

BINDING AUTHORITIES

6th February 2014

Auditing: “ The Devil is in the
Detail”

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Key Considerations

Do We Know?

Have We Got?

Are We Certain?



What constitutes sufficient information to assess a TPA's ability

Performance measures in place that satisfy us that an entity is acting in our best interests

That our management meets expected regulatory requirements

Managing Outsourcing



Reporting: Important Information?

The “Business Plan”: Is business developing as expected?

Risk Bordereaux:
Some important basic information

Premium Bordereaux :
Written or Paid?

Accounting: Are there Delays – Delinquent Premium

Claims History:
In accordance with expectations

Other information:
Is there anything else we can use?

Preparation for the Audit

Audit Scope

File Selection

**Sample Size
(Statistical
Inference)**

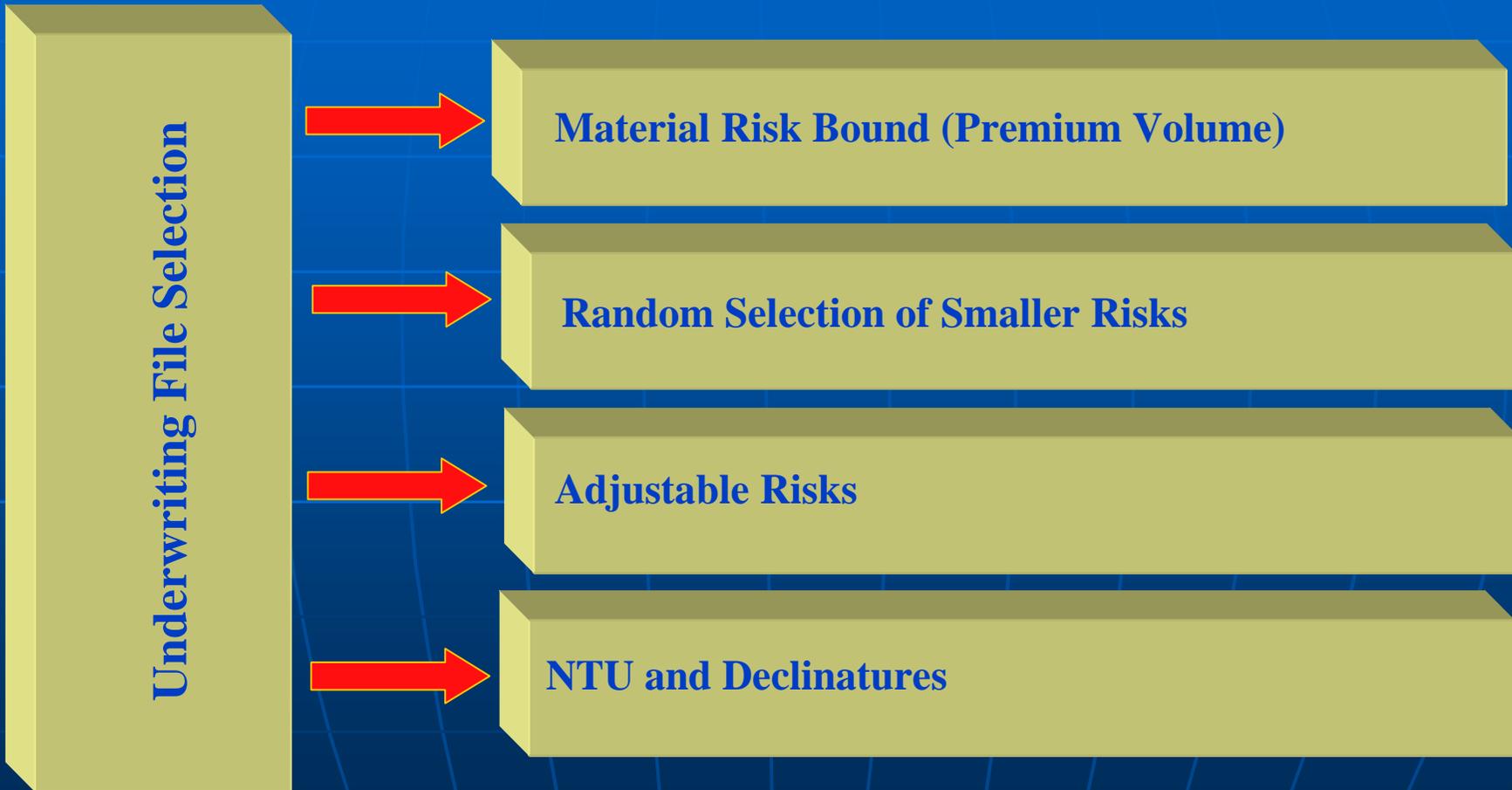
**Confidentiality
Agreement**

Lead Times

**Other
Documentation**

File Selections (Underwriting)

