



31 May - 03 June 2016

at  
ISEG- Lisbon School of Economics  
and Management

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## SUBMISSION FORM

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**One-year estimation uncertainty in some claim development models**

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What will your final submission be? Presentation and Paper  Presentation Only

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No prior knowledge  General industry knowledge assumed  Technical/specific industry knowledge assumed

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## ABSTRACT

**One-year estimation uncertainty in some claim development models**

*Walther Neuhaus*

**Key words:** Loss reserving, credibility, one-year uncertainty, Solvency II.

**Purpose of your paper:** To calculate the one-year estimation uncertainty required by the Solvency II regulation, and to show that its minimization leads to strange results. The sanity of the concept of one-year estimation uncertainty is questioned.

**Abstract:** The paper studies the one-year estimation uncertainty associated with using credibility-based loss reserving methods, when claim development can be described by the models of Bühlmann-Straub or Hesselager-Witting. Having found a formula, it seems natural to minimize the one-year estimation uncertainty in the same way as one can minimize the ultimate uncertainty, i.e., to minimize the MSEF. It turns out that minimization of the one-year estimation uncertainty leads to unreasonable and unsightly results. This puts into question the sanity of the concept of one-year estimation uncertainty.

**Note:** If you are not presenting a paper for this Colloquium, please include as much detail as possible in your Abstract (maximum three pages) to enable delegates to prepare for your session.

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