

Calculate the Loss Ratio

For PY 2014 (4/1/14 to 3/31/15), Loving Cmty CDC Property Insurance costs are as follows

Annual Property Premium paid to the Carriers	\$ 85,446
Annual Property Retention Contribution to NRMC Program	\$ 66,076
Annual TPA Charge	\$ 1,600

For PY 2014, Loving Cmty CDC Property Losses to date (reported on loss runs on 5/4/15 through 4/30/15):

Gross Reserves / Incurred Losses (Payments and Reserves)	\$ 316,784.35
Paid Losses	\$ 166,784.35
Total # claims (open + closed)	7

It is March 1, 2015, time for Renewal 2015.

1. What is Loving Family CDC's overall Property loss ratio for PY2014?

2. What is the Property loss ratio to the carriers?

ANSWER Calculate the Loss Ratio

For PY 2014 (4/1/14 to 3/31/15), Loving Cmty CDC Property Insurance costs are as follows

Annual Property Premium paid to the Carriers	\$	85,446
Annual Property Retention Contribution to NRMC Program	\$	66,076
Annual TPA Charge	\$	1,600

\$ 153,122

For PY 2014, Loving Cmty CDC Property Losses to date (reported on loss runs on 5/4/15 thru 4/30/15):

Gross Reserves / Incurred (Payments and Reserves)	\$	316,784.35
Paid Losses	\$	166,784.35
Total # claims (open + closed)		7

It is March 1, 2015, time for Renewal 2015.

1. What is Loving Family CDC's overall Property loss ratio for PY2014?

Total Property "Premium" Payments	\$	153,122.00
Incurred Property Losses	\$	316,784.35
Paid Property Losses	\$	166,784.35

Property Loss Ratio - Incurred	207%	\$316,784.35 / \$153,122
Property Loss Ratio - Paid	109%	\$166,784.35 / \$153,122

2. What is the Property loss ratio to the carriers?

Total Property "Premium" Payments to "carriers"	\$	87,046.00
Incurred Property Losses	\$	316,784.35
Paid Property Losses	\$	166,784.35

Property Loss Ratio - Incurred	364%	\$316,784.35 / \$87,046
Property Loss Ratio - Paid	192%	\$166,784.35 / \$87,046

REMEMBER: Carriers look at 5 years of performance and the loss ratio (average) over 5 years. A realistic goal is 40-60%