

Audit & Forensic Accounting

Due Diligence

Service Overview

The Due Diligence Services practice of Alan Gray LLC (AG) provides an exhaustive review of all business documents and records in an effort to assess the health and viability of the targeted business. The insurance industry is complex and constantly evolving. Low interest rates, a sluggish economy and extreme weather all present new challenges for Property and Casualty carriers. As the economy improves, gaining market share will come from developing and maintaining new client relationships and pursuing targeted acquisitions. Each investment opportunity is unique, thereby requiring a tailored due diligence process to increase the probability of earning a profitable return. AG's Due Diligence services are conducted by industry professionals, many with more than twenty years of experience in their disciplines.

Performed Services

Corporate Agreements and Legal Documents

- Public Filings, Regulatory Reports, Management Letters, Board Director Minutes, Intellectual Property, and Loan Agreements

Financial Information

- Business Plans, Earnings/EBITDA, Cash Flow, Capital Expenditure Needs, Working Capital Trends, Accounts Receivable/Collections/Bad Debt, Accrual and Reserve Exposures, Overhead Expenses, Quality of Assets, and Carve-out Considerations

Underwriting Practices

- Underwriting Risk Assessment, Underwriting Guidelines of Target vs. Acquirer, and Renewal Impact of Significant Differences

Insurance Loss Reserve

- Past Reserving Practices, Claim Payment Patterns, Claim Closure Rates, Claim Lags, Actuarial Assumptions and Independent Estimate of Loss Reserves

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Performed Services (cont.)

Claim Handling Practices

- Review Compliance with Best Practices, Indemnity and Expense Payment Protocols and Internal Controls, Analysis of Indemnity and Expense Payment Trends

Reinsurance Practices

- Reinsurance Placement Processes, Adequacy of Program Structures, Market Solvency Analysis and Commutation Proposals, Reinsurance Recoverables and Collections, Reinsurance Record Keeping, Reporting and Billing Systems Assessments

Information Technology and Internal Controls

- IT Strategy, Infrastructure, Software Applications, Technology Integration, Security and Administration, Process Flows, Backup Procedures, Controls and Auditing

Employee and Human Resources

- Management Organization Chart and Resumes, Employment Policies and Agreements, Compensation Strategies, Benefit Plans, Wage and Salary Contracts, Non-Compete Contracts, and 409(a) Plans

Sales and Marketing

- Results of Recent Regulatory Exams, Status of Ongoing Examinations for Legal and Regulatory Compliance

Administrative and Transition Services

- Operating Costs, Contracts and Vendor Relationships, Related Party Agreements Affecting Brokers, Agents, Reinsurance Contracts and Intellectual Property, and Transition Agreements to Integrate Operations

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