

# **INT-1: Intermediate / Advanced Exposure and Experience Rating Agenda and Case Study**

**CAS/CARe Seminar**  
*Boston - Monday, June 4, 2012*

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**St. Joseph's University - Executive Director**  
**Academy of Risk Management & Insurance**



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## **Intermediate/Advanced Track 1**

### **Intermediate / Advanced Exposure and Experience Rating**

This session will build upon last year's CARE INTMD-1 and INTMD-2 materials and will presuppose familiarity with the basics of exposure and experience rating methodologies. This session will quickly review those materials, including the case study and puzzle solving that was presented, and extend that material. This extension will include the usage of more advanced techniques to address common excess rating challenges, trending issues for large claims, information lags, emergence testing, assessing confidence in benchmarking practices, and ultimately leading to enhanced underwriting cycle management.

**Moderator:**

Michael E. Angelina, St. Joseph's University - Executive Director

**Panelists:**

John Buchanan, ISO – Principal, Reinsurance Division

Dave Clark, Munich RE – Senior Actuary

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## **Agenda – IT1**

- **Introduction to Case Study** (5 mins – Mike)
  - Reinsurance Proposal
  - Pricing Information Received
- **Intermediate/Advanced Rating – Next Steps** (30 mins – John)
  - Case Study Review
  - Benchmarking
  - Taking Further Steps
  - Underwriting Cycle
- **Size of Loss Trend** (30 mins – Dave)
  - Parametric Model
  - Comparison to Empirical Approach
- **Questions**

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## Reinsurance Proposal

- Layer \$100,000 xs \$100,000
- Estimated Premium: \$40,000,000
  - Rapid growth recently
  - Was \$10,000,000 six years ago
  - Large apparent rate increases
- GL Business
  - Southeast US
- Underwriting
  - Business has been sold a few times during 10 year history to different fronting carriers
  - Latest sold two years ago

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## Pricing Information Received

- Premiums
  - by Class Code
  - by Policy Limit
- Historical loss ratios
- Claim listings
  - Reporting threshold of \$50,000
  - Current evaluation
  - Histories
- Claims
  - Reserve stair-stepping
  - Higher than average expenses

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