

Reserving in a Soft Market

Joe Monk, FCAS

Orlando, FL

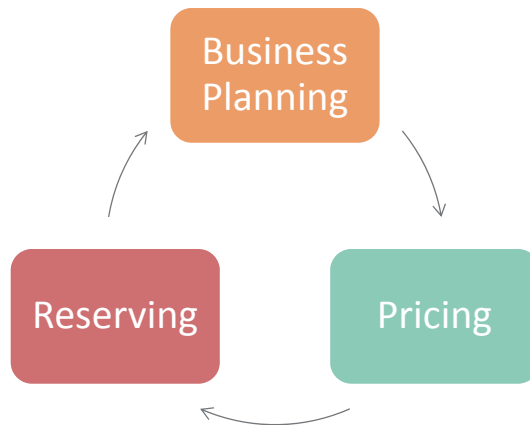
November 2016

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UNDERWRITERS

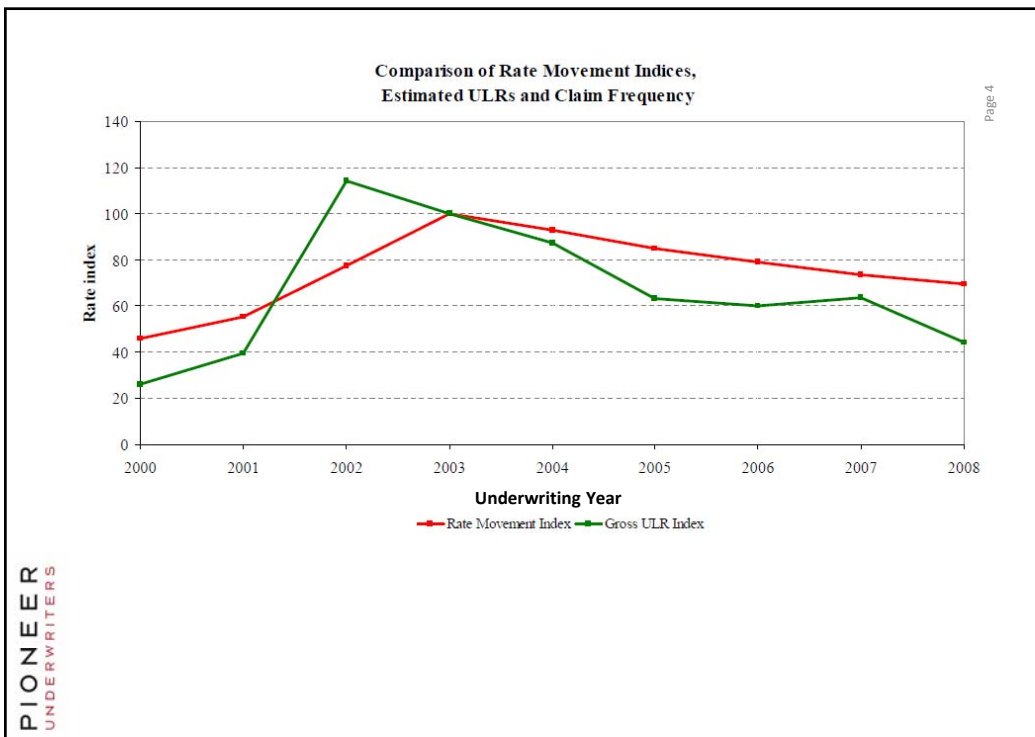
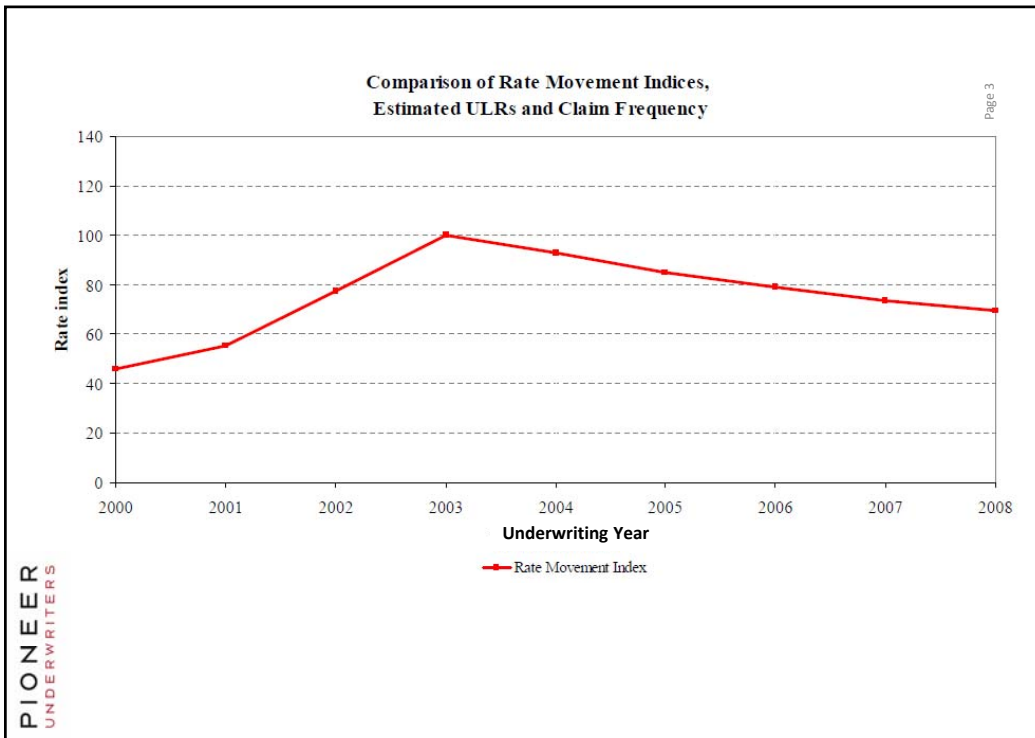


