

14. (2.5 points)

Below are excerpts from the 2018 Schedule P for an insurance company which began operations in 2015 and writes exclusively Homeowners insurance:

**Part 5A, Section 1 Cumulative Number of Claims Closed with Loss Payment Direct and Assumed at Year End**

	2015	2016	2017	2018
2015	135	143	154	160
2016	-	139	147	156
2017	-	-	159	168
2018	-	-	-	181

**Part 5A, Section 2 Number of Claims Outstanding Direct and Assumed**

	2015	2016	2017	2018
2015	25	15	8	4
2016	-	29	15	8
2017	-	-	35	17
2018	-	-	-	44

**Part 5A, Section 3 Cumulative Number of Claims Reported Direct and Assumed**

	2015	2016	2017	2018
2015	175	182	194	200
2016	-	180	187	195
2017	-	-	212	215
2018	-	-	-	245

a. (1.25 points)

Calculate the claim closure rates at 12 months for accident years 2015-2018, identify one trend, and briefly describe two possible explanations for this trend.

b. (0.5 point)

Describe how to compute the triangle of average case outstanding severity using Schedule P.

c. (0.25 point)

Briefly explain why the triangle of average case outstanding severity may be important to an actuary reviewing the adequacy of reserves.

d. (0.5 point)

Briefly describe two reasons why data from Schedule P, Part 5 should be used with caution when comparing companies.