

2020 INSURANCE TREASURY SURVEY RESULTS



CRAIG JEFFERY

Managing Partner, Strategic Treasurer

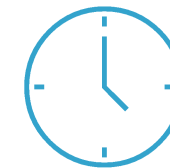
STEVE BULLOCK

Vice President of Insurance & Financial Services,
Kyriba



WHAT.

A look at the results from the first ever Insurance Treasury survey.



WHEN.

Wednesday, April 29, 2020
2:00 PM – 3:00 PM EDT



WHERE.

Live online presentation
Replays at StrategicTreasurer.com



FP&A®

Certified Corporate
Financial Planning &
Analysis Professional



This presentation is provided by Strategic Treasurer and Kyriba.

ABOUT THE SPEAKERS.

GET TO KNOW TODAY'S
SUBJECT MATTER EXPERTS.



CRAIG JEFFERY

Craig Jeffery formed Strategic Treasurer in 2004 to provide corporate, educational, and government entities direct access to comprehensive and current assistance with their treasury and financial process needs.

His 30+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.



STEVE BULLOCK

Steve's background includes 14 years as a practitioner within Treasury at Aon, one of the world's largest insurance brokers, where he implemented their first treasury solution. This is balanced with 20 years within the TMS software space.

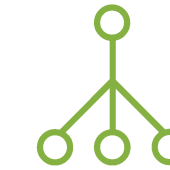
TOPICS OF DISCUSSION.

KEY AREAS OF FOCUS &
ANALYSIS.



