GIRO Conference and Exhibition 2012
Juggling uncertainty the actuary’s part to play

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Looking at Reserves through Contract Lenses
(A contract-by-contract approach to Reserving)
Joe Monk – Alterra Capital
Two ideas

Inception Date Development Patterns

Individual Contract Projection

Claim Development for an Underwriting Year

Underwriting Year Aggregate Claim Development
Claim Development from Inception Date of Contract

Underwriting Year vs Inception Date
Amending the Triangle

Idea number Two

Individual Contract Projection
Individual Contract Projection

Analysis by contract
Analysis by contract

SEGMENTATION

Sub-line of business  Broker
Exposure type  Individual Underwriter
Anything you like
Geographic Region
Potential Issues

- Cat Events appear at several points in the claim development.
- How reliable is individual contract development?
- Is the apparent acceleration of the development pattern really beneficial?

In Practice

- Alterra uses this method for all entities and lines of business.
  - Both for Insurance and Reinsurance.
- Reinsurance
  - A significant number of contracts are individually projected based on pricing parameters.
- Insurance
  - Some lines of business have 10,000’s contracts.
  - This method has proven particularly valuable.
Reserving is not the end of the process, it is the beginning of adding value to the business.