

## Portfolio management – Cleansing Project

### Client description

Client Legacy Run Off Portfolio

### The Client's requirements

Client transferred eight run off portfolios administered by three separate TPAs to Pro. Each of the portfolios had a history of having been transferred to various TPAs since inception, resulting in poor historical contractual records (including inaccurate signed shares on pool business) and equally poor transactional record keeping including erroneous reserve data and an inaccurate reflection of open ledger balances. The client's objectives were:

- To identify it's true liability obligation to its cedants
- To establish an accurate record of current outstanding exposure
- To respond to brokers calling for settlement of long outstanding settlement requests
- To identify and clear spurious open ledger balances for which the client was reserving \$1.2M as additional case reserves

### Our solution

- Pro examined the contracts with associated active claims to establish the client's correct shares on participating risks and altered the database accordingly
- Communicated with cedants and brokers to establish accurate current exposure
- Identified invoices recorded by the client as open but which had been settled by previous TPAs. Enlisted assistance from brokers and cedants to confirm balances were no longer open
- Identified valid invoices presented to client's TPAs which had been processed as paid but not submitted to client for settlement
- Identified/obtained valid invoices presented to the client but not processed

### Services/Value delivered

- This exercise resulted in the client receiving a far more accurate measure of its current exposure across its eight legacy portfolios in terms of current loss reserves and appropriate shares in active risks. This allowed the client to reserve more accurately in its statutory reporting and actuarial forecasting.
- The client settled claims due and owing of approximately \$200k – some of these claims settlements had been outstanding for several years
- The result of the examination revealed that approximately \$1M recorded as open balances had previously been settled.
- With the documentary evidence gathered in this process the client was in a position to achieve a \$1M reserve reduction resulting in significant balance sheet improvement