

TRIANGLE FREE RESERVING

ABSTRACT

This project focuses on a new method of Reserving i.e. Triangle Free Reserving. All reserving methods based on claims triangulations (the “triangle trick”), processing of the information contained in the triangle. An increase in the size of the data does not increase the accuracy of the projections. For overcome this limitations, here we are using Triangle Free method for calculating Reserves.

This project that in order to avoid such loss of information it is necessary to adopt an approach which is similar to that used in pricing, where a separate frequency and severity model are developed and then combined by Monte Carlo simulation or other numerical techniques to produce the aggregate loss distribution. This method is known as “Triangle Free Reserving”. Here, we are going to analyze that there is more accuracy in Triangle-Free method as compare to Triangle based method.