

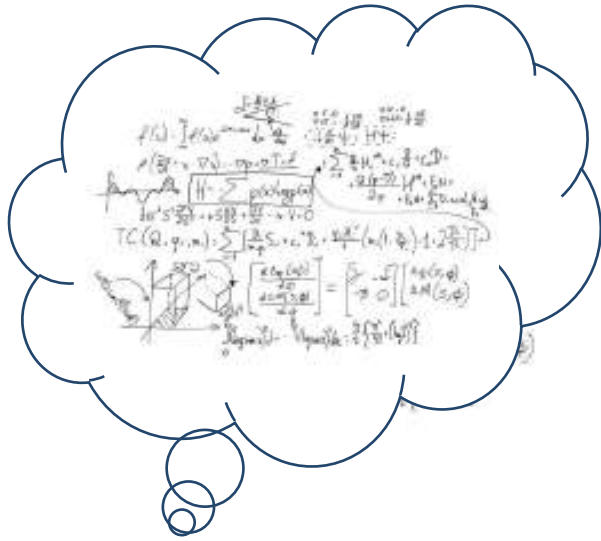
10<sup>th</sup> Discussion Forum  
April 17, 2024



# Casualty Issues

## Dealing with unexpected late claims development

Corinne Hepner-Brafman (Underwriting perspective)  
Laurence Martini (Actuarial perspective)





1. Defining a late claim

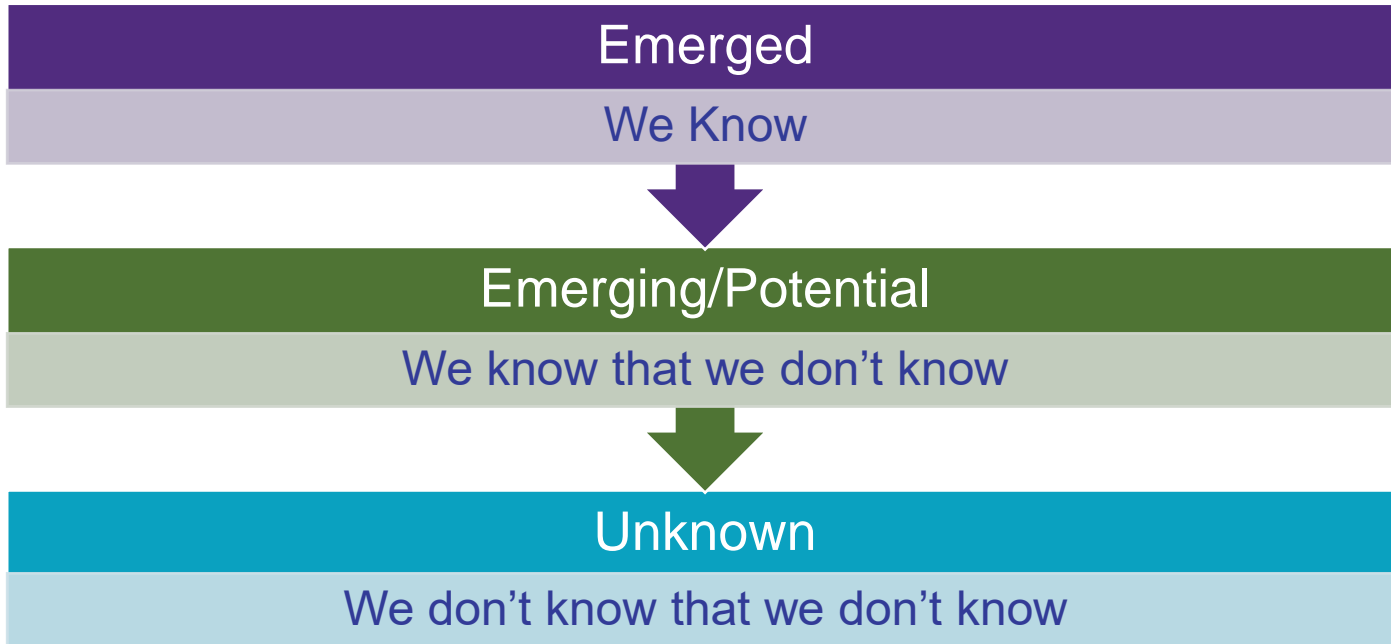
2. Anatomy of a late claim

3. How Reinsurers deal with late claims?



# *Defining a late claim*

# A non-anticipated claim



# Some historical late claims

## Level of claims reserve

Change in table for capitalization

Ogden table.



