

7. Reconcile BDX to Vitesse cash payments

Faster Claims Payment



FCP Modules

1. Introduction to Lloyd's Faster Claims Payment (FCP) solution
 2. Onboarding to Vitesse
 3. New placement or Renewal of a binder
 4. Transfer of an active binder
 5. Payments to beneficiaries
 6. FCP replenishment
 - 7. Reconcile BDX to Vitesse cash payments**
 8. Submit BDX to ECF
 9. Reconcile MA signings to Vitesse funding activity
 10. Refunds and recoveries
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Objectives



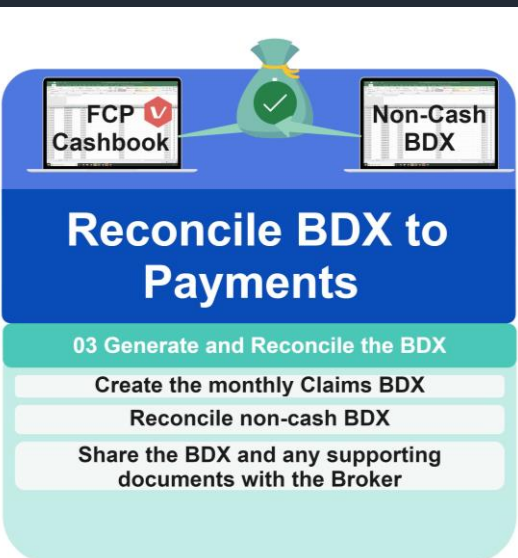
Understanding the process of reconciling BDX to Vitesse cash payments



Understand roles and responsibilities



Overview



A DCA must ensure their CMS*-generated monthly BDX matches all Vitesse cash payments that are requested on behalf of beneficiaries and reported via the Vitesse cashbook.

What is meant by cash 'reconciliation'?

Cash 'reconciliation' is defined as the Vitesse cashbook (**indemnity and fee payments**) being equivalent to the payments reported on the DCA's monthly claims BDX (against the '**Paid this time**'/ '**Paid this month**'** field), at a claims reference level for each payment account in Vitesse.

For FCP, any payment processed via Vitesse needs to be included on the monthly claims BDX, and reconciliation of the Vitesse cashbook and BDX should be completed at the end of each month to include total fees incurred by the DCA (including DCA fees).

Why do the figures in the monthly claims BDX need to match the Vitesse cashbook?

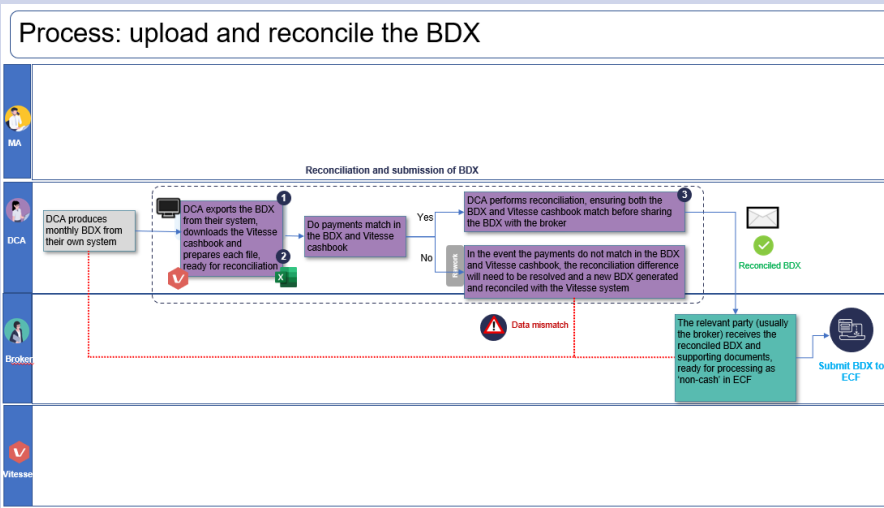
- Reconciling and validating both files at this stage means reconciliation or re-work further downstream in the process can be avoided.
- DCAs will need to match their monthly claims BDX against the Vitesse cashbook to ensure that downstream technical accounting entries are correct.

