

Scheme Management – Redundant reserve review

Client description

- EAUA Pools (Marine, Aviation and Non Marine), multiple lines of business placed 1954 to 1992
- 19 solvent and insolvent companies

The client's requirements

- Validation of case reserves ahead of scheme of arrangement, in order to:
 - Maintain accurate and meaningful claims figures
 - Address the issue of potentially redundant reserves

Our solution

- Review of all non moving (over 18 months) outstanding loss reserves in excess of \$30k
- Incorporating in depth analysis of broker files. Required legacy broker tracing in many cases where original placing broker no longer administers the business
- Project involved detailed analysis to determine effective methods of obtaining data incorporating:
 - On-site broker visits
 - Targeted mail-shot campaign to identified broker
- Provision of significant management information to pool members to identify savings at individual client level

Value delivered

- Identified 4% of total reserves as redundant, resulted in \$1.7 million reserve reduction for the client
- Ensured reserves were decreased accordingly resulting in valid and accurate base data being available for financial accounts, commutations and actuarial reviews
- Recommendations strategies to apply where responses not received by brokers, resulting in further reserve savings