## Environmental liability

US Pollution

## Employers' liability

Repetitive strain injury

## Product liability

Talc

Breast implant

Toxic mold

DES

Asbestos

# Diethylstilbestrol Timeline

1938



DES first synthesized

1970s



Progressive bans of DES to pregnant women due to side effects

1980s



Increases cancer among **patients** by 1.35x

1990s-2000s



Increases cancer and malformation among **children**

2010s-2020s



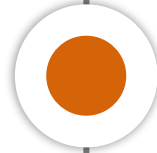
Increases malformation among **grandchildren**





# Asbestos Timeline

1<sup>st</sup> Century A.D



Greeks and Romans note lung illness in slaves who work with asbestos

1925



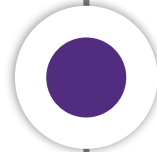
First documented case

1966



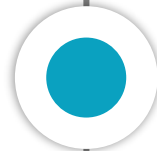
First asbestos case filed in Beaumont, Texas

1979



950 cases filed

1984



10,000 cases filed

2024



.....still some new claims

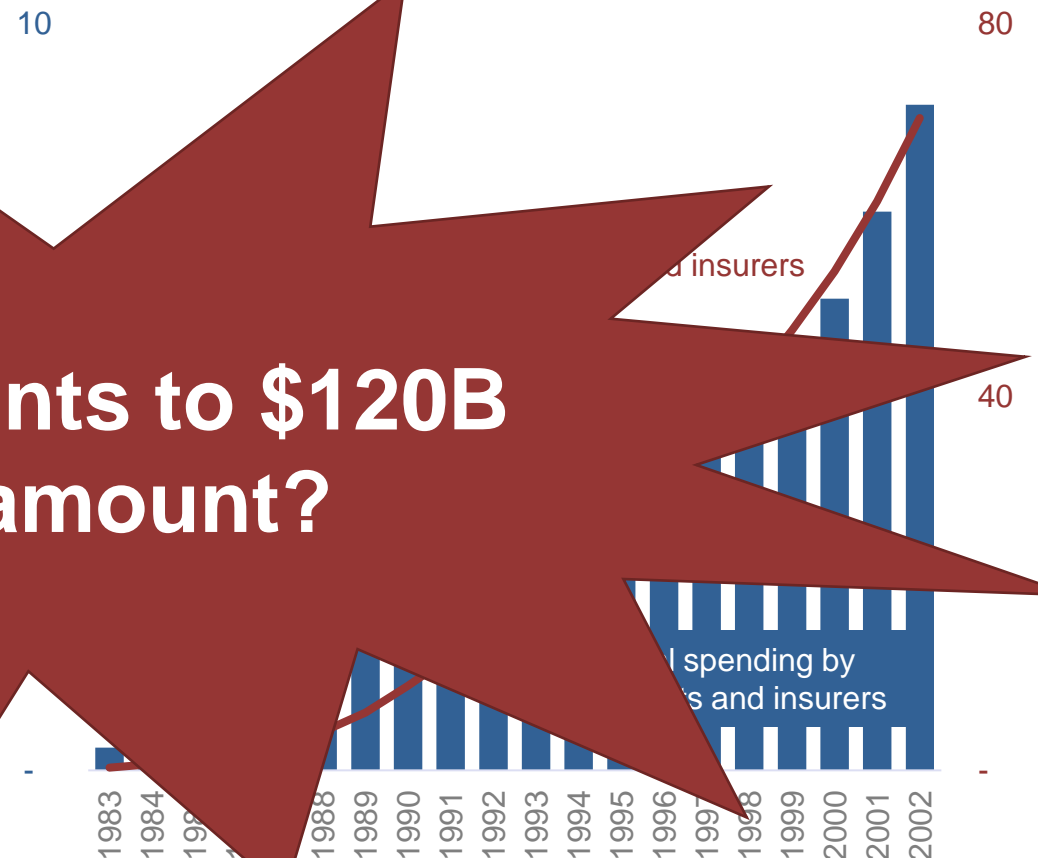


# Asbestos – The Never-Ending Story

US ASBESTOS LAWSUITS ('000s)  
1983-2002



US LITIGATION DEFENCE SPENDING (\$'mios)  
1983-2002



Now amounts to \$120B  
Final amount?

