

Outsourced Claims Administration on Run-off Portfolios

- Treating Policyholders fairly while Creating value

Cologne, Germany. March 16th, 2018

Things we are going to cover today

- Crawford & Company
- Process
- Claims are claims...aren't they?
- Real life examples of Run-off claims and issues faced
- Questions

Crawford & Company – who are we?






- ***Our History*** – Founded in 1941 - quoted on the NYSE since 1968
- ***Our Business*** – We provide claims management, Business Process Outsourcing (BPO) programs ,and consulting services to multinational insurance carriers, brokers, and local insurance firms
- ***Our Goal*** - To be the world’s leading provider of claims services as we focus on developing world-class technology and innovative solutions for our clients globally
- ***Today*** - Crawford employs more than 8,000 employees handling in excess of 1.6 million claims annually. Over 700 offices in more than 70 countries
- ***Run-off expertise***
 - since 2010 in Europe - currently handling 22 diverse portfolios in run-off
 - c.60,000 legacy claims handled across Europe
 - Approx. EUR 700m total incurred under management in the legacy arena
 - Reserve release targets achieved in line with our clients’ plans
 - Significant savings achieved against reserves for our clients
 - Increasing demand for our expertise

Crawford & Company – who are we?

Paul Ogni MBA, AIRM, BA

- Head of Legacy Services, Crawford Europe
- Country Manager – Italy
- Worked in insurance claims since 1990

Checklist

- Reasons for run-off established 
- Contractual/ legal issues dealt with 
- Challenges of run off identified and addressed 
- Measurable benefits established 
- Claims handling ... Let's go? 

Process – Supporting Due Diligence

- Objectives;
- Brand protection;
- Timescale;
- Understand the portfolio/mix;
- Understand stakeholders and their objectives;
- Regulatory and compliance requirements;
- Size the cost opportunity/financials/reward;
- Validate/ manage expectations;
- Identify risks;
- Team work.

Process – Operational Implementation

- Objectives
 - How can we help each other to drive mutually beneficial results and operational efficiencies?
- Risk mitigation
 - What could go wrong? Reserves held? Reopening files? Adverse legal judgements?
- Optimise cost certainty
- Workflow
- Controls
- Communication – stakeholder management

Process – Operational Implementation

- IT solutions (in house):
 - Regular Bordereaux
 - Detailed management information
 - Interface with client systems to facilitate data transfers
- Cases in Litigation:
 - Get control of the litigation process
 - Seek ways to accelerate closures
 - Understand any existing relationships with lawyers and other TP suppliers in order to align their activities as well

Typical measurements

- Reserves held
- Number of claims open
- Number of claims closed
- Number of claims outstanding
- Claim payments made
- Total incurred reserves
- Timeline of reserve release
- Reopened cases

Claims are claims? Aren't they?

- Clear client philosophy
- Brand ambassadors
- Service focus
- SLA's/ elapsed settlement times
- Technical competence/ claims expertise/ resourcing
- Cost control
- Quality control – peer review
- Documented processes
- Communication
- Innovation
- Account management – trend identification/ risk improvement/ statistical analysis
- Compliance, Audit, Data protection, Business continuity, keeping our clients safe

But some things vary ...

Claims are claims? Aren't they?

Traditional

- Volatility - claims may or may not occur
- Case by case assignment
- Resourcing - uncertainty
- Fees traditional – often price focussed
- Client engagement variable
- Claims not always a board room topic

Run - Off

- Greater certainty - claims volumes often known
- Portfolio management
- Resourcing - certainty
- Fees incentivised – generally value focussed
- Active client engagement
- Active Executive interest

Run-Off Experience Europe

Client Type	No. Of Portfolios	No. Open Claims	Open Reserves	Closed Claims	Total Incurred	Total claims
O/Insurer	18	3.314	€ 176.000.000	30.029	€ 350.000.000	33.343
Legacy Carrier	4	1.278	€ 133.000.000	24.680	€ 298.000.000	25.958
Totals:	22	4.592	€ 309.000.000	54.709	€ 648.000.000	59.301

- Casualty
- Property
- Medical Malpractice
- Employers Liability
- Motor
- Occupational Injuries
- Personal accident

Final Considerations ...

- Full engagement and discussion between TPA and Insurer to ensure deep and clear understanding of objectives at project start.
 - How can Insurer help us to help them?
 - Transition methodology
 - Align Objectives – performance related incentives.
- Brand protection of both O/Insurer and Legacy Carrier
- Regulatory and Compliance matters.
- IT Database
 - Regular Bordereau in industry standard and/or customised format
 - Detailed management information.
 - Interface with client systems to facilitate data transfers
- Cases in Litigation (often a significant part of total reserves)
 - Get control of the litigation process.
 - Seek ways to accelerate closures.
 - Understand any existing relationships with lawyers and other TP suppliers in order to align their activities as well.

Any Questions?

Thank you

Paul M. Ogni
Head of Legacy Services Europe

+39 333 130 4066

+39 02 48 100 423

p.ogni@crawco.it