

# Insurance Inter-entity Booking & Settlement

A global insurance client required thousands of annual settlements, from around the world, to be accurately booked and settled in a short timeframe. The booking of insurance related transactions between cedent and reinsurer, and the subsequent settlement of the transactions were detached processes. This led to internal inefficiency and inability to meet client requirements. Adjoint empowered the global insurer by automating the manual processes, improving capital efficiency and ultimately exceeding client expectations from improved service.



“Adjoint helped us greatly reduce major pain points in our processes, such as cross-border payments and labor-intensive internal billing”

Corporate Treasurer, Fortune 500

## CHALLENGE

### Capital

Manual processes limited productivity and the ability to access excess cash for investment. Foreign exchange deltas were frequent between the time of booking and time of settlement, contributing to added FX risk. To lower funding costs and working capital requirements, the insurer needed an efficient way to utilize internal liquidity and invest excess funds.

### Operations

Insurance premiums arrived in daily batches that required manual effort and employee time to match the payments with bookings. Lack of transparency created challenges in managing bordereaux payment status, identifying the source of payment, and solving payment differences. Inaccurate and unclear reporting posed an internal compliance and external regulatory risk.

### Customer Service

The insurer's clients were multinational corporations with a large number of entities, who desired to see a current and reliable status of global policies across branches, divisions and regions. To retain clients and remain competitive in the market, the insurer needed to provide a way for the client to see an accurate view of their account and provide same day accounting.

## SOLUTION

### Harmonized Booking & Settlement

Harmonization was achieved from a real-time, end-to-end connection of booking and settlement. By applying a payment vehicle where financial data and information (i.e. replacing the bordereaux) is attached and consistent with the payment, the transactions become reliable and inherently accurate.

Adjoint's granular virtual account platform for corporate assets connected the financial transaction data to the payment and leveraged emerging technologies, such as distributed ledger technology, smart contracts and APIs.

The payment value and the financial transaction were cross-validated needing a match for the transaction to occur, thus adding to trust across counterparties and from the client.

Subsequently, the recipient (the reinsurer) used the financial transaction data to perform the premium booking and in the same step to automatically allocate the received settlement.

## BENEFITS

### Capital

Virtual accounts allow for an aggregated view of liquidity while also providing granularity in balances and segregation of cash ownership, reducing counterparty credit risk. This information is used to better inform stakeholders in real-time of the intercompany netting and lending, so that internal funding can be better utilized to reduce overall funding costs.

### Operations

The Distributed Ledger Technology- powered platform uses permissioned automation to eliminate reconciliations and data mismatches. Security and reporting is clear by access to a full digital audit trail that cannot be tampered with or erased, compliant with external auditing and controlled by permission levels in line with responsibilities.

### Customer service

24x7 instantaneous settlements facilitate real-time access to accurate information by customer service personnel. This results in immediate account assistance and reduced resolution times for queries raised, maximizing customer service team resources due to due to enhanced efficiency and reduced administrative tasks.



### 24x7 instantaneous settlements without breaks and mismatches

Leading-edge distributed ledger technology, designed specifically for security needed in finance. The solution enables real-time communication among the insurance provider's headquarters, branches and subsidiaries, putting cash ownership on a shared transaction ledger.



### Flexible, self-administered, auditable multi-currency virtual accounts

Virtual accounts for different entities, in various currencies to cater for global client, audit and regulatory demand.



### Secure product with confidentiality, privacy and GDPR-compliance

Robust security with different permission levels of access to maintain full control over information, improving data integrity and enabling restricted sharing that fully adheres to compliance regulations.



### Secure multi-party automation

Process automation with time-stamped auditability of transactional data, satisfying rigorous regulatory and compliance requirements of the industry.



### Agile implementation and integration

Pilot to production in a few weeks.



### Connected enterprise

Real-time transfer of information between corporate entities and their banks, ensuring end-to-end, real-time updates across the corporation. Deep enterprise integration into SAP and legacy systems serve as an overlay system as opposed to a rip and replace solution.



### Automated reconciliation

Automated reconciliation with simultaneous capture of an audit trail, including updates to ERP and TMS systems with no need for human interaction.

The global insurance provider realized an annual savings of \$1 million achieved across 100 bank accounts, delivering large financial benefits alongside increased operational efficiency, in a measured and scalable way. The benefits continue to increase in line with the addition of further entities and accounts.

The Adjoint solution provided the insurance company's treasurers with a simple and clear view of the entire group's finances in real time, regardless of location. In turn, this facilitated different types of intercompany funding, while allowing liquidity to be used in other financial areas such as supply chain finance and refinancing. By increasing internal efficiencies and driving down third-party costs, finance teams could move their focus to value-added opportunities.

“We estimate annual savings of over \$10 Million in transaction and labor costs from a simple implementation of the Adjoint solution across subsidiaries”

CFO, Fortune 500

