Finance Operations

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1. Finance Operations Overview

🎯 Purpose

Finance Operations governs the insurance-money back-office environment, including premium collection and allocation, broker statement production, commission payment processing, and reconciliation activities supporting financial and regulatory control obligations.

📊 Operational cycle overview

1. Execute daily premium collection and allocation processes across all active premium channels.
2. Perform monthly premium reconciliation controls and close outstanding exception items by working day 6.
3. Issue broker statements following reconciliation validation and operational approval.
4. Run commission payment processing only after confirmation that collected premium and statements agree to reconciled balances.

🛡️ Governance and control requirements

> 🛡️ **Client-money governance standard**
>
> Client money and company money must remain segregated in accordance with the Insurance Money Handling Policy. Reconciliation exceptions may not be deferred without documented operational ownership and remediation tracking.

🧾 Key operational controls

- Unallocated premium older than 60 days is escalated through operational governance channels and may not be carried indefinitely.
- Commission payments are processed only on collected premium, never on written premium.
- Reconciliation evidence, payment approvals, and statement records must remain audit-ready and centrally retained.

🔎 Quality and control guidance

- Maintain clear segregation between preparer and reviewer roles for all reconciliation and payment activities.
- Reconciliation exceptions should carry accountable owners, target dates, and evidence of remediation actions.
- Ensure operational metrics are retained for governance committee reporting and audit inspection.
- Validate that downstream broker commission calculations are based exclusively on collected and reconciled premium.
- Retain statement issuance records, reconciliation packs, and payment approvals in accordance with records-retention requirements.

2. SOPs

2.1. Premium reconciliation

🎯 Purpose

Monthly reconciliation of premium bank receipts against policy-level allocations in the policy administration system, and reconciliation of both positions against the general ledger.

Process owner: Finance Operations Manager
Control deadline: Closed by working day 6

📊 Operational overview

This reconciliation control validates completeness and accuracy of premium allocations, supports client-money governance obligations, and provides evidence that policy administration balances agree to financial records.

🧾 Working file and evidence

The reconciliation workbook template (structure below is illustrative sample data):

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Example Spreadsheet
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A1 Student Name

Student Name	Gender	Class Level	Home State	Major	Extracurricular Activity
Alexandra	Female	4. Senior	CA	English	Drama Club
Andrew	Male	1. Freshman	SD	Math	Lacrosse
Anna	Female	1. Freshman	NC	English	Basketball
Becky	Female	2. Sophomore	SD	Art	Baseball
Benjamin	Male	4. Senior	WI	English	Basketball
Carl	Male	3. Junior	MD	Art	Debate
Carrie	Female	3. Junior	NE	English	Track & Fiel
Dorothy	Female	4. Senior	MD	Math	Lacrosse
Dylan	Male	1. Freshman	MA	Math	Baseball

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Class Data

✅ Procedure

1. Extract the month's bank statements for all premium accounts, the allocation report from the policy administration system, and the GL premium control accounts.

2. Match bank receipts to allocations. Auto-matching handles referenced debit-order receipts; investigate unmatched remainder items manually in age order.
3. Classify every unmatched item as an unreferenced deposit, bounced collection pending reversal, intermediary bulk payment awaiting schedule, or timing difference.
4. Request intermediary bulk-payment schedules immediately where supporting allocation detail is outstanding.
5. Reconcile allocation totals to the GL premium control account. Raise journals only where a documented and approved cause exists.
6. Produce the reconciliation pack including matched percentage, aged unallocated items, open exceptions with owners and target dates, Finance Operations Manager sign-off, and Financial Controller review evidence.

> ⚠️ **Client-money control requirement**
>
> Premium remaining unallocated represents a client-money exposure. "Plug" journals are prohibited. Every unreconciled difference must have a documented cause, evidence trail, and accountable owner.

⚠️ Exception and escalation handling

> 🛡️ **Escalation control**
>
> Unallocated items older than 60 days require documented escalation with named ownership and remediation dates. Suspected intermediary misappropriation must be escalated to Compliance and the Head of Distribution on the same business day.

📈 Measures and reporting

Matched-on-first-pass rate and aged-unallocated value feed the finance section of the monthly operations review pack.

🔎 Operational guidance

- Retain source extracts, reconciliation workbooks, payment schedules, and approval evidence in the controlled records repository.
- Prioritise review of aged unmatched items to reduce client-money exposure and downstream commission impacts.
- Validate that all manual allocations and journals include preparer and reviewer traceability.
- Escalate recurring reconciliation exceptions through the monthly operations governance forum.
- Ensure all reconciliation evidence is audit-ready and reproducible without reliance on local spreadsheets or email histories.