ABOUT THE SURVEY

Key points of interest



COMPLEXITY

Insurance treasury is not simple



TECHNOLOGY

What others are using



PLANS & FOCUS

What are the priorities, pain points, and plans for future spend



EXPOSURE MANAGEMENT

Counterparty risk a growing concern

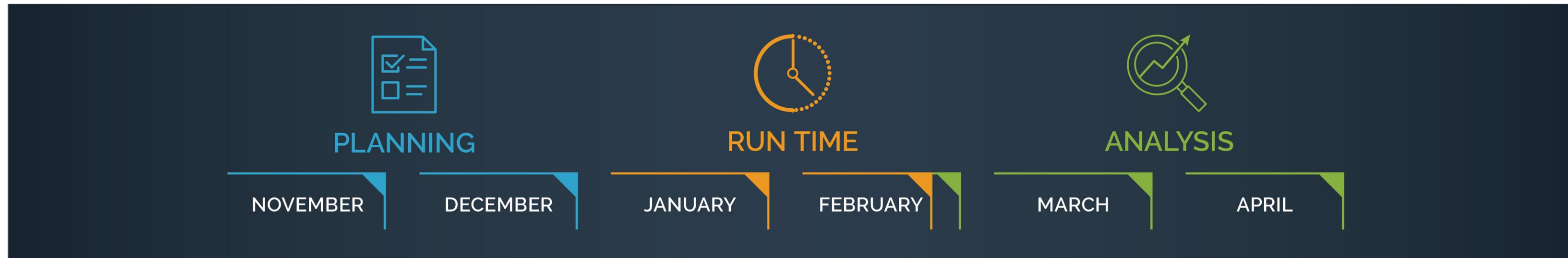


LIQUIDITY & PAYMENTS

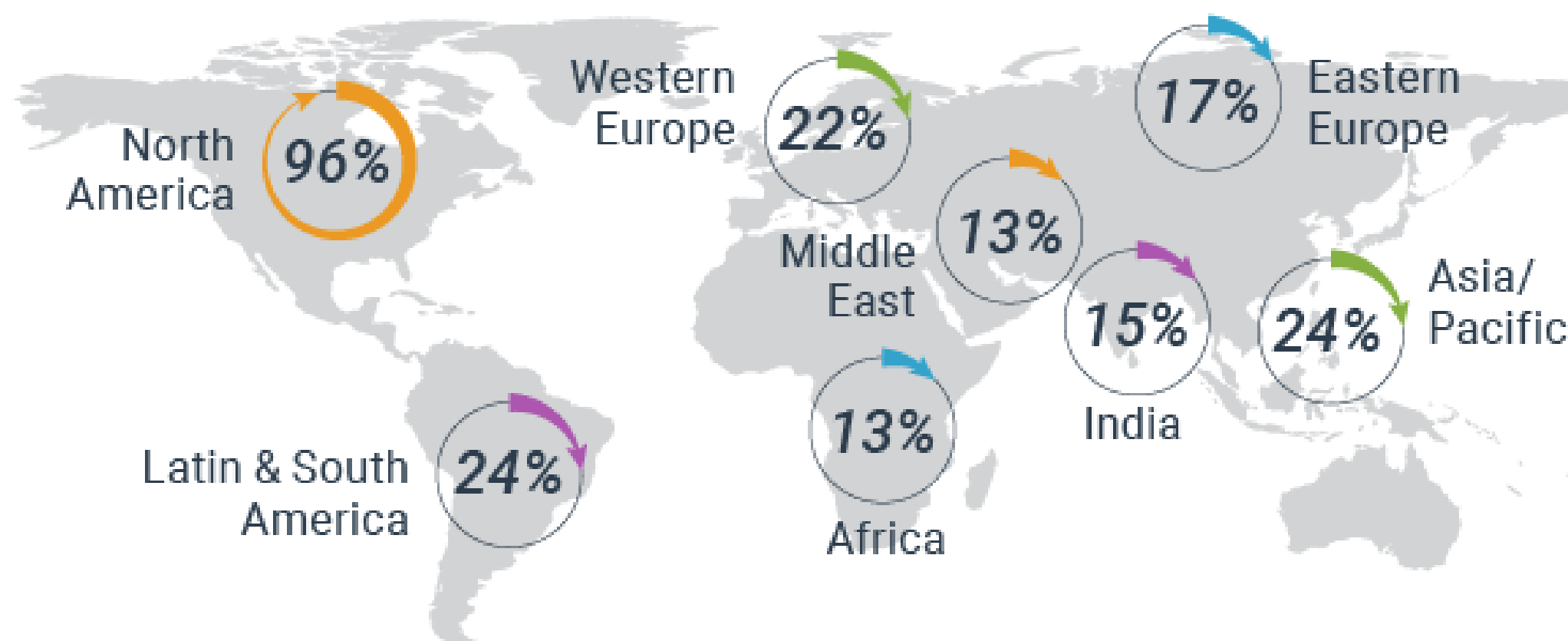
Liquidity structure and payment types

ABOUT THE SURVEY

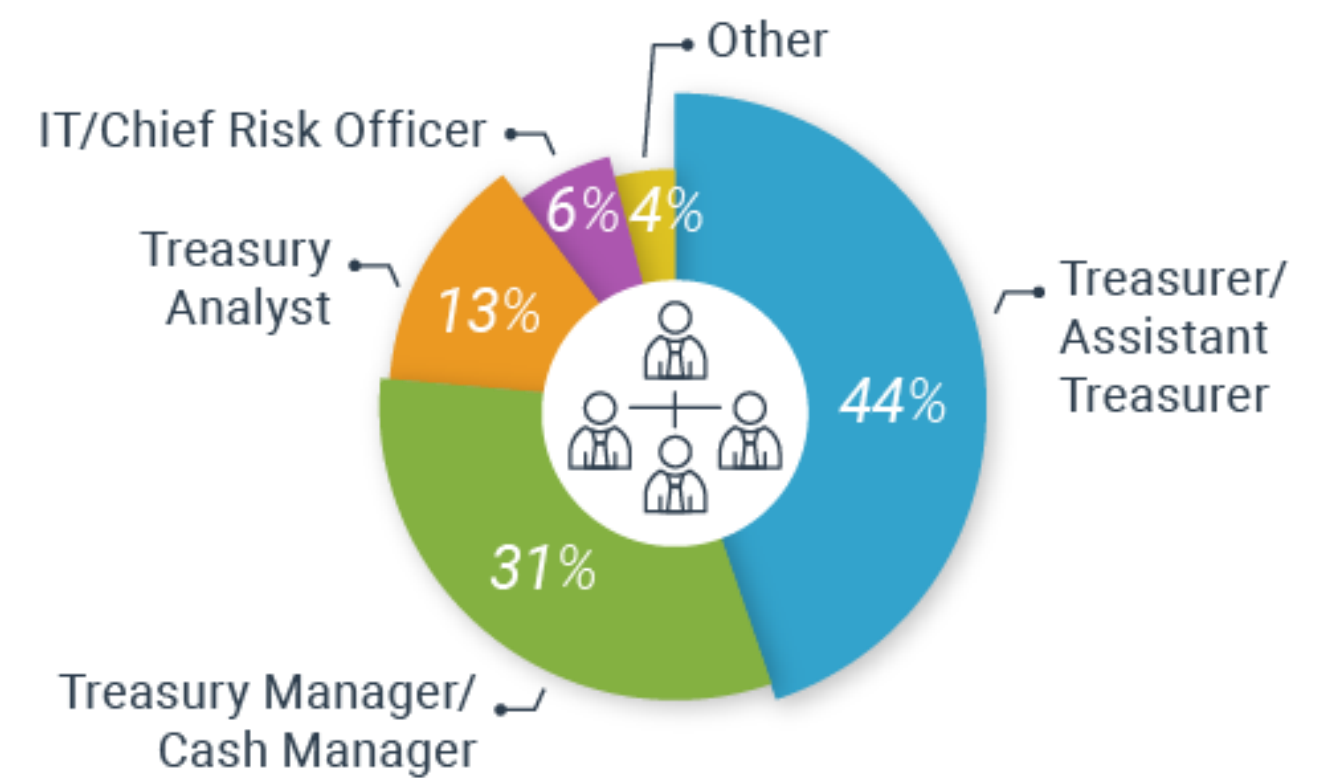
RESPONDENT DEMOGRAPHICS, KEY FACTS & FIGURES



Regions of Operation



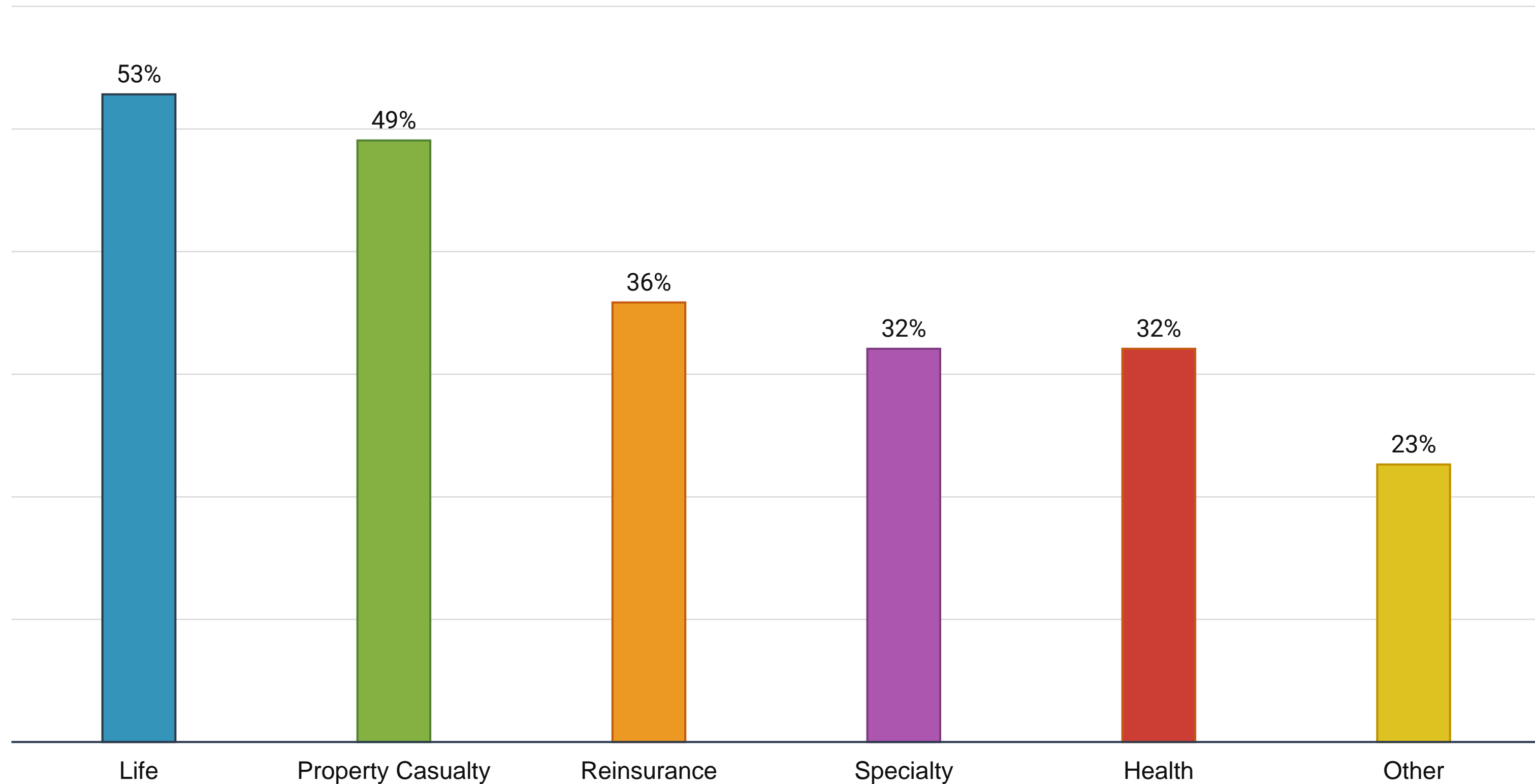
Respondent Roles



INSURANCE TYPE.

Life and Property Casualty Insurance Sold by About Half of Respondents

» What type of insurance does your company provide? (Select all that apply)





SECTION 1

COMPLEXITY

COMPLEXITY IS SIGNIFICANT.

TREASURY OPERATIONS ARE COMPLEX ON MULTIPLE LEVELS.



COUNTRIES

25% operate in 11 or more countries.



STAFFING

51% have six or fewer staff (29% have three or fewer).



ACCOUNTS

42% of firms have 251 or more Demand Deposit Accounts.

24% of firms also have 251 or more Custody Accounts.



PROCESSING

Receipts are centralized for staffing but not structurally.

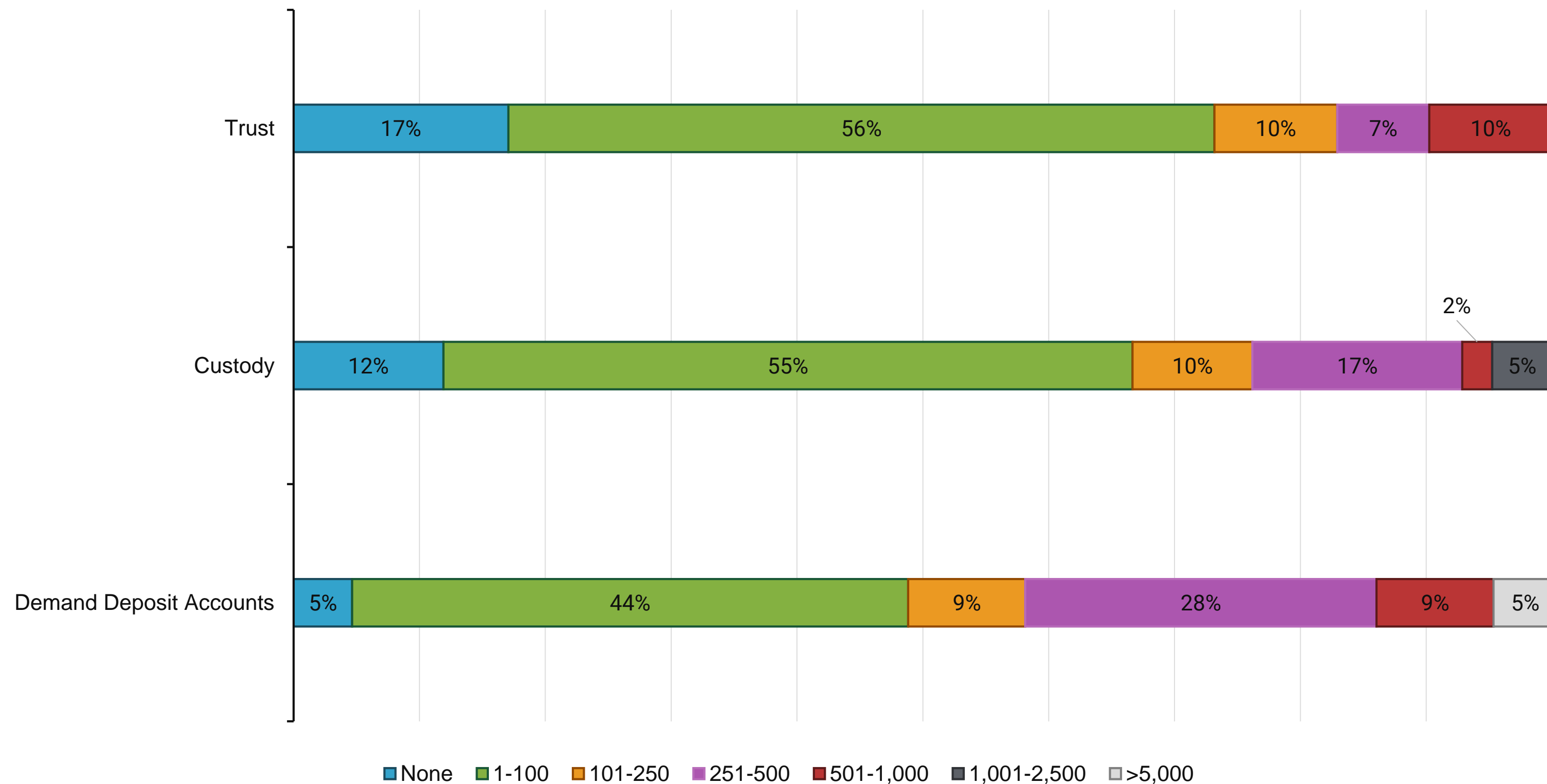
Disbursements find Payment Hubs dominate.

Complexity was a primary reason for developing this research. Insurance Treasury is a unique beast that varies significantly from other corporate treasury operations.

ACCOUNT INTENSITY.

Over a Third Have 100+ DDA & Custody Accounts.

» How many of the following bank accounts does your organization have (including subsidiaries and joint ventures where you own 50% or more)

