

**Executive Summary for Prod Class of Business (net of reinsurance)
XYZ Insurance Company as at 2014 Q3**

| Summary net of reinsurance results as at 2014 Q3 | MYR '000 |
|--|----------|
| Case Estimates (A) | 216,022 |
| Best Estimate IBNR Liabilities (B) | -36,003 |
| Expected Claims Liabilities (C) = (A) + (B) | 180,019 |
| Standard Deviation (D) | 21,112 |
| 75% Confidence Level Claims Liabilities (E) | 193,907 |
| Risk Margin (F) = (E) - (C) | 13,888 |

The following methods were combined to estimate the optimum level of liabilities and its range.
The resultant weightage, mean, standard deviation and correlation matrix are as follows:

| MYR '000 | Weight | Expected Liabilities | Standard Deviation | PLR | ILR | PBF | IBF |
|----------------------|--------|----------------------|--------------------|--------|--------|--------|--------|
| Paid Link Ratios | 0% | 175,024 | 12,326 | 100.0% | 0.0% | 74.8% | 0.0% |
| Incurred Link Ratios | 0% | 365,435 | 54,813 | 0.0% | 100.0% | 0.0% | 93.8% |
| Paid BF Method | 100% | 180,019 | 5,538 | 74.8% | 0.0% | 100.0% | 0.0% |
| Incurred BF Method | 0% | 317,926 | 82,929 | 0.0% | 93.8% | 0.0% | 100.0% |

The following were the optimised parameters:

Age-to-age factors:

| Development Period | 1 | 2 | 3 | 4 | 5 | 6 | Tail |
|----------------------|-------|-------|-------|-------|-------|-------|-------|
| Paid Link Ratios | 2.193 | 1.728 | 1.444 | 1.225 | 1.199 | 1.069 | 1.244 |
| Incurred Link Ratios | 1.039 | 1.015 | 0.958 | 0.968 | 0.963 | 0.946 | 1.500 |

Seed loss ratios:

| Accident Period | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------|-------|-------|-------|-------|-------|-------|-------|
| BF Seed Loss Ratio | 86.4% | 90.1% | 93.5% | 95.2% | 87.5% | 79.2% | 72.8% |

The data provided to might not capture all uncertainties around the claims liabilities.

To allow for this, standard deviation was multiplied by a factor of:

381%

About IBNR Robot

The IBNR Robot estimates the optimum level of expected claims liabilities and its range. The underlying artificial intelligence combines commonly used loss reserving methods, statistical optimisation techniques and pragmatic solutions.

It is a fully computer automated process, it does not require manual process nor human judgment.

The IBNR Robot is robust, it can process stable or volatile claims data alike.

It provides instant, independent and consistent results.

It is ideal for performing intra-company and industry wide benchmarking, independent reserves review as well as increasing operational efficiency of actuarial, underwriting and claims analyses.

Attached is a detailed report with further information.

Contact Nicholas for further queries at nicholas.yeo@n-actuarial.com or +6012 502 3566

Thank you.