

## REINSURANCE AUDITING SERVICES

The Reinsurance Audit Services of Alan Gray LLC provides a wide array of services to domestic and foreign Ceding Companies and Reinsurers. Audits cover excess of loss and quota share contracts for all business lines including environmental, mass tort, construction defect, and workers' compensation. The audit staff is made up of seasoned professionals with expertise in Claims, Underwriting, Actuarial, Systems and Accounting.

### Claims Auditing Services May Include:

- Best practice operational reviews of entire reinsurance department/operations or specifically selected disciplines within the reinsurance area
- Perform reserve adequacy audits of ceding companies to determine potential reserve increases and or decreases and the related impact to reinsurers
- Arbitration and litigation support including expert witness testimony
- Reinsurer credit review to determine solvency issues and potential collectability rates
- Reinsurance audits in support of commutation pricing and settlement discussions
- Due diligence support working with either the purchasers or sellers of books of business

### Sample Engagements:

- On behalf of an insolvent carrier in the State of Pennsylvania, Alan Gray was engaged to review 5 years of premium and loss transactions that had never been billed to its quota share reinsurers. Alan Gray identified the reinsurers for each year of the program and notified them of the pending adjustment. From original systems and hard copy documents Alan Gray produced the 5 years of missing accounts statements totaling an amount due of \$20M. After review of the accounts and supporting documentation all reinsurers paid in full.
- Alan Gray was engaged by a major US Ceding company to act as their expert witness in an arbitration of hundreds of quota share and excess of loss contracts written between the early 1980's to the early 2000's. The arbitration demand was in excess of \$200M and involved issues related to claims, accounting, and underwriting. The case was resolved for more than 35% of the original demand.
- A purchaser of a global reinsurance book utilized Alan Gray after the transaction to review the quarterly reinsurance accounts, verify that all reported loss dates fell within the transaction period, determine that all recoveries were credited to the gross paid amounts prior to the application of reinsurance, and that all available reinsurance was applied. Sampling less than 20% of the book, Alan Gray was able to identify in excess of \$15M of payments made outside the transaction period.
- A client requested a reserve review of 800 assumed Workers' Compensation claims to determine if the claims were adequately reserved. In addition, the claims were handled by more than 75 TPA's. Based on the review and AG's recommendation the client increased their reserves by \$18M.

88 Broad Street  
Boston, MA 02110  
Tel + 1 617.426.6255  
Fax + 1 617.695.9084

New Address Coming Soon  
New York, NY  
Tel + 1 617.426.6255  
Fax + 1 617.695.9084

201 Haddonfield-Berlin Road  
Cherry Hill, NJ 08034  
Tel + 1 800.468.6255  
Fax + 1 856.229.7199

[info@alangray.com](mailto:info@alangray.com)  
[www.alangray.com](http://www.alangray.com)