# Late Claim From An Actuarial Perspective

The actuarial method to “predict” ultimate losses

Identifying a pattern : How claims that have been settled in the past that can be applied to the future ?

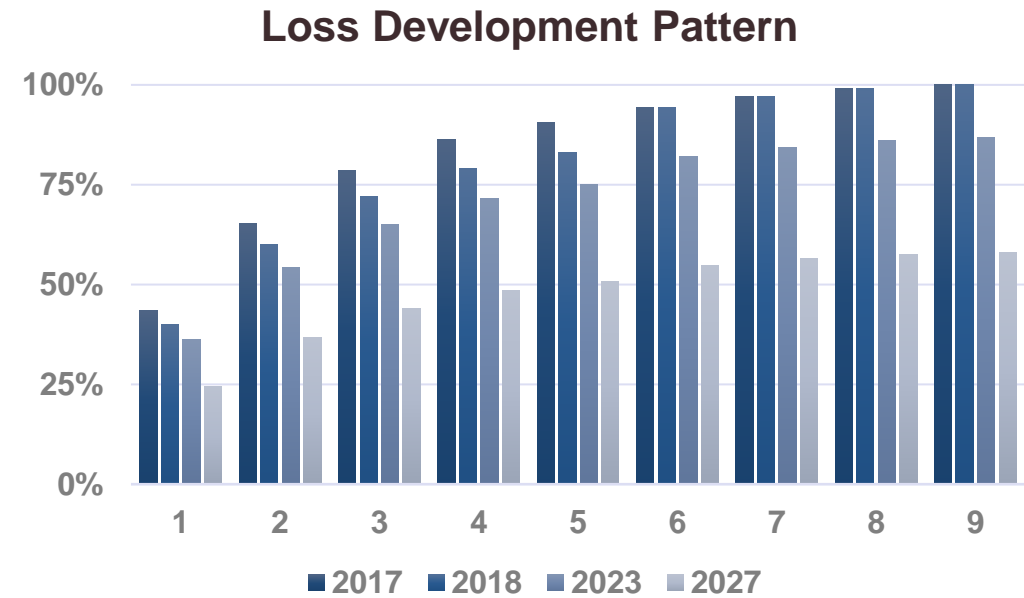
Standard and well-known method

⇒ **Is it that simple?**



# When do we know 100% of losses?

UY	1	2	3	4	5	6	7	8	9
2009									
2010									
2011									
2012									
2013									
2014									
2015									
2016									
2017									





# *Anatomy of a late claim*



# Factors Of A Late Claim

## OTHER CONTRIBUTING FACTORS

### Exposure

One accident

Gradual  
Exposure

### Trigger point

Exposure

Manifestation

Continuous  
Trigger

### Claim

Material  
damage

Financial  
Loss

Bodily Injury

### Tracking Claims

Method to  
track claims

IT changes

### Legal Hazard

Changes in  
legislation

Unexpected  
court  
decisions

# Question from the actuary

Are potential and unknown claims considered enough in reserving and pricing?



