

Simple Smoothing Technique For Loss Development Factors

Age-to-Age	Industry Benchmark	Company Data	
		Initial Selected	Smoothed
12 - 24	1.763	1.922	1.922
24 - 36	1.228	1.368	1.368
36 - 48	1.100	1.050	1.083
48 - 60	1.045	1.122	1.038
60 - 72	1.020	0.970	1.017
72 - 84	1.010	1.010	1.010
84 - 96	1.006	1.005	1.005
96 - 108	1.004	1.000	1.000

36 - 72	1.172	1.143	1.143
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Product of 36 – 72 is unchanged

Age-to-Age	Industry Benchmark		Company Data	
	Log Relativity	Formula	Smoothed	Formula
36 - 48	0.599	$= \ln(1.100) / \ln(1.172)$	1.083	$= 1.143 ^{0.599}$
48 - 60	0.277	$= \ln(1.045) / \ln(1.172)$	1.038	$= 1.143 ^{0.277}$
60 - 72	0.124	$= \ln(1.020) / \ln(1.172)$	1.017	$= 1.143 ^{0.124}$

Smoothed Age-to-Age LDFs

