

Abstract

Insurance claims are formal requests to insurance companies to request payment for unexpected misadventure. Insurance claims cannot be calculated with certainty and make insurance companies vulnerable to losses. Then an insurance claim model is needed to overcome the problem. The claim model obtained can be used to measure the risk of corporate losses. In a previous study that modeled insurance risk with Exponential, it showed that the model had a high risk. In this Final Project we will discuss the Exponential Mixture model to improve the Exponential model. In the Exponential model there is one lambda parameter. To improve the estimation of distribution parameters, an addition is made so that there are two lambda parameters in the Exponential Mixture model. The Final Project results show that the Exponential Mixture model is better because it has a greater VaR value and fewer violations compared to the Exponential model.

Keyword : insurance claim, mixture exponential model, VaR