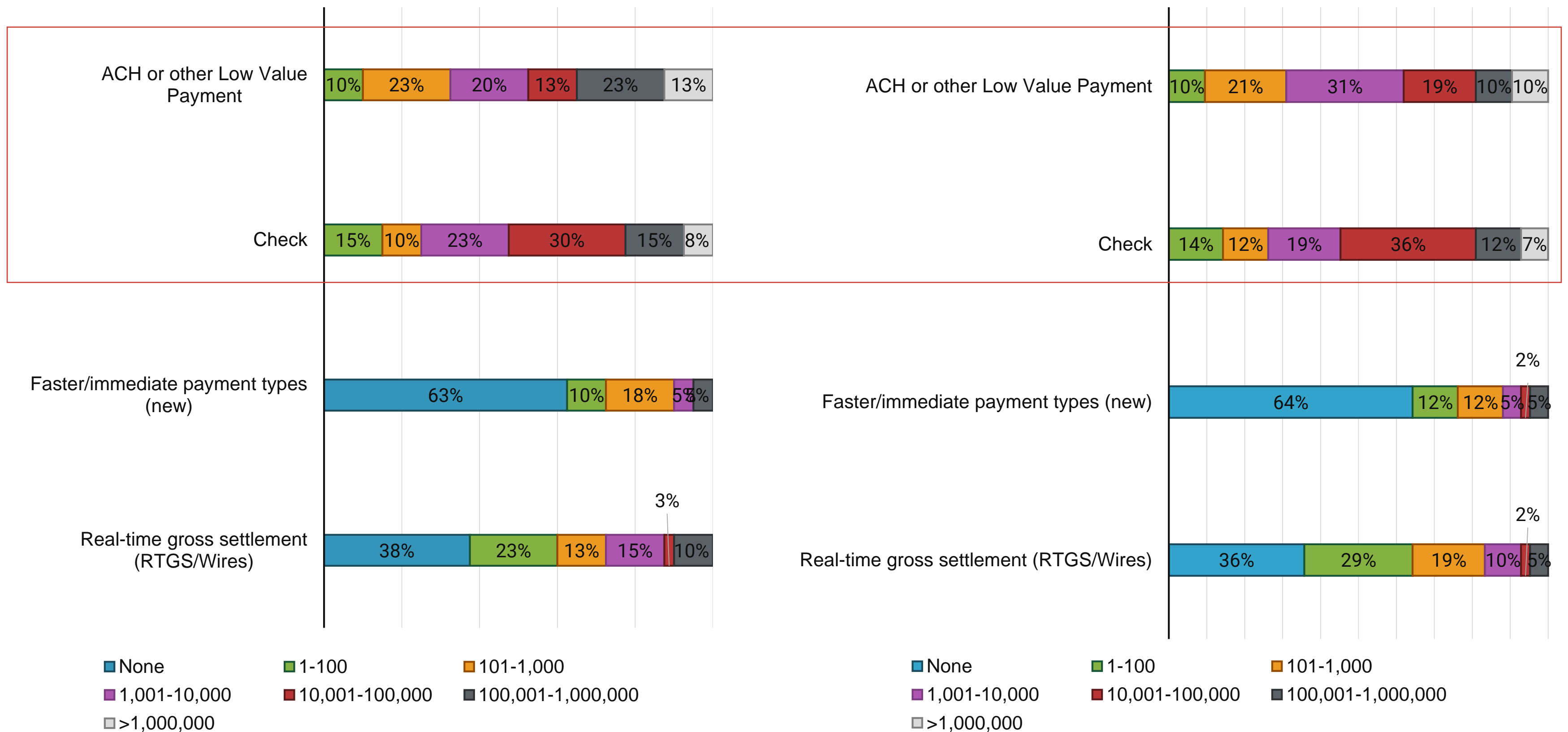


INBOUND VS. OUTBOUND.

ACH & Checks Used the Most.

» What is your typical monthly payment volume (**inbound** payments company-wide).

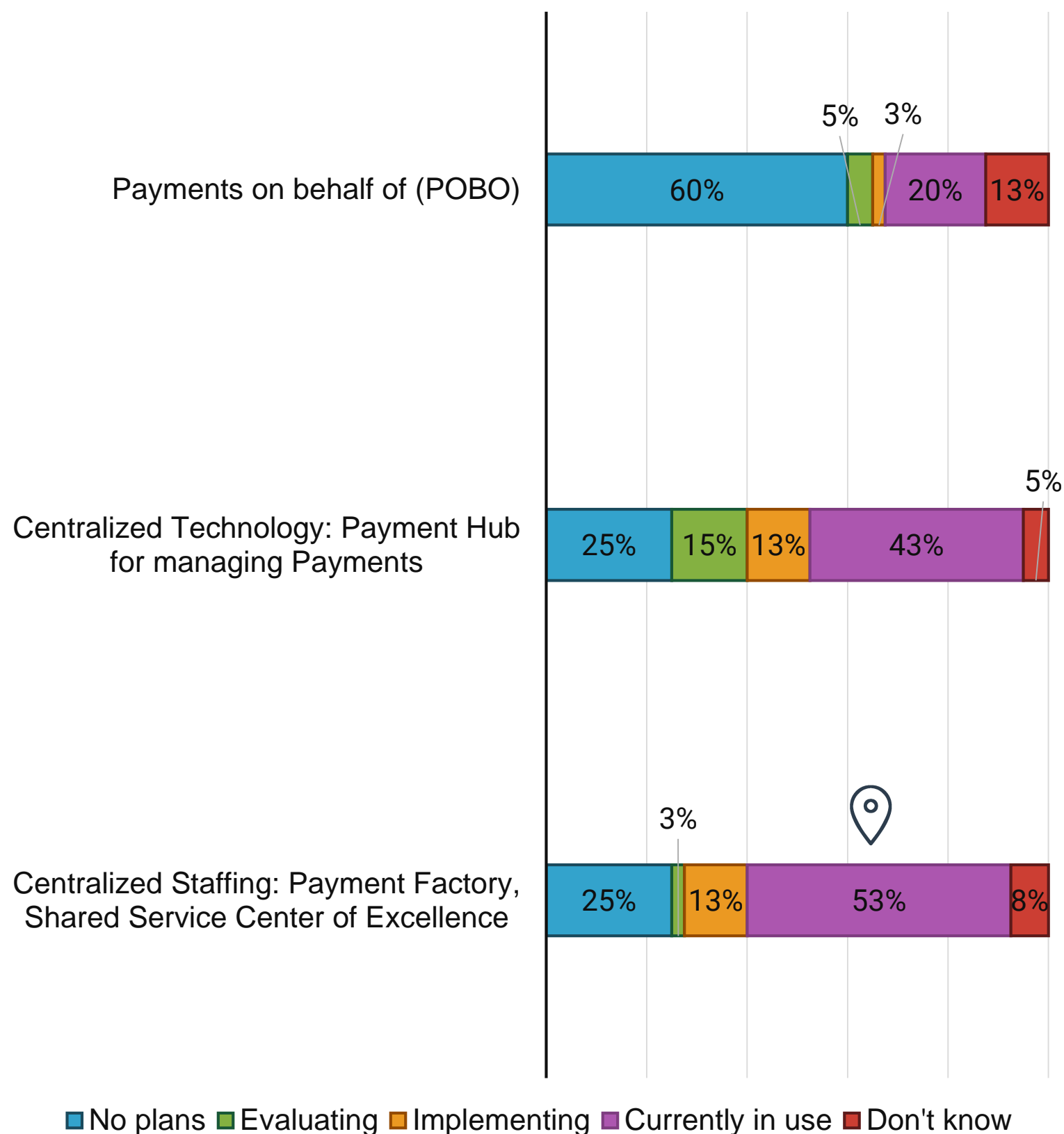
» What is your typical monthly payment volume (**outbound** payments company-wide).



CENTRALIZED STAFFING & PAYMENT HUBS.

Staffing, Payments, and Receipts.

» We use the following aggregation techniques/tools for **payments**:



» We use the following aggregation techniques/tools for **receipts**:

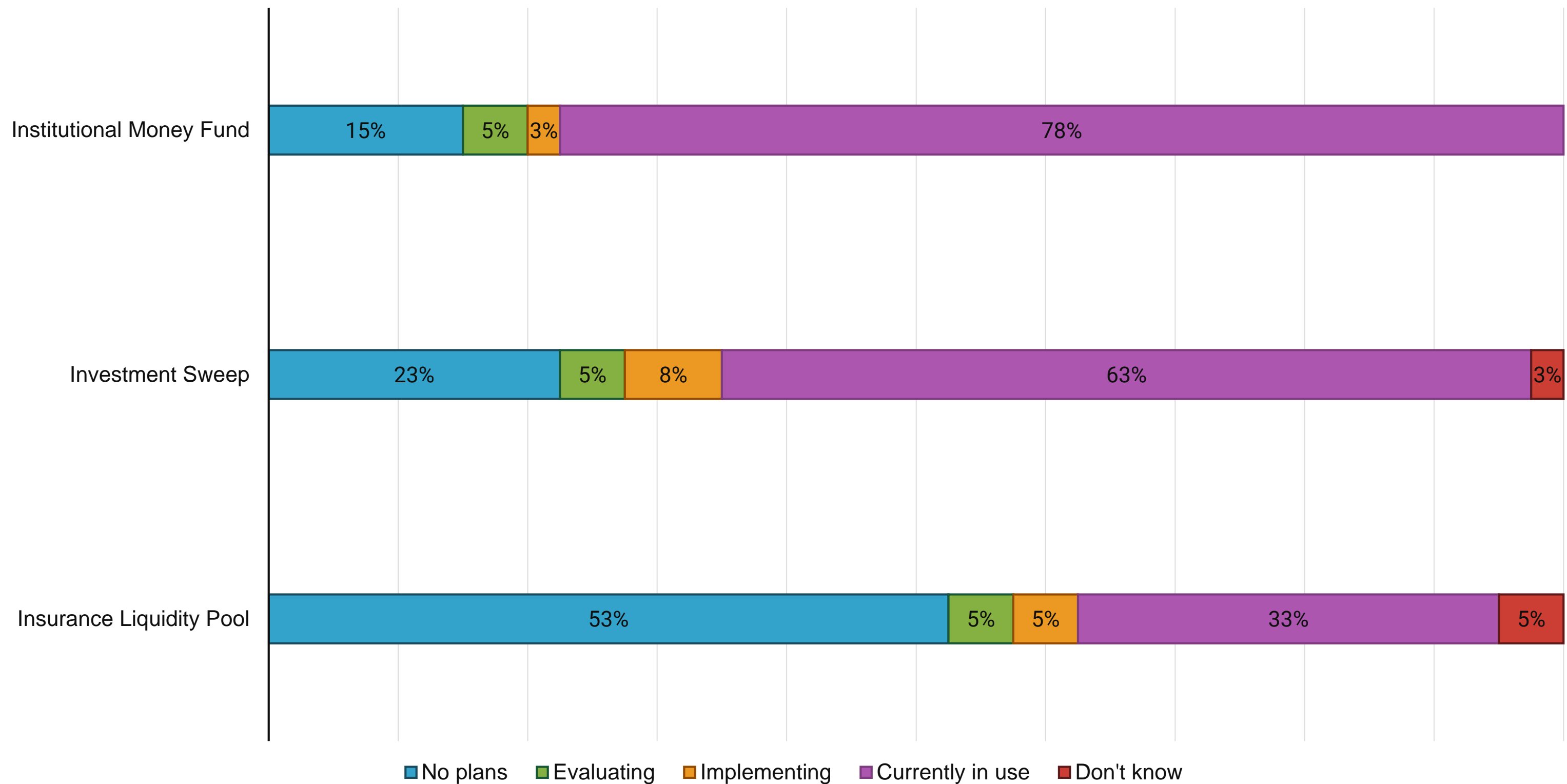


POLL QUESTION.

