not have been consistent over the time period shown by the table, and it is distorted by the market cycles. Therefore, they believe the table to be of limited use.

To demonstrate how a loss development table is constructed we have used the Schedule P, Part 2 and Part 3 summaries for Fictitious. To construct the table, we have assumed that the company started writing business in accident year 2002 and that there are no statutory to GAAP accounting adjustments. Furthermore, we included only net loss and DCC expenses.

The 2002 column is therefore only accident year 2002 with the original reserve being the accident year 2002 reserve at December 31, 2002. The cumulative paid amounts show the respective amounts paid after December 31, 2002. After nine years the table tells us that accident year 2002 has run off favorably by $862 million, which can easily be reconciled to the change in ultimates in Schedule P, Part 2. The original reserve in the second column, 2003, is the sum of accident year 2002 and 2003 reserves at December 31, 2003, or at 24 months and 12 months, respectively. The 2003 column in the first triangle then shows the cumulative payments on those accident years since December 31, 2003.

TABLE 113

Building from Schedule P
Fictional Insurance Company
10-Year Loss Development Table

(at December 31, in millions)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net reserves for claims and claim adjustment expense originally estimated	10,368	16,785	23,462	28,062	28,689	30,315	31,359	31,903	32,708	34,515
Cumulative amounts paid as of:										
One year later	2,756	4,648	6,145	6,815	6,286	6,406	7,191	7,575	7,845	
Two years later	4,416	7,873	9,687	10,679	9,958	10,358	11,652	11,924		
Three years later	5,739	10,011	12,296	13,083	12,414	13,113	14,409			
Four years later	6,746	11,566	13,838	14,634	14,144	14,711				
Five years later	7,408	12,480	14,826	15,686	15,085					
Six years later	7,805	13,050	15,483	16,304						
Seven years later	8,080	13,420	15,906							
Eight years later	8,227	13,682								
Nine years later	8,321									
Ten years later										
Reserves re-estimated as of:										
One year later	9,228	16,438	22,601	26,211	27,254	27,811	29,803	30,589	31,656	
Two years later	9,664	17,045	21,999	25,226	25,059	26,129	28,555	29,164		
Three years later	9,882	17,078	21,552	23,712	23,703	24,972	27,236			
Four years later	9,961	17,052	21,023	22,670	22,584	24,033				
Five years later	9,897	17,006	20,423	21,770	22,015					
Six years later	9,841	16,647	19,846	21,359						
Seven years later	9,776	16,267	19,559							
Eight years later	9,527	16,169								
Nine years later	9,506									
Ten years later										
Cumulative deficiency (redundancy) (a)(b)	(862)	(616)	(3,903)	(6,703)	(6,674)	(6,282)	(4,123)	(2,739)	(1,052)	