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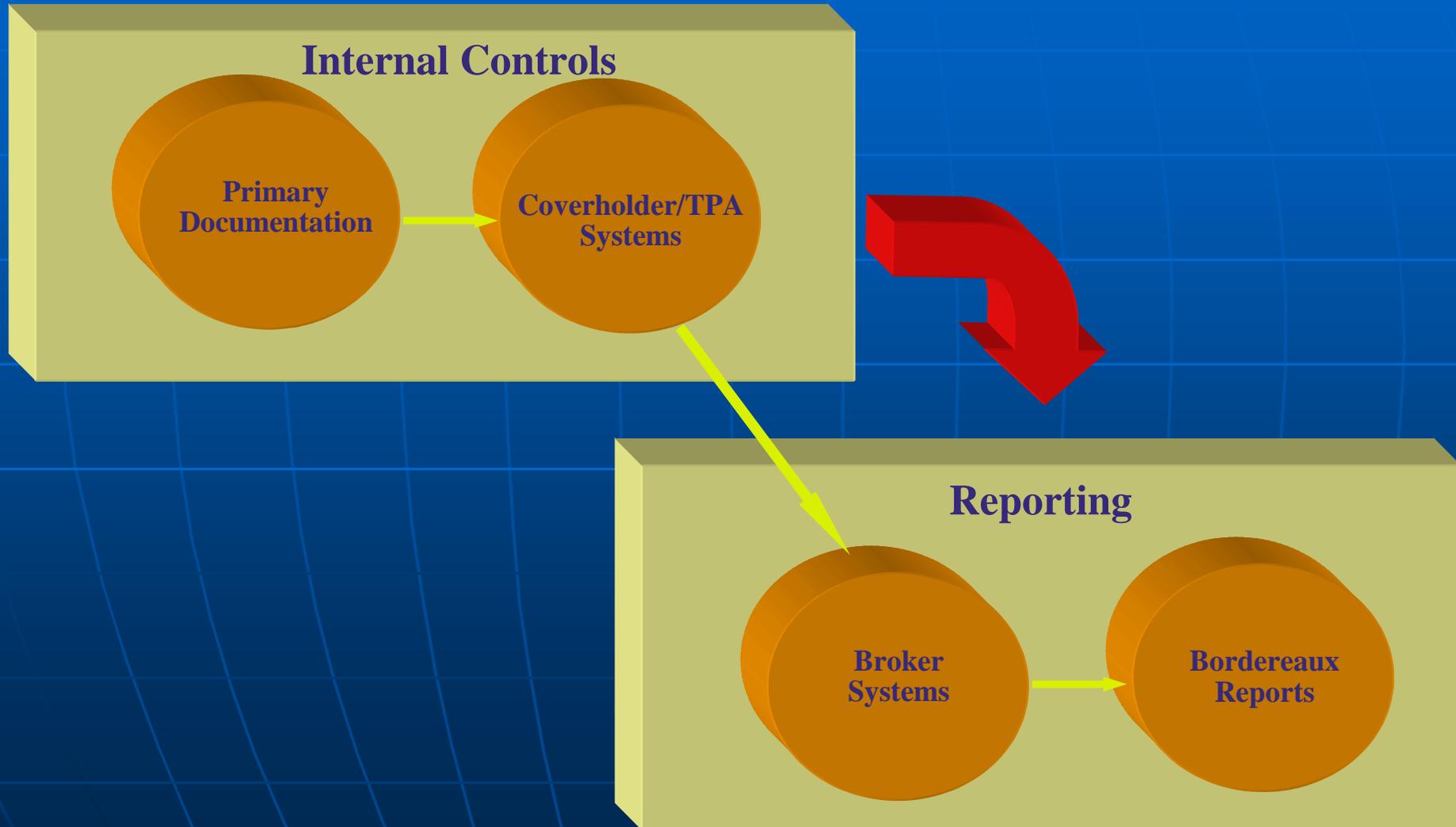
File Selections (Claims)



File Selections (other Considerations)

- **Random Number Generation**
- **Closed Claims**
- **Areas of Business where there are concerns**

Audit Trails



Issues to Consider

- **Materiality of accounting errors?**
- **Materiality of underwriting breaches?**
- **Cooperation from the Coverholder.**
- **Availability of information and/or documentation.**
- **Affirmation.**

Sub-Delegation?

