

Software Run-Off

Calculation of Claims Reserves
and Ultimate Loss Ratios

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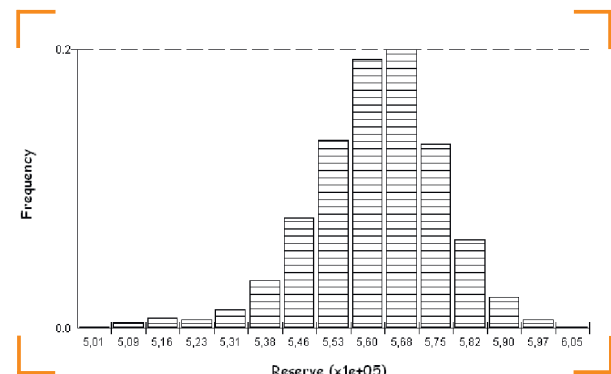
Calculation of Claims Reserves and Ultimate Loss Ratios

A user-friendly application that already has many years of practical use. Essential for **Product Management** and **Liability Assessment** of Life and Non-Life Insurers.

Outputs

This software estimates various indicators by year of occurrence or by insurance inception year:

- final cost of claims
- ultimate loss ratio
- required reserves
- sufficiency or insufficiency of reserves
- average ultimate cost
- number of open and closed ultimate claims
- predictive errors
- confidence intervals of estimates
- probability distribution of reserves
- financial duration of liabilities

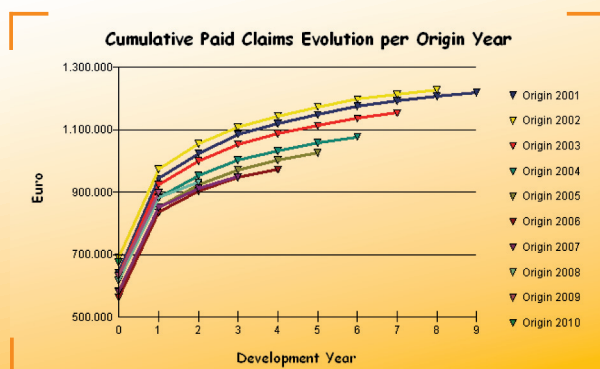


The results can be obtained:

- without the discounting of reserves
- from a “best estimate” perspective, using discount rates for reserves
- from a “fair value” perspective

Exploratory Analysis

The application has a very useful area for preliminary analysis of the evolution of:



- paid claims
- the cost of claims
- how fast standard claims and more serious claims are closed
- the share of provisioning of the different years
- and average provisioning

Discounted Reserves and Inflation

Different reserves discount rates can be entered by calendar year in a simple manner. In addition, the system allows this feature to be applied to the payments and cost-of-claims matrices, estimating the associated cash flows in the latter case.

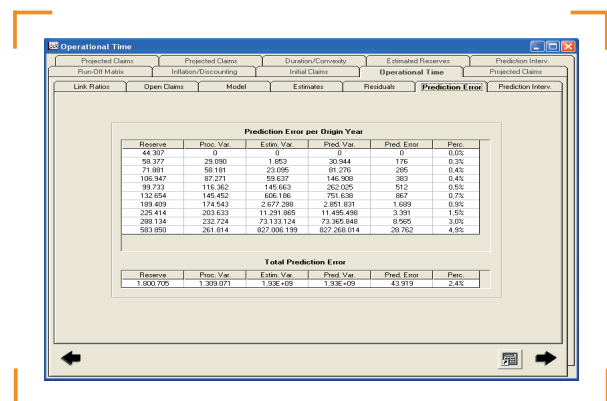
The application also allows data adjustment for past and future inflation.

Reserving Methods

The application gathers together the majority of the families of claims reserving methods, both deterministic and stochastic:

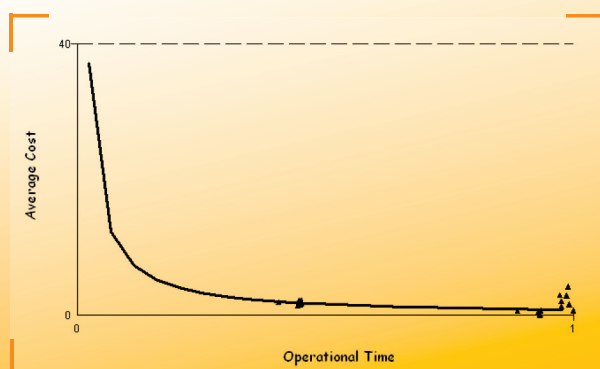
- Link Ratios and Grossing Up
- Loss Ratios
- Average Costs
- Parametric and Non-Parametric Bootstrap
- Operational Time
- Generalised Linear Models
- Stochastic Chain Ladder
- among others

About 400 estimation methods are available, permitting the plausible spectrum of outcomes to be defined. The application can also automatically generate the result of 180 of the existing methods. Moreover, the application allows you to automatically include your own method for calculating claims reserves if it is not already included in the software.



Results Test

The application also includes a series of test indicators of the results:



- prospective residuals
- retrospective residuals
- expected loss ratios vs. current and initial loss ratios
- backtesting
- run-off distribution

Pure IBNR methods

Besides calculating IBNER and IBNR, the application also has quick methods to analyse the so-called pure IBNR.

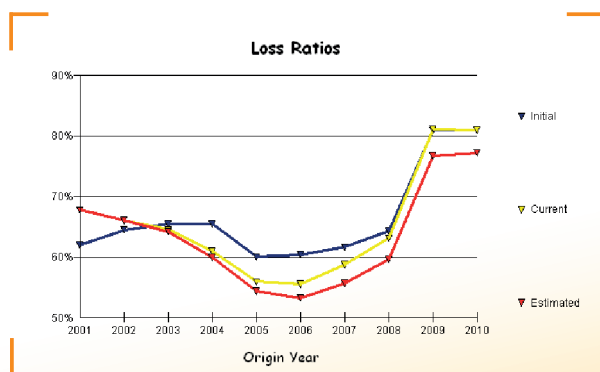
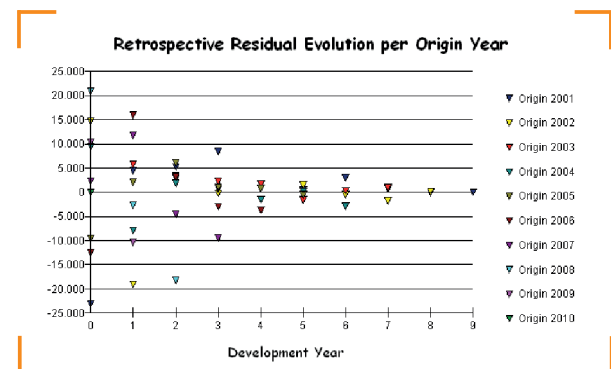
This can be done either through statistical tables or using specific actuarial methods for pure IBNR.

Scenarios

You can parameterise your regular work so that the application automatically replicates it at the right time with the input of new data, thus saving you time.

Data Import

Data can be automatically imported via an Excel spreadsheet. The data can also be linked to the claims database or data warehouse for importing and automatically creating all the work matrices.



Results Export

Once the work is completed it is essential that everything be exported to Excel without transcription errors. The export engine allows you to automatically create outputs of your report.

**Don't waste time doing calculations.
Just think.**

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