



# Norsk Naturskadepool

Norwegian Natural Perils Pool

To member companies of the  
Norwegian Natural Perils Pool

## Circular 3/2019

Oslo, 21 May 2019

### **Proposed standard/opening reserves for natural damage claims for use by member companies**

At the meeting of the Pool's board on 7 March, proposals were presented for how to calculate IBNR for natural damage claims, especially when it comes to major loss events. The board found that it would be useful to have recommended opening reserves for the different types of loss event.

Proposals for these opening reserves are presented below. These averages are intended only for newly reported cases where the company is not yet aware of the extent or consequences of the loss. As soon as the loss has been assessed or evaluated in some other way, the amount must be adjusted. Where there is damage to large businesses, a higher opening reserve than proposed in the table below should be considered.

The sums stated are on top of the NOK 8,000 deductible.

*Amount in NOK over and  
above deductible*

<b>Type of claim</b>	<b>Recommended opening reserve/average payout</b>
Storm	67,000
Surge	106,000
Flood	172,000
Slide	208,000
Quake	18,000

The recommendation is based on claims data updated to 30 April 2019, with indexed\* payouts for the period 1980-2017 divided by the number of claims during that period. By ending the period in 2017 but having payouts updated through to 30 April 2019, losses in the last year of the period should be adequately developed.

\* Payouts have been indexed in the same way as when modelling the premium rate and calculating reinsurance renewals. The index has been developed by Guy Carpenter and uses Statistics Norway's data for the building stock and its construction cost index for residential buildings.

Prepared by:  
Kari Mørk, actuary  
Finance Norway, Statistics and Analysis