

## CASE STUDY

# V is for Variance

Getting to grips with a significant variance between cash and signings positions and Lloyd's reporting requirements is no mean feat, but the experts at Pro are helping a leading global insurer achieve just that.

### **Background**

A leading global specialist insurance company called in the experts at Pro to support unravelling accounting and ledger complexities involving several of its overseas service and non-service companies.

The Pro team quickly stepped up providing a deep dive into the issues, and an ongoing forensic analysis of various cash and ledger positions. Key to their mission was reducing the sizable variance that had emerged between the cash and technical positions.

This vendetta against variance began in earnest in May 2019.

### **The Challenge**

When Pro was first drafted in to analyse the status of the overseas service and non-service entities, we found lots of unallocated cash and technical signings that hadn't been matched for some time across the premium and claims ledgers submitted by bordereau.

There were significant historical processing delays and challenges with the bordereau production process as a result of a myriad of different systems feeding information into Lloyd's.

### **The Solution**

Throughout the project, the team worked with a plethora of different systems and processes to solve the mismatches. In the instance of an overseas business, the team had to track back from the bulk batch system submitted to Lloyd's to match against the individual claims submitted locally, each transformed from an individual claim to the bulk submission with different references.

At peak times, Pro had a team of up to eight experts working on the project. After over 12 months working with the client to date, very positive results have been achieved as well as key learnings to take forwards. The experts at Pro created bespoke mappings between the different systems to ensure that all claims could be traced back to their origins and reconciled.

Business as usual processes are now managed by Pro's dedicated team, and the overseas project was extended to allow further forensic analysis of signings and cash positions to achieve an accurate write-off figure at year-end.

## Signs of Success

Extensive technical analysis and processing have significantly reduced both the premium and claims variances.

Agreed SLAs and procedures are in place which prevent the build-up of any future backlog. The agreed query escalation process ensures issues are identified and addressed promptly.

A complete reporting suite is delivered to the client monthly to monitor legacy and BAU cash allocation and technical processing which enables the client to manage and control variances.

The legacy variance is now small enough to be transferred to the BAU team where work will continue to resolve any remaining historic differences.

## Conclusions

There are three key lessons that all insurers operating overseas service and non-service company businesses can take to avoid write-offs and a similar “vendetta against variance” emerging:

- **Standardisation:** Systems need to talk to each other, have common referencing and mapping in place
- **Unification:** Systems must have clear processes that are followed by all staff, including offshore outsourced staff
- **Checks:** Preventative as well as detective controls are required to avoid mismatches. If data has to feed into different systems, then reconciliation checks are required at each point

We are very proud of the forensic and transformative work we have conducted for this client. More than anything, it has provided them with the tools to standardise accounting and reporting submissions to Lloyd's - potentially saving significant time and resources in the future.