**Claims Management System*

***Referenced in Lloyd's Coverholder Reporting Standards*

Overview

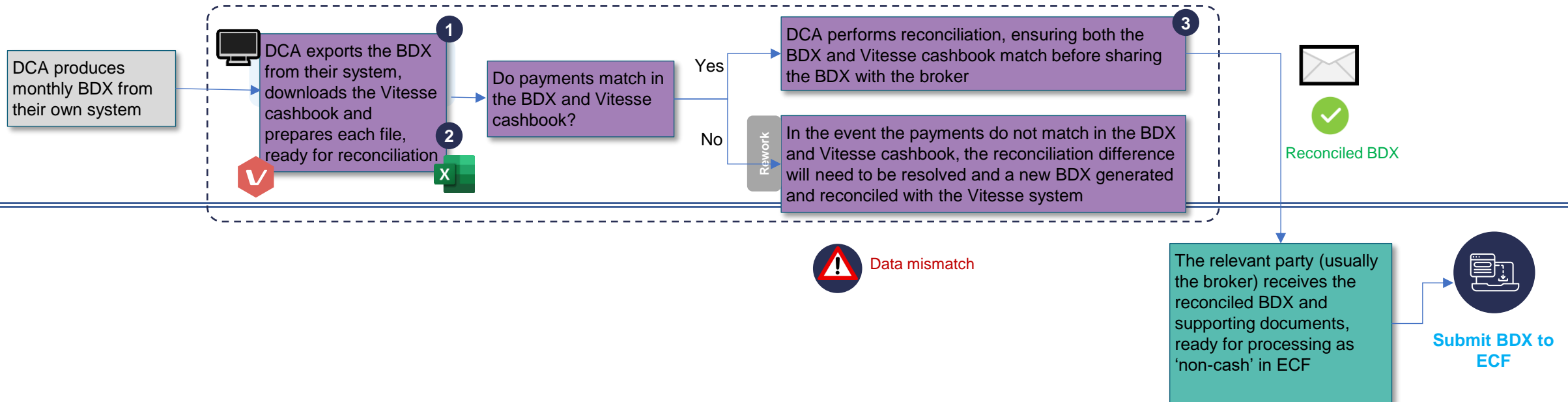
A high-level process flow is shown in the following section with a more detailed description of each of the steps as you proceed through the learning.



Process: upload and reconcile the BDX

Note: Some MAs may ask DCAs to use an automated reconciliation tool for FCP front end recs, discussions are currently taking place between LIMOSS and the market to set guidelines around this, for more information please contact servicedesk@limoss.london

Reconciliation and submission of BDX



Step by step

Step 1 : Download the Vitesse cashbook and prepare data for reconciliation



1 Download the Vitesse cashbook and complete process

Preparing the Vitesse cashbook

Once the cashbook report has been generated by Vitesse at the end of the month, DCAs must consolidate their payments in the cashbook.



Download the Vitesse cashbook.



Filter the cashbook by date, clicking on 'Created on' and selecting the date range of the BDX period.



Next, filter the transaction 'Type' on the cashbook to see any payments or returns made (refer to note below).



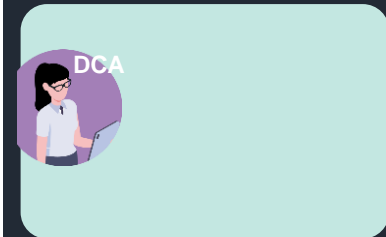
Organise the data by the claims reference.



You should now **aggregate and record** all associated '**Paid this time**' **Indemnity Debits/Credits and Total Fee Debits/Credits**

Step by step

Step 1 : Download the Vitesse cashbook and prepare data for reconciliation



1 Download the Vitesse cashbook and complete process

Example



Each row to reconcile against in the cashbook represents '**Payouts**' made to (or returns from) the beneficiary (see '**Type**' column)



Each 'pay-out' request should be split into '**Indemnity**', '**TPA Fees**' and '**Other Fees**' for reconciliation*



Green highlighted cells = '**Indemnity**'
Yellow highlighted cells = '**Fees**'



The total balance is represented by a number of claims references.



