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WHITE PAPER

MATERIAL REDUCTION IN GENERAL LIABILITY TOTAL INCURRED AMOUNTS WHEN A SELF-INSURED RETENTION PROGRAM IS ADMINISTERED BY GREAT PRAIRIE RISK SOLUTIONS

This White Paper is intended to address the benefits of utilizing self-insured retentions on general liability insurance programs administered by Great Prairie Risk Solutions in place of deductibles administered by insurance companies. All too often companies engaged in commercial real estate, hospitality services, and multifamily housing are plagued with insurance company claims personnel over-reserving and over-paying on losses. The reserving and payment philosophy appears to be primarily on the nature and extent of injury (“damages”) instead of liability issues. When the philosophy is primarily driven by liability issues and/or a blend of liability and damages, the outcome provides a more realistic picture of exposure.

WHAT DIFFERENTIATES GREAT PRAIRIE RISK SOLUTIONS FROM OTHER TPAs AND INSURANCE COMPANY CLAIMS PERSONNEL

- Our team members have actually worked in the fields that they are now adjusting claims for. This brings a level of experience that other TPAs and insurance companies don't have.
- Each account has a dedicated claims specialist that partners with the client and communicates routinely on claims and lawsuits.
- Each account has a seasoned premises liability trial attorney as the Account Executive who works with the claims specialist when complicated/difficult issues arise.
- We actually listen to our clients and work within the parameters of what they would like to see happen on each individual claim.
- We actually listen to (and respect) what each claimant has to say – being personal goes a long way.
- We take the time to investigate each claimant and their personal/medical history. We don't rely solely on what is submitted from opposing counsel or a claimant.
- Liability issues are the primary factor in setting reserve amounts.
- We think outside of the box and recommend creative ways to make a claimant feel satisfied, which may not always be an indemnity payment.
- We realize our clients' money is at stake on each claim. Insurance companies are more concerned with closing matters down, especially if it can be accomplished within the insured's deductible.

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The following are three (3) case studies of general liability programs with self-insured retentions that have been administered by Great Prairie Risk Solutions for a defined period of time. The values are then compared to values assigned during a defined period of time each case study was under a deductible program.

CASE STUDY “A” (Mixed Use Facilities – multifamily housing, commercial space, retail space)

Data based on average of 907 matters per year.

Total Incurred over 3 years:	Deductible Program	\$4,176,860
	SIR Program	\$2,859,351
Per Matter average:	Deductible Program	\$1,535
	SIR Program	\$1,051

Percent Reduction: 32%

CASE STUDY “B” (Multifamily Housing)

Data based on average of 24 matters per year.

Total Incurred over 3 years:	Deductible Program	\$246,220
	SIR Program	\$159,512
Per Matter average:	Deductible Program	\$3,420
	SIR Program	\$2,215

Percent Reduction: 35%

CASE STUDY “C” (Multifamily Housing)

Data based on average of 28 matters per year.

Total Incurred over 3 years:	Deductible Program	\$537,164
	SIR Program	\$256,988
Per Matter average:	Deductible Program	\$6,395
	SIR Program	\$3,059

Percent Reduction: 52%

Conclusion

Companies engaged in commercial real estate, hospitality services, and multifamily housing benefit by switching from deductible programs to self-insured retention programs administered by Great Prairie Risk Solutions. Great Prairie Risk Solutions is a third party administrator that specializes in handling claims and losses for clients operating commercial real estate, hospitality services, and multifamily housing.