

PRIVATE EQUITY PRACTICE GROUP

Private equity firm improves go-forward insurance terms through risk management.

BACKGROUND & CONTEXT

A healthcare focused private equity firm engaged BKS to provide risk management and insurance due diligence on a prospective acquisition. The target healthcare organization had incurred a number of liability claims that were a result of sub-par risk management practices. BKS' due diligence uncovered a deviation from best practices that lead to unnecessarily high claims volume. In addition, the outstanding claims were over reserved. All these factors were inflating the budget for go-forward insurance pricing by \$80,000.

SOLUTION & TACTICS

BKS' Risk Mitigation Services team suggested process improvements that appeased the underwriter concerns. With the use of benchmarking, coupled with risk analysis strategies, we substantiated a limit increase. BKS conveyed the business case for lowering the reserves to the carrier's claims team via a conference call.

VALUES & LESSONS



- \$80,000 in cash flow improvement was achieved by keeping the insurance costs flat.
- BKS was able to help the client create \$5 million in additional balance sheet protection.
- The client's loss ratio was reduced meaningfully, which dramatically improved the terms and conditions.

Private equity firms rely on BKS Partners to reduce risk and increase asset protection.

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