



# PRIVATE EQUITY PRACTICE

Due Diligence  
Deal Facilitation  
Portfolio Risk Management

Ironwood has won our business by positioning us to standardize risk management and quality control within our portfolio. We have developed our relationship beyond an insurance product — we use their team as a comprehensive risk assessment and monitoring resource that begins during due diligence and ends several years after an exit.

– Thomas Harbin, Managing Director, SourceCapital, LLC



IRONWOOD

## Risk Management and Employee Benefits Services to Private Equity Investors

The Ironwood team has been serving the Private Equity industry for more than twenty years. We have performed over one thousand diligence projects for equity investors covering companies in almost every industry, in all 50 states and around the world. Our Private Equity Practice takes a unique approach. All Project Managers and Portfolio Service team leaders are Partners of the firm, and we have merged our due diligence and post-close service teams for Risk Management and Employee Benefits into a single practice. This way our Equity Investor clients are represented by the same team for all of their diligence and post-close service needs and transactions.

Services to Equity Investors fall into three categories:

### Due Diligence

### Deal Facilitation

### Portfolio Risk Management

#### Due Diligence - Commercial Property & Casualty

- Conduct cost of risk analyses, which includes identifying current cost of risk (premium plus projected losses) and comparing to post-close projections
- Compare premiums, projected losses and loss accruals to the income statement and balance sheet for potential impact on earnings
- Conduct analyses of loss reserve and payout pattern to assess collateral and balance sheet requirements and post-close cash management
- Provide post-closing insurance budget for pro forma financials and post-close insurance budgets
- Review Surety Bonds and their impact on the balance sheet, working capital levels and indemnity obligations
- Audit premium liabilities
- Review coverage to identify gaps or inadequacies and verify carrier solvency
- Analyze the Purchase Agreement from an insurance and employee benefits perspective
- Review lender requirements and provide insurance documentation for closing
- Determine the adequacy of loss prevention and safety programs in place

#### Due Diligence - Employee Benefits

- Confirm healthcare costs on a fully Insured and/or self-insured basis
- Estimate pre-close accrual liabilities on self-funded plans
- Develop plan and cost benchmarking
- Determine potential Affordable Care Act (ACA)/Obamacare impact on healthcare costs
- Conduct cost projections and pro formas
- Review adequacy of current plan design, cost containment and cost-sharing options
- Confirm ERISA Compliance - COBRA, 5500 filings, others
- Determine accrual liability on run-off plans, COBRA liabilities, retiree coverage and rollover deductibles

- Place Key Man insurance
- Review retirement compliance plan and cost projections

#### Deal Facilitation

Diligence can reveal potential liabilities with uncertain financial outcomes. Ironwood has experience in helping facilitate deals by creating transactional solutions to transfer the risk of various liabilities, including:

- Representations and warranties
- Environmental liability
- Tax opinion liability
- Loss mitigation/Loss portfolio transfer
- Creative Workers Compensation programs that minimize or eliminate collateral

#### Portfolio Risk Management

Ironwood serves as the Outsource Risk Manager and Human Resources Consultant to Private Equity funds. We provide strategic advice regarding overall portfolio risk management and tactical planning at the portfolio company level. This includes marketing the coverage and providing day-to-day service, claims and loss control. In addition, we explore ways to aggregate risk management programs to create purchasing power, improve efficiencies, enhance earnings and protect investments.

#### Additional Services for Private Equity Practice Clients

- Private Equity Surety Bond Program
- Private Equity Environmental Insurance
- Private Equity Representations & Warranties Insurance

