13. (4 points)

The following excerpts are from an insurance company's 2012 Schedule P (all figures are in thousands of dollars):

Schedule P - Part 2J Auto Physical Damage
Incurred Loss & DCC

Year	2010	2011	2012
Prior	350	650	655
2011	XXX	800	900
2012	XXX	XXX	710

Schedule P - Part 3J Auto Physical Damage
Cumulative Paid Loss & DCC

Year	2010	2011	2012
Prior	0	500	555
2011	XXX	100	700
2012	XXX	XXX	75

Additionally, the following Auto Physical Damage paid and unpaid information is given for calendar year 2013 (all figures are in thousands of dollars):

Year	Paid Loss & DCC in 2013	Unpaid Loss & DCC at 12/31/13
Prior	20	15
2011	240	25
2012	435	215
2013	95	725

Create the Schedule P - Part 2J - Auto Physical Damage table that would appear in the company's 2013 Annual Statement.

QUESTION 13	
TOTAL POINT VALUE: 4	**LEARNING OBJECTIVE: C1**
SAMPLE ANSWERS	

Sample 1:

#1.) Unpaid at 12/31/12 = 2012 Part 2 Cumul. Incurred - 2012 Part 3 Cumul. Paid

Year	2010	2011	2012
Prior	350-0=350	650-500=150	655-555=100
2011	XXX	800-100=700	900-700=200
2012	XXX	XXX	710-75=635

#2.) Unpaid at 12/31/13

Year	2011	2012	2013
Prior	150+700=850	100+200=300	15+25=40
2012	XXX	635	215
2013	XXX	XXX	725

- 2012 and prior from #1
- 2013 from CY2013 paid and unpaid (3rd tbl in question)

#3.) 2013 Part 3 Cumulative Paid (at 12/31/13)

Year	2011	2012	2013
Prior	0	555-500+700-100=655	655+20+240=915
2012	XXX	75	75+435=510
2013	XXX	XXX	95

- 2012 and prior cols: from 2012 Part 3
- 2013 col: add CY2013 paid

#4.) 2013 Part 2 Cumulative Incurred = #2 + #3

Year	2011	2012	2013
Prior	850+0=850	300+655=955	40+915=955
2012	XXX	635+75=710	215+510=725
2013	XXX	XXX	725+95=820

Sample 2:

Year	2011	2012	2013
Prior	A	B	C
2012	XXX	D	E
2013	XXX	XXX	F

A = (650 + 800) - (500 + 100) = 850
B = (655 + 900) - (500 + 100) = 955
C = (555 + 700) - (500 + 100) + 20 + 240 + 15 +25 = 955
D = 710
E = 75 + 435 + 215 = 725
F = 725 + 95 = 820

Sample 3:

	2011	2012	2013
Prior	650 + 800 - 500 - 100 = 850	850 + 655 + 900 - 650 - 800 = 955	955 + 20 + 240 + 15 + 25 - (655 - 555 + 900 - 700) = 955
2012		2012 Incurred = 710	710 + 435 + 215 - (710 - 75) = 725
2013			95 + 725 = 820

Sample 4:

A = Year End Reserves

Year	2011	2012	2013
Old Prior	650 - 500 = 150	655 - 555 = 100	15
2011	800 - 100 = 700	900 - 700 = 200	25
2012	XXX	710 - 75 = 635	215
2013	XXX	XXX	725

C = A + B

Year	2011	2012	2013
Old Prior	650	655	590
2011	800	900	965
2012	XXX	710	725
2013	XXX	XXX	820

B = Cumulative Paid

Year	2011	2012	2013
Old Prior	500	555	555 + 20 = 575
2011	100	700	700 + 240 = 940
2012	XXX	75	75 + 435 = 510
2013	XXX	XXX	95

2013 Part 2J

Year	2011	2012	2013
Prior	650 + 800 - (500 + 100) = 850	655 + 900 - (500 + 100) = 955	590 + 965 - (500 + 100) = 955
2012	XXX	710	725
2013	XXX	XXX	820

EXAMINER'S REPORT

Many candidates successfully demonstrated their understanding of Schedule P. Most of the calculations are relatively straightforward if using a triangular, stepwise method. However, there are a variety of ways to calculate the solution and many candidates were able to obtain the final answer by combining multiple steps into fewer calculations. Common errors included:
- Not collapsing the 2011 row into the prior row in the solution
- Leaving the 2010 column in the solution
- Adding incremental paid instead of cumulative paid to the unpaid at 12/31/2013 to calculate the cumulative incurred at 12/31/2013

- Calculating incurred at 12/31/2013 as incurred at 12/31/2012 plus paid amounts
- Calculating incurred at 12/31/2013 as incurred at 12/31/2012 plus unpaid at 12/31/2013