The Indemnity Fee Indicator column will only have data completed if the DCA supplies it when submitting the payment instruction



There may be other types of transactions such as, returns, refunds, liquidity pulls that will also need to be prepared for reconciliation (See following Slide).

Vitesse cashbook								
CreatedOn	Type	Claim Reference Number	Indemnity Fee Indicator	Narration		Debit	Credit	Balance
01/05/2022 10:00	Payout	Claim1234	Indemnity	DCA001		100.00		100.00
01/05/2022 10:00	Payout	Claim1234	Indemnity	DCA001		150.00		250.00
02/05/2022 10:00	Payout	Claim1234	Indemnity	DCA001		75.00		325.00
01/05/2022 10:00	Payout	Claim1234	Other Fees	DCA001		170.00		495.00
01/05/2022 10:00	Payout	Claim1234	TPA Fees	DCA001		100.00		595.00
05/05/2022 11:05	Payout	Claim1235	Indemnity	DCA001		250.00		845.00
05/05/2022 11:05	Payout	Claim1235	Other Fees	DCA001		175.00		1,020.00
05/05/2022 11:05	Payout	Claim1235	TPA Fees	DCA001		90.00		1,110.00
10/05/2022 04:00	Payout	Claim1236	Indemnity	DCA001		105.00		1,215.00
10/05/2022 04:00	Payout	Claim1236	Other Fees	DCA001		195.00		1,410.00
10/05/2022 04:00	Payout	Claim1236	TPA Fees	DCA001		45.00		1,455.00
15/05/2022 17:00	Payout	Claim1237	Indemnity	DCA001		150.00		1,605.00
15/05/2022 17:00	Payout	Claim1237	Other Fees	DCA001		110.00		1,715.00
15/05/2022 17:00	Payout	Claim1237	TPA Fees	DCA001		90.00		1,805.00
20/05/2022 13:00	Payout	Claim1238	Indemnity	DCA001		195.00		2,000.00

Summary

Total Claim = Indemnity + Fees

Indemnity = **\$1,025.00**

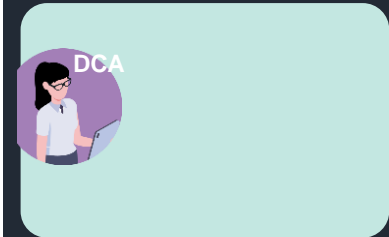
Total Fees = \$325.00 (TPA Fees) + \$650.00 (Other Fees) = **\$975.00**

Total Claim = \$2,000.00

Example

Step by step

Step 1 : Download the Vitesse cashbook and prepare data for reconciliation



1 Download the Vitesse cashbook and complete process

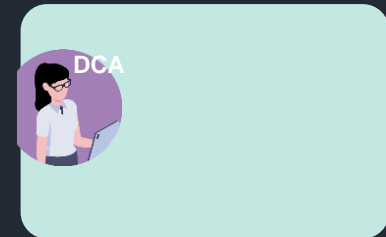
Transaction Types

The following are transaction types that may be found on an account:

- **Payout** - will show as a debit for outgoing bank transfer payment.
- **Cheque** - will show as a debit for an outgoing USD echeck payment.
- **Return of Funds** - will show as a credit for recovery payments being credited back into the payment account.
- **Refund of payment** - will show as a debit for a movement to the funding account, this will immediately follow a Return of Funds credit entry. It represents the proportional re-crediting of the subscribing funding accounts.
- **Payout Returned** - will show as a credit for payments that have been returned by the bank (cannot credit beneficiary account).
- **Liquidity Push** - Following a Payout Returned credit a Liquidity Push entry will be corresponding debits on payment account which will credit the subscribing funding accounts.

