Pinnacol Assurance

Maintaining a competitive edge through affordable rates and a differentiated service

Unit4 Financials helps Colorado's leading workers' compensation insurance company keep on top of a constantly changing market, lower its costs and continue its community support initiatives.

The situation

Founded in 1915, Pinnacol Assurance is Colorado's leading provider of workers' compensation insurance and, despite constant market and regulatory change, has successfully grown to more than 575 employees. It now has 55,000 policyholders, supports $364 million of economic activity in the US state, processed more than 45,000 claims in 2013 and is proud that its policyholder satisfaction is well above the industry norm.

It matches its commercial drive with a dedication to giving back to the Colorado community – through initiatives such as the Pinnacol Foundation – which, since its origins in 2000, has distributed nearly $3 million in college scholarships to children of Colorado workers injured or killed at work.

Its mission is to grow and maintain its financial strength, in order to preserve its leading position, guarantee the payment of claims that may span years or even decades, and continue to support the community. It takes seriously the need to deliver transparency and accountability both to the state’s Department of Insurance (DOI), for which it is required to prepare financial statements and report results, and to the people of Colorado.

The needs

In 2011, Pinnacol began looking for a new accounting package that would create a more time-saving process to record financial transactions and make the monthly financial reporting process more efficient. Catherine Beus, Senior General Accountant at Pinnacol Assurance, explains, "In order to produce our monthly financial statements in a timely manner, we needed a system that would allow us to maintain our financial transactions and allocations in one place.”

The biggest challenge was that the data the accounting team needed to prepare the company’s financial statements was held outside of the system in a data warehouse.
To complete the financial statement process, the allocation of expenses (whereby overhead expenses are apportioned to claims and underwriting) was processed outside of the system. The data would go from the accounting software to the data warehouse and into Excel to produce the financial statements. To validate the integrity of the data, a thorough review would be performed to assure the reliability of the financial statements.

To support its goals, Pinnacol wanted a solution that would enable it to:

- Consolidate the allocation process, making it faster, easier and more efficient
- Drill down into data to make reporting more accurate, focused and rapid
- Seamlessly maintain and manage the allocations, even when there were internal business changes or external regulatory changes.

Crucially, the solution they chose would also need to integrate easily with existing systems such as Concur, Legal Pay and other external systems.

The solution

Having evaluated a number of solutions, Pinnacol chose Unit4 Financials (formerly Coda) because, says Catherine Beus, it ticked all the boxes: “We chose Unit4 Financials because we could easily integrate it with our other systems while at the same time using it to streamline, perform and automate most of the existing processes that required several systems.”

She says that they also had a number of objectives in terms of setting up the allocation configuration, and the fact that Unit4 consultants were able to help them achieve their goal of significantly reducing the number of steps was another key factor in choosing Financials.

The benefits

By implementing Financials, Pinnacol has gained greater control over its allocation process, increased the speed of operations through saved time and resources, and streamlined the production of more accurate and timely reports. In addition, the finance team now owns the process. Another advantage is that the Finance team can now produce financial statements directly from Financials and not the data warehouse.
Increased return on investment (ROI)

Financials’ rapid implementation and integration with Pinnacol’s other systems, and the elimination of the excessive time and effort needed to sort out manual workarounds, have all contributed significantly to its ROI. In addition, when new and revised regulations come from the Department of Insurance, Financials can easily absorb the changes.

Significant time savings through automated allocations

Using Financials’ allocation function, Pinnacol is not just able to accurately report both the internal and external financials reports, but can do it in greatly reduced time: preparation of the allocations has decreased from one day to 10 minutes, and the entire process through to validation, which typically took 2-3 days, now takes 4-5 hours. Catherine Beus says, “It’s really changed my life at month end. It used to take so much time out of our work week to produce the financial statements, and Financials has given us back two days that we can use to focus on other business activities.”

“Pinnacol lives in a world where the only real constant is change.”

Pinnacol Assurance Annual Report 2012

<table>
<thead>
<tr>
<th>OLD PROCESS:</th>
<th>NEW PROCESS:</th>
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<tbody>
<tr>
<td>Three teams</td>
<td>One team</td>
</tr>
<tr>
<td>Four employees</td>
<td>Two employees</td>
</tr>
<tr>
<td>72+ hours per month*</td>
<td>24+ hours per month*</td>
</tr>
<tr>
<td>Monthly cost: $2,175</td>
<td>Monthly cost: $720</td>
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<td>Oracle Essbase cost: $815</td>
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ANNUAL COST: $35,880
ANNUAL COST: $8,640

*24 hrs actual/48 hrs downtime included in the #s above.

Annual Savings: Approximately 582 hours and $27,240

Over $27,000 annual cost savings for just one process

The time and resource reductions brought about by the implementation of Financials means that Pinnacol has seen the cost of running the allocation process come down from $35,880 to just $8,640.

Timely visibility into reliable financial data

The ability for Pinnacol’s employees to drill down into the real-time financial data allows them to analyze (for example, current and historical data, actual vs. planned figures, etc.), and has enabled them to make better and faster business decisions. This has helped them to keep their rates competitive and provide the flexible service to their customers.
Across-the-board improvements
Because allocations are now tied directly to the general ledger, the data for the financial statements is completely reliable. In addition, only one report with different fields is now needed to produce the financial statements, instead of multiple reports. These and many other improvements make the process of producing financial statements more efficient, saving employees’ time — and saving Pinnacol money.

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Catherine Beus, Senior General Accountant, Pinnacol Assurance

About Unit4
Unit4 is a leading provider of enterprise applications empowering people in service organizations. With annual revenue north of 500M Euro and more than 4000 employees world-wide, Unit4 delivers ERP, industry-focused and best-in-class applications. Thousands of organizations from sectors including professional services, education, public services, not-for-profit, real estate, wholesale, and financial services benefit from Unit4 solutions. Unit4 is in business for people.