"Statistical Methods for General Insurance"

Two major texts have been published in the last year that are of special interest to actuaries concerned with General Insurance. The third edition of Risk Theory by Beard, Pentikainen & Pesonen is around 400 pages whereas the second edition was around 200 pages. There is a lot of new material which makes the book much more of a work of reference than the original text on Risk Theory. There are also some surprising changes in the central features of the book concerned with approximations and transformations for use when data follows a compound Poisson distribution.

Loss Distributions by Hogg & Klugman is a completely new text. It concentrates on fitting special parametric distributions to the size of individual claims. It thus represents a different approach from Risk Theory. Pentikainen has said that he always uses empirical distributions to represent the pattern of individual claims. The authors of Loss Distributions do not consider the number of claims or the distribution of aggregates of claims whereas Risk Theory is mainly concerned with claim aggregates and uses analytical methods and computer simulations to this end.

In the workshop it is intended to discuss possible use of these texts for training and education purposes. Are they suitable for inclusion in the reading list of either the A or the B examinations or university examinations? What research needs to be done to assess the value of the new methodology which has now been made more accessible? What should a new textbook in the native British idiom set out to achieve?