SHORT-TERM LIQUIDITY MANAGEMENT.

Over Half Have No Plans to Use Insurance Liquidity Pool.

» We use the following aggregation techniques/tools for investments:



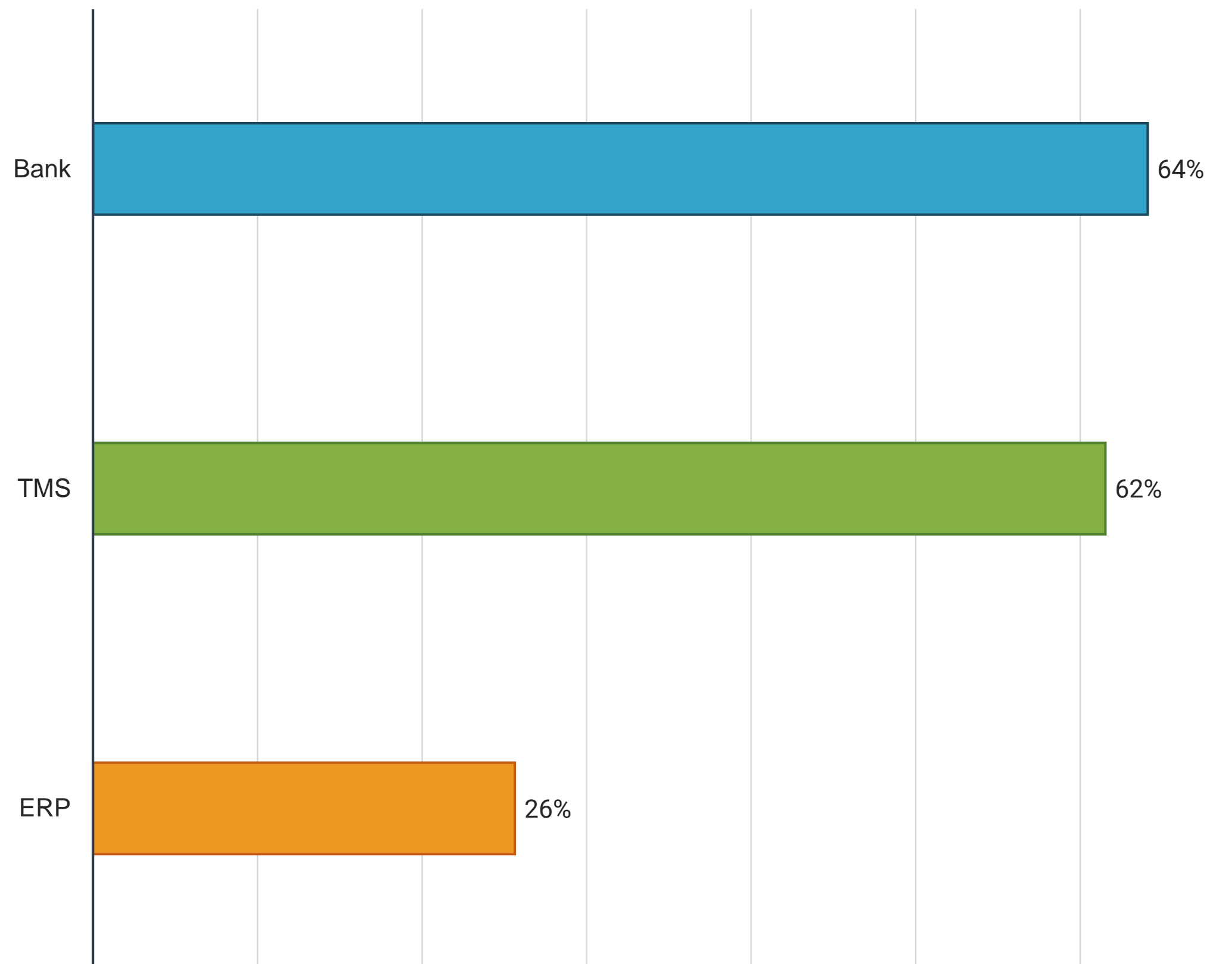


SECTION 2
TECHNOLOGY

TREASURY PLATFORM USE.

Insurance vs. Corporate.

» What type of treasury platform are you currently using? (Select all that apply)

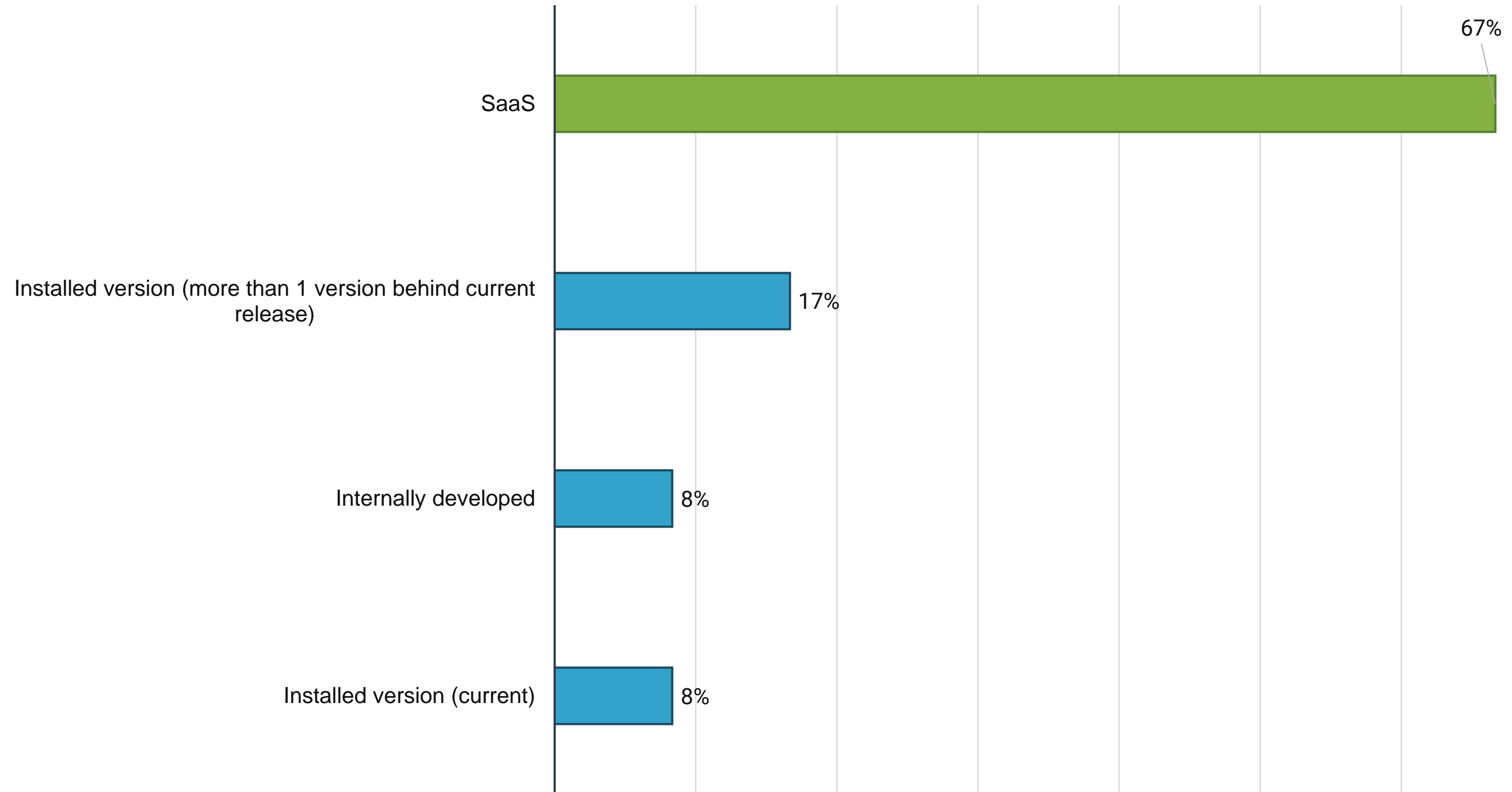


In our 2019 Global Payments Survey, 80% of Corporate respondents indicate the use of Bank Portals. 42% use Treasury Management Systems.

CLOUD DOMINANCE ACHIEVED.

Among TMS Users, SaaS Is a Clear Leader.

