

## **Loss Reserves**

This is the core of the balance sheet risk for insurance companies and the main source of the risk. Carriers can act as an insurer, a cedent, a pricing source for retro or group programs, or a reinsurer or excess insurer for large deductible or aggregate plans. For self-insureds, this represents a source of risk as well, but one which is unfamiliar for most employers, especially the impact of lifetime medical costs of claims or the unexpected occurrence and costs of product liabilities or environmental exposures. This is especially so when an employer is subjected to a merger or divestiture. In each case, the projection of ultimate costs is a fundamental task for actuaries. I have the knowledge gained from the historical development of tools and methods, alternate sources of data, personal experience to observe claim behavior and the actions of management and other participants.

### **Issues:**

- Future emergence of claims and costs
- Data reliability
- Impact of claims reserving practices
- Impact of Underwriting and Marketing Programs
- Unexpected impact of inflation and other economic variables
- The range of possible outcomes
- Understanding the risk to the balance sheet and price/risk tradeoff

### **Services**

- Reserve valuation
- Reserve ranges and risks
- Loss Portfolio Transfers
- Peer review and second opinions