
Press Release

For Immediate Release

Milliman Releases P&C Reserve Variability Model Version 1.4

Latest Release Bridges Gap between Stochastic and Deterministic Modeling

SEATTLE – March 25, 2009 – Milliman, Inc., the international firm of consultants and actuaries, announced today that it has released the newest version of its casualty insurance reserve variability modeling software. P&C Reserve Variability Model Version 1.4 adds significant usability features to the statistical enhancements included in previous releases, thereby making the most sophisticated stochastic models even more accessible. Users gain more insight into Milliman’s state-of-the-art reserve variability modeling and can more easily take advantage of the valuable reserve information provided by stochastic models.

Major enhancements in this fourth release of the market-leading software solution include:

- Reconciliation between the model's stochastic approaches and the user's deterministic estimates from the same historical data.
- The ability to “shift” a resulting distribution so its mean matches the user's deterministic estimate, approximating a statistical distribution around the selected estimate.
- The ability for the model to reflect events that may not exist in the historical data, but which nonetheless are possible outcomes.
- Tools to help users select key parameters to better fit the models to their data. Version 1.4 helps users account for heteroscedasticity in their data, and provides suggested standard deviations and degrees of freedom in key places during the parameterization process. Competing systems do not allow users to employ multiple models or customize these parameters, much less provide significant assistance in doing so.
- The option to obtain the resulting details of each iteration of the simulation—potentially thousands of simulated data sets—for further detailed analysis.

Ken Scalf, Property & Casualty Software Products Manager noted, “The latest release of our solution continues our commitment to provide actuaries and analysts with powerful tools that are easy to use and understand. Our clients don’t want complex new methodologies that don’t add significant value. At the same time, they can’t accept outdated systems that do not provide the flexibility and power they need for



today's complex financial environment. Our solutions are carefully designed to provide the best of both worlds: statistical sophistication that users can relate to.”

Milliman's Reserve Variability Model is used by casualty insurers to obtain better information about their unpaid claim estimates. Expanding on industry standard bootstrap simulation techniques, the system allows actuaries and analysts to easily model the variability in their unpaid claim estimates, and to understand and demonstrate the risks inherent in those estimates. The model's stochastic techniques provide more realistic variability estimates than are available with traditional spreadsheet approaches. The system is uniquely positioned to help actuaries address the increasing pressure from rating and regulatory agencies to provide a more statistical basis for unpaid claim estimates. It also provides a solid foundation for Enterprise Risk Management activities.

About Milliman

Milliman is among the world's largest independent actuarial and consulting firms. Founded in Seattle in 1947 as Milliman & Robertson, the company currently has 49 offices in key locations worldwide. Milliman employs over two thousand people, with a professional staff of more than a thousand qualified consultants and actuaries, including specialists ranging from clinicians to economists. The firm has consulting practices in healthcare, employee benefits, property & casualty insurance, life insurance and financial services. Milliman serves the full spectrum of business, financial, government, union, education and nonprofit organizations. For further information, visit www.milliman.com.

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