# Questions from the actuary : Pricing



## Pricing

Experience

Exposure

Payback

# Questions from the actuary : Reserving

## Reserving

Lengthy  
process

Inflation

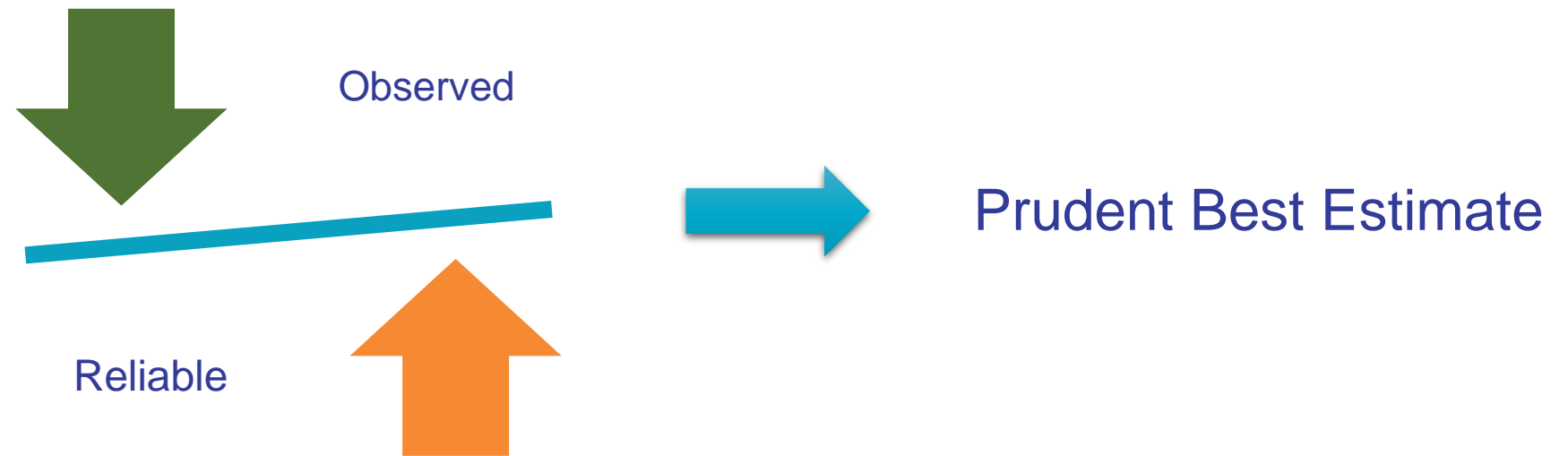
Structural  
changes





Ultimates (\$) based on information that we have at the end of :

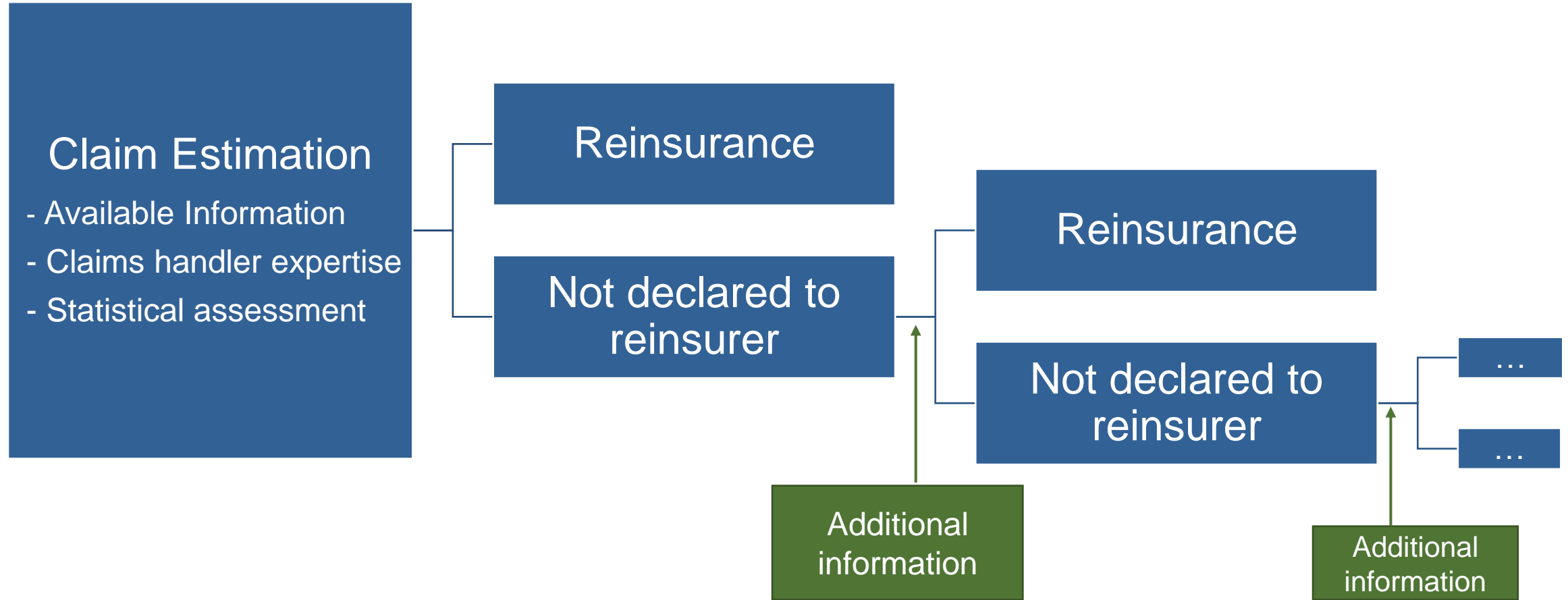
UY	Incurred (\$)	2017	2018	2023	2027	Change from first to latest ultimates
2009 – 2017	1,961	2,294	2,500	2,780	4,144	<b>+81%</b>
2009 – 2018	2,307		2,750	3,044	4,538	<b>+65%</b>
2009 - 2023	3,599			4,428	6,526	<b>+47%</b>