Step by step

Step 1 : Download the Vitesse cashbook and prepare data for reconciliation



1 Download the Vitesse cashbook and complete process

The Cashbook records all DCA payment activity requested via Vitesse for each transaction

- DCAs can see all activity in the Cashbook at any point in time and this is effectively like a bank statement which shows money movements in the Vitesse payment account.
- A snapshot is taken every month for the DCA to complete the front-end reconciliation process ahead of submitting the BDX.
- For this working example shown for claim reference 1234, we'd expect to see this on the May 2022 BDX period with a total incurred value of \$275.00.
- You'll see on the cashbook that monies have been drawn from syndicates funding account to bring the Vitesse payment account back to a zero balance.
- As part of systems training for FCP, Vitesse will walk DCAs through how to use and manage the Cashbook. For system **training, please contact fcpsupport@vitessepsp.com**

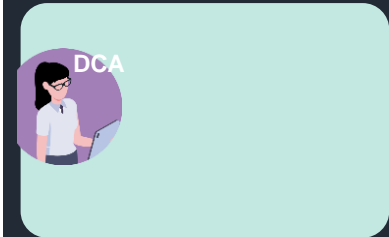
The cashbook in Vitesse records line by line payments for the account and is available real time to MAs (upon request) and DCAs

Example

Entry	CreatedOn	Type	Claim Reference	Indemnity Fee Indicator	Narrative	Debit	Credit	Balance
1	30/04/2022 10:00	Payout	Claim1234	Indemnity	DCA001 Claims Administration	200.00		(200.00)
2	30/04/2022 10:01	Merchant Liquidity	Claim1234	Indemnity	Synd 1 1100 50% Share		100.00	(100.00)
3	30/04/2022 10:01	Merchant Liquidity	Claim1234	Indemnity	Synd 2 2200 25% Share		50.00	(50.00)
4	30/04/2022 10:01	Merchant Liquidity	Claim1234	Indemnity	Synd 3 3300 25% Share		50.00	-
5	01/05/2022 10:00	Payout	Claim1234	Indemnity	DCA001 Claims Administration	150.00		(150.00)
6	01/05/2022 10:00	Payout	Claim1234	Other Fees	DCA001 Claims Administration	100.00		(250.00)
7	01/05/2022 10:00	Payout	Claim1234	TPA Fees	DCA001 Claims Administration	25.00		(275.00)
8	01/05/2022 10:01	Merchant Liquidity	Claim1234	Indemnity	Synd 1 1100 50% Share		75.00	(200.00)
9	01/05/2022 10:01	Merchant Liquidity	Claim1234	Indemnity	Synd 2 2200 25% Share		37.50	(162.50)
10	01/05/2022 10:01	Merchant Liquidity	Claim1234	Indemnity	Synd 3 3300 25% Share		37.50	(125.00)
11	01/05/2022 10:01	Merchant Liquidity	Claim1234	Other Fees	Synd 1 1100 50% Share		50.00	(75.00)
12	01/05/2022 10:01	Merchant Liquidity	Claim1234	Other Fees	Synd 2 2200 25% Share		25.00	(50.00)
13	01/05/2022 10:01	Merchant Liquidity	Claim1234	Other Fees	Synd 3 3300 25% Share		25.00	(25.00)
14	01/05/2022 10:01	Merchant Liquidity	Claim1234	TPA Fees	Synd 1 1100 50% Share		12.50	(12.50)
15	01/05/2022 10:01	Merchant Liquidity	Claim1234	TPA Fees	Synd 2 2200 25% Share		6.25	(6.25)
16	01/05/2022 10:01	Merchant Liquidity	Claim1234	TPA Fees	Synd 3 3300 25% Share		6.25	-

Step by step

Step 2 : Prepare monthly claims BDX data for reconciliation



2 Download the Vitesse cashbook and complete process

Preparing the monthly claims BDX

Once the payments data in the Vitesse cashbook has been prepared, DCAs should also prepare the data in the monthly claims BDX.



Within the claims BDX, filter data by the 'Claims Reference', ensuring this matches with the claims reference submitted in the payment request and reflected in the Vitesse cashbook.



