

The Importance of Benchmarking

It is important to benchmark individual Diocese claim data against other Dioceses, but sometimes difficult to acquire relevant, current data. Once the necessary data is found, the next challenge is presenting it so that elements such as varying employee counts, population and building values can be factored in.

In addition to a comparison benchmark, each Diocese receives an individual benchmark for the same time period. This can assist in determining where a Diocese fits into the overall picture and help identify areas of focus for improvement.

Benchmark Data Timeframe and Description

The benchmark data was generated from Gallagher Bassett Services' RiskFacs[®] database on April 1, 2010 for the following policy years:

- 7/1/2004 – 6/30/2005
- 7/1/2005 – 6/30/2006
- 7/1/2006 – 6/30/2007
- 7/1/2007 – 6/30/2008
- 7/1/2008 – 6/30/2009

The data extracted for analysis was by line of coverage, including:

- Auto
- General Liability
- Property
- Workers' Compensation

Reading the Benchmark Data

The claim data gathered from the time period 7/1/2004 – 6/30/2009 is broken down into five tables. A description of the tables and their functions is as follows:

Table A: Claim Frequency

Table A represents Claim Frequency or the number of claims reported during the cited policy years.

Table B: Claim Severity

Table B represents Claim Severity or the cost of the claims reported for the same timeframe.

Table C: Average Cost per Claim

Table C represents Average Cost per Claim. To understand Table C, consider the following example:

The Average Cost per Claim for Auto Liability totaled \$XX. This figure was computed by taking the total Auto Liability Claims Severity figure and dividing it by the total Auto Liability Claims Frequency



Benchmarking is a risk management tool designed to help a Diocese identify areas of loss.



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A benchmark is not a rating model and does not have any factor in your retention levels.

figure. The same calculation was made for all lines of coverage to represent the Average Cost per Claim for the five years represented.

Table D: Underwriting Information

Table D represents Underwriting Information, which was provided by Arthur J. Gallagher & Co. based on the information provided during the Dioceses' annual submission. The Underwriting Information includes Number of Vehicles, Number of Parishioners, Total Insured Value (TIV) of reported properties and the Diocesan Payroll to calculate five-year averages. The information included in Table D is important because it allows comparison of actual "ground-up" losses to the reported risk by line of coverage.

Table E: Weighted Losses

Table E provides answers necessary to fully utilize the benchmark exercise. The information included in Table E is an analysis of the five year averages of Underwriting Information. The data in Table E are derived from taking the figures in Table D (Underwriting Information) and dividing it by Table B (Claim Severity).

This benchmark can be utilized by each individual Diocese to measure the success of their individual loss control programs and processes. A benchmark is a risk management tool and is not a rating model and does not have any factors in your retention levels.

Sample Report: My Diocese Five-Year Report Card—July 1 through June 30 Values Dated as of July 1, 2010

Table - A Claim Frequency						Table - B Claim Severity				
	Auto Liability	General Liability	Property	Workers' Compensation	Claims All Coverages	Auto Liability	General Liability	Property	Workers' Compensation	Experience All Coverages
2004 - 2005	22	14	80	107	222	59,398	29,055	595,435	1,050,853	1,734,741
2005 - 2006	31	20	54	125	216	24,554	194,557	510,319	472,565	1,201,594
2006 - 2007	13	14	84	107	217	25,204	185,561	1,070,363	297,473	1,576,600
2007 - 2008	12	18	63	131	222	19,570	221,371	440,868	239,217	921,027
2008 - 2009	11	16	53	120	200	11,278	86,871	759,172	608,831	1,466,952
Totals	89	82	334	590	1,077	\$140,004	\$717,415	\$3,376,157	\$2,668,938	\$6,900,914

Table - C Average Cost Per Claim				
1,573	8,749	10,108	4,524	6,408

Table - D Underwriting Information				
	Vehicles	Parishioners	TIV	Payroll
2004 - 2005	181	413,469	1,835,449,072	164,805,863
2005 - 2006	181	416,470	1,875,743,707	155,586,492
2006 - 2007	179	500,932	1,966,344,278	165,034,995
2007 - 2008	185	514,030	2,079,246,142	169,377,985
2008 - 2009	169	698,491	2,350,226,319	170,868,873
5 Year Average	175	508,678	2,021,401,904	165,134,842

Table - E Weighted Losses				
	Losses per Autos	Losses per 1000 Parishioners	Losses per 1M of TV	Losses per 1M of Payroll
2004 - 2005	369	70	324	6,376
2005 - 2006	136	467	272	3,037
2006 - 2007	141	370	544	1,802
2007 - 2008	106	431	212	1,412
2008 - 2009	67	124	323	3,563
5 Year Average	164	293	335	3,238