

CASE STUDY

Cash allocation mission impossible? Not for Pro!

The experts at Pro were drafted in to tackle a significant backlog of unallocated cash at a leading insurer - a challenge that arose due to under-resourcing, but resulting in a successful and ongoing outsourcing partnership.

The challenge

At first glance it truly looked like a mission impossible - the insurer contacted the Pro team in August 2017 to tackle an unallocated cash position that had snowballed to £75 million over a number of years.

Quite simply they recognised that they did not have the resources to clear this significant backlog on their own, and critically the size of the unallocated cash position could quickly become a regulatory issue if it wasn't reconciled and cleared promptly.

The insurer was working with a myriad of different internal and external systems and spreadsheets to track outstanding balances and stay on top of their position with the central Xchanging system. New entries containing positive and negative cash positions came through daily, and there was a never ending struggle to keep pace with these entries while the backlog continued to grow bigger.

The missions should we choose to accept it: to match and clear all unallocated cash positions as well as new cash items as quickly as we could, and report on progress and success regularly and accurately.

The Solution

This was the first time this insurer had outsourced this kind of work, and in many ways it was a leap of faith in the expertise of our team to be able to resolve this significant challenge.

From the start, the dedicated Pro team - which at peak times included 10 experts working simultaneously to clear the backlog - were trained on working with the insurer's internal processes to take on the job.

So we were able to very quickly begin working with the insurer's existing internal processes, keeping up-to date tracking spreadsheets at all times providing the working status of each unallocated cash item.

We put processes in place for weekly and monthly reviews together with query escalation procedures to get on top of the most complex unallocated positions, tracking and matching gross and net positions in the different spreadsheets to gain an accurate picture. We set targets for processing backlog cash items, as well as for new cash items - where targets included items being added to the Xchanging report within 10 working days.

Signs of success

The plan of action, query log, service levels, targets and weekly and monthly meetings we put in place resulted in the unallocated cash position of £75 million being cleared within a year.

Aside from the obvious sign of success that the backlog was cleared, further benefits to the insurer included the impact on their credit control resources - they no longer needed to chase outstanding balances and finally had an accurate position of how much money was paid in and paid out.

This resulted in the insurer being able to move ahead through audits and regulatory requirements without the burden of their significant backlog, and have robust processes in place for handling new cash items as they came in.

The Pro team have been retained as long-term outsourcing partners supporting the insurer's internal team with cash allocation, and freeing up their experts to focus their talents on further business development.

Calls to action

While unallocated cash backlogs of this size are very unusual, there are two key calls to action that wider market can take from this case study:

- It is imperative to process cash positions consistently, every day to avoid backlogs arising and snowballing.
- It is also critical for insurers to acknowledge resourcing issues when they happen, before things spiral out of control. Expert outsourcing teams are available to support this kind of work and immediately provide real value to enable your internal resources to be used effectively to help you grow.

Remember, there is no such thing as mission impossible for the experts at Pro!

Contact us for an initial chat:

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