

## AUSA Conducts Reinsurance Audits.

- *Reinsurance Claims and Underwriting Audits are Opportunities, not just Obligations.*

### **REINSURANCE CLAIMS AND UNDERWRITING AUDITS**

Given the inherent nature of being once, twice or three times removed from the original risk, reinsurers must perform their due diligence on new or renewal business and evaluate whether ensuing liabilities are being handled in the way they were initially intended. Given the worldwide nature of reinsurance placement, it is often difficult for companies to carry out these functions efficiently and cost-effectively.

**From a Reinsurance perspective, what areas should be addressed?**

- **Managing General Agents**
- **Lloyds Coverholders; Compliance and Areas of Concern**
- **Claims; Facultative and Treaty**
- **Retrospective review of prior underwriting years**
- **Prospective evaluation of Risks and new lines of business**
- **Reporting**

**At ApetropUSA, our goal is to work with you to:**

- 1) **Understand and Prioritize** your goals.
- 2) **Develop an audit protocol.**
- 3) **Implement** audit program and demonstrate achievement of original goals.

Contact us to arrange a non-binding, confidential conversation about your options and any other questions you may have.

*We provide services, reinsurance and capital to meet your needs.*

**Your Options:**  
**What are they?**  
**What do they mean?**

**Managing General Agents:** MGA's are heavily utilized in the U.S. for both underwriting and claims payments. Any insurer or reinsurer who realizes a high volume of business from these companies should be doing annual or bi-annual reviews. In this same regard, Third Party Administrators (TPA's) should also be reviewed. These companies sometimes manage loss funds totaling millions of dollars.

**Lloyds Coverholders; Compliance and Areas of Concern:** While Coverholders are not much different from traditional MGAs, they have the unique distinction of being qualified and examined not only by Lloyds, but the UK regulatory body, the Prudential Regulation Authority (PRA). The London market is a "blender" in the world of reinsurance. That, combined with Brexit and past complications in the Lloyds market has made it imperative to the PRA and Lloyds to oversee their Agents around the world to assure the market that compliance and solid business practices are being met. We work on behalf of

**Claims; Facultative and Treaty:** Audits will typically be conducted in the same proportion as the business is written. Whether Fac or Treaty, certain areas of interest or concern need to be addressed. The more complex the program, the more there is a need for review when the claims arise. Performing audits not only ensures compliance and provides clarity, but it also enables efficient underwriting going forward. Transparency in reinsurance reporting is vital to maintain a healthy working relationship between cedent and reinsurer.

**Retrospective review of prior underwriting years:** When considering renewal or possible discontinuation of a line of business, it may prove useful to conduct a review of how the business was written previously and what could have been changed to affect a more profitable portfolio.