

Insurance Services to the Public Sector

In the current economic environment where budgets are closely scrutinised, it is important to demonstrate value for money. With this in mind, Barnett Waddingham's Insurance Consulting Practice is pleased to offer the following services which would assist your organisation to make effective use of insurance.

- **Self Insurance Fund Evaluations** – Review of the fund to see if it is sufficient to meet the financial obligations for all the risks that the organisation has retained. In addition, we can estimate the level of fund required for the forthcoming year's retained risks.
- **Municipal Mutual Insurance ("MMI")** – Review of the potential exposure to clawback in the event that MMI does become insolvent.

In this ever changing world we are well positioned to provide in depth knowledge of the issues that you face and help you deal with these.

Self Insurance Fund Evaluations

Any public sector body that self insures must ensure that funds are available to pay claims as and when they fall due. In order to make proper provision in their accounts, the monetary value of the risks retained need to be analysed via:

- Claims paid and incurred to date
- Insurance policy deductibles and aggregates
- Expected timings of future payments
- Exposure such as population and number of employees

Our review is carried out by experienced actuaries using modern actuarial techniques. An actuarial report including the data used, methodology and our findings is provided.

On request, a range of estimates of the potential provisions required is also analysed. This illustrates the uncertainty inherent in the ultimate claims cost. Organisations often find this extremely useful in giving them comfort that the level of funding is sufficient with a degree of certainty.

We have experience in the above analyses having completed many reviews for clients across public and private sectors.



Municipal Mutual Insurance

MMI was the predominant insurer of public sector bodies prior to ceasing its underwriting operations in September 1992. It entered into a Scheme of Arrangement in 1993. Although MMI directors are committed to run-off with full payments of agreed claims, the liabilities have continued to deteriorate in recent years. The situation may also be worsened with the High Court ruling in 2008 on the 'mesothelioma trigger litigation' and is exposed to the effect of similar developments in future.

With many elements of uncertainty surrounding MMI's liabilities, if insolvency is considered unavoidable, then the Scheme Creditors would be subject to a levy. The size of the levy depends on the amount paid to the Creditors since September 1993. Subsequent to this levy, any liabilities or elective defence costs payments made by MMI will be made at a reduced rate, leaving their Creditors to fund the shortfall.

We can advise on the potential 'amount liable' to clawback by MMI in the event of insolvency, based on MMI's latest published accounts. A management letter including an abstract of MMI's voluntary insolvency, financial position and levy arrangements, latest developments and potential liabilities to the organisation is provided.

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Working with Barnett Waddingham

Barnett Waddingham have experience across Local Authorities, Police and Fire & Rescue Services. We are the largest independent actuarial consultancy in the UK. Our Insurance Consulting Practice provides actuarial services to the general, life and health insurance markets. Our team is made up of a group of highly committed individuals. This sets us apart from our competitors and helps us to provide tailor-made impartial advice for our clients.

Our philosophy is to provide a high quality, efficient actuarial service. The Barnett Waddingham approach is partner led and provides a consistent service. This approach means that clients receive a high standard of advice, relevant to their individual circumstances and at the right time.

Our staff build strong long-term relationships with our clients based on mutual trust and work in partnership with them. We keep our clients informed on industry and technical issues through regular contact.

Other services to the public sector and insurance markets include:

- Self insured funds healthcheck
- Cash-flow projections
- Optimum insurance programmes design (such as determination of deductibles and aggregate limits)
- Peer review of fund reviews and advice carried out by third parties
- Statements of actuarial opinion for regulators
- Review of underwriting and claims management
- Risk assessment
- Capital management
- Financial reporting actuarial support for the auditors

Our Specialist Team

For more information on these services please contact:



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