



OUTWARD REINSURANCE RECOVERIES IN LONDON

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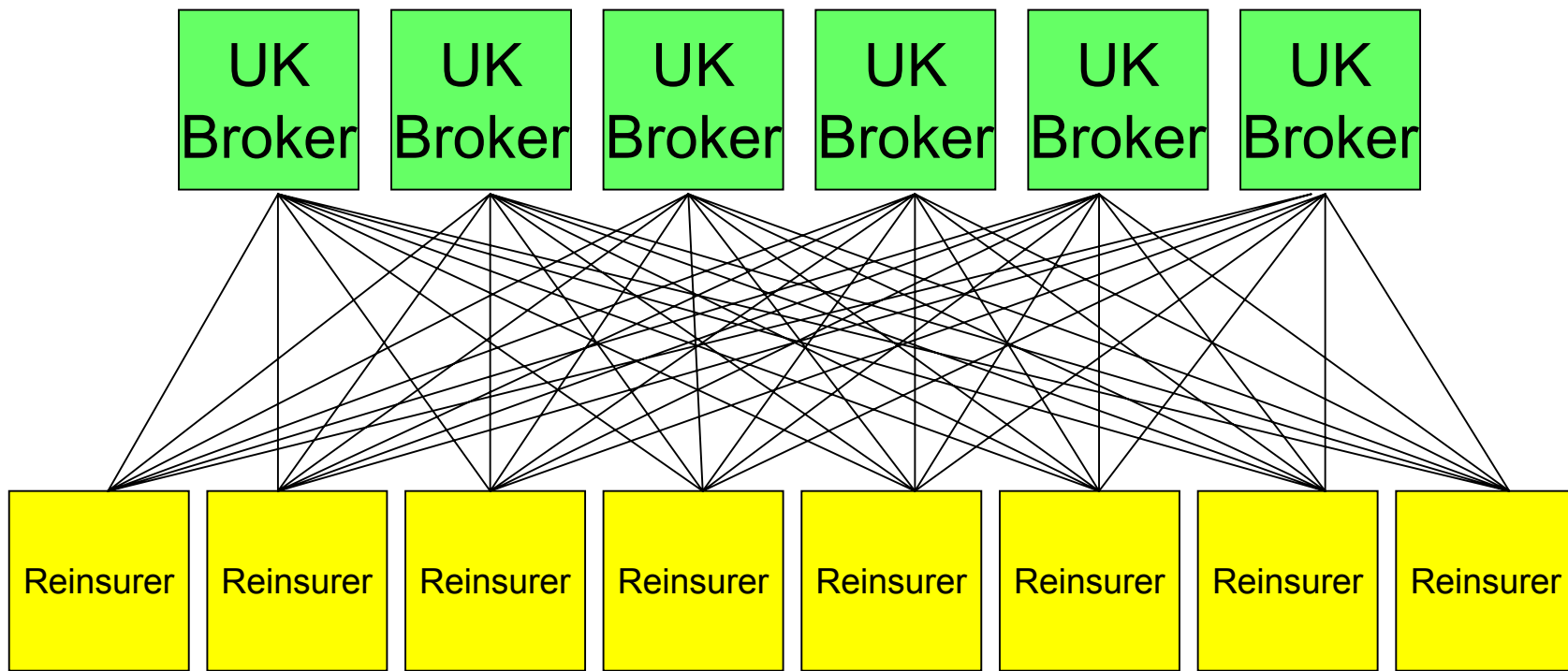
What Should You Expect?

- **Timely broking**
- **Prompt responses to queries**
- **Fast cash settlements**
- **Reporting in a format that assists you**
- **Current information on claims presentation status, including electronic access**

