

MERGERS & ACQUISITIONS: CCI's Private Equity and Corporate Acquisitions Practice

Experience to Identify Unrecognized Exposures

Companies in acquisition mode trust CCI's Private Equity and Corporate Acquisitions Practice for deal-related insurance and employee benefit due diligence.

We have the mergers and acquisitions experience to identify unrecognized exposures and their impact on purchase price. We also quantify the costs, so you can factor them into the structure of your transaction.

CCI'S Associates make our clients the most educated buyers, by helping them:

Evaluate the risk and expense management of the target company.

Quantify and define pre-closing liabilities.

Provide post-closing insurance budgets for pro-forma financials and the subsequent placing of post-closing insurance programs.

Create efficiencies to meet client financial objectives and exit strategies.

Scope of Services:

CCI conducts a comprehensive review of your company's insurance, benefits, and risk management programs. Then we recommend options and strategies that lead to cost savings and other long-term financial benefits.

Our services include a review of three areas: **financial analysis, transaction analysis, and insurance/benefits and risk management review.**

Scope of Services:

Financial Analysis:

Investigate the cost of risk and its impact on earnings.

Develop payout patterns for open claims obligations to understand post-closing cash management requirements.

Conduct claim reserve analysis to assess collateral and balance sheet requirements.

Coordinate with accountants on financial statement issues related to insurance and benefits expenses.

Develop insurance solutions for deal-related obstacles.

Reps and warranties/tax opinion liability.

Loss portfolio transfer.

Loss mitigation.

Environmental programs.

Transaction Analysis:

Analyze the purchase agreement from an insurance and benefits perspective.

Evaluate, quantify and define pre-closing liabilities.

Ensure that the assumption of liabilities is clearly stated and reflects the decisions reached between buyer and seller.

Verify that, post-closing, there is an available asset to offset any assumed pre-closing liabilities.

Review the insurance provisions and offer solutions.

Review historical purchase agreements to understand the assumption of liabilities from acquisitions or divestitures and their effects on post-closing insurance costs.

Understand insurance and indemnity provisions in company contracts to evaluate the extent of liabilities assumed under these agreements.

Determine the impact of changes in control on the current insurance and benefits contracts.

Meet lender insurance requirements by providing relevant insurance documentation necessary to close.

Transaction Analysis:

Insurance/Benefits and Risk Management Review.

Conduct a thorough coverage review to identify coverage gaps and/or restrictions.

Research historical carrier(s) solvency.

Determine existence of aggregate or limit breaches that could lead to unfunded obligations on a post-closing basis.

Analyze historical loss patterns to develop accurate loss projections.

Provide post-closing budget along with a suggested program design for property/casualty as well as employee benefits plans or other needs.

Review the adequacy of loss prevention and workplace safety programs.

Employee Benefits Solutions:

While conducting our comprehensive review of employee benefits, we identify critical issues affecting the deal pre-close, post-close and at exit.

Our comprehensive review includes reviewing compliance issues, plan funding mechanisms, and completing a needs assessment.

Employee Benefits Solutions:

Compliance Issues:

Review Form 5500 filings and assess compliance, potential violations, and their impact.

Conduct an overview of COBRA rates to determine proper parameters and address potential issues.

Review self-funded plans for possible noncompliance resulting in prohibited transactions.

Conduct a thorough review of documents related to discrimination testing, 401(k) compliance, and discriminatory administrative practices.

Plan Funding Mechanisms:

Estimation of Incurred But Not Reported (IBNR) claims run-out liability relative to current accruals on self-funded plans.

Thorough review of self-funded plans to determine potential prohibited transaction issues and their financial impact.

Examination of reinsurance contracts to discover potential issues involving terminal liability, discrepancies with plan documents, and claims run-out issues affected by change of control.

Plan Funding Mechanisms:

Needs Assessment:

Development of pro forma budget.

Review and summary of all major benefit plans, with comparison to national normative data.

Review of benefit plans to determine market competitiveness and possible coverage gaps.

Availability of international diligence to identify potential issues on a global platform.

Thorough review of Collective Bargaining Agreements and Purchase and Sale Agreements, both historical and present, to identify potential issues prior to close.