MAPFRE

SPECIFIC RECOVERY MODEL

DETAILS AND CHARACTERIZATION OF RECOVERY INDICATORS

CORPORATE OPERATIONS AREA (ACSN)

DETAILS AND CHARACTERIZATION OF RECOVERY INDICATORS

The management of recovery case files is relevant to the company, because of the impact that it can have on the main claims indicators, since **correct management can lead to substantial savings for the company, both in the cost of the claims and in the decrease in associated management expenses** (operational, legal). We also shouldn't forget the reputational impact of improper management, particularly of recourse case files.

It is therefore **necessary to define and monitor the main indicators in this regard.**

Management indicators for **recovery case files** are specific items that help us measure the performance and success of the operation and let us make decisions on how best to continuously improve management, operations and costs.

The indicators make it possible to measure the degree of achievement of the objectives pursued, as well as other data of interest for the monitoring of the activity, although this data may not concern a specific objective.

The person responsible for carrying out this task will be in charge of monitoring the indicators and, where appropriate, the achievement of the objectives that may be linked to them, as well as for rolling out action plans in the event of deviations.

We must be able to view each indicator on different **levels or dimensions** to provide specific breakdowns, until we **arrive at a degree of detail that affords us as accurate an analysis as possible** and ensures that our decision-making will improve our results.

The proposed dimensions for analyzing this process are:

- **Type of case file:** it can be useful to know certain indicators by examining the type of case file leading to the recovery, if a recovery is involved:

  o **Conventional**

  o **Agreement**

  o **Recourse**

- **Guarantees:** It is important to know the guarantees involved and the impact of the recovery on their technical result.

- **Participants**: The indicator should be analyzed according to the figure involved in it, e.g. the handler who manages the case file, the providers, the investigator or the attorney who participates in its management.

- **Figures:** The figure on whom the recovery falls: the driver or owner of the third-party vehicle, an official body, the third-party company or our own client. This dimension can also help us to take organizational measures, assigning the most expert handlers to manage the case files of the companies or organizations with the greatest impact or the worst results.

- **Results:** Positive, such as total or partial acceptance of the recovery, as well as negative, down to the reason for non-recovery.

- **Client segment:** In the specific case of **recourse case files** , it may be necessary to distinguish the client segment from a risk-selection point of view, as well as implement alerts during the management of certain segments.

- **Handling team:** To detect possible deviations within the different work groups, only in the event that management is carried out by different teams.

- **Geographical area:** Lets us identify deviations on a geographical scale.

- **Time frame:** Analyzing an indicator on an annual, quarterly or monthly basis.

- **Lawsuits and litigation:** Whether the case file is referred to litigation or not. This dimension primarily helps us to differentiate costs and management times specific to this category.

We must determine which dimensions apply in each case, based on the distribution, volume and characteristics of the country.

We must establish benchmark data for each of the indicators defined so that we can then evaluate whether the results are as expected and how they have changed over time.

It should be noted that there must be a dashboard providing a simple display of parameters and indicators that assist in decision-making in all areas related to the management of **recovery case files.** It should therefore contain the most relevant indicators or those that have the biggest economic impact or the biggest impact on the

defined objectives. There may be different dashboards containing different indicators based on levels of management (global, Company, Territorial Division Center, etc.)

Description of indicators

The following tables detail each indicator with its description, the formula for calculating it and the unit of measurement.

When devising dashboards for the country/unit, we must select those that will effectively allow us to monitor the activity, and each dashboard must make sense for the dimensions it is intended to cover:

Indicators
MEREC.xlsx

Name	Definition	Calculation method	Unit
Recovery rate	Net amount effectively recovered from recovery case files handled in the fiscal year with respect to the total recovery expectation of those case files	Total net amount recovered/Total recovery provisions (collected and pending)	Percentage
Recovery effectiveness	The number of successful recoveries divided by the total recoveries declared or processed during the same period	Number of case files recovered (in whole or in part)/Number of recovery case files (pending + closed)	Percentage
Recovery efficiency	Net amount recovered on recovery case files divided by the total amount incurred on case files associated with the recovery case files processed during the same period.	Net amount recovered/Total amount incurred from case files associated with recovery case files	Percentage
Recovery result index	Total recovery case files closed without amount recovered	Total recovery case files without amount recovered/Total recovery case files closed	Percentage
Recovery expectation	Provision for outstanding recovery expectations from all case files at a given point in time	Sum of the total amount of all reserves in pending recovery case files	Monetary unit
Average expectation	Average value of expectations from outstanding recovery case files	Total expectation/No. of recovery case files	Monetary unit
Total amount recovered	Total net amount recovered in a given period	Total net amount recovered	Monetary unit
Average amount recovered	Average amount recovered in a given period	Average net amount recovered/No. of recovery case files	Monetary unit
Total expenses incurred	Total expenses incurred in the management of recovery case files	Sum of total expenses incurred for all recovery case files	Monetary unit
Average expense	Average expense incurred in the management of recovery case files	Total expenses incurred/No. of recovery case files	Monetary unit
Expense-to-income ratio	Total amount spent (management, providers, investigators, legal expenses) on recovery case files divided by the total profit obtained (amount recovered)	Expense/income	Percentage
Judicial rate	Number of recovery case files handled during the period in progress that are subject to legal proceedings (i.e. in which there is a judicial process in any of its phases) divided by the total number of recovery case files handled in that period.	Number of recovery case files in legal proceedings/Total recovery case files in that period	Percentage
Average life of a recovery case file	Number of days from notification of a recovery case file to its closure.	Sum of total number of days elapsed for the management of all recovery case files/No. of recovery case files	Unit
Closing rate	Total recovery case files closed divided by the total number of recovery case files handled during the same period	Number of recovery case files closed/Total number of recovery case files handled	Percentage
Reopening ratio	Number of case files reopened during the study period divided by the total number of case files closed during that period.	Number of reopened recovery case files/Total recovery case files closed	Percentage