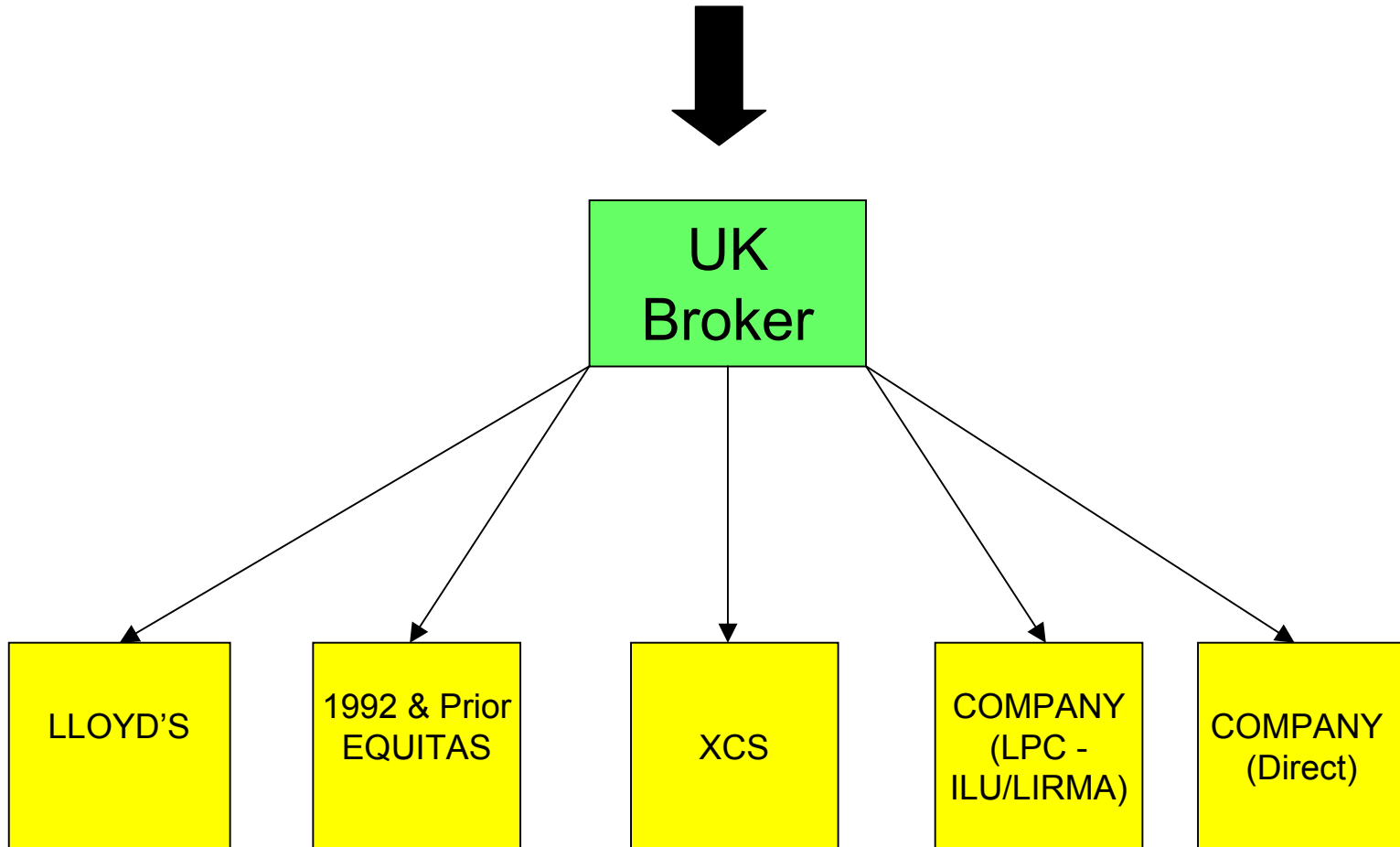
Singing the London Market Blues...

- **Brokers disinterested in run-off cedents**
- **Inefficiencies –multiple brokers, same reinsurers**
- **Time-bar exposure from reduced service**
- **Delayed cash flow – cash is an asset**
- **Inflexible reporting for market changes**
- **Reinsurers' remoteness restricts commercial ability**

Typical Reinsurance Scenario



A Closer Look at UK Collections



Collection Options

- **Traditional broking service**
- **Direct broking by the cedent**
- **Direct broking by cedent through a service provider**

Traditional Broking Services

- **Pro's**
 - **Already paid for the service**
 - **System in place and tested**
 - **Satisfactory service for live underwriting companies**
 - **Can improve service standards through friendly reviews and reconciliation projects**
- **Con's**
 - **Paying a high brokerage (approx 75%) for admin**
 - **System may not be optimal for your needs**
 - **Run-off clients pay an enhanced service fee**
 - **May be surprised at tardiness of broking status, potential time bar exposure, etc for live and run-off clients**

Cedent Broking Direct

- **Pro's**
 - **Greater focus and ability to prioritise your credit control**
 - **Improved forecasting for cash flow**
 - **Build relationships and rapport with your reinsurers**
 - **Possibly reduce brokerage at placing**
- **Con's**
 - **Increased administrative and travel costs to cedent**
 - **Brokers prefer to be the main contact with the reinsurers**
 - **Cedent cannot broke to bureaux without broker licence**
 - **Still require the broker to produce the files to the reinsurers**

Broker Replacement Services

- **Pro's**
 - **Can arrange advantageous fee structure**
 - **Maximises resources and local UK knowledge**
 - **Increases cash flow from bureaux and non-bureaux**
 - **Improved reporting information and format you need**
- **Con's**
 - **Data conversion costs time and money**
 - **Initial teething problems with setting up new system and obtaining risk and claim information on collections**
 - **Bad debt and problematic debt issues still remain**
 - **Must project manage your third party service provider and ensure compliance with their service level standards**

