

Case Study

Citi Virtual Accounts Deliver Account Rationalization and Improved Reconciliation

“Citi provided a collaborative partnership with Chubb to deliver this [virtual account] solution effectively and within our timescales. With a reduction of 200+ physical bank accounts, the outcome has enabled Chubb to operate with a more streamlined banking structure, centralized liquidity, improved controls, simplified reporting, alongside a material reduction in back-office admin processes, improving efficiency.”

Matt Cornwall, EMEA Head of Treasury Operations at Chubb

Chubb is the world's largest publicly traded property and casualty insurance company, serving a diverse group of clients across operations in 54 countries and territories. Chubb Limited, the parent company of Chubb, is listed on the New York Stock Exchange and is a component of the S&P 500 index.

The Challenge

Chubb wanted to rationalize bank accounts held with multiple UK banks for Chubb Service UK, Chubb Europe Life, and Chubb European Group as part of an initiative to improve reconciliation and accounting efficiency and reduce its documentation and KYC burden. The changes needed to be made without disrupting Chubb's flows, which total more than 1 million Direct Debit transactions a year.

The Solution

Chubb deployed Citi's One Receivables solution, which can accommodate a range of receivables instruments and allows clients to select products that meet its needs - and update them as their requirements change. Chubb selected Citi Virtual Accounts, enhanced reporting, Direct Debit and BACs (Citi is the only bank to support BACs and Direct Debit linked to Virtual Accounts).

Virtual Accounts enabled Chubb to reduce its more than 250 physical accounts to just 11 accounts (six existing accounts and five new accounts) for the three entities in scope.

Citi Virtual Accounts automatically segregate and reconcile incoming payments by business line, channel, and brokers, helping to eliminate the need for manual intervention and giving treasury heightened visibility into receivables. Virtual Accounts also support payroll and unique requirements specific to the UK insurance business, which require a Debit Authority to comply with the central settlement mechanism.

The Benefits

- Business continuity was retained throughout implementation, with Chubb able to access the payment rails and offer multiple payment methods to its customers, helping to ensure the best possible end-user experience. Chubb had an accelerated time to market given limited documentation requirements and, by working with Citi, enjoys the support of a global bank.
- By rationalizing its physical accounts and using virtual accounts, Chubb has gained a streamlined reporting structure, including payment and statement reporting functionality, for Chubb Service UK, Chubb Europe

Life, and Chubb European Group. It has instant visibility into cash, enabling more effective liquidity and investment management. The Virtual Account structure reduced Chubb's gross positions, as positions are netted at the header account level.

- The use of Citi Virtual Accounts to rationalize Chubb's account structure has helped increase efficiency, cut costs and freed up treasury resources for value-added activities. Automated reconciliation has reduced errors associated with manual intervention and further enhanced efficiency. Chubb has also eliminated documentation and administrative functions associated with audit reporting and signer management.
- By migrating to the XML ISO20022 industry data standard for all payment messages and payment initiation, Chubb now has a future proof solution.