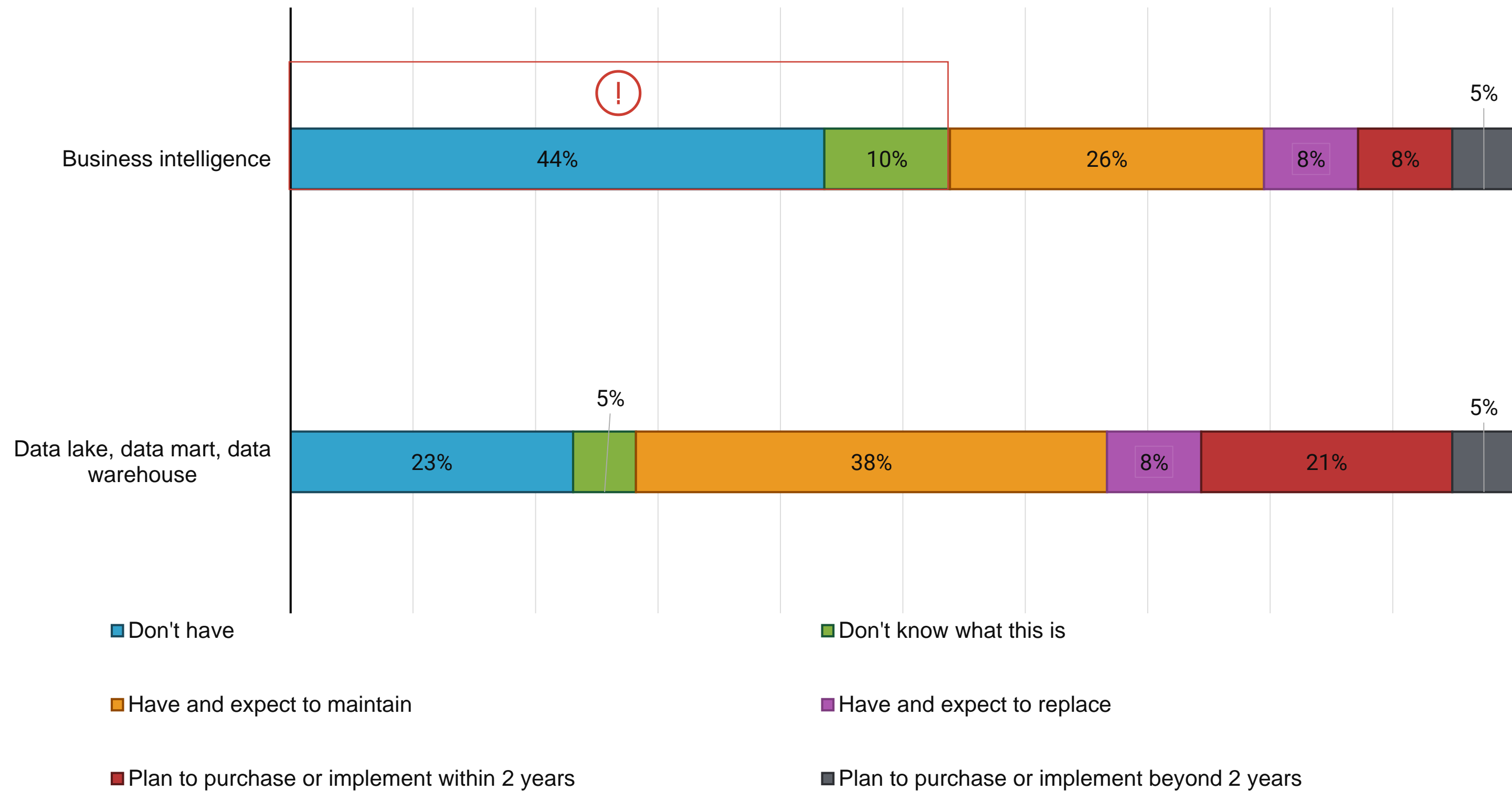
» (Sub Question to TMS users) Please identify the type of TMS platform you currently have:



NEW TECH USE: DATA & ANALYSIS.

Over Half Don't Know or Don't Use Business Intelligence Systems.

» Please select the system types and data management tools that you have, will upgrade or expect to purchase.



POLL QUESTION.



SECTION 3

PLANS & FOCUS

PRIORITIES.

Tie for First Place.

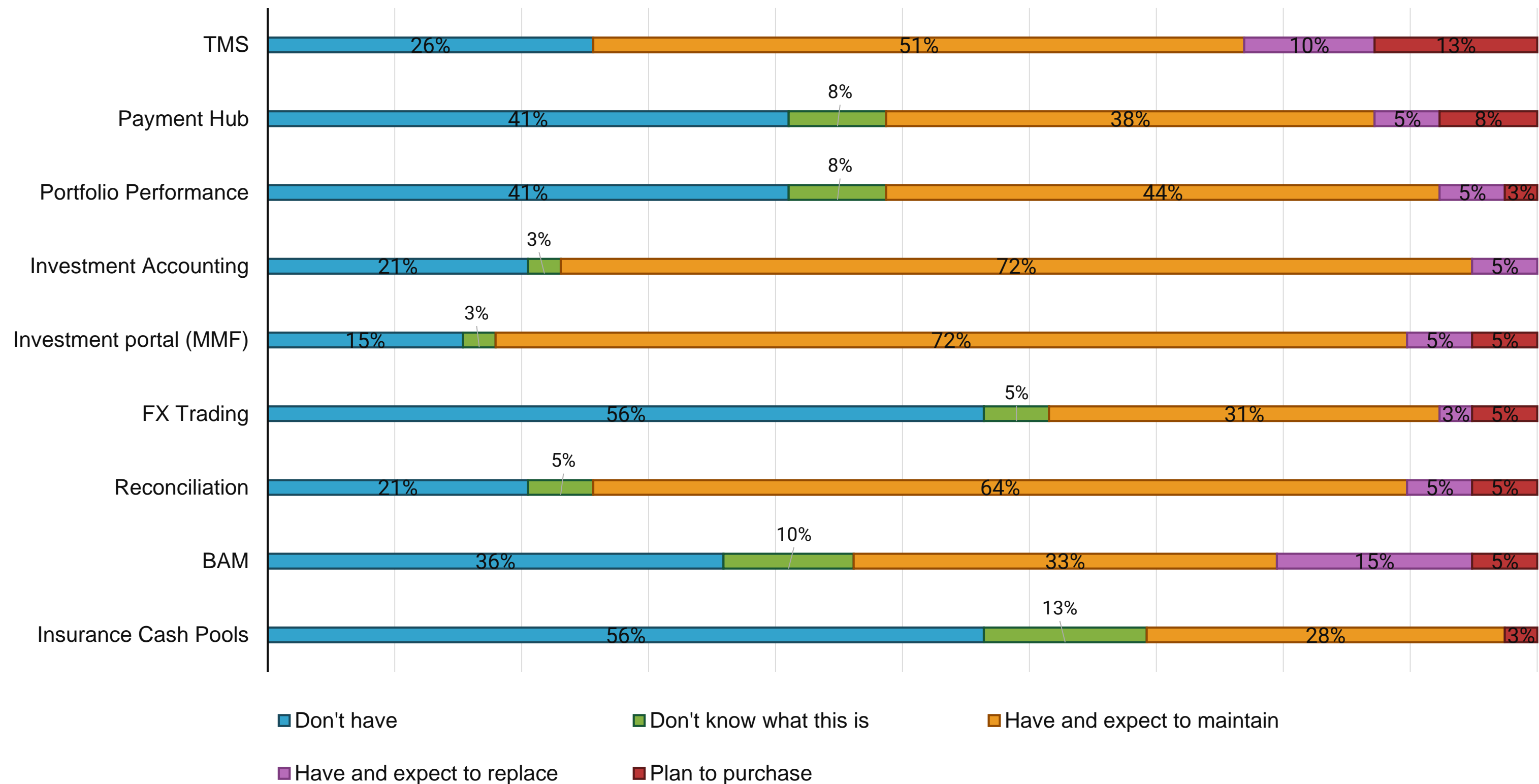
» What are the highest priorities over the next 12-18 months? Please rank from 1 to 7 (1 being the most important)



PLANNED CHANGES.

About a Quarter of Respondents Looking to Replace or Purchase TMS.

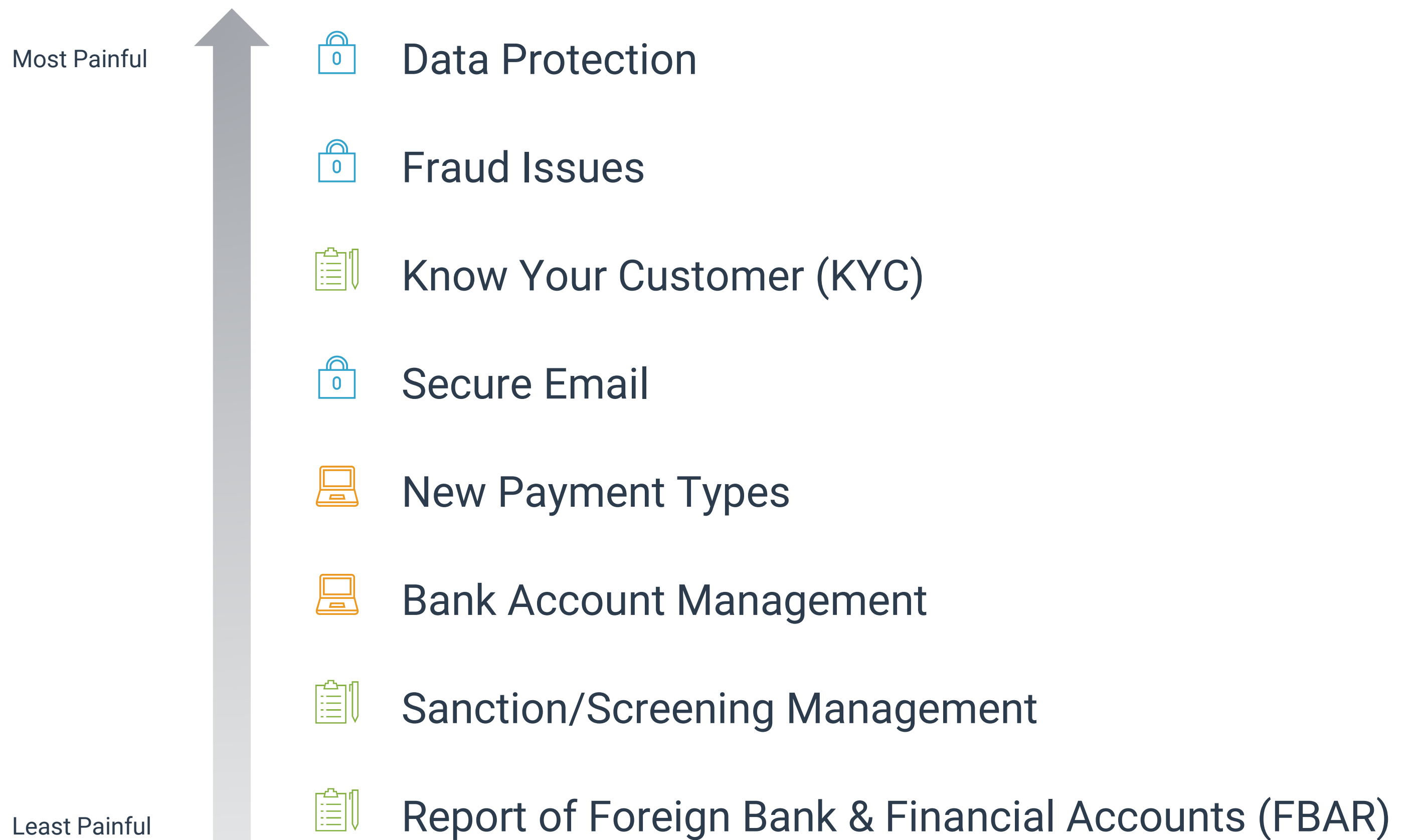
» Please select the system types and data management tools that you have, will upgrade or expect to purchase.



