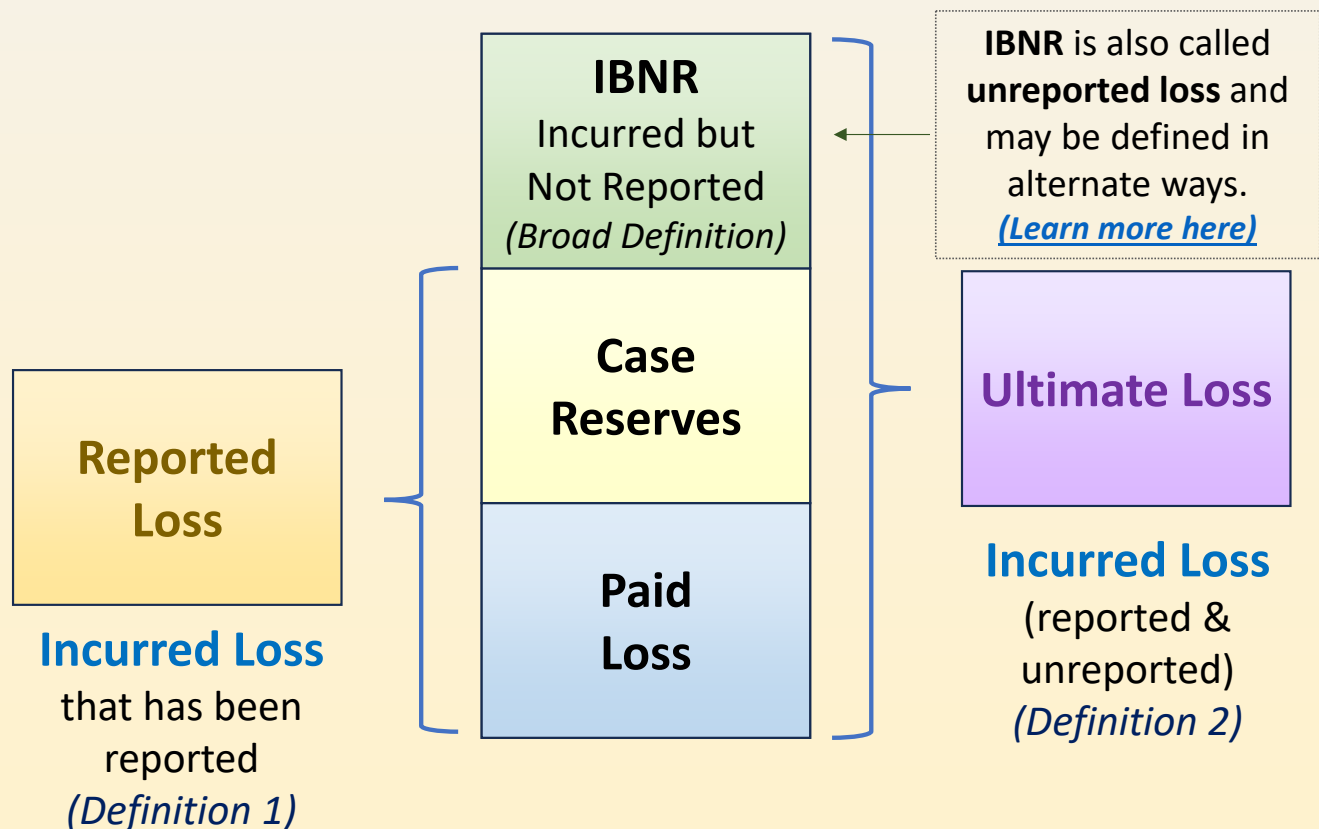


Incurred Loss (for P&C Insurance)

A Simple Guide to Distinguish between Alternate Definitions

Two Definitions of Incurred Loss

- 1) The 1st definition of **incurred loss** is the estimated value of claims that have been incurred and reported to an insurer.
 - This definition of **incurred loss** is more precisely called **reported loss**.
 - Within P&C insurance companies, the term **incurred loss** is often used in this sense and refers to the sum of paid loss and case reserves.
- 2) The 2nd definition of **incurred loss** is the estimated value of claims that have been incurred by an insurer, including reported and unreported claims.
 - This definition of **incurred loss** is more precisely called **ultimate loss**.
 - In financial reporting, the term **incurred loss** is often used in this sense and refers to the sum of paid loss, case reserves, and IBNR



Incurred loss may include: 1) only reported loss (aka **reported loss**), or
2) reported and unreported loss (aka **ultimate loss**)