

# TPA services - Transfer artisan construction defect book from TPA to in-house

## Client description

US insurer

## The Client's requirements

- Greater transparency and control on TPA's claims handling processes with escalating legal and claims costs.
- High quality real time data created to reduce uncertainty on the adequacy of reserves.
- Improve performance, reduce costs and to have a set of measurable Standards of Performance.

## Our solution

- Created dedicated claims unit based in a number of locations (including produced recruitment selection criteria and conducted recruitment process) was created early on to specifically handle the construction defect claims. We immediately began the interview process for specialized claims handlers along with setting up space in York, PA and San Diego California. We established appropriate caseload size based upon complexity and exposure.
- Developed best practice guidance and triage process based on complexity and exposure.
- Set claims reserving criteria; data capture requirements to meet actuarial criteria. Expense reserves set from the inception of the insurance companies' direct handling of the program. Each file was placed on a diary system for regular reserve reviews. Clear settlement authority guidelines.
- Strict control and guidelines on use of defence counsel.

## Services/Value delivered

- This has resulted in a \$2.7 million in savings of loss payments and \$3.2 million savings on expense payments on the book of business.
- Protection and enhancement of client reputation by timely investigation and resolution of all non litigated claims. Client paid what was owed timely – utilising ADR forums for early mediation where ever possible.
- Claims where defense obligation was clearly not owed was timely denied. Reduction in values of paid claims by over 25%
- Reduction of expenses and third party advisor bill by over 40%. Achieved by reducing coverage referrals to external counsel on issues that could be dealt in-house Efforts made to secure cost sharing agreements with other carriers. Clearly defined internal process of litigation management continued to add value long term and assist in meeting objectives.