

Unallocated cash headache?

OUR ULTIMATE GUIDE TO
Unallocated Cash in Insurance -
the problem and the solution

**Probe the
issues.**

**Map the
Process.**

**Provide
cash
clarity.**



For Brokers and (Re) Insurers

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Our ultimate guide to Unallocated Cash in Insurance



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Unallocated Cash in Insurance – addressing the problem

Introduction

UNALLOCATED CASH, UNCORRELATED CASH, UNMATCHED CASH, UNRECONCILED CASH... WHATEVER YOU CALL IT, IT MOST DEFINITELY EXISTS, AND FOR MANY UNDERWRITERS, REINSURERS AND BROKERS, IT IS A COMPLICATED AND OFTEN LONG-STANDING, CHALLENGING ISSUE.

The problems created by unallocated cash in insurance accounting are far reaching and can impact all areas of your business. Managing unallocated cash is therefore not only an objective for a sound business, but a compliance requirement too.

In this eBook, we aim to give you a simple and practical project guide in addressing unallocated cash. The guide is easy to follow and, in addition to

clearing historic unallocated cash by tackling root causes, it will prevent the build-up of unallocated cash going forward.

Before we get to the guide, it is important to understand the risks and consequences of unallocated cash and identify the causes behind it. By doing this, you will gain a full perspective on how it can both affect your business operations and impact on profitability.





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Unallocated Cash – the Problem



1



How much cash is involved?

THE INSURER SWISS RE ESTIMATED THAT IN 2018, USD 5 TRILLION IN PREMIUMS WERE WRITTEN*. WITH REGARDS TO GROSS DIRECT PREMIUMS, THE FIGURE WAS USD 260 BILLION.

The same report highlighted that natural disasters and man-made catastrophes resulted in USD \$81 million in uninsured losses alone.

All of this cash will flow between original insureds, insurers, reinsurers and brokers. From a technical accounting perspective, that's a lot of transactions to process – and a lot of cash to match!

When a business has a high volume of transactions, it will always have some unallocated cash; this is generally due to timing differences – the time between cash being settled (paid or received) and the technical transactions actually

being processed. Unallocated cash becomes a problem, however, when issues preventing the allocation of cash are not addressed, causing it to build up over time.

Unallocated cash can be a legacy issue – either inherited as part of historic mergers and acquisitions, or as part of a legacy system transition. It can also be a sign of deep-rooted cash management and control issues.

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*source: <https://www.tcs.com/blogs/unapplied-receipts>





The risks and the consequences

IT IS CLEAR ON AN INSTINCTIVE LEVEL THAT UNADDRESSED UNALLOCATED CASH IS PROBLEMATIC FOR ANY BUSINESS. AN IGNORED UNALLOCATED CASH POSITION CAN DAMAGE YOUR BUSINESS AND WILL ALMOST CERTAINLY CAUSE IT TO DETERIORATE.

It is therefore important to find the cause of the issue. Unallocated cash which is more than 30 days old, for example, could be a sign of poor cash management procedures. When you begin to dig into the issue you will generally discover multiple causes; some of these will be simple to fix, however, some may be technically and procedurally complex to resolve.

THE RISKS THAT COME WITH UNALLOCATED CASH INCLUDE:



Reporting

- Reporting inaccuracy – no matter what consequences arise from reporting inaccuracy, none of them are going to be positive
- Issues with regulatory compliance – cash should be routinely documented and allocated
- High volumes of unallocated cash – a red flag to auditors
- Overstated liabilities and/or debts
- Inaccurate reporting of aged and bad debt

CONTINUED

THE RISKS THAT COME WITH UNALLOCATED CASH INCLUDE:

**Cashflow**

- Unallocated cash means that you will simply have funds that aren't being used fully
- Cash write-offs – which have a direct impact on profit
- Heightened risk of making duplicate payments
- Inability to identify funding
- Ineffective credit control – which means you are unable to identify and chase unpaid balances
- Over- or under-stated bad debt provisions

**Reputation**

- Confidence in your business – perception of financial integrity can be impacted by unallocated cash issues
- Requesting refunds for duplicate payments – or chasing for funds that have already been settled – highlights cash management inefficiencies to clients
- Late settlement of liabilities because funds have been misallocated – this can impact future relationships



CONSEQUENCES OF UNALLOCATED CASH INCLUDE:

