

CHEAT SHEET • FREE RESOURCE

Reading a Loss Run,

Quick Reference.

What to look for, what to ignore, and what to ask about. The companion reference to the published Field Note. Useful at the desk, useful before a renewal call, useful when training a new account manager.

THE SHAPE, NOT THE SUM

The total dollars at the bottom of a loss run is the worst place to start. Read the chronology. Frequency vs severity tells the underwriter more than total cost.

Frequency = how often.

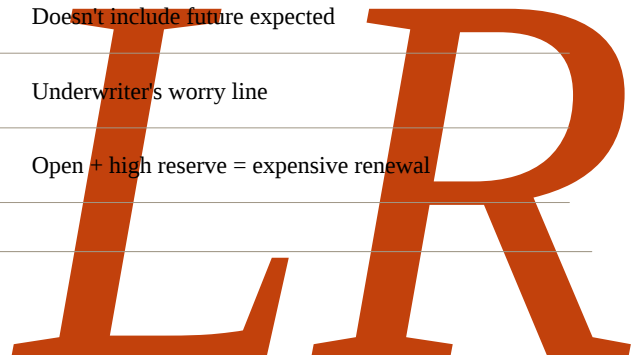
Eight \$10k claims signals operational habits: training gaps, unsafe sites, undocumented procedures.

Severity = how big.

One \$80k claim is a bad year, often a one-off. Easier to underwrite around than frequency.

THE FOUR COLUMNS THAT MATTER

COLUMN	WHAT IT MEANS	WHY UW CARES
Incurred	Paid + reserved	Carrier's total expected cost
Paid	Disbursed so far	Doesn't include future expected
Reserved	Carrier's estimate of what's left	Underwriter's worry line
Status	Open or closed	Open + high reserve = expensive renewal



QUESTIONS TO ASK BEFORE SUBMITTING

- What changed after each loss? Document mitigation in the cover letter.
 - Why did each claim happen? Operational explanation goes in the narrative.
 - Are any losses subrogated, or have recovery actions been taken?
 - Are deductibles and self-insured retentions clearly broken out?
 - Does the loss run include any first-aid-only or report-only items not yet claims?
 - If the cycle is mid-policy, does the data go through a logical month-end?
-

WHAT LOSS RUNS DO NOT TELL YOU

- What changed. Loss runs show what happened, not what's been done about it.
 - Why. The narrative behind each claim. That's the cover-letter's job.
 - Recovery. Subrogation and salvage often don't show cleanly.
 - Reserves history. A claim opened at \$50k that's closed for \$5k tells a story the report won't.
-

THE FIVE-YEAR RULE

Most carriers ask for five years of loss runs because that's the actuarial window where patterns become visible. For a quick read, three years is enough to spot trouble. If a book has zero claims in years 1 and 2, then four claims in year 3, something changed in year 3. Find out what.