Sub-Delegation of Underwriting: Is it express in the Agreement?

Location: Branch offices
Homeworkers?

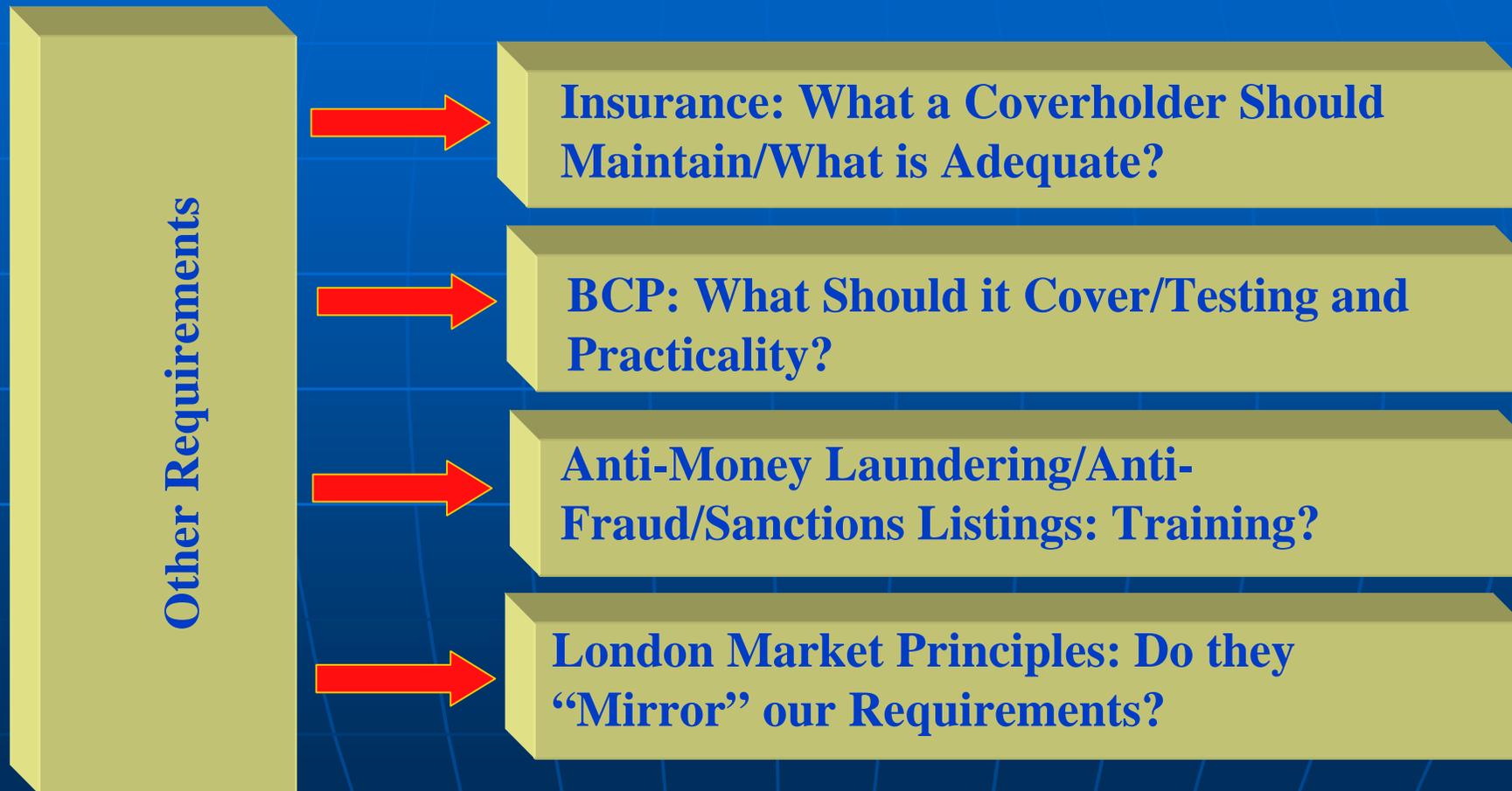
IT: Who controls the data?