Going It Alone on Current Claims

- **London Market experience and local presence**
- **Weekly broking status**
- **Weekly credit control status**
- **Expertise in business mitigation, commutations, schemes and audits/inspections for bad debt and problematic debt**
- **Local presence in major US and European cities**
- **Clear costings and transparent billings**

Tips for Dealing with Slow Payers

- **Request reasons for non payment in writing. Ask for them to identify the clause in the contract that they are relying on as grounds for non payment. Resolve any issues that are presented, then again demand payment.**
- **Make a forceful demand for payment.**
- **Propose a settlement of differences – Lloyds Syndicates are businesses and will make business decisions.**

How Can IT Help

- **Loss Documentation**
 - Better presentation of losses and loss reports through to reinsurers through use of imaging technology.
 - Storage and access of policy information.
- **Electronic Interfacing**
 - Improve speed of collections on normal balances through accessing the markets electronically. LORS, ILU, LIRMA, LPC can be made accessible.

Tips for Dealing with Bad Debt

- Prioritising collections
- Identifying financially unstable reinsurers
- Identifying problematic jurisdictions and localities
- Set-off
- Audits and inspections
- Commutations and Schemes of Arrangement

Issues and Trends

- **Run-off business**
 - Usually opt out of Central Settlement
 - Equitas 1992 and prior syndicate years of account
- **XCS**
 - Gateway to LPC and LORS
 - Now providing broker numbers – challenge to tradition
- **Financial Services Authority**
 - Broker regulations 2005

Any Questions?

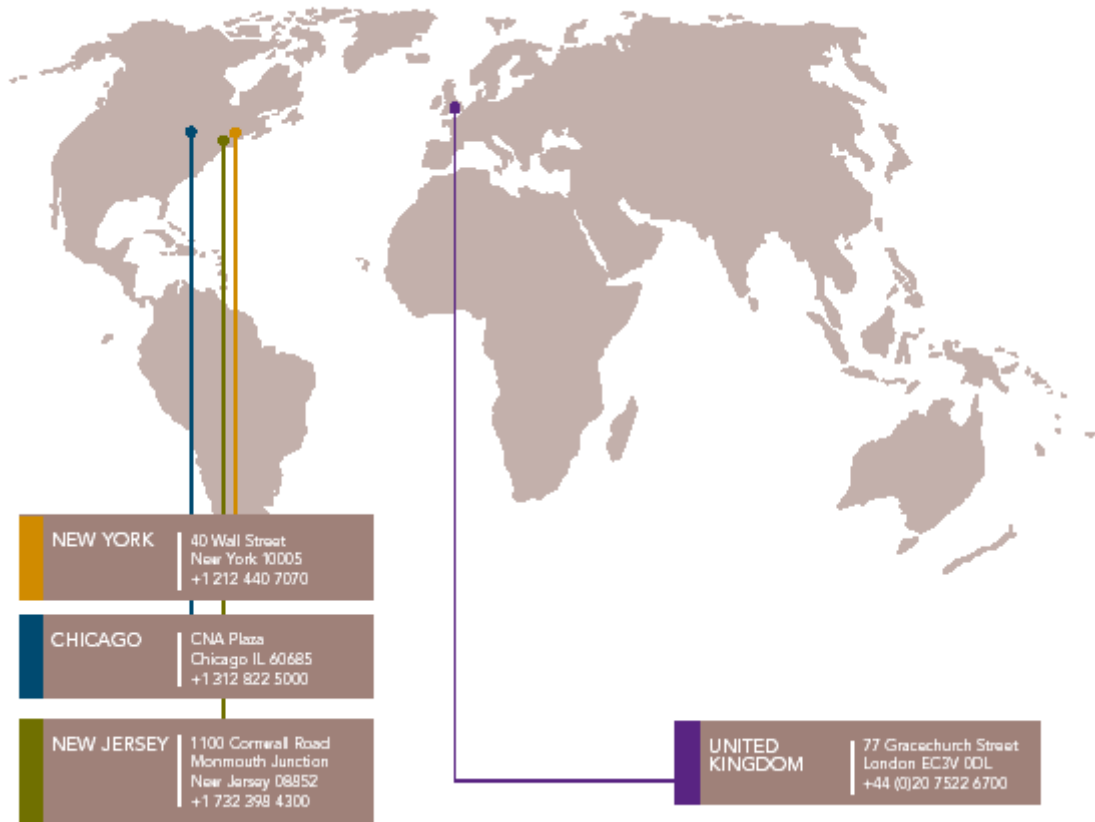
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