- 1 Financial accounting challenges (inability to reconcile balance sheets).
- 2 Poor outcomes from internal and external audits
- 3 Liabilities and/or debts are overstated (this is caused by cash that has been settled but is not correctly recorded)
- 4 Lack of clarity on aged debt position
- 5 **Inaccurate reporting and provisions of bad debt**
- 6 Ineffective credit control (there is an inability to target debt if you can't see what is outstanding. Where paid balances remain outstanding in the ledgers, they will continue to appear on payable statements)
- 7 **Potential breach of Warranties or other critical payment conditions**
- 8 Duplicate payments and funding (this is more likely because paid transactions appear unpaid)
- 9 Cashflow forecasting is hindered by historic inaccuracies
- 10 Cash or technical write-offs to clear unallocated cash impact profit
- 11 **Strained client relationships**
- 12 Late and missed settlement of premiums or claims because funds have been misallocated
- 13 Reputational issues when asking brokers and clients for information relating to aged cash issues
- 14 Unidentified operational issues and/or training gaps that haven't surfaced as a result of unallocated cash being left outstanding
- 15 Inefficient workflow between Business Units
- 16 Business as usual (BAU) work is impacted when addressing significant historic unallocated cash issues

Scenario 1

TECHNICAL ACCOUNTING AND UNALLOCATED CASH



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Getting to grips with a significant ledger variance between cash, technical signings positions and Lloyd's reporting requirements is no mean feat, but Pro is helping a carrier achieve just that. Since 2019, our experts have worked with a leading global specialist insurance company to support unravelling accounting and ledger complexities involving several of its overseas entities and general London Market binder business.

THE CHALLENGE

To match long-standing unallocated cash and technical signings across the premium and claims ledgers submitted by bordereaux.

To unravel many years of data processed incorrectly or not processed, and support reconciliation to resolve the variances between cash and technical accounting.

CONTINUED



THE SOLUTION

The team worked with a plethora of different systems and processes to solve the mismatches.

They developed a strategy with the client, along with creating bespoke mappings between the different systems, to ensure that all balances could be traced back to their origins and reconciled.

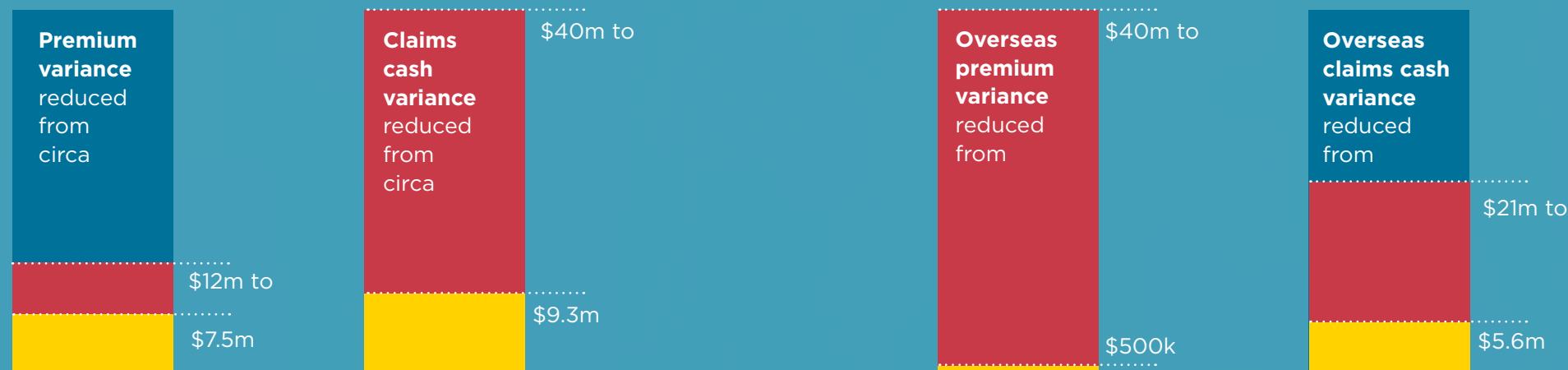
Enhanced BAU processes are now managed by Pro's dedicated team. In addition, the overseas project was extended to allow us to further forensically analyse signings and cash positions to achieve an accurate write-off figure at year-end.

SUCCESS

The general binder business has seen significant progress, including premium variance reduced from circa \$12m to \$7.5m. Claims cash variance has also been reduced from circa \$40m to \$9.3m.

