if the working party is to do a useful job for the G.I.S.G. it must keep right up-to-date with the latest research. Members of the working party have agreed between them to cover the following journals and write abstracts for those articles which are considered relevant to G.I.S.G.

ASTIN Bulletin
Geneva Papers
Transactions of International Congress of Actuaries
JIA, JSS, TFA
Casualty Actuarial Society
Journal of Risk and Insurance
General Insurance Bulletin (Australia)

Scandinavian Actuarial Journal
Het Verzekeringsarchief
Blatter der DGVM
Mitteilungen der Vereinigung Schweizerischer Versicherung
Mathematiker
Bulletin Trimestriel de l'Institut des Actuaire Francais
Bulletin de l'Association des Actuaire ISFA

There are still others that might be added, e.g.

Journal of Econometrics
Journal of the American Statistical Association
Econometrica
Transactions of the Society of Actuaries
Transactions of the Institute of Actuaries of Australia
Proceedings of the Canadian Institute of Actuaries.

Suggestions and offers of help will be welcome.

5. The Register is already available for any actuary who wishes to consult it via City University. Very soon a copy will be put onto the micro computer in the Institute Library and enquiries can then be handled on line on the spot. Examples are attached of:
 - a) a list of abstracts for a selected subject (the system works from a list of keywords, which can be used in Boolean combinations)
 - b) a typical abstract.
6. The working party has next to consider how best use can be made of its work. The continuous recording of abstracts will be valuable for anyone who wants to start research - he or she has only to ask the Librarian at Staple Inn (or my Centre's staff at City University). The working party has yet to decide how it should present its work usefully to annual conventions. Some form of digest seems to be necessary and we probably need to see how much information relevant to G.I.S.G. is collected in a year.

SPLK

24 Sept 1987

Document no: 958

Determination of the Rate of Investment Return for the Discounting of General Insurance Outstanding Claims.

Taylor, G.C.

Reference and/or contact:

Journal of the Institute of Actuaries Vol. 113, Part 1, pp. 61-101.

Keyword(s): General/ Claims/ Discounted reserves/ Interest

The paper concerns the discounting of outstanding claims in anticipation of investment return earned by the funds supporting that liability.

The 'standard approach' to this problem is criticized in two main respects:

1) there is usually no statement (indeed, no consideration) of whether the discounted value of outstanding claims is to be associated with assets at book, market, or some other value; 2) the discounting of outstanding claims is often performed by means of an assumed 'inflation gap', i.e. an assumed difference between future rates of inflation and investment return. Section 2 deals with the determination of an appropriate rate of investment return.

Sections 3 and 5 deal particularly with points (1) and (2) above. It is suggested that, in certain circumstances, an evaluation of outstanding claims which fails to address (1) or is carried out on an 'inflation gap' basis will be virtually meaningless.

Section 4 deals with the case of an insurance fund in which assets are matched with technical liabilities by amount and term.

Section 6 deals with the issue of exactly which assets are to be regarded as supporting the liability for outstanding claims.

Section 7 gives a numerical example of the projection of future rates of investment return.

Section 8 summarises the main conclusions.

Year of publication: 1986

DOCUMENT NO: 85

Discounting and Inflation.

Akhurst, R.

KEYWORDS:

General/ Claims/ Inflation/ Discounted reserves/ Profit

REFERENCE AND/OR CONTACT:

Participant in Financial Planning Working Party - Chester 1979

General Insurance Study Group of the Institute of Actuaries 6 pages.

YEAR: 1979

DOCUMENT NO: 136

Some Financial Aspects of a General Insurance Company.

Abbott, W.M. & Clarke, T.G. & Treen, W.R.

KEYWORDS:

General/ Profit/ Claims/ Discounted reserves/ Accounting/ Inflation/ Model

REFERENCE AND/OR CONTACT:

Legal & General, 22 Queen Victoria St. London EC4N 4TP.

Journal of the Institute of Actuaries, Vol.108, Pt 2, pp. 119-209.

YEAR: 1981

DOCUMENT NO: 958

Determination of the Rate of Investment Return for the

Discounting of General Insurance Outstanding Claims.

Taylor, G.C.

KEYWORDS:

General/ Claims/ Discounted reserves/ Interest

REFERENCE AND/OR CONTACT:

Journal of the Institute of Actuaries Vol. 113, Part 1, pp. 61-101.

YEAR: 1986

DOCUMENT NO: 956

Discounting in General Insurance.

General Insurance Study Group Working Party.

KEYWORDS:

General/ Claims/ Discounted reserves

REFERENCE AND/OR CONTACT:

W.M. Abbott, Legal & General Group plc, Temple Court, 11 Queen Victoria St, London EC4V 4TB.

Work in progress. Paper to be produced by a working party of the General Insurance Study Group of the Institute of Actuaries for the 1987 Autumn convention of the G.I.S.G.

YEAR: 1987

DOCUMENT NO: 610

Classification and Rating Criteria for Automobile Insurance.
All-Industry Special Committee.

KEYWORDS:

Canada/ Motor/ Risk classification/ Discrimination

REFERENCE AND/OR CONTACT:

All-Industry Special Committee, Canada. Published by Insurance
Bureau of Canada, 1982, 61 pages.

YEAR: 1982

DOCUMENT NO: 640

Discrimination in Private Car Insurance in the United Kingdom.
Abbott, W.M.

KEYWORDS:

UK/ Motor/ Discrimination/ Sex/ Women

REFERENCE AND/OR CONTACT:

Transactions of 22nd International Congress of Actuaries Vol.1
pp.69-81.

YEAR: 1984

DOCUMENT NO: 994

Sex as a Rating Factor in Automobile Insurance - Equity vs
Equality.

The Los Angeles Chapter of Chartered Property and Casualty
Underwriters.

KEYWORDS:

USA/ Motor/ Discrimination/ Sex/ Rates

REFERENCE AND/OR CONTACT:

An article in 'In Pursuit of Excellence; A CPCU Research
Anthology.', pp. 25-42.

YEAR: 1985