**Finance Process overview**

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|  | **Summary Details** |
| **Process Name** | **Claims** |
| **Process Owner** | Stephen Kilbey |
| **Process Objective** | Ensure claims recorded in the ledger are accurate and complete. |
| **Process Scope** | The process covers the following:   1. Recording of claims in the ledger including the import of data from source systems/files into FDM. 2. Calculations of outstanding claims, claims handling reserve and ceded RI bad debt provision within FDM and posting of resulting claims related adjustments from FDM to the ledger. 3. Settlement of approved claims and the posting of claims settlement adjustments to the ledger.   The following is excluded:   1. RITC claims covered separately under the RITC process (cycle 7). 2. Claims approval for settlement as this is done outside of Finance. 3. Claims transactions matching which is will be covered separately. |

**Summary of Findings and Recommendations**

Below is a list of findings or recommendations identified in the claims process:

|  | **Summary Details** | **Classification**  *(design gap, control gap, process improvement)* |
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| 1 | Claims data load from source systems/input files to FDM is significantly manual via the FDM control sheet and prone to human error. Finance should consider making this process automated. | process improvement |
| 2 | The posting of the following claims journals is significantly and prone to human errors.   1. Outstanding claims, claims handling reserve and ceded RI bad debt provision from FDM to the ledger. 2. Claims settlement journals.   Finance should consider making this process automated. | process improvement |
| 3 | There are a number of data reconciliations which are manually performed by Finance in the claims process as shown below.   1. Reconciliation of FDM to Wizi 2. Reconciliation of FDM to Agresso 3. Daily claims settlement reports from Xchanging 4. LCO reconciliation   Manual reconciliations may be time consuming. Consider automating the system reconciliations. Finance would review the reconciliations and address reconciliation issues. | process improvement |
| 4 | There are no system controls available to prevent duplicate vendor account set up in Agresso. A manual check is required to confirm the vendor account is not already set up before completing a new request. Although the setting up of new vendors accounts is set to move from Finance to Claims teams and Finance will be excluded from the process , this control recommendation would still valid. | process improvement |
| 5 | Changes to vendor account masterfile (addition of new vendors and changes to existing vendors) are reviewed on a sample basis every quarter.  All changes in Agresso should be reviewed and approved by an independent reviewer who checks all details back to source documentation before the account is activated. This would be a preventative control and the same control as performed by the Accounts Payable team. | Process improvement |
| 6 | There is no formal process for dealing with payments of urgent claims. Normally urgent payments requests should be processed within one working day. The Claims team should ensure requests are made in adequate time for the Finance team to meet Beazley's objectives of paying claims within SLAs and to reduce the pressure on the payments team. | Process improvement |
| 7 | Coverholder Operations team should review bank statements for returned claims payments and make necessary adjustments on a timely basis (e.g. weekly). | Control gap |

**Future Development Requirements**

Below is a list of future development requirements identified.

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|  | **Summary Details** |
| 1 | Automation the claims data load from source systems/input files to FDM. |
| 2 | Automation of the posting of claims journals from FDM to Agresso. |
| 3 | Automation of claims settlement journals |
| 4 | Automation of the following manual claims data reconciliations performed by Finance in the claims process as shown below.   1. Reconciliation of FDM to Wizi 2. Reconciliation of FDM to Agresso 3. Daily claims settlement reports from Xchanging 4. LCO reconciliation |

**Risk Register Controls**

Below is a list of controls identified for the risk register.

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| **POAP Major Process Objective (s)** | **Risk Register Control** | **Status/Comment** |
| Ensure all changes to master data are valid  Ensure claims settlements are valid | - Access to change master data (policy and vendor Master file) in FDM and Agresso is restricted. - All changes to master data in FDM and Agresso are appropriately approved. - Periodic access reviews are completed and any invalid access to FDM and Agresso are disabled. | New Proposed control. This control is applicable to all processes which uses FDM and Agresso. |
| Finance approves the release of payment in settlement of all approved claims. Before approving the release of payment Finance performs the following (where applicable):  - review and confirm the claim was approved by someone who has the appropriate authority level to approve the claim (non ClaimCenter claim only as authority limits are built within ClaimCenter) by checking the approver against Group Claims Authority levels list sent from Group Claims Operations Manager (Steve Flood) to Coverholder Finance monthly and circulated to Payment Approvers.  - agree the payee account details on the approved claim on ClaimCenter to the details on the payment request.  - ensure that the payment is not a duplicate payment. | Current control to be added to risk register.  Confirm how this control can be monitored and consider adding this to risk register. |
| Monthly bank reconciliations  Balance sheet accounts reconciliations are captured on the monthly Dashboard under control # 452 in the risk register.  Control #425 is as follows: In the last quarter the balance sheet reconciliation dashboards have been completed. Any issues arising have been escalated to the HOGF and where appropriate actions are put in place to resolve and are being tracked to resolution. | Current control is already in the risk register. Keep control as is. |
| Ensure claims amounts in the ledger is accurate and complete | Reconciliations of finance systems to source claims data (i.e. Wizi). | Current control to be added to risk register. |
| - Analytical reviews of claims activity, including current and historical claims trends - Monthly analysis of claims amounts against budget and prior period by product category - Management review of significant claims deviations from expectations. | New Proposed control. Some of analytical reviews are in place but the control is not captured in the risk register. |