
CASE STUDY



HOSPITALITY

CHALLENGE

General Agent (MGA) had created an insurance program designed specifically for companies in the hospitality industry. It had enlisted several brokers to sell the program to potential hospitality clients, and an insurance company to insure them under the program. As specialists of the program, the MGA would underwrite the risk and outsource the adjusting.

After sometime, the program was not proving to be as profitable as it should have been for the insurance company. The adjusting firm that had been handling the claims was mis-managing the files and legal teams were not getting the information that they needed. Files were often left unattended and kept open too long; moreover, the reporting was untimely and unreliable, so the insurer had no accurate data on its loss-exposure. Essentially, the insurer had no idea what its actual liabilities were because of poor performance on the adjusters' behalf.

SOLUTION

When the insurance company threatened to abandon the program, the MGA turned to SCM for help. After conducting an audit of the program, SCM concluded that many claims reserves were inaccurate and settlement opportunities were often being missed, which was resulting in claims being settled higher than necessary. SCM provided the MGA with an assessment of the open files and developed a triage plan to expedite the closure of the outstanding files.

SCM's International Programs Group (IPG) first reviewed all the open claims and was able to close a large portion of them. This allowed them to revise the reserve position, providing the MGA and the insurer with a better understanding of the portfolio's actual loss profile. Using SCM's proprietary technology, SCM created multiple efficiencies in the claims management process with the addition of desk-top adjusting and customized online reporting. These solutions enhanced visibility for all parties involved because the service-level agreements developed by SCM and the MGA would be tracked online. This gave the MGA confidence in SCM's adjusting team because their performance was completely transparent.

RESULTS

With SCM's involvement, the hospitality program became more efficient and therefore more profitable; consequently, the insurer agreed to continue insuring the program—with a premium valued at \$2.5 million.

As a third-party adjuster, SCM helped reduce cycle times, lower loss-ratios, reduce reserve funds, and set future reserve funds more accurately. With advanced reporting from its specialty IPG division, SCM provided the insurer with a clearer picture of its exposure every thirty days. This in turn helped the insurer and the MGA see where the program was profiting; moreover, it allowed them to understand how they could better manage the portfolio.

Ultimately, SCM's insurance services helped to make the hospitality program a success for the end-clients, the MGA, and the insurer.

