

- (a) the taxable investment income, Federal tax, and loss ratio vulnerability triangle; and
- (b) capital structure as a factor in shaping reinsurance policy and determining loss experience needs.

In general, the discussions suggested in a convincing manner that there are many areas in reinsurance to challenge the actuary's skill.

REPORTS FOR MANAGEMENT

(Summation by Clarence S. Coates, Actuary,
Lumbermens Mutual Casualty Company)

The broad title for this seminar was selected for the deliberate purpose of encouraging a presentation of the various kinds of reports that were being made for management and inviting questions and discussion concerning them.

It was pointed out that the Annual Statement itself and its related Insurance Expense Exhibit were reports for management as well as mandatory documents filed with Insurance Departments. Schedule P and Page 14 were touched on, and the desirability, even necessity, of developing a full Insurance Expense Exhibit on Direct, Reinsurance Accepted, and Reinsurance Ceded sections separately before combining into the filed "Net" basis, was emphasized.

Various types of production comparison reports were discussed, and the importance of bringing in the "Share of Market" aspect was highlighted. Mention was made of the desirability of measuring progress in "New" production separately from total production.

On experience reports the discussions and comments ranged over the entire gamut of lines of insurance and their differing characteristics. Policy year, accident year and calendar year approaches were touched upon, bringing out advantages and disadvantages and areas of most logical application. Considerable interest was shown in the discussions of how best to develop and present experience by producer. Development of trend in average loss cost per injury in such lines as compensation and bodily injury, and using these for a check on loss reserve levels as well as for experience was another interesting subject. The need for improving reports so that instead of being merely historical in nature they would enter into the projection into the future area was brought out.

Discussion throughout was frequent and lively, and would undoubtedly have continued longer had time permitted. Grateful acknowledgment to Messrs. Norman Bennett and Dunbar Uthoff for their participation in the planning and carrying through of the seminar is sincerely made.