Policy Issuance:
Who has authority?

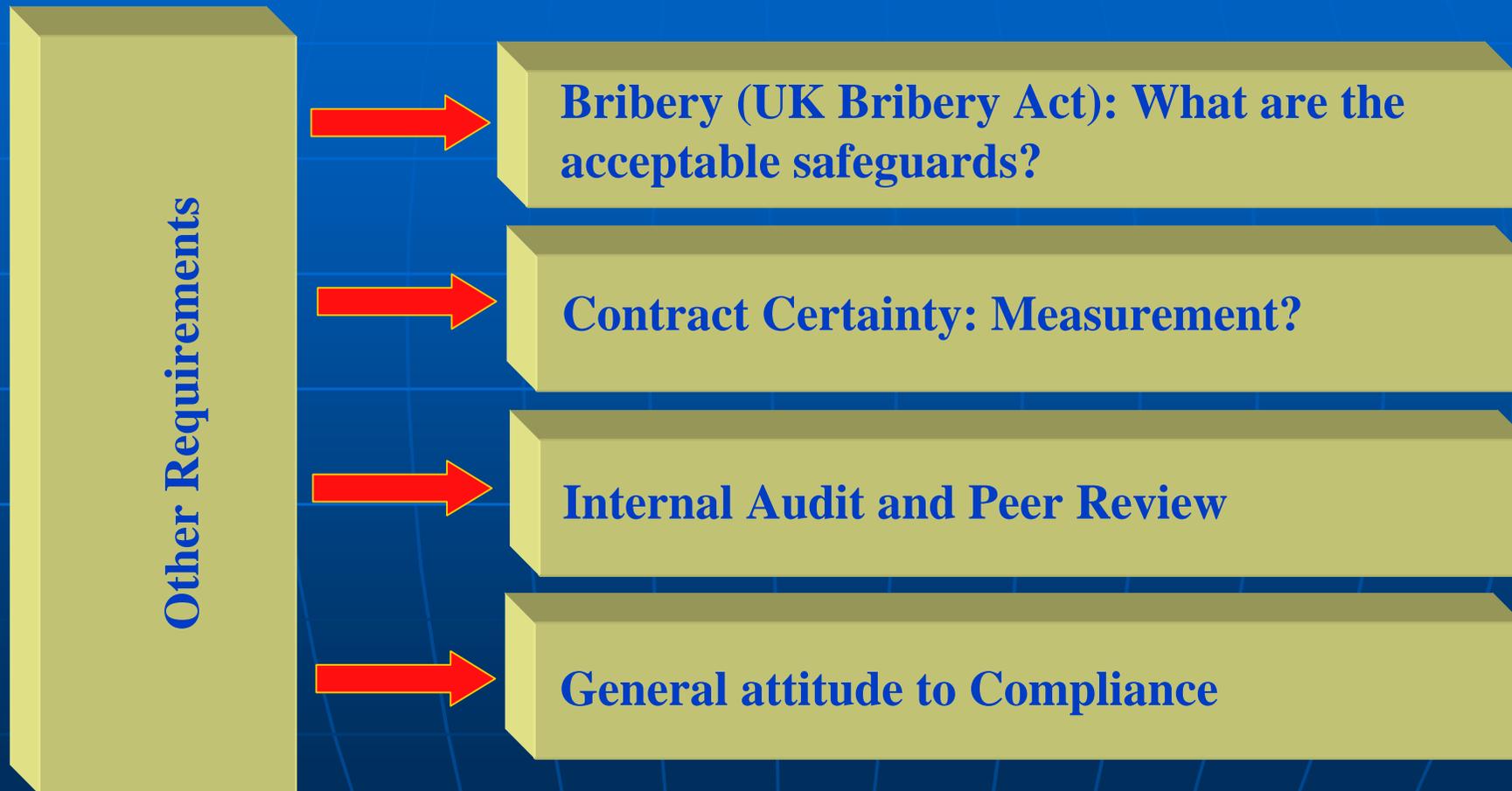
Accounting:
Who controls the money?

Other Functions: Is there anything else we should be aware of?

Compliance Requirements



Compliance Requirements



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Thank You

QUESTIONS?