The overseas entities also reported positive results, including premium variance reduced from \$40m to just \$500k, and claims cash variance reduced from \$21m to \$5.6m.

Both forensic and transformative work was delivered to this client. Pro has also provided them with the tools to standardise accounting and reporting submissions to Lloyd's, resulting in auditable processes and saving significant time and resources in the future.



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Unallocated Cash
– the Causes

2





Common operational causes of unallocated cash:

- Manual cash to ledger matching
- Allocation delays – when payments remain unapplied for more than one day, there is more of a chance of unallocated cash
- Unapproved deductions that are not recorded
- Partial settlements
- Billing errors that go unnoticed
- Incorrect technical processing
- Reconciliation issues caused by de minimis technical processing procedures
- Multiple Business Entities for the same client set up in system Central Register
- Specific client instructions that affect payments
- Tax refunds from underwriters
- Payments that miss the automatch cycle
- Rate of Exchange differences caused by timing differences between technical processing and cash settlement
- Net payments (claims vs premiums) – often the claims and underwriting teams have different processes



Common structural business causes of unallocated cash include:



Systems

- System constraints that lead to a lot of manual cash allocation
- Ineffective automatch capability that cannot cater for small differences or mis-matches cash to the wrong technical entries
- Legacy system migrations that have data fallout
- Systems and unallocated cash inherited or left through M&A



Processes

- Absence of controls and unallocated cash monitoring
- Incomplete automatch exceptions reporting and procedures
- Individual practices for individual accounts
- Incorrect or incomplete technical processing
- Ineffective internal broker procedures
- KPIs are not in place between Business Units (usually IBA and Technical Processing teams, but also often Finance, Claims and Underwriting)

CONTINUED



Common structural business causes of unallocated cash include:



Resource

- Stretched resource can lead to unallocated cash building up over time
- M&A activity can result in historic knowledge being lost
- Loss of key / specialist resource holding corporate knowledge. Organisations are often reliant on small teams and are exposed to loss of resource and knowledge



International regulatory requirements

- Regulatory complexity
- Lack of local knowledge
- Application of tax to multi-jurisdictional transactions
- International restrictions



Scenario 2

M&A INTEGRATION AND UNALLOCATED CASH CLEARANCE

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Pro worked with a medium-sized global insurance company which had identified serious integration issues following a transformative acquisition. The company was struggling to pass audits and operate a joint finance department that could collect ceded reinsurance recoveries, let alone reconcile them in their ledgers, resulting in US\$60 million of unallocated premium.

THE CHALLENGE

To resolve the uncollected reinsurance recoveries and unallocated premium within the six year statute of limitations to claim reinsurance recoveries, the issue was identified 24 months post-acquisition, leaving four years to collect the rest)

To maintain BAU and staff retention while installing new processes, expert guidance and more resource .

CONTINUED

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THE SOLUTION

To define the ceded reinsurance recoveries backlog in the absence of processes and reports, extract the correct data and identify any recovery due, using our excellent relationships with brokers and underwriters in the market.

To create a test environment to check that planned resolutions wouldn't cause any unintended issues and provide extra resource to support business as usual.

To design and build new processes from scratch, define and recover the backlog, and train the in-house team to help implement these.

SUCCESS

More than US\$40m of ceded reinsurance recoveries have been booked and collected, with the backlog now cleared.

On the premium allocation issue, US\$60m in premium has been correctly booked, with the correct processes in place to ensure this continues.

Pro used its experience and expertise to define the processes that were needed to manage and reconcile new back office systems to both facilitate and make the integration the success the company had expected.

OVER
US\$40m
BOOKED AND COLLECTED



US\$60m
PREMIUM ALLOCATION ISSUE



A close-up photograph of a hand dropping a white, round pill into a clear glass filled with water. The glass sits on a wooden surface. The background is a dark blue patterned fabric. The image is partially covered by a dark blue circular overlay on the right side.

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Unallocated Cash
– the Solution

3



Our 5-step guide to resolving the issue of unallocated cash



Step one:

Evaluate

Investigate and quantify the scale of the problem, then identify the causes of the unallocated cash issue.



Step two:

Resource

Once the problem is known and parameters are established, the solution needs resourcing. Allocate expert resources and the support of all related Business Units.



Step three:

Resolve

The backlog is categorised and prioritised and unallocated cash resolved, with ongoing monitoring and reporting to evaluate progress. Issues that caused the unallocated cash are identified.



