The Role of Loss Reserve Errors in the Smoothing of Policyholder Surplus

Discussion

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Outline

- Contributions
- Suggestions
Contributions

- Focusing on “environmental factors” that motivate the industry as a whole to manage reserve.
- Using a dynamic model instead of a static model.
Suggestions

1. Other environmental factors to be considered.

2. Try to incorporate firm level cost of capital proxy instead of industry level proxy.


4. The calculation/definition of equity.
Thank you!