The following example policies can help clarify these data requirements.

- Policy A: A covered loss occurs on January 10, 2010. The claim is reported to the insurance company on January 15, 2010, and an initial case reserve of $10,000 is established. An initial payment of $1,000 is made on March 1, 2010, with a corresponding $1,000 reduction in the case reserve. A final payment of $9,000 is made on May 1, 2010, and the claim is closed.
- Policy B: No claim activity.
- Policy C: A covered loss occurs on October 1, 2010, is reported on October 15, 2010, and a case reserve of $18,000 is established. The insurer makes a payment of $2,000 on December 15, 2010, and reduces the case reserve to $17,000. An additional payment of $7,000 is made on March 1, 2011, and the case reserve is reduced to $15,000. The claim is closed on March 1, 2012, when the insurer makes a final payment of $15,000 and receives a $1,000 salvage recovery by selling damaged property.
- Policy C: A second loss occurs on February 1, 2011. The claim is reported on February 15, 2011, and an initial reserve of $15,000 is set. On December 1, 2011, the company pays a law firm $1,000 for fees related to the handling of the claim. The claim is closed on that date with no loss payments made.

The claim associated with Policy A generates three separate records: one when the claim is reported and the initial reserve is set, one when the first payment is made, and one when the last payment is made. There are no records for Policy B as no claims were reported. Policy C had two separate claims. The first claim generates four records: one when the claim is reported and the initial reserve is set, and three for the three different dates that payments and reserve adjustments are made. The second claim generates a record on the date it is reported and the initial reserve is set and a subsequent record on the date the claim is closed.

Table 3.2 is an example claims database for the claim activity on the three policies described above.

3.2 Claim Database

Policy	Claim Number	Accident Date	Report Date	Transaction Date	Claim Status	Claim Chars	Loss Payment	Case Reserve	Paid ALAE	Salvage/ Subrogation
A	1	01/10/10	01/15/10	01/15/10	Open	…	$ -	$10,000	$ -	$ -
A	1	01/10/10	01/15/10	03/01/10	Open	…	$1,000	$9,000	$ -	$ -
A	1	01/10/10	01/15/10	05/01/10	Closed	…	$9,000	$ -	$ -	$ -
C	2	10/01/10	10/15/10	10/15/10	Open	…	$ -	$18,000	$ -	$ -
C	2	10/01/10	10/15/10	12/15/10	Open	…	$2,000	$17,000	$ -	$ -
C	2	10/01/10	10/15/10	03/01/11	Open	…	$7,000	$15,000	$ -	$ -
C	2	10/01/10	10/15/10	03/01/12	Closed	…	$15,000	$ -	$ -	$1,000
C	3	02/01/11	02/15/11	02/15/11	Open	…	$ -	$15,000	$ -	$ -
C	3	02/01/11	02/15/11	12/01/11	Closed	…	$ -	$ -	$1,000	$ -

*For illustrative purposes this is ordered by policy rather than transaction date.

Accounting Information

Some data required for ratemaking is not specific to any one policy. In the case of a company selling multiple products, some data may not even be specific to any one product. The salary of the CEO is a good example of a specific expense that cannot be allocated to line of business or individual policy. More generally, underwriting expenses and unallocated loss adjustment expenses fall into this category and should be tracked at the aggregate level.