Step four:

Remodel

Design and test new processes and procedures to prevent future unallocated cash. Obtain Business Unit agreement and ownership and start to implement new practices.



Step five:

Maintain

Implement resilient monitoring and reporting structure along with revised procedures to prevent future unallocated cash and to ensure ongoing control.



Step 1 – Evaluate

IDENTIFYING THE EXTENT OF THE UNALLOCATED CASH IS ESSENTIAL. ALL CASH RECORDS, LEDGERS AND JOURNALS SHOULD BE INCLUDED IN THE INITIAL EVALUATION. BY DEFINING THE SCALE OF THE PROBLEM PROGRESS CAN THEN BE MONITORED AGAINST THE REMEDIATION PLAN.

In addition to cash records, aged outstanding technical items should also be reviewed. The variance in value and volume between the technical and cash records is a key element to identifying the magnitude of the problem.

Premium and claims cash and technical transactions should be reviewed and reported separately – looking at the net value is cheating!

At this stage it may be difficult to identify all the causes of the unallocated cash. To gain a top-down view of the problem and to identify gaps in the current approach, it is useful to have a map of existing business processes. Most organisations have process maps which can be used and interrogated to identify the causes of unallocated cash.

Having established the extent of the problem, a remediation plan can then be defined to allocate ownership. This includes identifying the resource required, as well as setting high level KPIs; this ensures progress is monitored and meets expectations.

The remediation plan will also enable you to assess the required budget to

address the problem and then to maintain an effective cash management process thereafter.





Step 2 – Resource

IDENTIFYING AND THEN FREEING UP THE RESOURCE NEEDED TO GENUINELY RESOLVE AN UNALLOCATED CASH PROBLEM IS ESSENTIAL.

Senior Leadership

Assigning senior ownership – or a project owner – of the final plan will ensure that all work is prioritised and carried out correctly. In addition, assigning a project manager who can oversee the day-to-day management of the project and report directly into the project owner, will ensure the project stays on track and that any issues are highlighted – and therefore resolved – early on.

Experienced staff

The resource required will be dependent on the age, complexity and magnitude of

the problem. In most situations where cash has not been allocated, more experienced staff are generally needed to interrogate and resolve the issues.

Allocating senior resource to an unallocated cash project can impact BAU services and functions, so resource planning and ring-fencing is often needed for the duration of the project.

Unallocated cash projects are often considered to sit fully within the IBA/Ledger/Credit Control teams; however, access to technical resource to resolve processing issues

will also be required. This should be identified and allocated as part of the initial resource plan.

To minimise any BAU disruption, timeline and KPI expectations must be set according to the availability of resource.

Business Unit Support

Resource from other business units may also be required, particularly claims and underwriting. Making the wider business aware of the project, its objectives and the potential need for their involvement, will help guarantee the success of the project.

Query Monitoring and Escalation

Despite how busy your team is, it is essential to have robust query monitoring in place. This ensures that any queries preventing the allocation of cash can be answered promptly and effectively.

Escalation procedures to prioritise queries raised with other business units will also ensure the project progresses while minimising the impact on BAU. This goes back to senior leadership and business unit support.



Step 2 – Resource: Scenario

THE CHALLENGE

Company A found that an unallocated cash issue had become unmanageable. The final straw came when the team were told unallocated cash had ballooned to £75 million.

The company realised it did not have the resources to clear this significant backlog on its own, and recognised that the size of the unallocated cash position could quickly

become a regulatory issue if it wasn't reconciled.

The size of the problem was clearly the issue. Furthermore, there were numerous spreadsheets and systems in place,

which made it even more difficult to deal with the backlog.

The position was clear. The unallocated cash position had to be prioritised and the cash had to be cleared.



THE SOLUTION

The company decided to outsource the work. It was a huge job requiring focus – something which the existing team did not have the capacity to deliver. Outsourcing to professionals therefore made sense.

Following a short due diligence to agree budget

and timeframes, system and process training was given and the dedicated outsource team – which at peak times included 10 experts working simultaneously – was tasked with working on the insurer's systems. The priority was to interrogate and resolve both technical

and ledger allocation issues and clear the cash.

Detailed analysis of the unallocated cash enabled it to be categorised and priorities were agreed. Targets were set and weekly and monthly reporting was implemented to track progress.

Causes of the unallocated cash were identified as part of the cash clearance. Reporting was designed to provide MI to support robust cash management and procedural changes were recommended to the insurer to prevent the future build-up of unallocated cash.