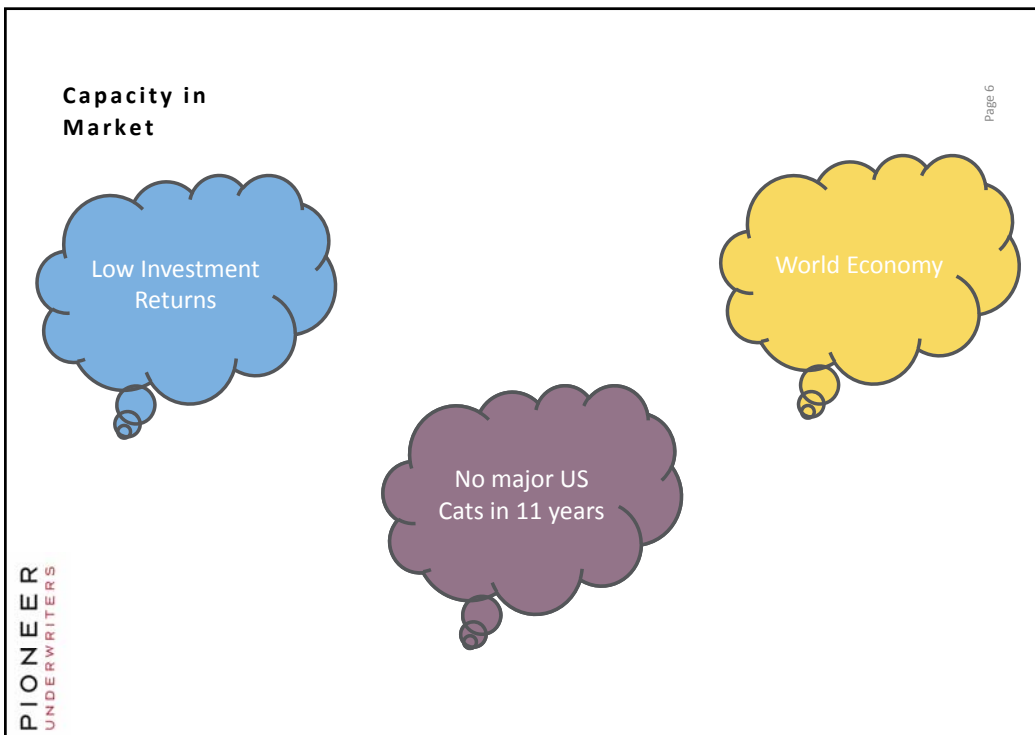
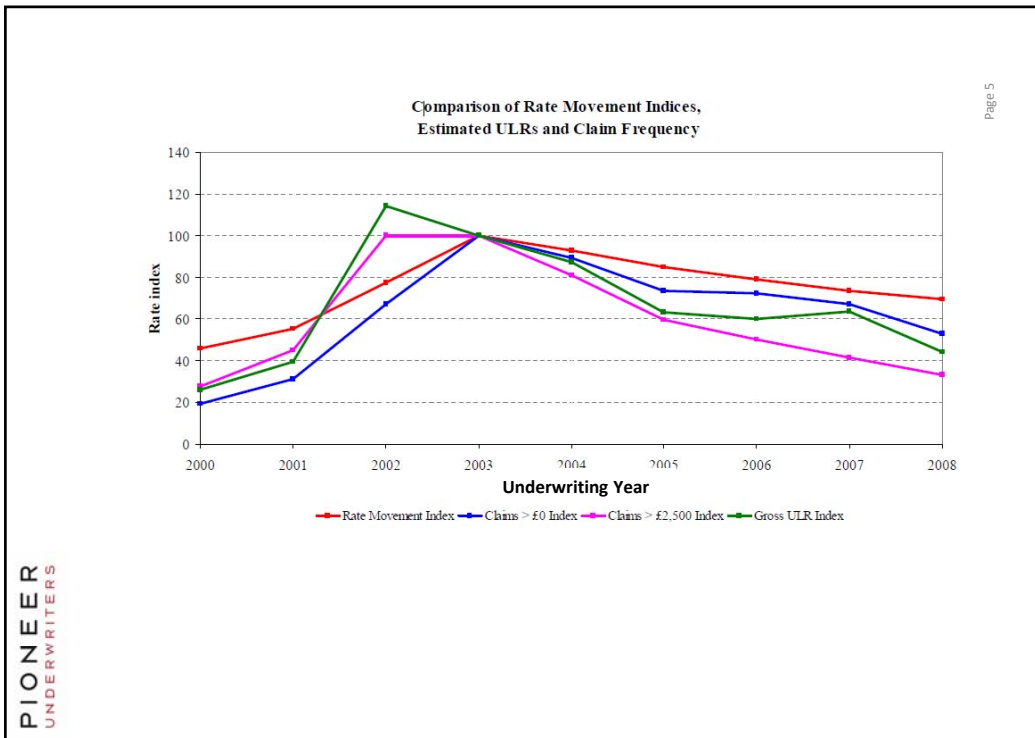
Overview