THE PAIN POINTS.

Not Exclusive to Insurance.

» What are the highest compliance pain points for you?





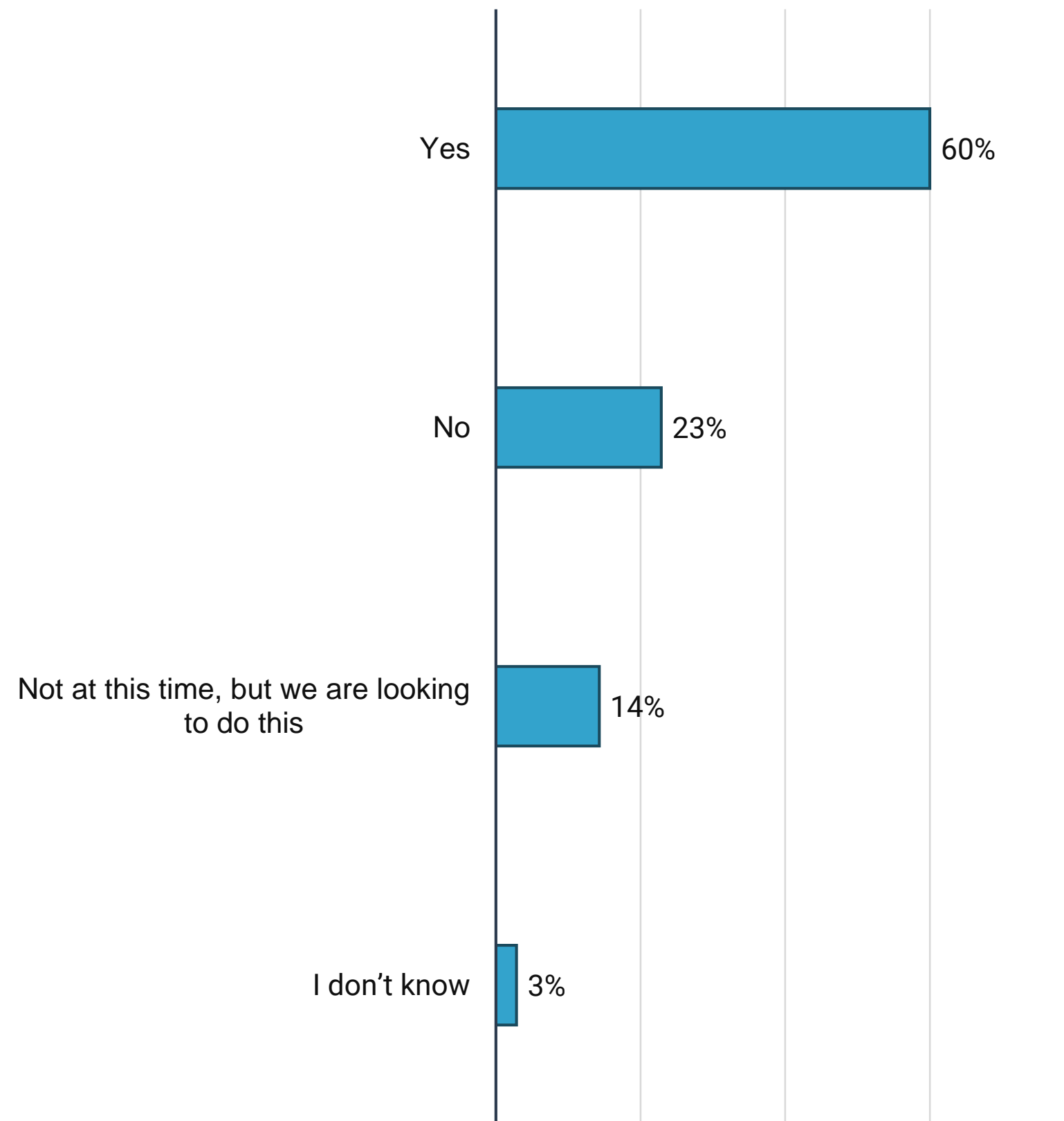
SECTION 4

EXPOSURE MANAGEMENT

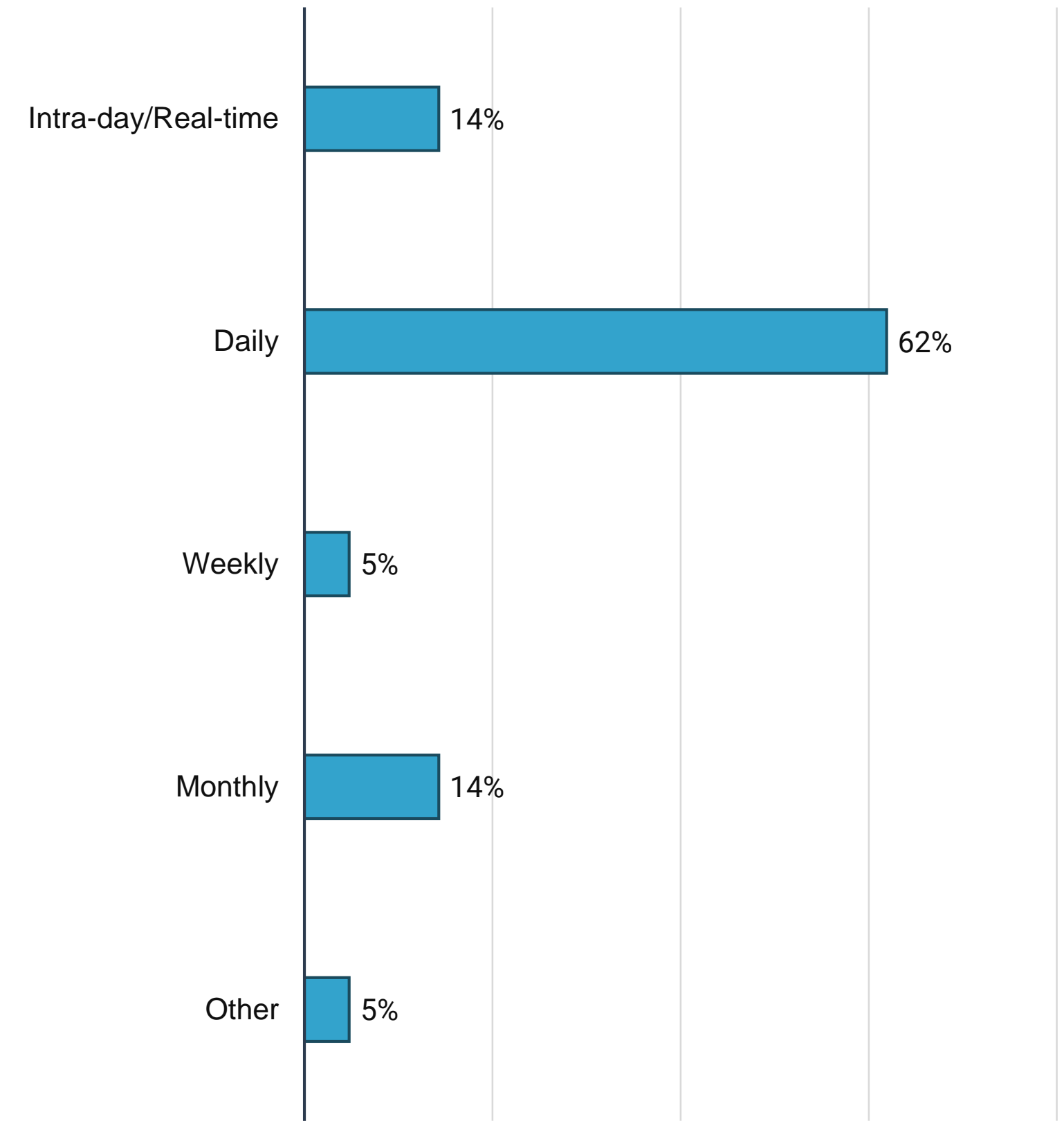
COUNTERPARTY RISK.

Increasingly Important.

» Do you set limits (bank balances, total counterparty) at the bank level in coordination with Risk Management?



» What is the frequency bank limits are monitored?

