

Reserves

Reserves

What is a reserve? The following items represent what a reserve is:

- Funds set aside to meet financial obligations for a particular loss
- Dollars designated for a specific claim payment
- A legal requirement assuring sufficient funds to meet claim obligations
- Should be as accurate as possible - can be adjusted as the claim progresses

Viewing Current Reserves

How do you view the current reserves and payment information in CTS? This information can be viewed through the work on claim section of the claim details screen as shown below:

The screenshot shows a 'Work On Claim' section with the following items:

- **Access Policy Systems (ePAS/eWind) Information**
 - [Claim Work Order](#)
 - Display claim workorder PDF document in a pop up window.
 - [Policy \(FRJH1257122\) Information](#)
 - View the policy (FRJH1257122) information associated with this claim including agency name, agency phone number, lien holder, coverage and deductible information.
 - [Claim \(188899\) First Notice of Loss Information](#)
 - View the FNOL information for the claim 188899 from policy systems.
 - [Claimant Information for the Claim 188899](#)
 - View the Claimant information for the claim 188899 in the policy system.
 - [Claim \(188899\) Journal Entries](#)
 - View the journal records for the claim 188899 from policy systems. NOTE: These are different from CTS iLog entries.
 - [Reserves and Payment Information](#)
 - View the accounting information for the claim 188899 from policy systems.

After clicking on the link above, the reserves and payment information screen is displayed. This page is grouped into different sections:

- Indemnity Summary Information (includes payment and reserves)
- LAE (Loss Adjusting Expense) Summary Information
- Ledgers (details history of payments made)
- Reserves (details history of reserves opened)

The reserves and payment information screen is shown below:

PLA Claim Accounting Information									
▶ Indemnity Summary Information									
Open Date	Close Date	Status	Total Payment	Total Pending Payment	Total Pending Reserve	Total Reserves	GCA Amount		
04/06/2006		OPEN	0.00	0.00	0.00	7,000.00	0.00		
▶ LAE Summary Information									
Open Date	Close Date	Status	Total Payment	Total Pending Payment	Total Pending Reserve	Total Reserves	Payment Method		
04/06/2006		OPEN	0.00	0.00	0.00	0.00	FastTrack		
▶ Indemnity Ledger									
Not available.									
▶ LAE Ledger									
Not available.									
▶ Indemnity Reserve									
4 records found, displaying all records.								1	
Date	Coverage						Amount		
04/06/2006	A						2,500.00		
04/06/2006	A						1,500.00		
07/13/2007	A						1,000.00		
07/13/2007	A						2,000.00		
4 records found, displaying all records.								1	
▶ LAE Reserve									
Not available.									

Setting Reserves

Reserves are set through the reserve change screen. This screen is accessed through the work on claim section of the claim details screen. How are reserves set in CTS? This depends on the claim account type as shown below:

- **High Risk Account - HRA** (Wind Only policies) – Enter the whole dollar amount for all coverage types together in one new reserve amount (see following example).
- **Personal Lines Account - PLA** (Homeowners and Dwelling policies) – Enter the whole dollar amount for each individual coverage type separately as new reserve amounts (see following example).
- **Commercial Lines Account - CLA** (Commercial Multiperil policies) – Reserves under this account are not set by adjusters or examiners. The adjuster or examiner only makes a recommendation to management, who updates the reserves.

These are expenses billed by adjusting firms for services rendered (ex. inspections), or for other expert services (ex. engineer):

- **Loss Adjusting Expense - LAE** – reserves should be set by the claim handler whenever there are anticipated fees for professional services. At this time, LAE reserves can only be set on PLA claims. For HRA claims, be sure to take LAE expenses into account when setting the single reserve for all coverages and expenses.

When a claim is generated in CTS from the First Notice of Loss (FNOL), an initial reserve is set on the claim. This initial reserve does not need to be taken into consideration when setting the new reserve.

HRA Reserve Example (enter one new reserve amount for all coverage types)
 An initial reserve of \$75,000 was generated in CTS, but the reserve needed for all coverages is actually \$20,000. Enter \$20,000 as the new reserve amount.

Reserve Information and Change Requests

Coverage Type	Policy Limits	Current Reserve	New Reserve
A+B+C+D+E+F	\$954,000.00	\$75,000.00	<input type="text" value="20000"/>

Submit Cancel

PLA Reserve Example (enter a new reserve amount for each coverage type)
 An initial reserve of \$7,000 was generated in CTS, but \$20,000 is needed for Coverage A. Enter \$20,000 as the new reserve amount.

Reserve Information and Change Requests

Indemnity Reserves

Coverage Type	Policy Limits	Current Reserve	New Reserve
A	\$25,000.00	\$7,000.00	<input type="text" value="20000"/>
B	\$0.00	\$0.00	<input type="text"/>
C	\$6,000.00	\$0.00	<input type="text"/>
D	\$1,200.00	\$0.00	<input type="text"/>
E	\$300,000.00	\$0.00	<input type="text"/>
F	\$2,000.00	\$0.00	<input type="text"/>

After entering the reserve amount, select submit. If the reserve request is within your authorization limit, CTS displays the following message **“Reserves have been updated.”**

If the reserve request is above your authorization limit, CTS displays the following message notifying you approval is required:

- **Modify Claim Information**

- [Reserve Change](#)

- View/Retract the pending reserve change request for claim 184520.
 - **Your request has been submitted for approval.**

Your supervisor is notified of the reserve request via “My Notifications.” After the supervisor approves or denies the request, you are notified via “My Notifications.”



Retracting Reserves

If you enter the incorrect reserve amount and it is within your authorization limit, you can retract your initial reserve request through the reserve change screen. Select the **Retract** button. The system displays a message that the reserve was retracted. You can then enter the correct reserve amount.

Reserve Information and Change Requests			
Coverage Type	Policy Limits	Current Reserve	Pending Reserve
A+B+C+D+E+F	\$954,000.00	\$75,000.00	\$100,000.00



- **Modify Claim Information**

- Reserve Change

- Make a request for changing the reserves associated with claim 238984.
 - The reserve change request is retracted

If you enter the incorrect reserve amount and it is above your authorization limit, you must go through the same process; however, CTS sends a retract request to the supervisor. You are notified when your supervisor approves or denies the request via “My Notifications.”