

**Statement of Principles  
Regarding Property and Casualty  
Loss and Loss Adjustment Expense Reserves**

**Discussion Draft Comments**

The Task Force on Reserving Principles received a number of comments from members on the Discussion Draft. The list below provides a summary of the major issues that were raised in the submitted comments.

1. **Title:** ‘Principles Regarding ... Loss & LAE Reserves’ or ‘Regarding Loss & LAE Reserving’.
2. **Scope:** should more narrow accounting orientation be reinstated (e.g. loss reserve is a provision for its associated liability)?
3. **Coordination with ASB:** Subcommittee on Reserving of Casualty Committee drafting “Claim Liability Estimates” standard.
4. **Educational Items:** should “IBNR”, “Development”, etc. be reinstated in Principles; where will these terms/definitions appear?
5. **Review Date:** undue burden for loss reserve practitioner?; additional potential E&O liability for practitioner?
6. **Context:** should part II be part of the Principles or in ASB Claim Liability Estimates standard?; Both?
7. **One Fundamental Principle:** with several sub-principles or corollaries; would this be a new form precedent for other Principles?
8. **Distribution Representation:** principle 2 indicates a loss reserve distribution could be represented without knowing its form- a contradiction?
9. **All Risks Captured:** parameter, process and model risk; do principles 2,3,4 and 7 make this clear?
10. **Two Actuaries Differ- Both Reasonable:** different actuaries may have different reasonable loss reserves and loss distributions; role of actuarial judgment.
11. **Bad Outcome:** only way to evaluate reasonability of loss reserve is to review reasonability of assumptions and methods at time work prepared; are Principles 1 and 6 enough?
12. **Legal Review:** Strike appropriate balance between rightly protecting actuary from unfair allegation of negligence versus abdication of professional responsibilities; review date liability exposure.