(Fr17.ULAE) Practice 01a-Question

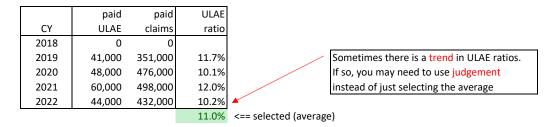
Random 1 Use the classical approach to estimate the unpaid ULAE for AY 2022

occurrence <== policy type

	paid	paid	incurred
CY	ULAE	claims	claims
2018	0	0	0
2019	41,000	351,000	470,000
2020	48,000	476,000	600,000
2021	60,000	498,000	410,000
2022	44.000	432,000	480.000

167,000	case outstanding (total across all AYs)
69,000	total IBNR (total across all AYs)
46%	% of total IBNR attributed to future case development on known claims

Step 1: classical ULAE ratio ==> (paid ULAE) / (paid claims)



Step 2: apply formula for unpaid ULAE

unpaid ULAE = (ULAE ratio) x [50% x (Case + IBNER) + 100% x IBNYR]

where:

therefore:

unpaid ULAE = 11.0% x [50% x 198,740 + 100% x 37,260]
unpaid ULAE = 15,029 <== final answer

(Fr17.ULAE) Practice 02a-Question

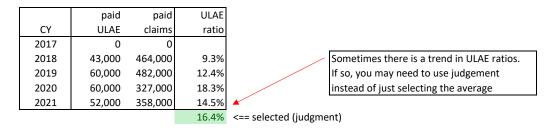
Random 2 Use the classical approach to estimate the unpaid ULAE for AY 2021

occurrence <== policy type

	paid	paid	incurred
CY	ULAE	claims	claims
2017	0	0	0
2018	43,000	464,000	600,000
2019	60,000	482,000	550,000
2020	60,000	327,000	420,000
2021	52,000	358,000	520,000

102,000	case outstanding (total across all AYs)
85,000	total IBNR (total across all AYs)
65%	% of total IBNR attributed to future case development on known claims

Step 1: classical ULAE ratio ==> (paid ULAE) / (paid claims)



Step 2: apply formula for unpaid ULAE

unpaid ULAE = (ULAE ratio) x [50% x (Case + IBNER) + 100% x IBNYR]

where:

therefore:

unpaid ULAE = 16% x [50% x 157,250 + 100% x 29,750]
unpaid ULAE = 17,774 <== final answer

(Fr17.ULAE) Practice 03a-Question

Random 3 Use the

Kittel

approach to estimate the

unpaid

for AY

ULAE

2020

occurrence <== policy type

	paid	paid	incurred
CY	ULAE	claims	claims
2016	0	0	0
2017	55,000	324,000	480,000
2018	58,000	479,000	480,000
2019	51,000	457,000	500,000
2020	44,000	403,000	510,000

133,000	case outstanding (total across all AYs)
54,000	total IBNR (total across all AYs)
58%	% of total IBNR attributed to future case development on known claims

Step 1: Kittel ULAE ratio ==> (paid ULAE) / AVG [(paid claims) , (incurred claims)]

	paid	average	ULAE		
CY	ULAE	(pd, inc)	ratio		
2016	0	0			
2017	55,000	402,000	13.7%	Sometimes there	is a trend in ULAE ratios.
2018	58,000	479,500	12.1%	If so, you may nee	ed to use judgement
2019	51,000	478,500	10.7%	instead of just sel	ecting the average
2020	44,000	456,500	9.6%		
			10.2%	<== selected (judgment)	

Step 2: apply formula for unpaid ULAE

unpaid ULAE = (ULAE ratio) x [50% x (Case + IBNER) + 100% x IBNYR]

where:

therefore:

unpaid ULAE	=	10)% x	[50% x	164,320	+	100% x	22,680]
unpaid ULAE	=	10,641	<== final answer						

(Fr17.ULAE) Practice 04a-Question

Random 4 Use the

Kittel

approach to estimate the

unpaid

ULAE for AY

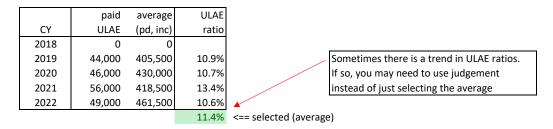
2022

occurrence <== policy type

	paid	paid	incurred
CY	ULAE	claims	claims
2018	0	0	0
2019	44,000	311,000	500,000
2020	46,000	430,000	430,000
2021	56,000	387,000	450,000
2022	49,000	443,000	480,000

187,000	case outstanding (total across all AYs)
100,000	total IBNR (total across all AYs)
57%	% of total IBNR attributed to future case development on known claims

Step 1: Kittel ULAE ratio ==> (paid ULAE) / AVG [(paid claims) , (incurred claims)]



Step 2: apply formula for unpaid ULAE

unpaid ULAE = (ULAE ratio) x [50% x (Case + IBNER) + 100% x IBNYR]

where:

therefore:

unpaid ULAE = 11% x [50% x 244,000 + 100% x 43,000]
unpaid ULAE = 18,810 <== final answer