

Case Study: Reconciliation and Research (Annuities)



The Challenge

A leading insurance company in the US had large unapplied cash reserves in a suspense account. This reduced efficiency in the utilization of cash which in turn had an adverse affect on profitability. It also led to a non-compliance to statutory requirements of maintaining clear suspense accounts. The scope of the outsourced business was defined around the reconciliation of accounts. During the course of the ramp-up, the scope was increased to more than ten times in quantity and expansion of the required research.

Outsourcing the process was done to achieve the following:

- Designing a process to clear unutilized cash in accounts.
- Improve the productivity and accuracy of the reconciliation and research functions.
- Deliver superior solutions at lower operating expenses utilizing a highly qualified talent pool of accounting staff.

The Solution

ADEC's methodology provided a high quality and cost effective solution by taking advantage of an intelligent resource pool of accountants along with a robust telecommunication network.

The following were implemented to achieve the objectives:

Structured process design:

The process design was based on DMADV (define, measure, analyze, design, verify) for the new process and emphasized creation of a structured framework. A new process was designed and subjected to verification under different scenarios before acceptance. The process was standardized after compilation of Desk Top Procedures (DTP), and generation of the first and second level process map.

Train-the-trainer approach for cost savings and efficiency:

The training focused on the administration systems of the client and understanding the nature and purpose of the subject suspense accounts. In addition, focus was given to research of accounts, research packages and understanding the movement of money from one account to another.

Pilot project before rollout:

After training in Manila, a structured pilot plan was executed for benchmarking and process correction. Data was gathered on defined metrics and performance of the process was monitored. Data on process performance was evaluated and Service Level Agreements (SLAs) were signed with the client.

The Result

- All SLAs were met and exceeded.
- Delivered productivity of 100% consistently, while meeting the TAT (Turn Around Time) deadline of 9 days.
- Process accuracy of 99.82% against an SLA target of 97.5%.
- Cleared accounts in a single month
- Consistently cleared close to 25% of items and 35% in overall value of unapplied cash in the accounts of the client.
- Utilized well-qualified accountants to perform a high-end process cost effectively.

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