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PROJECT DOCUMENTATION

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ABSTRACT

The objective of this study is to discuss Life Insurance Reserving methods by comparing different methods based on statutory requirements and for internal management purposes. The suitability of each of the methods depends on the requirements of statutory bodies and the purpose of the reserving exercise.

The study considers various margins that are included in each method and how significant these margins are to the particular method. The more conservative the purpose of the valuation, the less margins that are used.

The study will mainly concentrate on the Net Premium Valuation method of Reserving Life Insurance products, which is the method required by the Commissioner of Insurance office in Kenya. Another method that will briefly be looked at is the Financial Soundness Valuation method.