

To: the members of the Actuarial Institute of the Republic of China (AIRC)

Dear members of AIRC!

Seminar on Stochastic loss reserving models in non-life insurance and their implications for Risk Based Capital Management,
October 16th, 2014, Taipei; deadline September 25th,

We are proud to invite you to the above seminar that we are organizing on Thursday, October 16th with the kind assistance of the AIRC. Stochastic loss reserving is a topic that is much debated among European actuaries because of the introduction of Risk Based Capital (EC Solvency II). We have formalized the stochastic reserving method in a software model, IFM (Internal Financial Modeling), which gives a quick insight in the methodology of stochastic loss reserving and in the results that can be obtained with that method. We are aware that non-life actuaries all over Asia are gaining interest in this type of models. That is not only because of their great prediction accuracy, but they are also the ideal basis for regulatory Risk Based Capital developments as well as companies' internal Financial Risk Management.

In the seminar we will address the mathematical and statistical basis for the IFM model and the highly predictive powers of the model, which is able to use both paid and incurred runoff triangles (individually or simultaneously), to work with negative values and to cope with the incompleteness of data. We will compare its predictive power with less sophisticated, but widely used methods as the Chainladder and its variants, such as the Bornhütter Ferguson method. Finally, we will illustrate how the reserves are calculated and the required risk based capital is determined – and how a portfolio can be managed to optimize a company's return on capital.

Our firm is a leader in the field of stochastic loss reserving for non-life insurance business. We are happy to share the results of our research with our international colleagues. To ensure the scientific validation of the methodology we are working with professors of mathematics of the Dutch Universities of Leiden and Nijmegen (Radboud University). We are also cooperating with the University of Amsterdam, where each year we give practical seminars to post-graduate students (AEMAS). We have been invited to present papers on various aspects of the model at international conferences like the CAS Casualty and Loss Reserve Seminars in Washington (2008), Chicago (2009) and Denver (2012), the ASTIN Conferences in Mexico (2012) and The Hague (2013), the GIRO in Liverpool (2011) and the EAAC in Singapore (2013) and Taipei (2014). Further information, including a series of papers published, can be found at our website www.posthuma-partners.nl.

The seminar will be given by partners Marc Dijkstra (Managing Partner) and Bouke Posthuma (Partner, Technical Director), and by Tianshu He, our junior actuary. Profiles of the three speakers are attached.

The seminar will be held on Thursday, October 16th at 2.00 p.m. at B1, Arts & Performing Arts Center, Chinese Culture University, and is free of charge. Our Chinese colleague will provide specific translations in Chinese, if necessary. If you wish to attend the seminar please send an Email with your name, company name, contact person, telephone and Email address

to our Mr. Tianshu (Tommy) He (he@posthuma-partners.nl) before September 25th. You can also reach him for any questions you may have.

We are looking forward to seeing you at the seminar,

Marc Dijkstra, Bouke Posthuma and Tommy He

Posthuma Partners

Prinsevinkenpark 10

2585 HJ The Hague

The Netherlands

E: he@posthuma-partners.nl

www.posthuma-partners.nl

Marc Dijkstra, Managing Partner, Posthuma Partners



Marc Dijkstra has a Masters degree in Mathematics (Utrecht University, NL). Furthermore, he has a Post-Masters Degree in (Financial) Controlling (VU University, Amsterdam, NL) and he completed several executive business courses at IMD (Switzerland) and Insead (France).

He started his career at AEGON (1991) and was appointed Chief Financial Officer of a specialised non-life Insurance Unit in 1996. Thereafter he was responsible for the marketing & sales of the AEGON Personal Lines Division before he became CEO of one of the largest broker agencies in the Netherlands. In 2006 he joined the Executive Board of ArboNed, the 2nd largest Occupational Health firm in the Netherlands, as CFO. In 2008 he became co-owner of ArboNed through a Management Buy Out. He joined Posthuma Partners as Managing Partner in 2013.

Besides his tasks at Posthuma Partners Marc has 3 Supervisory Board functions. He is also frequently consulted for Management and Boardroom issues, and he is involved in several innovative start-ups.

Bouke Posthuma, Technical director, Posthuma Partners



Bouke Posthuma has a Masters degree in Econometrics (Groningen University) and is a certifying Actuary. He started his career with AEGON (1979), and thereafter established Watson Wyatt's non-life actuarial consultancy practice in The Netherlands. In 1997 he founded Posthuma Partners, an actuarial consultancy and software firm.

He was Chairman of the ASTIN Board in the Netherlands and a member of the International ASTIN Committee. He also is a member of the Actuarial Association of The Netherlands (AG). In 2008, he received the Honorary Member Award of Recognition and Merit of the AG. Bouke is a highly experienced and an all-round actuary, who combines practicality with the latest theoretical developments in his field, in The Netherlands as well as abroad.

Tianshu He, Junior Actuary, Posthuma Partners



Tianshu He has a Masters degree in Quantitative Finance and Actuarial Science (Tilburg University, NL). Before that, he got his bachelor degree of Mathematics (Shandong University, PRC).

He finished his bachelor thesis *Discussion of Advantage and Disadvantage in VaR Model* at Shandong University. At the end of his Master study, he finished a master thesis *Intergenerational Risk Sharing of Pension Schemes under Modified Utility Function*.

In 2009, besides study and research work, Tianshu did several traineeships in Finance. In 2010, he worked as the assistant manager of Microcredit & Housing Mortgage at the Chinese Minsheng Bank. After moving to Europe, he finished a 6-month-period at ING Investment Management (2012) and did work as a quantitative research analyst. In the summer of 2013, he started his career in Posthuma Partners as a junior actuarial consultant.