

Superforecasting

May 16, 2016

Jessica Leong



1. What is Superforecasting?

2. Superforecasting... for actuaries?

Superforecasting Tournaments

- Before 1 January 2017, will it be officially announced that Greece is leaving the eurozone?
- What will be the end-of-day closing value for the dollar against the renminbi on 30 September 2016?

- Before 1 January 2017, will it be officially announced that Greece is leaving the eurozone?
- What will be the end-of-day closing value for the dollar against the renminbi on 30 September 2016?

What were his findings?

1. No one is consistently good at making forecasts
2. Some people are consistently better at making forecasts

1. What is Superforecasting?

2. Superforecasting... for actuaries?

What does the CIA have to do with the CAS?



What does the CIA have to do with the CAS?



- **Government** relies on accurate forecasts from the **intelligence** community

What does the CIA have to do with the CAS?



- **Government** relies on accurate forecasts from the **intelligence** community
- Quality = rank of the person giving the forecast (social proof)

What does the CIA have to do with the CAS?



- **Government** relies on accurate forecasts from the **intelligence** community
- Quality = rank of the person giving the forecast (social proof)
- Improvement = following rigorous process and adopting best practices

What does the CIA have to do with the CAS?



- **Government** relies on accurate forecasts from the **intelligence** community
- Quality = rank of the person giving the forecast (social proof)
- Improvement = following rigorous process and adopting best practices
- **Insurers** rely on accurate forecasts from the **actuarial** community

What does the CIA have to do with the CAS?



- **Government** relies on accurate forecasts from the **intelligence** community
 - Quality = rank of the person giving the forecast (social proof)
 - Improvement = following rigorous process and adopting best practices
- **Insurers** rely on accurate forecasts from the **actuarial** community
 - Quality = rank of the person giving the forecast (social proof)

What does the CIA have to do with the CAS?



- **Government** relies on accurate forecasts from the **intelligence** community
 - Quality = rank of the person giving the forecast (social proof)
 - Improvement = following rigorous process and adopting best practices
- **Insurers** rely on accurate forecasts from the **actuarial** community
 - Quality = rank of the person giving the forecast (social proof)
 - Improvement = following rigorous process and adopting best practices

What does the CIA have to do with the CAS?



- **Government** relies on accurate forecasts from the **intelligence** community
- Quality = rank of the person giving the forecast (social proof)
- **Improvement = scientifically test forecasts against actual results**

- **Insurers** rely on accurate forecasts from the **actuarial** community
- Quality = rank of the person giving the forecast (social proof)
- Improvement = following rigorous process and adopting best practices

What does the CIA have to do with the CAS?



- **Government** relies on accurate forecasts from the **intelligence** community
 - **Quality = your track record**
 - **Improvement = scientifically test forecasts against actual results**
- **Insurers** rely on accurate forecasts from the **actuarial** community
 - **Quality = rank of the person giving the forecast (social proof)**
 - **Improvement = following rigorous process and adopting best practices**

What does the CIA have to do with the CAS?



- **Government** relies on accurate forecasts from the **intelligence** community
- **Quality = your track record**
- **Improvement = scientifically test forecasts against actual results**

- **Insurers** rely on accurate forecasts from the **actuarial** community
- **Quality = rank of the person giving the forecast (social proof)**
- **Improvement = following rigorous process and adopting best practices**



What does the CIA have to do with the CAS?



- **Government** relies on accurate forecasts from the **intelligence** community
- **Quality = your track record**
- **Improvement = scientifically test forecasts against actual results**

- **Insurers** rely on accurate forecasts from the **actuarial** community
- **Quality = rank of the person giving the forecast (social proof)**
- **Improvement = following rigorous process and adopting best practices**



Eight Commandments of Superforecasting

1. Measure your forecasting
2. Do it
3. Use data
4. Synthesize beliefs
5. Break into sub-problems
6. Work in groups
7. Quantify your uncertainty
8. Balance under and over-reacting

Eight Commandments of Superforecasting

1. Measure your forecasting
2. Do it
3. Use data
4. Synthesize beliefs
5. Break into sub-problems
6. Work in groups
7. Quantify your uncertainty
8. Balance under and over-reacting

“More often forecasts are made and then... nothing. Accuracy is seldom determined after the fact...So there is no measurement. Which means no revision. And without revision, there can be no improvement”

CAS Superforecasting Working Party: Tournament Questions

1. What will be the rate change for commercial P&C industry for Q2, 2016 according to the CIAB survey?
2. What will the overall major US reinsurer year-to-date combined ratio be for the 6 months ending June 30, 2016?
3. How many security class actions will be filed in 2016, by August 31, 2016 at 5 pm ET?

CAS Superforecasting Working Party: Tournament Questions

1. What will be the rate change for commercial P&C industry for Q2, 2016 according to the CIAB survey?
2. What will the overall major US reinsurer year-to-date combined ratio be for the 6 months ending June 30, 2016?
3. How many security class actions will be filed in 2016, by August 31, 2016 at 5 pm ET?

jessica.leong@zurichna.com