Step 3 – Resolve

THE BIGGEST PART OF THE PROJECT IS CLEARING THE BACKLOG - THERE IS NO “ONE SIZE FITS ALL” SOLUTION TO ACTUALLY ALLOCATING THE CASH. AS NOTED BEFORE, IN MOST CASES CASH HAS NOT BEEN ALLOCATED BECAUSE OF AN UNDETECTED PROBLEM WHICH CANNOT BE IDENTIFIED WITHOUT LOOKING INTO EACH INDIVIDUAL PIECE OF CASH.

Themes, however, can be recognised to help identify the issue. For example:

- Minor currencies with a high volume of small unallocated cash values may all be due to RoE differences
- Particular territories may have tax requirements that have been incorrectly processed which prevents cash being allocated
- System generated bordereaux where a particular coverholder has a high volume of unallocated cash, system reconciliation issues may be the root cause)
- Cash relating to London Market bureau transactions may have unresolved Xchanging queries which have prevented cash being released
- Unprocessed mid-term adjustments

While themes can be identified and “blocks” of cash cleared, very often there are individual reasons which can be straightforward to solve, such as cash being allocated to the wrong instalment, which prevents subsequent cash being allocated. Causes, however, can also be technically complex to

solve; for example, when net payments are made to clear multiple premium and claim transactions where there are incorrectly processed technical transactions, RoE differences and tax issues. Each piece of unallocated cash therefore has to be investigated individually to resolve.

KEY REQUIREMENTS

**Access to historic data**

Where cash relates to historic systems or acquired accounts, access to the data is essential. Where staff have left the business and their emails cannot be retrieved, or data is held in uncatalogued paper files, the data is simply not available. A decision then has to be made as to whether the business wants to request information from brokers or clients.

**Access to technical resource**

Cash that has missed the automatch or has been misallocated can be resolved by the IBA team; however, where technical transactions are incorrectly processed or missing, technical resource will be needed to reprocess transactions so the cash can be cleared. Unless the team being utilised for the project has both cash and technical expertise, technical premium or claims processing time will be required.

**Query resolution**

Utilising experienced resource for the project will minimise queries outside the project team; however, referral to other business units is inevitable. Robust query monitoring is necessary to ensure that queries which are preventing the allocation of cash are answered.

Escalation procedures to prioritise queries raised with other business units will ensure the project does not stall due to unresolved queries.



Consultation with the claims and underwriting teams is also needed to agree whether direct contact with clients from the project team will impact business relationships

Interaction with Credit Control

Procedures should be established to ensure the immediate referral of identified funding and previously unidentified outstanding aged debt (premium or claims) which become apparent as part of the unallocated cash project.

**Write-off parameters**

Cost efficiency dictates that an acceptable de minimis limit for investigation is set at the beginning of the project. It is often prudent to leave any cash and technical write-offs to the end of the project to ensure small values – which would enable the full allocation of a technical transaction or piece of cash – are not written off prematurely.

**Documenting causes**

The issues that have resulted in unallocated cash should be documented by the project team as they work through the unallocated cash. Recommendations and suggestions to resolve issues should be noted. This is essential to support

**Measure Progress**

Continue to measure and report on progress against the remediation plan.



Step 4 – Remodel

NEW PROCESSES AND PROCEDURES TO PREVENT FUTURE UNALLOCATED CASH SHOULD NOW BE DESIGNED AND TESTED. BUSINESS UNIT AGREEMENT AND OWNERSHIP SHOULD ALSO BE ASSIGNED AND NEW PRACTICES IMPLEMENTED.

Procedures

The unallocated cash project will identify some procedures that just need tweaking; however, there may be some deep-seated procedural gaps to address and system amendments may be required.

Even simple changes may need to be implemented across multiple business units. For example:

- Centralised inboxes – these enhance workflow management and prevent individual emails being missed

- Centralised cash documents repository
- Broker and client communication – Broker/client facing teams should agree to schedule monthly cash monitoring meetings to stop aged/difficult balances being overlooked
- For London Market transactions, Xchanging query and rejection monitoring – automated reconciliation of reports to ledgers
- Central register cleansing to reduce incorrect processing

Resource

Responsibility for unallocated cash monitoring and reporting should be clearly defined. Where lack of resource or inexperienced resource is identified as a cause of historic unallocated cash, additional resource or training should be considered to maintain BAU without unallocated cash.

