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Books Closed More Quickly at Stronger Insurers: Report

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Stronger performing insurance companies close their books faster and work fewer days, according to a study of 100 insurance industry CFOs by accounting firm WeiserMazars.

Two-thirds of insurers that returned more than 10% on capital over a rolling 3-year period were able to close their books in just 15 days, while only a third of companies with a return on capital lower than 10% reported closing their books at the same pace, according to the study, which included 50 CFOs at companies with over $1 billion in revenue.

“The high performers start to close their books faster because they have better data,” said Michael Flagiello, a financial services consulting partner at WeiserMazars. “These companies are hardwiring their machines and ledgers to talk to each other, and taking the time and effort to map out the information needed by management and regulators,” he added, noting the insurance industry CFOs operate in a highly regulated environment and often have hundreds or thousands of legal entities whose books need to be closed each quarter.

Companies that closed their books faster had finance teams that spend less time on number crunching, and more time on contributing analysis to the business, Flagiello said.

One fifth of the CFOs at companies with lower returns reported working more than 55 hours per week to close their books, while none of the CFOs at higher performing companies did. About a third of the CFOs at higher performing companies reported working fewer than 40 hours.

About half of all the CFOs polled said it takes less than 25 days to close their books, while the rest said it takes just 10 days.

Among companies with lower performance, 80% of CFOs reported too many regulatory requests, compared to 66% among the higher performers.

Only 25% of all the companies said they judge the quality of their data by looking at the amount of time it takes their finance departments to close the company's books.

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