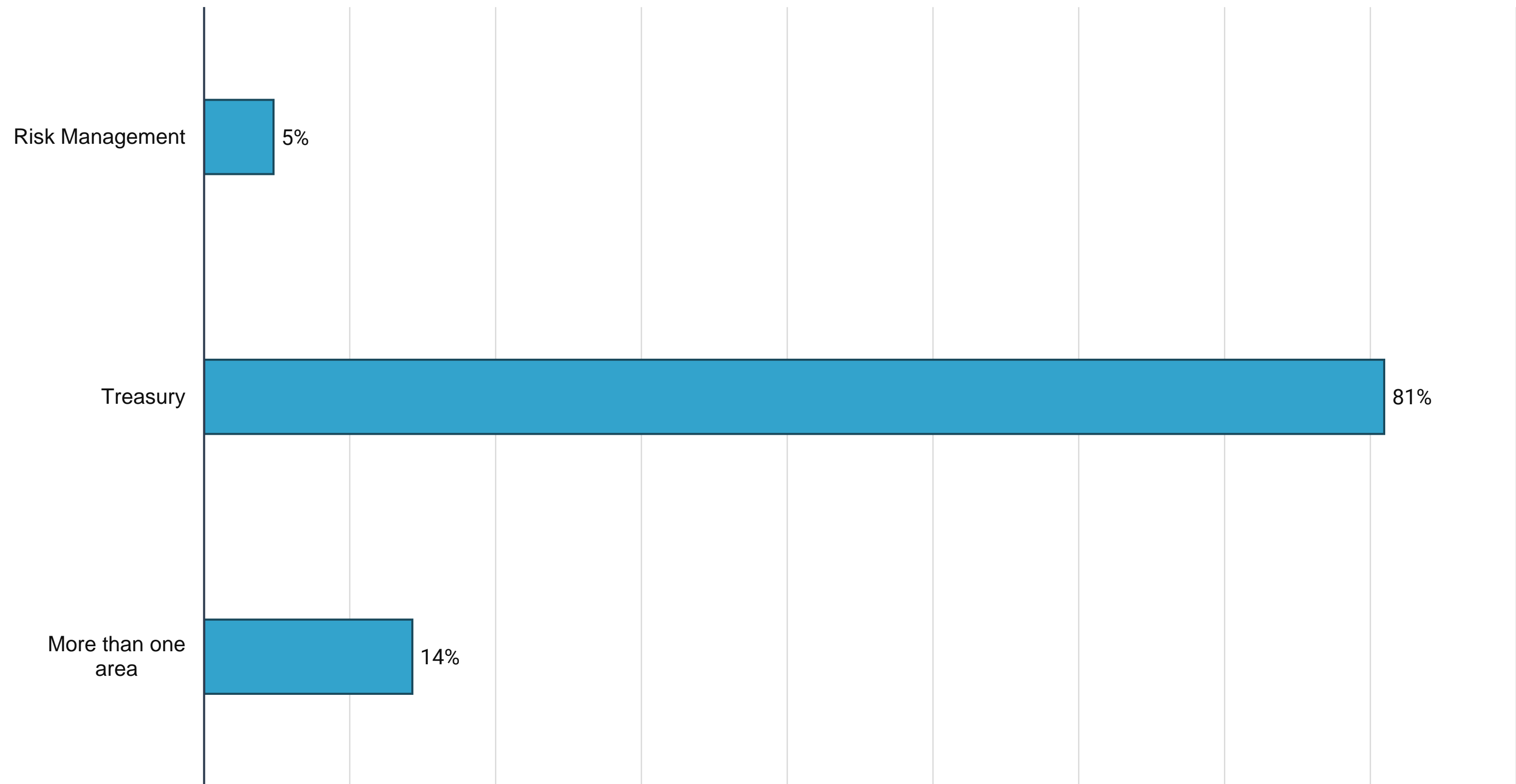


POLL QUESTION.

RISK MANAGEMENT.

Treasury Is Responsible in 4 out of 5 Companies.

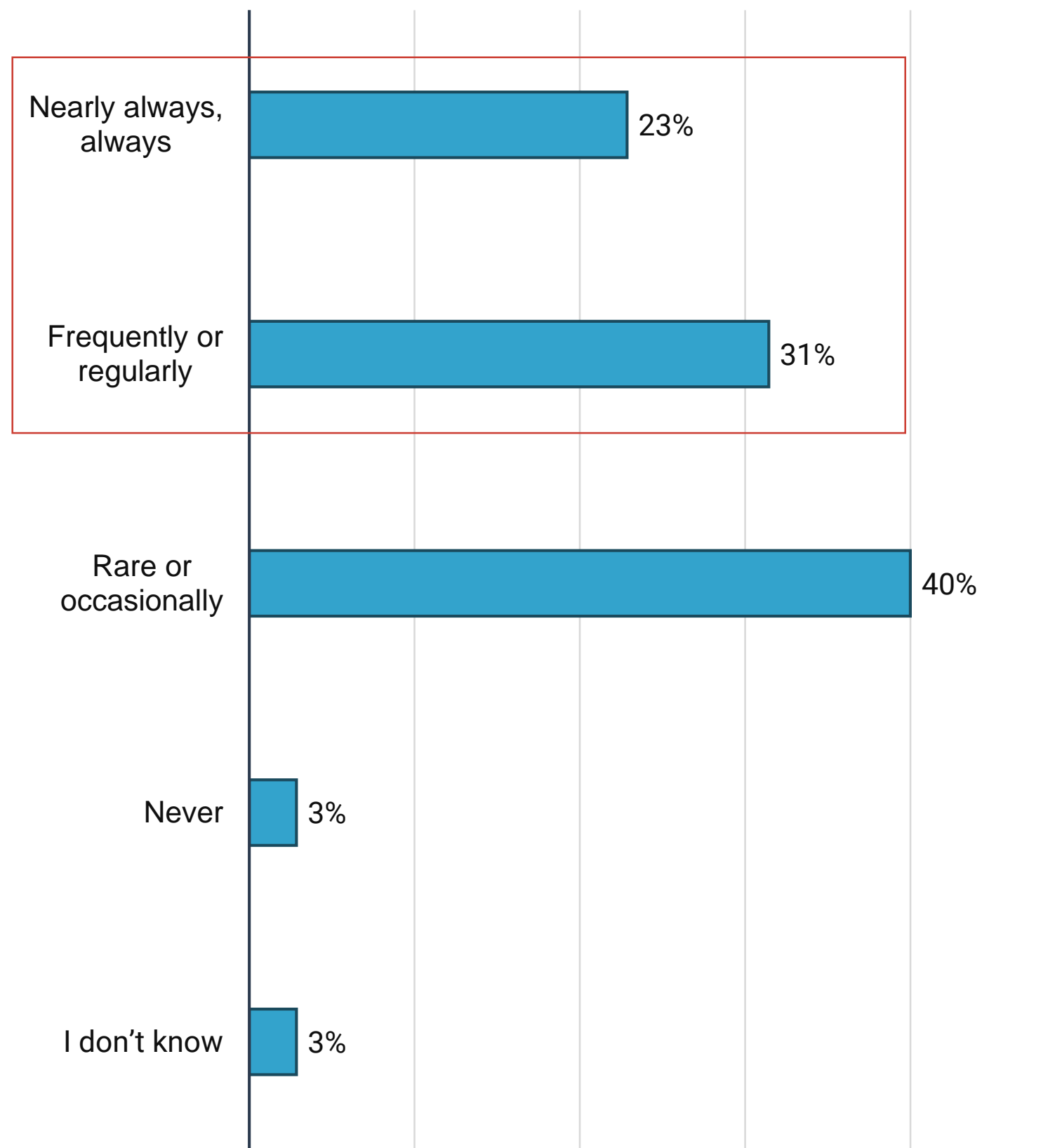
» Who is primarily responsible for monitoring bank limits?



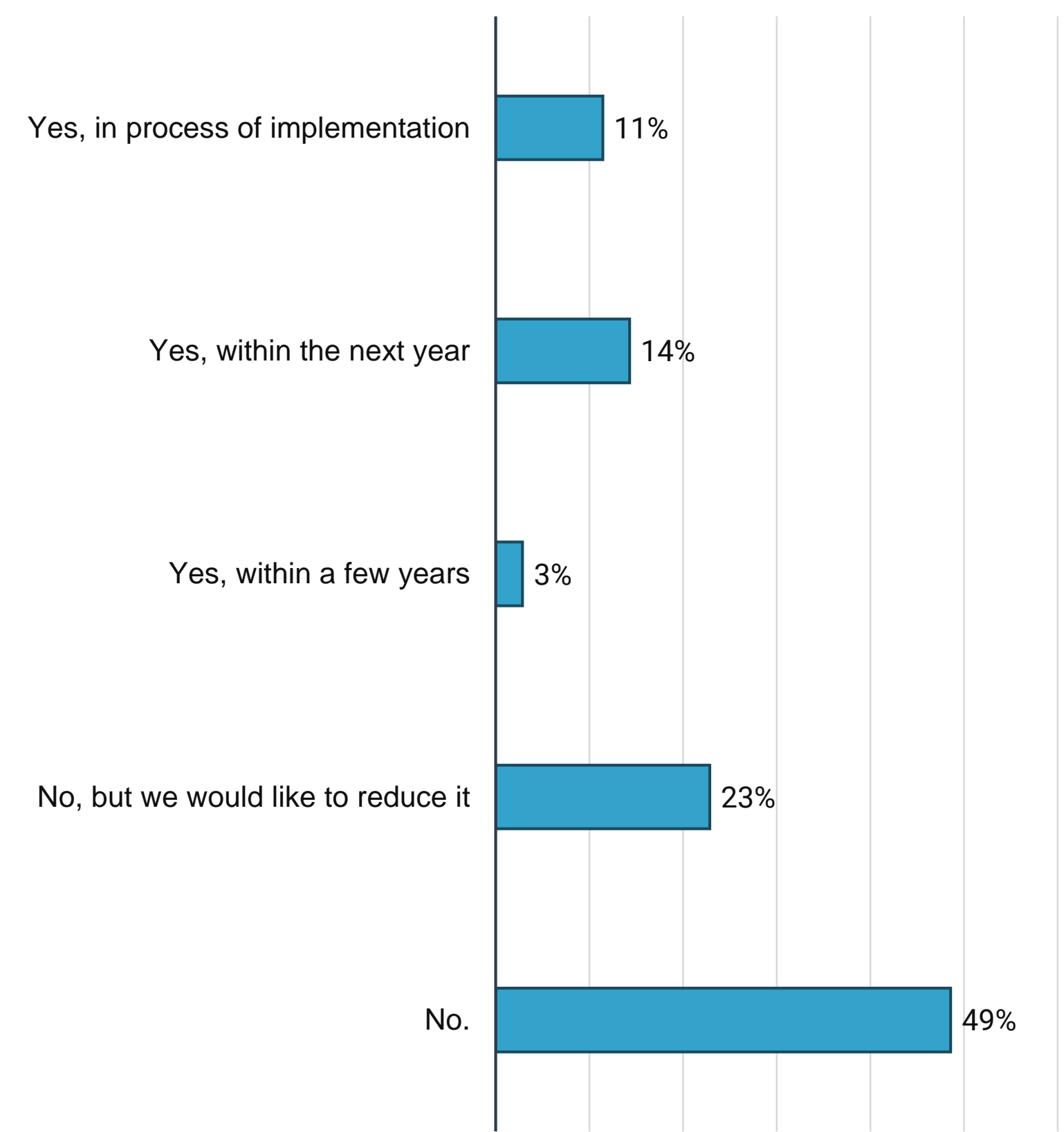
SIGNIFICANT BALANCES.

