GIRO October 2000

Stochastic Reserving Working Party

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Summary:
The working party has investigated the need of the actuaries towards stochastic reserving models, and how their needs are reflected in the models.

Our work has then focused on Tom Wright's model [3] as an example. In particular, we show how to implement and test the model.

Since no single model will be suitable in all situations, we present a section on how to choose different types of models.

We finally show simulated results comparing Wright's model against two classical models: the bootstrap method [1] and Mack's method [2].

The spreadsheet used in order to compare the methods will be made publicly available on the internet.