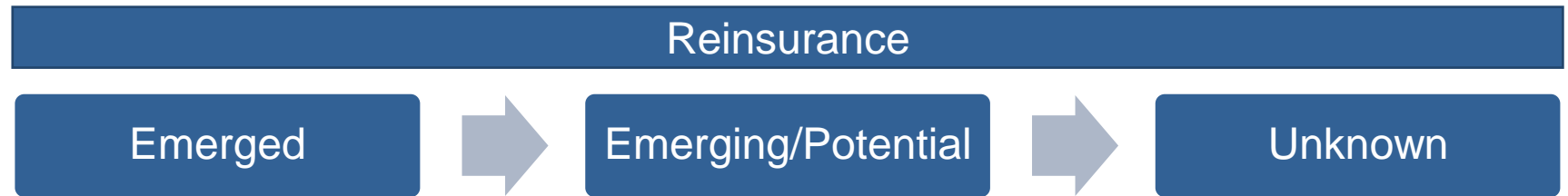
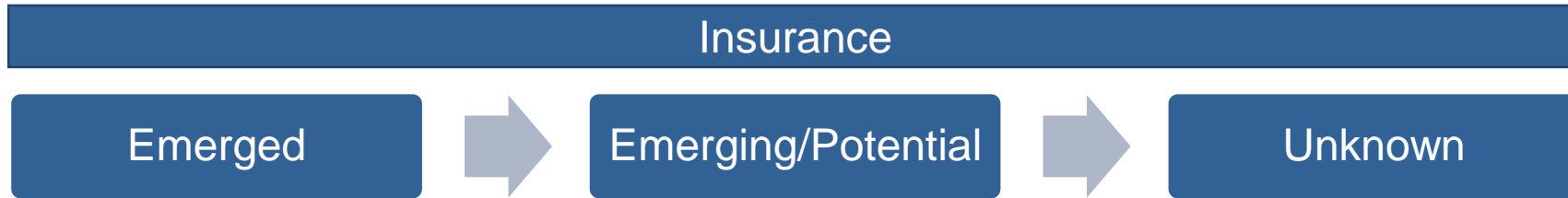


# *How reinsurers deal with late claims?*

# Chain of information



# Chain of Information



When the reinsurer knows...



# Underwriting – Spot The Next Asbestos



# Underwriting Actions

**Shift the trigger**

**To claims made**

**Limit the time effect**

**Avoid impacting multiple years**

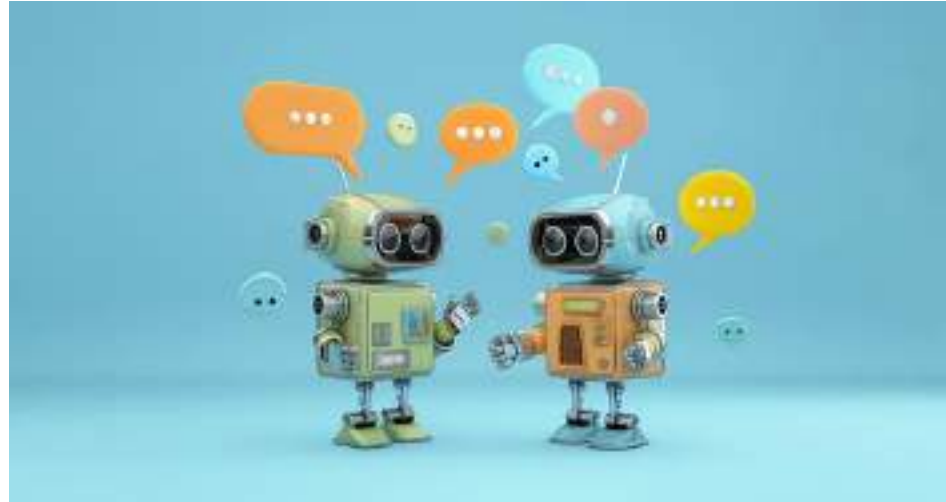
**Tighten terms**

**Wording changes, appropriate  
exclusions, higher deductibles  
and sub-limit coverages**



*Finally...*

# Takeaways







Thank you for your attention