Title: Prediction Uncertainty in the Bornhuetter-Ferguson Reserving Method

Daniel Alai
Finanzkompetenzzentrum RiskLab, ETH Zürich, Switzerland

Abstract
The prediction of adequate claims reserves is a major subject in actuarial practice and science. Due to their simplicity, the chain ladder (CL) and Bornhuetter-Ferguson (BF) methods are the most commonly used claims reserving methods in practice. We develop an estimator for the conditional mean square error of prediction (MSEP) of the ultimate claim in the BF method. This will be done in the framework of generalized linear models (GLM) using the (overdispersed) Poisson model motivation for the use of CL factor estimates in the estimation of the claims development pattern.