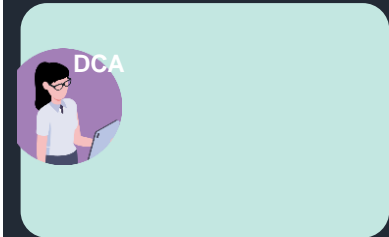
Aggregate and record all associated 'Paid this month - Indemnity' amounts per claim reference.



Next, aggregate and record all 'Paid this month - Fees' amounts per claims reference.

Step by step

Step 2 : Prepare monthly claims BDX data for reconciliation



2 Prepare monthly claims BDX data for reconciliation

Example



Key items for reconciliation include the **'Paid This Month – Indemnity'** and **'Paid This Month – Fees'** fields



The **'Paid This Month – Indemnity'** and **'Paid This Month – Fees'** amounts in the BDX should be **equivalent to the Vitesse cashbook** for each claims reference



Green highlighted cells = **'Indemnity'**
Yellow highlighted cells = **'Fees'**

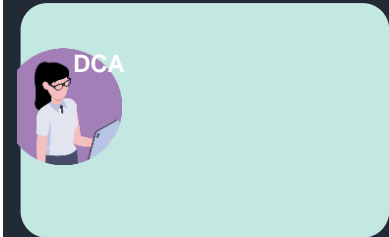


'Paid this month' = 'Paid this time'

Monthly claims BDX

Step by step

Step 3 : Reconcile Vitesse cashbook to monthly claims BDX



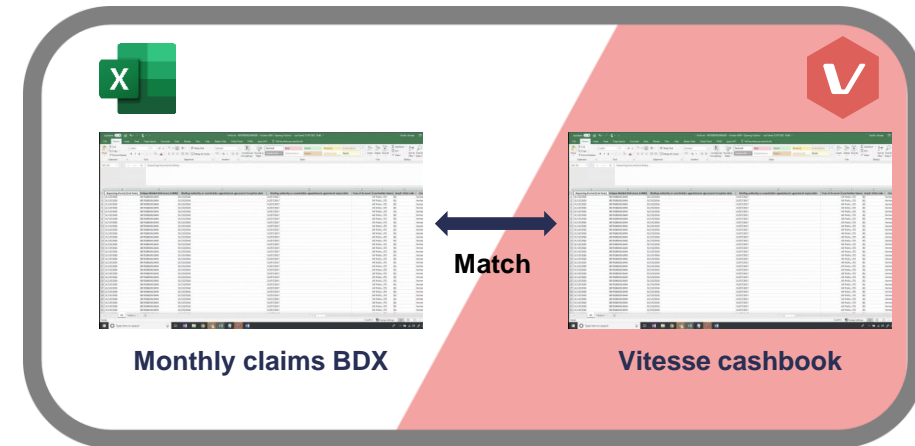
3 Reconcile Vitesse cashbook

Reconcile Vitesse cashbook to monthly claims BDX and submit to broker

Now that the payments data has been prepared in both the Vitesse cashbook and the monthly claims BDX, the files are ready to be reconciled ahead of submission to the broker.

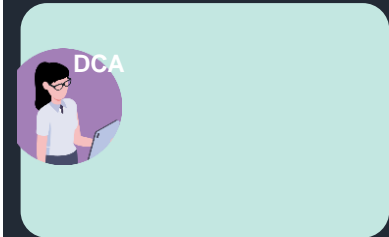


Against each claim reference, ensure the indemnity and total fees match in both the cashbook and monthly claims BDX



Step by step

Step 4 : Submit the reconciled monthly claims BDX to the broker



4 Submit reconciled BDX

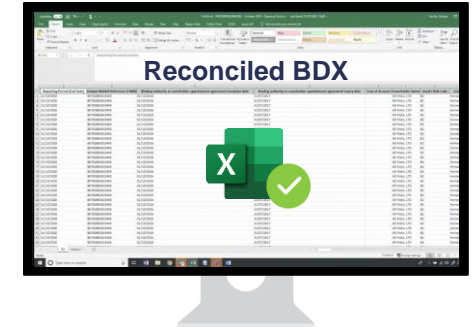
Reconcile Vitesse cashbook to monthly claims BDX and submit to broker



As long as the calculated total claim amount matches in both the Vitesse cashbook and monthly claims BDX, then the BDX is ready to be submitted to the relevant party (usually the broker) so that it can be processed as 'non-cash' in ECF.