Reporting

Systems generated reports that can be used for unallocated cash monitoring should be identified. Where these are not available, IT support may be needed to produce this reporting.

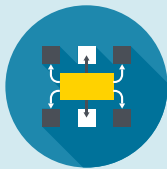
These reports should be included in the overall cash management suite of reporting and used to ensure the continued success and resilience of the re-modelled process through regular production and review.



Step 5 – Maintain and prosper

RESILIENT MONITORING AND A REPORTING STRUCTURE SHOULD BE IMPLEMENTED, ALONG WITH REVISED PROCEDURES TO PREVENT FUTURE UNALLOCATED CASH. AND TO ENSURE ONGOING CONTROL.

Following the initial change, management and communication of new BAU procedures, the following outcomes will be in place:



Structure to identify and prioritise the resolution of unallocated cash



Documented, auditable procedures



Reports providing clear unallocated cash position with weekly/monthly variances



Minimal, controlled unallocated cash position

Scenario 3

OUTWARD REINSURANCE TECHNICAL ACCOUNTING OPERATIONS



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A global reinsurer operating through insurance and reinsurance, writing multiple classes of business, had increased in size in a relatively short period of time through both acquisition and growth of existing businesses. This resulted in a number of process inefficiencies, including large volumes of regular manual activity that was also identified and highlighted following various internal audits.

THE CHALLENGE

Pro was engaged to undertake an initial review and identify areas for further activity, improvements and additional support that could be provided.

CONTINUED



THE SOLUTION

Pro undertook a review of operations and recommended various work streams designed to break activity into manageable tasks and address the issues identified. The four main work streams were:

Review of resource constraints and development of strategy – creation of documentation to support current processes and improvements to period reporting and closing

Short term assistance to address backlogs of work – Technical outsourcing resource to resolve backlogs and support BAU activity

Longer term assistance – identification of future processes and development of future process documentation

System implementations – operational support for implementation of new policy administration system and creation of training material

SUCCESS

- Following the review, £50m of premium was booked and cash allocated, while £20m of Fac and XOL claim recoveries were also issued to brokers and collected. There was also a notable reduced reliance on key individuals, and risks of single points of failure were subsequently addressed.
- In addition, expert resources on ceded re-insurance were implemented to reduce backlogs and impacts on future reporting. These elements ensured improved monthly and quarterly reporting, plus full documentation of current and future processes.
- Finally, a structured approach to tackle issues in manageable portions was put into effect, which helped improve communications between business units.

£50m

BOOKED AND ALLOCATED



£20m

CLAIM RECOVERIES





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Unallocated Cash – Why Pro

4



Why Pro?

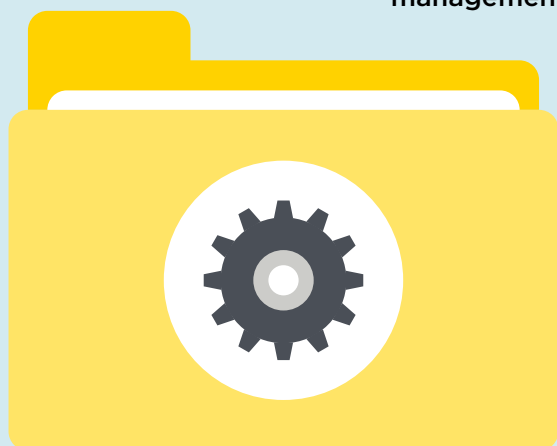
PRO IS A DIFFERENT KIND OF OUTSOURCE PROVIDER. UNIQUELY OUR EXPERT TEAMS AROUND THE WORLD ARE FOCUSED SOLELY ON THE (RE)INSURANCE INDUSTRY, EARNING US A REPUTATION FOR EXPERTISE AND AN ABILITY TO HELP CLIENTS WITH COMPLEX ISSUES. AS A GLOBAL (RE)INSURANCE EXPERT SOLUTIONS PROVIDER, WE ARE SPECIALISTS IN UNDERWRITING SUPPORT, BROKER SERVICES, CLAIMS MANAGEMENT, TECHNICAL ACCOUNTING, AND REGULATION AND COMPLIANCE WITH SOLUTIONS DELIVERED THROUGH A COMBINATION OF OUTSOURCING, CONSULTANCY AND AUDIT.

