

Case Reserves vs IBNR

For P&C Insurance



Case Reserves

Case reserves are estimates of unpaid claim liability for individual claims.

- Generally established by claims administrators on a claim-by-claim basis.
- On average, case reserves are generally insufficient to cover the insurer's unpaid claim liability.
- Case reserves do not (and generally cannot) contemplate all possible outcomes.

IBNR

IBNR, or “incurred but not reported”, is an estimate of the portion of unpaid claim liability not covered by case reserves.

- Generally estimated by actuaries on an aggregate basis.
- The table below presents the sources of IBNR for occurrence coverage.

IBNR Incurred but not reported	Pure IBNR Or IBNYR*	Late reported claims Claims that occur on or before the evaluation date that are reported after the evaluation date.
	IBNER Incurred but not enough reported	Case reserve development Claims with inadequate or redundant case reserves.
		Reopened claims Closed claims that reopen after the evaluation date.
		Pipeline claims Claims that have been reported on or before the evaluation date but are temporarily held in the administrative pipeline.

*IBNYR = Incurred but not yet reported