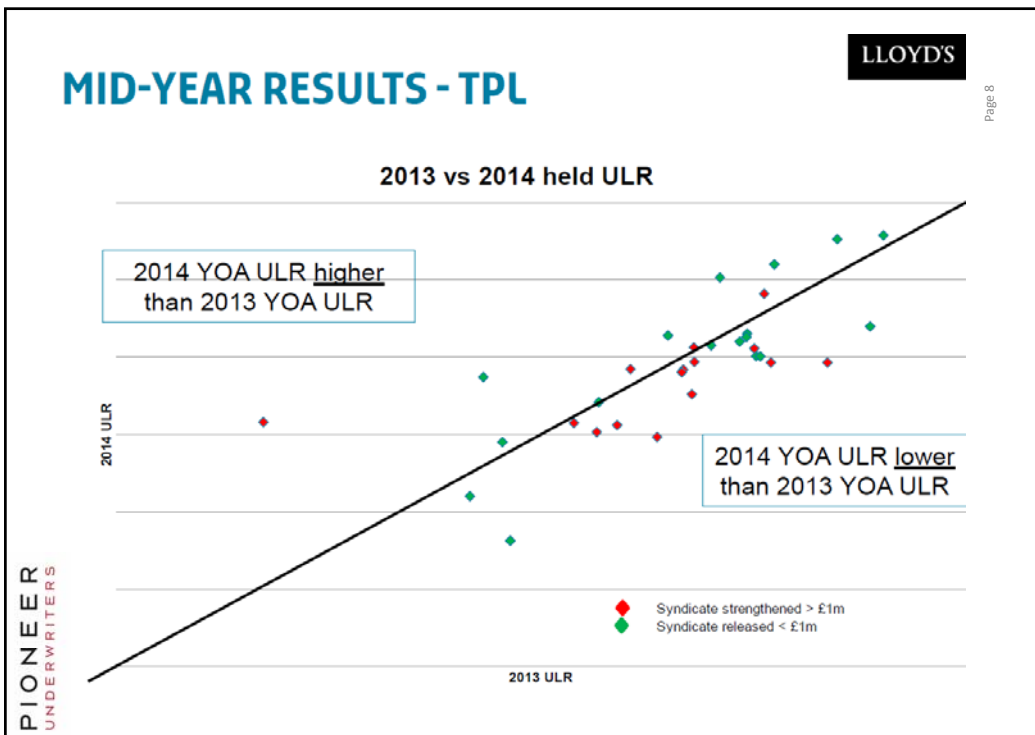
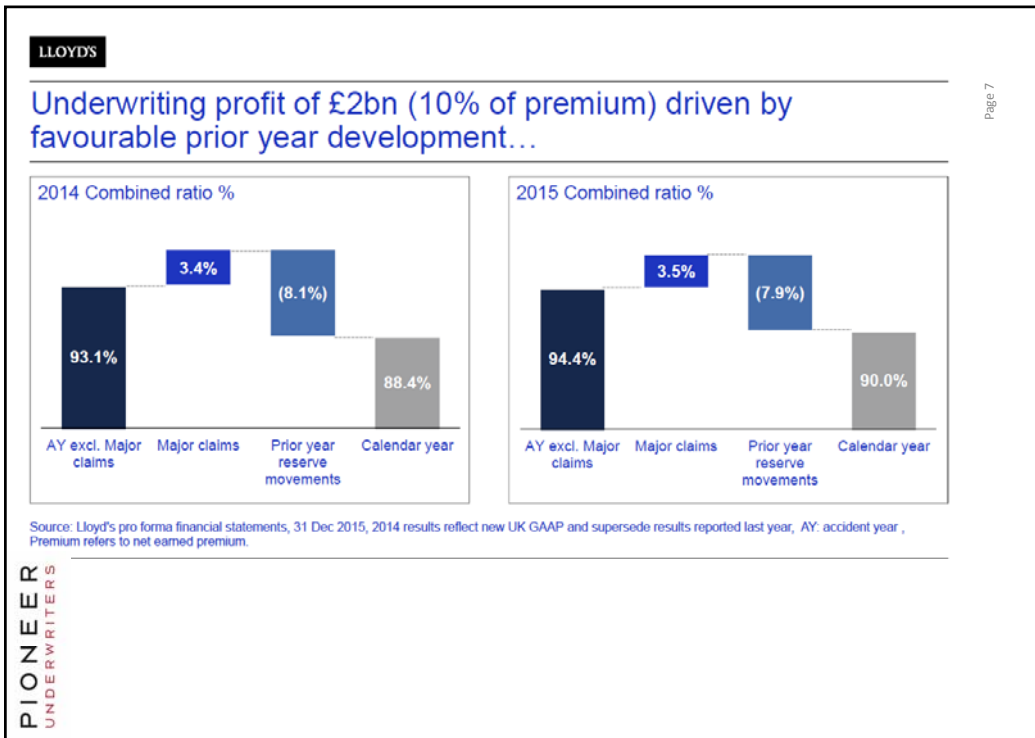
