

Challenge

A large healthcare client suffered a loss that exhausted their claims-made tower of limits. The limit loss took place 2 years after the policy term had expired. Compounding the issue, the client also had 11 open claims pending for the same policy year. The client was facing significant uninsured liabilities and needed to secure coverage for the remaining claims. The Board of Directors was exposed and anxious for a solution.

Solution

Liz worked with her actuarial team to develop an overall view of the open case reserves and potential outcomes. She also worked with the client and claim team to gain an understanding of the merits of each open claim, including likelihood of dismissal, settlement and/or worst-case scenario. Armed with this information, Liz used her extensive market contacts to discuss and explore potential options, ultimately settling on two solutions:

The first was a Lloyds option and involved an indemnity only structure for the named open claims. The rate was highly favorable given the risk and the policy was fully customized for the client to ensure the terms and conditions fit the exact need.

The second option structured a reinsurance agreement with the current insurer on the program to offer an increased aggregate for a previous policy term. For additional premium, they agreed to endorse an expired policy and expand the aggregate for open named claims, allowing for additional losses should the known incidents develop into claims with damages and/or defense expense.

Given the situation, the fact that the client had two appealing options to choose from is a testament to Liz's approach to client service and industry knowledge. The client ultimately selected the second option, and the Board of Directors was happy with the outcome.

