Types of Case Reserving Methods

1. Individual case method

Method considerations (see pg 3.5)

1. Claimant profile
2. Nature and extent of injury
3. Special damages
4. Claimant representation
5. Liability factors
6. Misc factors
7. Roundtable method
8. Average value method
9. Formula method
10. Expert system method

IBNR Reserves

Causes of Reserve Errors

-reserve adequacy and accuracy are important to insurer’s *solvency* and *capacity*

Errors can be caused by:

1. Limited info
2. Claim rep’s poor planning, lack of expertise, or unwillingness to reevaluate facts. Can lead to **stair-stepping**

Insurer’s Duty to Investigate

Insurers want to avoid allegations of **breach of contract** and **bad faith**.

A claims investigation should be handled with:

1. The insurer’s authority
2. Reasonably
3. In good faith
4. Promptly
5. An awareness of privacy issues

-HIPAA

-Sarbanes-Oxley Act of 2002

Insured’s Duty to Cooperate

1. Compliance with a reasonable request
2. Production of documents and evidence
3. Examination under oath and other types of statements
4. Independent Medical Exam (IME)
5. Consequences of noncooperation

General Investigative Tools

1. Loss notice forms
2. Policy information
3. Statements
4. Diagrams, photos, and videos
5. Experts
6. Records and reports
7. Industry databases
8. Social networking sites
9. Other investigation tools

Confirming the Loss Notice Information with the Policy

1. Agency
2. Insured
3. Loss or occurrence
4. Policy information and preparer