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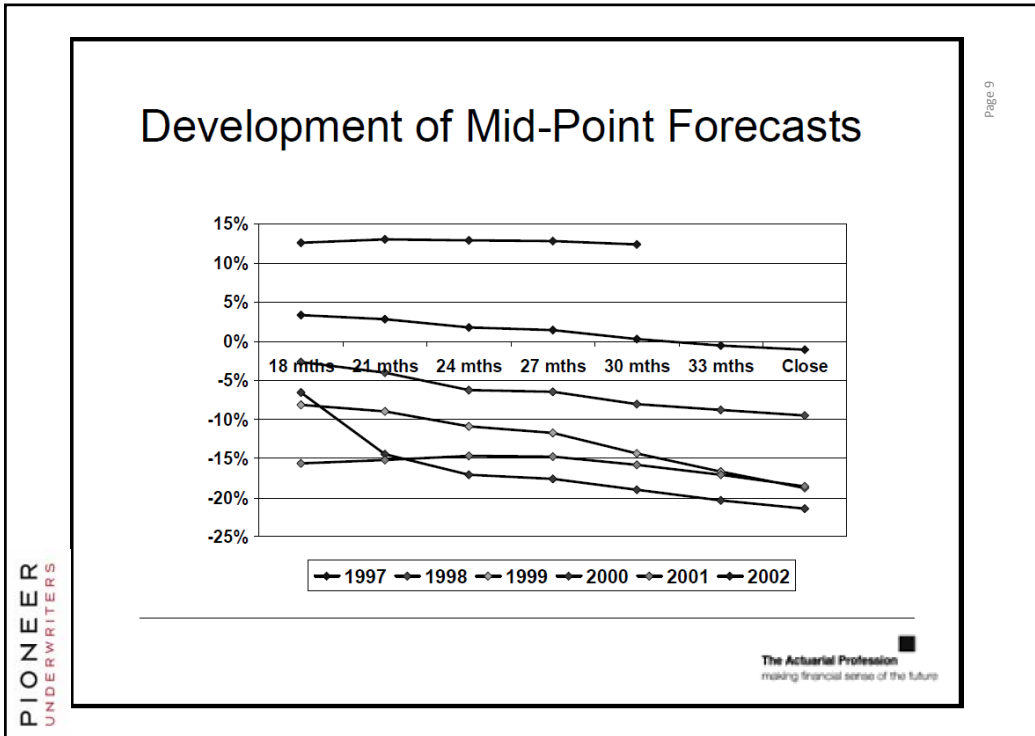


