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The OpsDog Insurance Benchmarking Report

## Insurance KPIs

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Report Details & Methodology
The OpsDog Insurance Benchmarking Report

More than 175 KPI values (i.e., data points) were analyzed to produce benchmarks for the 8 KPIs included in this report.¹

Data Range: 2012-2017  Region(s) Included: United States, Canada

The benchmarks included in this report were found to be comparable across companies of varying sizes (i.e., number of employees, total revenue).

Methodology: Data Collection & Validation

1. Gather
OpsDog’s analysis team aggregates data collected through traditional consulting engagements and targeted research.

2. Refine
Aggregated data is standardized, categorized and run through multiple validation checkpoints prior to being stored in our database.

3. Package
We analyze and compile comparable data, then package our findings in the form of benchmarking reports and data sets.

Note:
¹ The sample size of the observed data varies for each KPI.
Insurance is a means to manage a contingent loss through which responsibility for a risk is transferred to another party in exchange for payment before the loss. The cost of insurance is based upon the insurance company’s pooling of similar risks, occurrences that can be estimated using statistical modeling. An insurance company earns money from premiums and the investment of premiums.

* This section is not included in this document.
Loss Ratio (P&C)
Definition & Measurement Details

What is Loss Ratio (P&C)?
The total amount of property and casualty (P&C) insurance claims paid out to policyholders plus any loss adjustment expenses (LAE) divided by total P&C premium earned over the same period of time, as a percentage. Loss Ratio is a publicly-reported metric (for any publicly-traded insurance company).

Why should this KPI be measured?
Loss Ratio is a major, industry-standard measure of an insurer’s overall profitability and the procedures/processes they have in place to manage overall paid losses (and related loss adjustment expenses). Loss Ratio is typically a publicly-reported metric (for any publicly-traded insurance company), so poor performance can negatively impact an insurance company's market value.

How is this KPI calculated?
Two values are used to calculate this KPI: (1) the sum of the dollar amount of P&C insurance claims paid out and loss adjustment expenses (LAE), and (2) the total amount of P&C insurance premiums earned over the same period of time. LAE is the total expense associated with investigating and settling insurance claims. Include both allocated and unallocated loss adjustment expenses in the numerator of this calculation. Do not include unearned premium in the denominator of this calculation.

Combined Ratio (P&C), Underwriting Expense Ratio (P&C)
\[
\text{Combined Ratio (P&C)} = \frac{(\text{Total Claims Paid Out} + \text{Total Loss Adjustment Expense})}{\text{Total Premium Earned}} \times 100
\]

Two values are used to calculate this KPI: (1) the sum of the dollar amount of P&C insurance claims paid out and loss adjustment expenses (LAE), and (2) the total amount of P&C insurance premiums earned over the same period of time. LAE is the total expense associated with investigating and settling insurance claims. Include both allocated and unallocated loss adjustment expenses in the numerator of this calculation. Do not include unearned premium in the denominator of this calculation.
Loss Ratio (P&C)
Benchmarks & Characteristics of High Performers

**Loss Ratio (P&C)**

\[
\text{Loss Ratio (P&C)} = \frac{(\text{Total Claims Paid Out} + \text{Total Loss Adjustment Expense})}{\text{Total Premium Earned}} \times 100
\]

**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.

**Characteristics of High Performers**

- KPIs are well-defined, tracked and tied to performance reviews
- Robust self-service options for customer (online FAQs, etc.)
- Agents cross-trained to handle and resolve multiple call types
- KPIs are well-defined, tracked and tied to agent performance reviews

**Sample Size:** XX

**KPI Type:** XX

**Unit:** XX

**Is High or Low Best?:** XX