

Case Studies

New Company Formation

A group of single state mutual insurance companies wanted to form a multi-line, multi-state stock property and casualty insurance company to add capacity and capital flexibility to the group. GIP was selected as the project leader. The role included assisting an executive committee in formulating the business plan, establishing the operating structure and strategy (which included the use of Business Process Outsourcing), managing the project tasks, directing subject matter experts from the sponsor companies, managing the implementation of the outsourced service provider. GIP also provided information used in the presentation to investors and helped to negotiate contractual agreements with service providers. GIP successfully managed the project to the issuance of the first insurance policy.

Review of Integration Strategy

A property and casualty insurance company client was considering integrating the operations of subsidiary company into the parent's operation. GIP was asked to review the strategy. At the time, the subsidiary was involved in a system conversion and new product development. GIP reviewed the plan, the timelines and the expected cost savings. GIP concluded that the cost saving were not enough to offset the risks of further disruption of the company's agency distribution channel and recommended that the consolidation be postponed until the system conversion was completed. Company management accepted the recommendation.

Cost Allocation Used in Pricing TPA Services

A large health insurer offering third party administrative services to client organizations wanted to offer its services on an unbundled basis. To do this, they needed to know the underlying cost of the services being offered. Most of the costs associated with the business were spread among various departments and functions. GIP, through another consulting firm, was selected to lead the project to develop a cost allocation methodology that could be used as the basis for pricing services. GIP developed an activity based cost allocation matrix that assigned costs to specific activities and allowed costs to be calculated on a per member per month basis to be used in pricing.

Financial Advisory

A large group health plan formed a mono-line workers compensation insurance company. The company was a subsidiary of the health plan and all financial and accounting processes were performed by the health plan accounting unit. With Workers Comp accounting and economics being different from group health, the company contracted GIP to provide financial guidance and accounting assistance on an on-going basis. GIP initially restated the company's financial

statements, which were originally prepared on a health company format, to a property and casualty format. GIP also developed analytics and KPIs to assist Workers Comp management. GIP also provided guidance on reinsurance, loss reserving, rate reviews and performed monthly and quarterly financial analysis. GIP also assisted management in the annual budget process and built a dynamic model with financial projections that were used as part of the annual AM Best presentation.

Management Reporting

GIP was selected by an international health insurer to develop management reports. The company was growing rapidly and did not have the reports and metrics needed to effectively manage the business. GIP prepared numerous reports and financial analyses to identify business drivers and trends. GIP also reviewed claims handling and reporting and calculated year end loss reserves.

Interim CFO

GIP was engaged as an Interim CFO on two separate occasions by a property insurance company. The engagements included financial planning, review of financial statements, financial analysis and presentations of financial projections to the company's Board of Directors. Additionally, GIP mentored a Controller.

Regulatory Supervision

GIP, through another consulting firm, was appointed as a Deputy Supervisor by a state department of insurance. In that role, GIP provided regulatory oversight of a property insurance company that was under administrative supervision. As part of those responsibilities, GIP communicated regularly with DOI staff, reviewed and approved expenditures, reviewed financial statements and financial projections and worked with company management on various issues that arose. Ultimately, it was determined that the company was insolvent and was placed into receivership.

Regulatory Target Review

John Hines, founder of GIP, was part of a team, while working for a previous firm that performed Business Risk Assessment on behalf of a large department of insurance. The Department was concerned about the on-going viability of the company. The work consisted of reviewing the strategy, operating structure, financial condition, loss reserving, underwriting and claims handling of a medical malpractice insurer. The project made use of a risk assessment framework developed specifically for insurance companies. The assessment resulted in significant changes within the company, including an eventual sale of the company.