

Sapphire Case Study: St. Paul at Lloyd's



“Our working relationship with Sapphire is excellent. We are kept well informed of software and industry developments through events and newsletters, and find the support of Sapphire's consultancy team invaluable in ensuring the successful day-to-day running of our financial systems.”

Nigel Youngman, Agency Accountant and Purchase Ledger Manager

SUNSYSTEMS

About St. Paul at Lloyd's

The St. Paul at Lloyd's, one of the largest managing agents at Lloyd's of London, offers specialist underwriting in aviation, global property, marine and personal lines insurance. Each of the Group's underwriters is a market leader in their specialist field and has a reputation in the Lloyd's market for commercially focused underwriting. The Group offers the unique strengths of the Lloyd's market combined with the strength of their parent company, The St. Paul Companies Inc.

Founded in 1853 in Saint Paul Minnesota, USA, The St. Paul Companies offers a range of property-liability insurance products and services. The company has assets in excess of US\$38 billion, and is rated 'AA' (very strong) by Standard & Poor's in respect of its financial strength and claims paying ability. Following the introduction of corporate capital into the Lloyd's market in 1994, the St. Paul acquired the distinction of being one of the first insurance companies to invest in the market. In 1996, they extended their involvement with the acquisition of two managing agents. A third joined the group in 1998 following the merger of USF&G with St. Paul. Through the merger of the three agencies, the St. Paul at Lloyd's was created.

Following these acquisitions, St. Paul at Lloyd's fragmented financial systems were in need of consolidation. This major project, undertaken by the Group's financial department, involved the merging of all the financial software and data onto one central server running MS SQL Server on a Windows NT operating system. The three managing agencies acquired by the organisation, namely Cassidy Davis, Ashley Palmer, and Gravett & Tilling, were all happily using SunSystems financial software at the time.

Choosing SunSystems

The choice of SunSystems as the central financial software solution was a simple decision. Nigel Youngman, Agency Accountant and Purchase Ledger Manager of St. Paul at Lloyd's noted of the selection, “SunSystems is widely accepted as the industry standard in the insurance sector. That, coupled with the fact that three of our managing agents were very successfully working with the software, made the decision for us.”

It remained important for the Group's financial system to retain a separate database for the corporate and syndicated constituents. The differences in each company's SunSystems coding would clearly make comparisons of data difficult, therefore a common chart of accounts was devised.

It was agreed that the central service company's database would handle all supplier invoices, in addition to the processing and payment of employee expenses. These expenses would then be reclaimed from the syndicate and corporate entities' databases.

Implementation

St. Paul at Lloyd's were able to use SunSystems powerful transaction code (T-code) architecture to ensure the same analysis could be conducted on any one of the databases. The process was simplified further by enabling a macro to add these new and amended codes to the individual databases. This way each syndicate and corporate entity could analyse the expenses allocated expenses in total or on a company-by-company basis.

The St Paul
at
LLOYD'S



Need More Information?

London

+44 (0)20 7648 2000

New York

+1 (212) 541 2406

Los Angeles

+1 (310) 231 8731

info@sapphiresystems.com

www.sapphiresystems.com

SUNSYSTEMS

Youngman says of the merger, "Using macro's and the expertise of our consultant, Martin Royle, the process was fairly painless. SunSystems is strong at handling multiple company databases". Reporting is a key feature within the insurance sector due to the wide range of statutory reports that must be produced on an annual and three-yearly basis. St. Paul at Lloyd's made the and corporate.

Youngman states, "Easy access to the information held within the syndicate and corporate databases enabled us to quickly produce statutory reports such as the SQR Underwriting accounts and balance sheets. Vision XL can be used easily and quickly to extract this data and allow Microsoft Excel functionality to manipulate and design the format of this information. Another key factor in the successful implementation of SunSystems was its ability to link into a range of additional applications. Youngman comments, "In addition to SunSystems, the finance department is regularly using Earnie Payroll Manager, an employee expense allocation system, and a budgeting model, the latter developed in Microsoft Access. SunSystems central database integrates seamlessly with these modules ensuring 100% accuracy of data, and saving time on rekeying data into each system."

Further Challenges

The increasing complexity of the expense allocation model and the need for a more sophisticated group expense reporting pack prompted the addition of the SunSystems Corporate Allocations module in 2001

Sapphire's Services Director Martin Royle explains the challenge; "The solution to St. Paul at Lloyd's new requirements involved a two tier allocation process within the central service company, followed by transfer of relevant charges to target databases, whilst maintaining full intercompany accounting. Using the SunSystems Corporate Allocations module we were able to produce a full expense reporting pack at group, department and individual entity level which was fully automated using a SunSystems macro". Youngman adds, "The addition of this module has given the finance department the functionality to create a full set of control reports at each milestone in the process to confirm accurate allocation of the required expenses".

SunSystems is highly scalable enabling 1 to 200 users per system. Upgrading requires a simple reserialisation of the software which can be conducted by the user in a few seconds. Youngman recalls, "We have been pleased with SunSystems flexibility. The finance department here is growing, this year we were able to quickly and easily add four additional users to our current systems user-count without any downtime".

The future of SunSystems within St. Paul

When asked about the future of SunSystems within St. Paul at Lloyd's, Youngman comments "Through a number of Sapphire events for clients in the insurance sector we have been able to ascertain how specific elements of the new version of SunSystems will be able to further improve our systems. SunSystems 5 looks to be an exciting product with plenty of potential. Colleagues and I recently attended familiarisation training and are now in the process of planning our upgrade for Q3 of this year."

He continues, "The finance department are currently working with Martin and Sapphire on a number of other projects including the implementation of BACS payments to suppliers and a company-wide data warehouse, one of the aims being the automatic production of US GAAP information."

Youngman concludes, "Our working relationship with Sapphire is excellent. We are kept well informed of software and industry developments through events and newsletters, and find the support of Sapphire's consultancy team invaluable in ensuring the successful day-to-day running of our financial systems.

The St Paul
at
LLOYD'S