

**VR-7: DYNAMIC RISK MODELING -
PRICING AND RESERVING
2012 Casualty Loss Reserve Seminar**

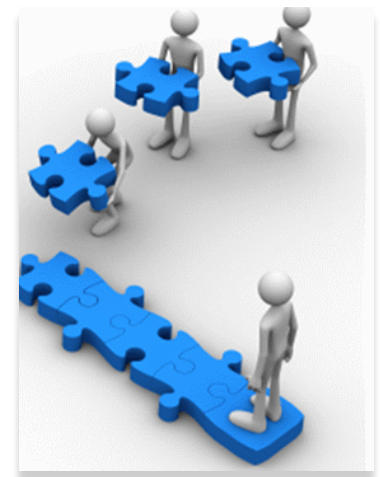


Moderated by Robert A. Bear
Consulting Actuary and Arbitrator
RAB Actuarial Solutions, LLC

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Panel

- *Christopher Diamantoukos,*
Senior Consulting Actuary
Ernst & Young LLP
- *Alp Can, AVP Actuarial Services*
Rockhill Insurance Company,
a Member of the State Auto
Insurance Group



Introduction

- This session will focus on concepts, principles, and methods from the new Dynamic Risk Modeling (“DRM”) Handbook chapters on Pricing and Reserving essential to actuaries developing their own models or adapting external models.
- Pricing and reserving risks are areas where actuaries can enhance organizational value by quantifying the likelihood that various metrics will trigger regulatory or rating agency actions, both favorable and unfavorable.



Table of Contents of DRM Handbook

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[Chapter 4 - Scenarios](#)

[Chapter 5 - Assets Modeling](#)

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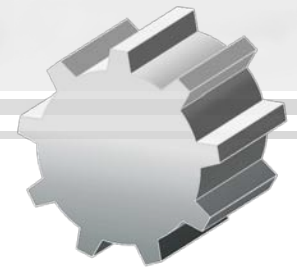
[Chapter 8 - Performance & Risk Measure](#)

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- Editorial issues: Need for new introduction, hyperlinks from Table of Contents to relevant sections, new bookmarks and updated glossary, need for consistent formatting between chapters.
- Literature review: The literature needs to be reviewed since it hasn't been done for the older chapters in several years. Chapters need to be updated to give additional guidance on issues that have recently become very important, such as ERM issues related to demonstrating capital adequacy to regulators and rating agencies.
- Examples: The group working on updating the loss reserving chapter will add examples, possibly based on simulated data from the CAS Loss Simulation Model.

Conclusion

- The DRM Committee will prioritize what needs to be done this year, and what will be done in the coming years.
- The Handbook needs to be continually updated as it should tie together all that the DRM Committee does.
- Link to current version of DRM Handbook:
<http://www.casact.org/research/drm/#drmrh>