



# **Reinsurance Recovery Administration (Reduce the 'PAIN', Improve the Results)**

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# Nationwide's Claim Recovery

- **Historically, Nationwide handled reinsurance claim reporting and recovery from a decentralized platform / Business Model, using 'Home Grown' systems**



# Our History

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- Casualty and property per risk reinsurance claim identification, reporting, billing, and recovery was the responsibility of ***Staff Claims***
- Property Catastrophe reinsurance was the responsibility of ***Corporate Reinsurance***
- Reinsurance recoverable posting, aging, and clearing was the responsibility of ***Corporate Accounting***



# Despite The Best Professional Intentions...

- Some claims that should be reported, and some aging recoverable balances fell between the proverbial **“CRACKS”**



# Nationwide's Process Redesign

- We implemented Fiserv's Universal Reinsurance System (URS) and concurrently
- We re-engineered the reinsurance claims administration process



# Following the Process Redesign

- Nationwide identified and reported approximately 70 previously unreported claims
- 43 exceeded 50% of applicable retentions
- 9 were in excess of retentions



# Results

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- Reinsurers Reserved their Rights and audited claims
- Reinsurer withdrew their Reservations
- Total recovery to date > \$1.5 Million



# The Re-engineered Team

## Recovery Management Services

- **'RMS'** is a cross functional team resulting from process redesign/re-engineering
- **The 'RMS' Team includes professionals from:**
  - Reinsurance
  - Claims
  - Accounting
  - Systems



# The Technology

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- **Fiserv's Universal Reinsurance System (URS) interfaces with our Claims and Financial reporting systems to ID claims valued at 50% or more of our reinsurance contract's retention**
- **Systems monitor loss development for initial and status reporting, billing to reinsurers, and aging of recoverable balances**



# Nationwide Today

- **Paid Recoverable Balances have been reduced by > 75%**
- **Average Annual paid recoveries >\$20,000,000**
- **Past Due balances are aggressively managed**



# Streamlined Workflow

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**System tools and business processes facilitate:**

- **Annual Statement preparation**
- **ID of Letters of Credit needed to secure obligations, reducing Sch F penalty**
- **ID of reinsurers in liquidation or distress for potential “write-off” or commutation**



# Pro-Active Management

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- In 2003 there were a significant number of reinsurers downgraded by rating agencies
- System tools expedite evaluation of reinsurer's participation and obligations
- Time consuming manual file research that took weeks is now done in hours
- This facilitates quicker, pro-active response by management



# Results

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- **We re-engineered and streamlined our Reinsurance Workflow**
- **We benefit from the Diverse Professional Skills of our RMS team**
- **We implemented Advanced Technology**
- **All are essential components of our success that has ‘Reduced the Pain’**

