

# Combined Ratio (P&C)

*Benchmarks, Definition & Measurement Details*

**SAMPLE  
CONTENT & DATA**



# Combined Ratio (P&C)

## Definition & Measurement Details



### What is Combined Ratio (P&C)?

P&C Insurance Combined Ratio is the sum of Loss Ratio (claims paid out divided by premium earned) and Underwriting Expense Ratio (cost of sales, underwriting and customer service divided by premium earned). This ratio is a basic measure of an insurance company's overall profitability.

### Why should this KPI be measured?

Combined Ratio is a common, vital indicator of a property and casualty (P&C) insurance company's profitability. The factors impacting Combined Ratio are simple - premium earned, losses paid out and operating

### How is this KPI calculated?

Two aggregate values are used to calculate this KPI: (1) the insurance company's P&C Loss Ratio, and (2) the company's P&C Underwriting Expense Ratio. The combined ratio is the sum of both ratios.

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# Combined Ratio (P&C)

Benchmarks & Characteristics of High Performers



## Combined Ratio (P&C)

$((\text{Total P\&C Claims Losses} + \text{Total P\&C Operating Expense}) / \text{P\&C Premium Earned}) * 100$



### Characteristics of High Performers

- KPIs are well-defined, tracked and tied to performance reviews
- Robust self-service options for customer

Sample Size: XX

KPI Type: XX

Unit: XX

Is High or Low Best?: XX

**How to read this chart:** This chart summarizes the performance gaps between high (Top 5%), mid (Median) and low (Bottom 5%) performers for this Key Performance Indicator (KPI). For example, the column labeled "Top 5%" represents a company that outperformed 95% of the peer group observed for this metric.

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