If the payments in both the Vitesse cashbook and monthly claims BDX do not match, then the reconciliation difference will need to be resolved, a new BDX generated, and the steps repeated



Note

DCAs need to give themselves sufficient time in the month to reconcile and resolve differences ahead of month-end (e.g., factoring in DCA fees, payment voids etc.)



Top Tip

DCAs can monitor the progress and status of the BDX via the Status Tracker once this has been submitted in ECF. If you are interested in tracking the BDX via the Status Tracker, please contact the Claims Lab for further information - insightshub@lloyds.com.

Step by step

Step 4 : Submit the reconciled monthly claims BDX to the broker



4 Submit reconciled BDX

Reconciliation evidence



DCAs must remember to include any supporting documents when submitting the reconciled BDX to the broker, including evidence of reconciliation activity, and the Vitesse cashbook to assist MAs with reviewing (see example below).



Following submission of the BDX and reconciliation evidence, in the event the reconciling item is deemed material by the broker or lead MA, this will be queried back to the DCA.

Reconciliation Evidence			
Month	May-22		
		Narrative	Queries
BDX	2,000.00		
Vitesse Cashbook	2,000.00		
Variance	0.00		
Reconciling Items			
Net reconciling items	0.00		



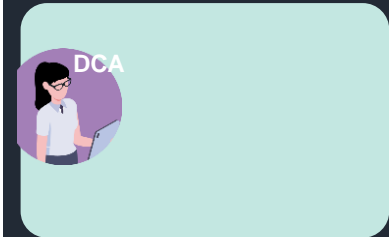
Reconciling items should be avoided before the month has closed. However, in the event there are reconciling items, these should be listed in the ‘Narrative’ and resolved no later than the next month.



Reconciling item values should be listed here with the reason given in the ‘Narrative’ column.

Step by step

Step 4 : Submit the reconciled monthly claims BDX to the broker



4 Submit reconciled BDX

Reconciling Items



Commonly known reconciling items which may need to be evidenced and corrected in following months include:

- DCA fees which have been reported on the BDX but paid through FCP in the subsequent month.
- If a refund/return (E.g. Recovery/Subrogation) is processed and entered on the bdx but Vitesse have not yet received the payment, there will be a reconciling item. The same applies if Vitesse have received a refund/return and applied to the cashbook, but it has not been entered on the BDX.
- If a payment which should be processed via FCP is incorrectly sent through the incorrect account. IE. Same UMR but different YOA.



In the event these reconciling items do occur, these should be reported in the evidence template in the previous slide and provided to the MA when submitting the BDX, and subsequently fixed in following months.



Best Practice

Reconciliation best practice



DCAs are required to have a **robust reconciliation process**, ensuring all payments activity is reflected in both the monthly BDX and Vitesse cashbook



Ensure 'Indemnity' and 'Total Fees' payments (incl. DCA fees) are **paid within the same month** as the BDX reporting period



All DCA payments made in the Vitesse platform should **have a corresponding claims reference number**, at a claims level



Payments should be **split between 'Indemnity' and 'Fees' at claim level**, to identify the type of transaction within the Vitesse Cashbook



DCAs are strongly encouraged to **integrate their Claims Management System with Vitesse** via API to ensure accuracy of information to be reconciled



Note

The DCA is strongly recommended to provide submission of the BDX as early as possible after the close of the month's activities, ideally within the first four working days to avoid any delays in downstream processing and monthly reconciliation, however this should be agreed between the MA and DCA initially.



Top tip

DCAs that integrate their Claims Management System with Vitesse early will be better prepared to reconcile high volumes of BDX against the Vitesse cashbook as the number of binders using FCP to process claim payments increases over time.



Note

Carry over of reconciliation item differences into subsequent reporting periods should be avoided.



Note

MA's should review reconciliation work performed by the DCA as part of their regular auditing activities.



End

Faster Claims Payment