Pro has a strong track record in creating clarity and operational efficiency, from using technical expertise to clear unallocated cash to providing solutions which resolve technical and procedural cash management issues.

Our industry knowledge, technical capability and methodical approach has proven to be applicable across the insurance market whether for reinsurers, insurers, intermediaries, brokers or MGAs.

For our clients, stretched resource within existing teams, plus a

lack or loss of experienced resource, creates unallocated cash problems. More experienced staff are generally needed to interrogate and resolve issues, and existing teams rarely have the capacity to resolve unallocated cash issues without impacting BAU services.





Recruitment of expert resource for fixed term projects can be difficult

PRO CAN PROVIDE A DISTINCT TEAM TAILORED TO PROVIDE TECHNICAL ACCOUNTING EXPERTISE, AS WELL AS ACCESS TO INSURANCE CONSULTANCY, TRANSITION AND TRANSFORMATION OF SERVICES TO SUPPORT CONTINUOUS IMPROVEMENT AND DEVELOPMENT IN THE USE OF NEW TECHNOLOGY.

Teams can be structured to include **Project Management**, reporting directly into the Client, to oversee the day-to-day management and ensure performance and quality monitoring to maintain control of progress and prioritise actions to resolve any potential hurdles.

In addition, our technical accounting teams minimise the impact on our client's core business by providing resource and expertise to resolve both the technical processing and credit control/ledger aspects of unallocated cash projects.

Our teams have wide-ranging experience in interrogating both legacy and BAU cash allocation issues, which underpins our ability to identify the operational and structural causes of cash management issues.



Scenario 4

BROKER SERVICES

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A major Lloyd's Syndicate had set up its own broking arm to handle the placement of certain elements of their underwriting portfolio and thereby achieve significant cost reductions. Being new to the broking environment, the client lacked much of the infrastructure, expertise and experience that a traditional Lloyd's broker can provide.

THE CHALLENGE

This created operational problems with the signing and settlement of risks through the Xchanging Insurance Market Repository and management of their ledger and credit control functions. Pro was therefore appointed to provide ongoing expert resource for certain functions and offer solutions to quantify and resolve historic problems.

CONTINUED



THE SOLUTION

Pro was first asked to provide resource to submit MRC Slips through the Xchanging Insurance Market Repository for signing. Here we identified that a high proportion of slips were queried and rejected by Xchanging due to errors within the slip wording. Pro provided the client with a pre-submission slip check, which resulted in a significant reduction in the number of Xchanging queries and consequent signing delays.

Most of our client's business was binder based, with provision for monthly premium bordereau submission. Here we were asked to submit bordereau that had been prepared by the client. Again, we identified a high query and rejection rate with Xchanging due to missing or incomplete bordereau information. Pro's solution was to assist in the design and compilation of these bordereaux pre submission. Since doing so, signing delays and queries have drastically reduced.

Pro was also asked to review and reconcile the broker bank account to ensure that cash received from and paid to their clients had been correctly signed through the Lloyd's Central Settlement system.

Having completed this reconciliation, Pro identified a number of discrepancies that had occurred due to poor internal cash allocation and technical processing procedures. Pro has since instituted and maintains control procedures to ensure all cash is reconciled and that any discrepancies are queried and resolved promptly. These checks, together with those we perform when preparing the bureaux signings, have helped eliminate ongoing issues and allowed focus on the resolution of the historic problems.

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SUCCESS

Following the processes that Pro put in place, there has been a significant reduction in Xchanging signing delays. There has also been an implementation of cash management control procedures to reduce unallocated cash.

Because the client outsourced those activities where it lacked expertise to Pro, they were able to achieve the desired cost reductions – without creating major operational problems that could damage its reputation.

Book your complimentary strategy session to resolve **unallocated cash**.

The session covers:



1. DIAGNOSE

Analysing existing approaches to identify the root-cause of your unallocated cash problem.



2. RESOURCE

Review current resourcing and identify what's needed to proactively manage unallocated cash.



3. RESOLVE

Build a bespoke blueprint to help you resolve your unallocated cash backlog and proactively manage it into the future.

Headache Free



Book your session now by emailing: rich.emmett@pro-insurance.co.uk

About Pro

Pro a market leader in the provision of expert led (re)insurance solutions. For over 28 years, we have been the 'go to' provider of outsource solutions for many global insurance groups, including the largest global reinsurers, Lloyd's Syndicates, major brokers and several global P&C companies.



FARADAY