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Monetary amount of Deterioration

Year of Account	18-36 Month Deterioration (£m)
1997	-452
1998	-694
1999	-1,048
2000	-1,498
2001	-339
2002 (to 30 months)	-27
Total	-4,058

The Actuarial Profession
making financial sense of the future

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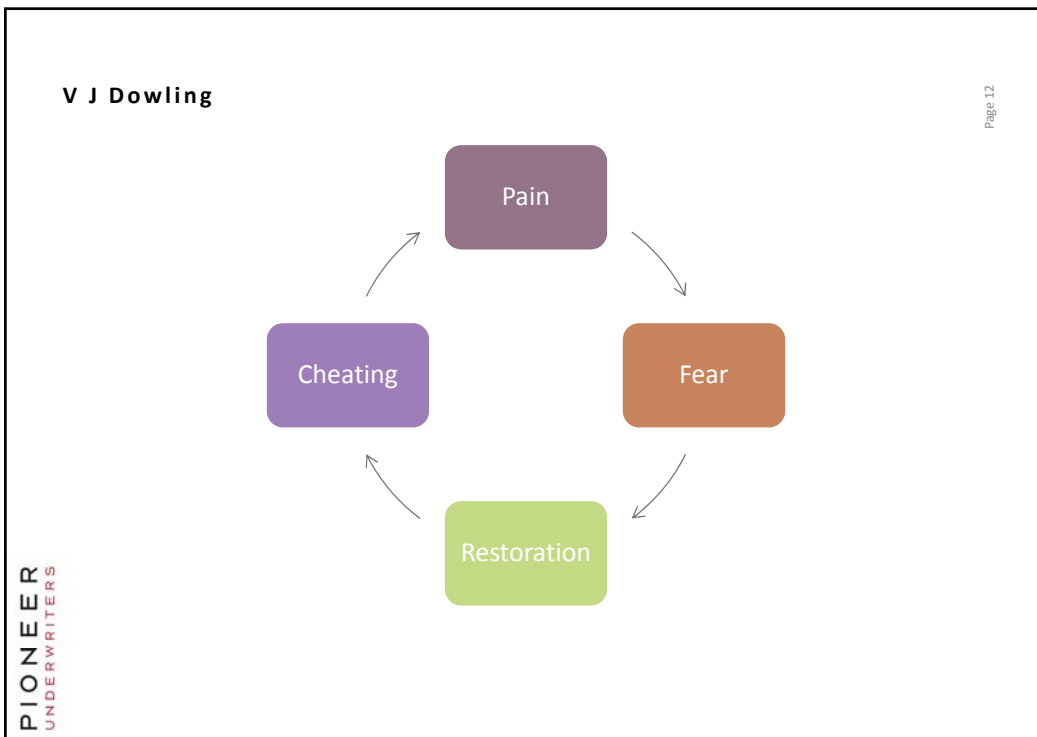
S&P Report Blasts Actuaries

Insurance Actuaries –
A Crisis of Credibility

“Actuaries are signing off on reserves that
turn out to be wildly inaccurate”

“It’s an abysmal track record”

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What should not be seen in Actuarial Reports ...

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- Actual v Expected is very bad but ULR has remained the same
- We've considered the underwriting cycle and have adjusted for it subjectively
- This class is subject to material uncertainty

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GOVERNANCE

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- Are the Board able to understand and challenge the reserves being held ?
- Is the Reserving process clear ?
- Is the uncertainty in the reserves well communicated ?
- What is the level of personal credibility of the Reserving Actuary ?

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RESERVING

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- Clear Communication in Written Work and Presentations to Board
- Emotional Intelligence
- Ultimately a Board Decision

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