Only 25% Are Implementing an Adjustment.

» Balances that remain in our operating bank accounts and investment/custody accounts are significant?



» Do you have plans to adjust the level of exposure on your OPERATING or INVESTMENT balances?





SECTION 5

LIQUIDITY & PAYMENTS

IN-COUNTRY LIQUIDITY.

8 out of 10 Use or Are Implementing In-Country Accounts.

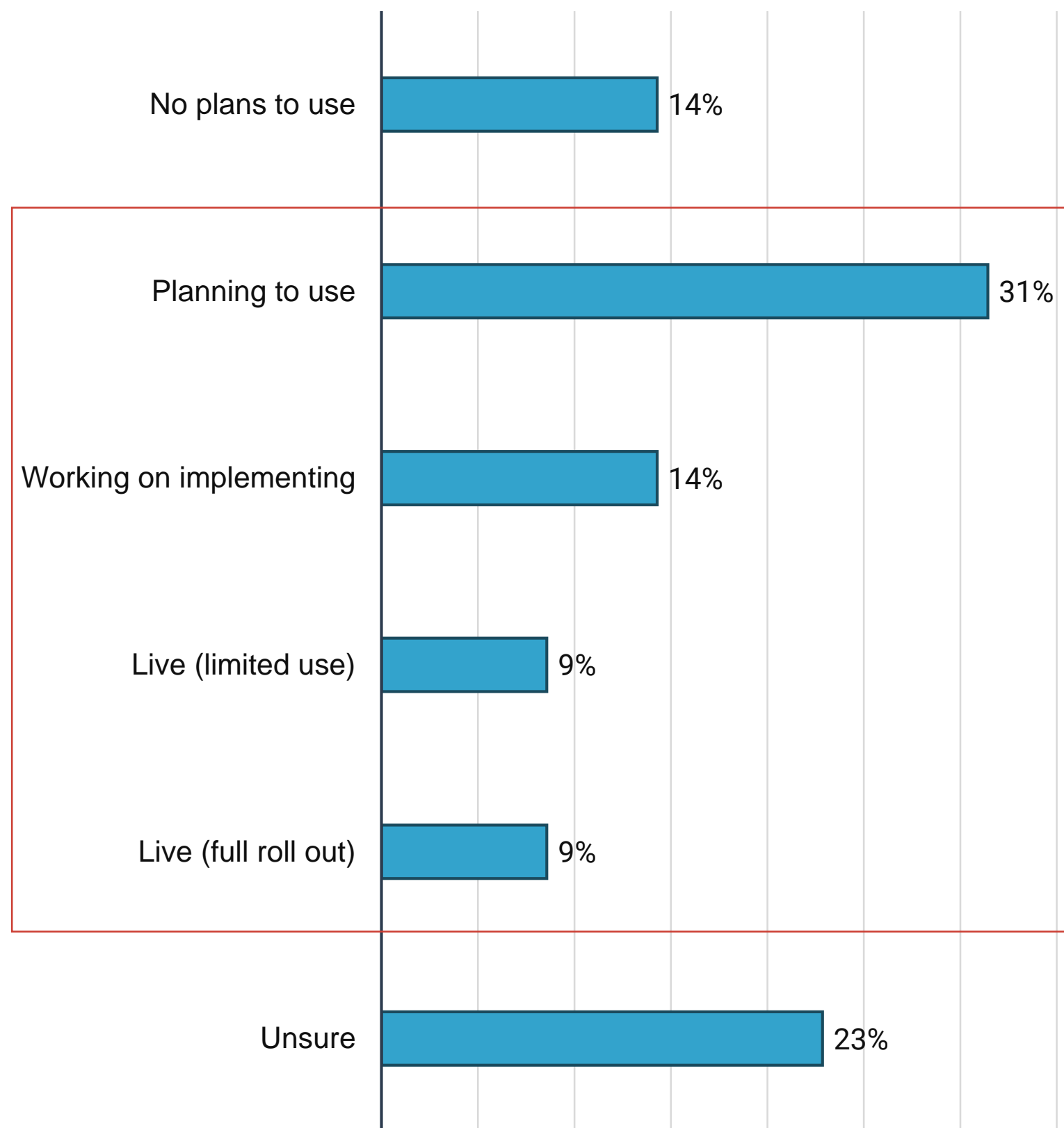
» What are the components of your banking liquidity structure?



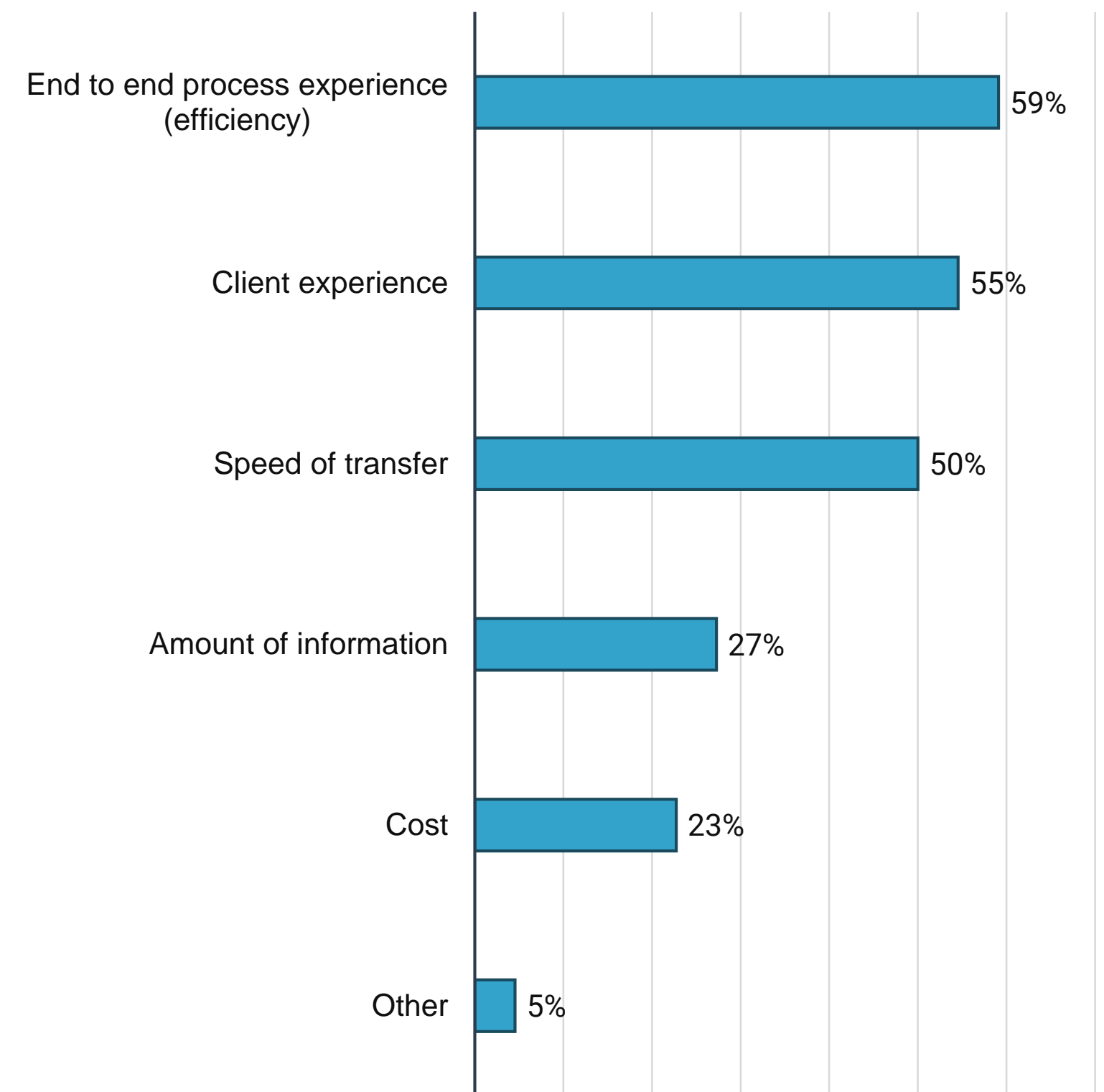
NEW PAYMENT ADOPTIONS.

New Payment Plans and Usage.

» What are your plans with the new payment types (faster payments, same day ACH, SWIFT GPI, etc.)?

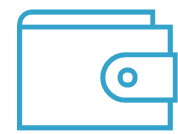


» (Sub question): The reason we use/plan to use the new payment types include: (Select all that apply)



FINAL THOUGHTS.

Ideas and Points to Bring Back to the Office.



PAYMENT HUBS

- Becoming more prevalent
- Ensure consistent workflow approval
- Enhance Fraud mitigation



NEW PAYMENT TYPES

- Early stages of adoption
- Peers waiting for peers
- Business benefits must go beyond speed alone



INTENSITY

- Check use still huge
- ACH prevalent for e-payments
- 'Faster' payments is not the driver



LIQUIDITY

- Short term cash liquidity is vital
- Many hold large immediate cash balances
- Opportunity for insurance liquidity pool use

LET'S CONNECT.

DON'T LET THE LEARNING END HERE...
CONTACT US WITH ANY FUTURE QUESTIONS.

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.



STRATEGIC TREASURER

Craig A. Jeffery,
Managing Partner

✉ craig@strategictreasurer.com

☎ +1 678.466.2222



KYRIBA

Steve Bullock,
*Vice President of Insurance &
Financial Services*

✉ sbullock@kyriba.com

☎ +1 312.330.3776



Survey Report

Download the 2020 Insurance Survey Report for in-depth commentary on the industry specific survey. Respondents will be sent the exclusive, detailed report.



EPISODE #80 Trends in Treasury

Steve Bullock and Craig Jeffery discuss trends in insurance treasury.