



Centenary deep dive: the rapid growth of GAD's insurance work

To celebrate GAD's centenary, eNews is running a series of 'deep dives' into key areas in which our actuaries have contributed to public life over the last 100 years. This article, the third in our 4-part series, discusses GAD's role providing insurance advice to UK government – an important and growing addition to GAD's actuarial offering.

Rapid recent growth

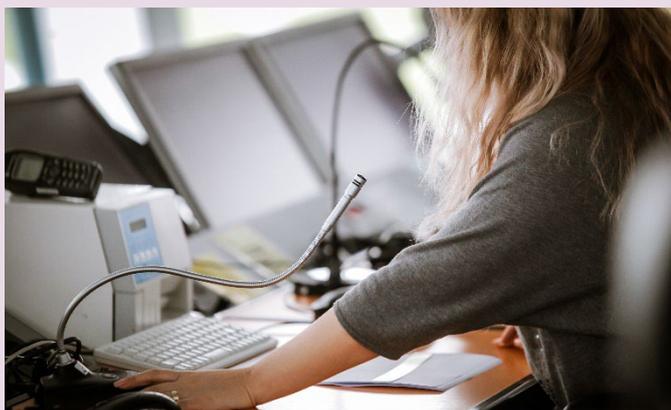
The [1918 Haldane Report](#) recommended a single source of actuarial expertise for government. GAD's work on insurance historically focussed on assisting supervisors in their regulation of the insurance industry. However, in recent years our actuaries have been exploring the way in which actuarial techniques used by insurance companies could be better used to advise government departments on the risks they face. Since then GAD has enjoyed sustained and rapid growth, advising on existing insurance and risk pooling arrangements in government, the implementation of new ones and more generally the way in which actuarial techniques can support better risk quantification and management.



Case study: Airline insolvency

When travel firms Monarch and Thomas Cook collapsed, the government ensured that thousands of affected holidaymakers were brought home.

GAD's insurance team recently worked with the Department for Transport on the [Airline Insolvency Review](#). GAD's analysis helped the review propose a flight protection scheme which would protect holidaymakers who have booked flights directly (ie not on ATOL-protected package holidays) against airline insolvency. If these recommendations are implemented, any future airline insolvency repatriation would be paid for in full by the airlines and travellers rather than the government picking up the excess (after ATOL, travel insurance and card payment guarantees).

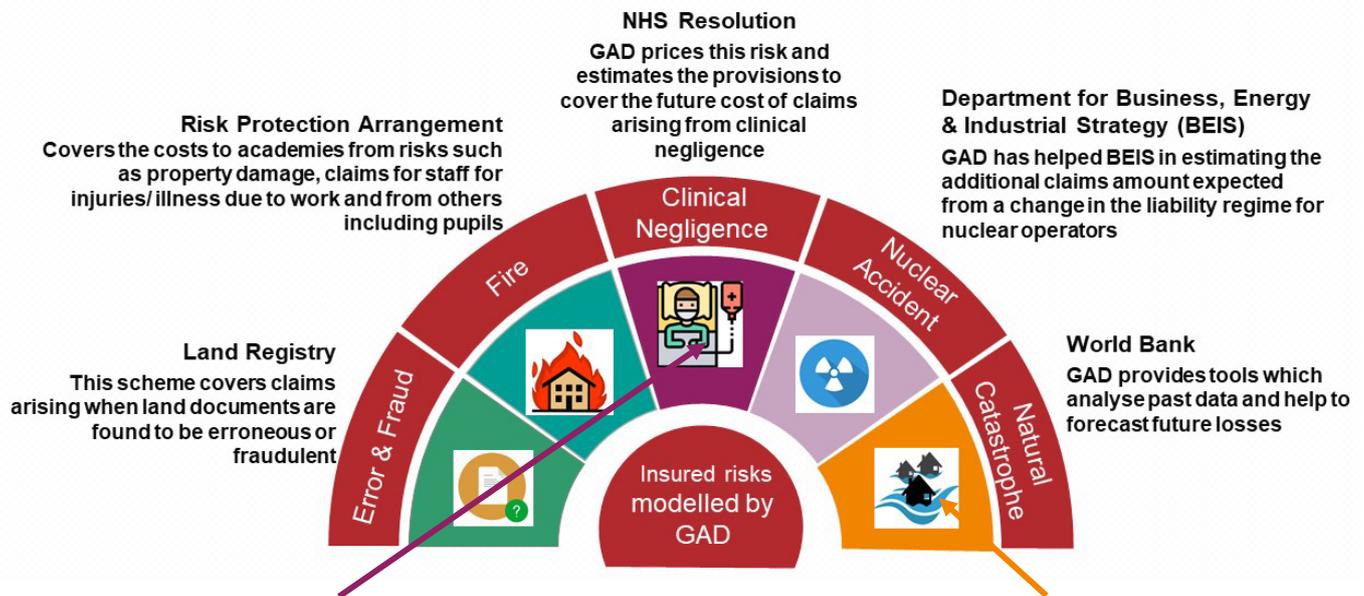


Bespoke projects

Recent projects have included advising on the risks of airline insolvency, ensuring doctors are provided with fairly priced coverage for clinical negligence and providing tools to help developing countries with their financial planning after natural disasters. All of these are a far cry from the more typical areas associated with actuarial insurance work, such as car, home and travel insurance. An overview of some key areas where GAD insurance actuaries advise is set out overleaf.

Advocating improved risk management

The expansion in our portfolio has been driven by policy decisions, more scrutiny and reporting of government's contingent liabilities, and an increased understanding of the value that improved risk management can add for departments. GAD actuaries advise HM Treasury on contingent liabilities and are active in championing better risk management practices across government, including the identification of new areas where the implementation of insurance may lead to better risk outcomes.



Case study: NHS Resolution

NHS trusts are often subjected to claims arising from their activities, for example a patient claiming medical negligence. NHS Resolution helps to control the risks of such claims, by managing claims and advising on safety and learning from mistakes.

Among other advice, GAD supports the setting of annual risk-related contributions for NHS bodies. The analysis which supports the setting of contributions helps NHS Resolution to identify factors which affect the risk of future claims and to communicate these factors to its members.

Case study: World Bank

Natural disasters threaten lives and livelihoods and when they occur the financial consequences for developing economics can be devastating.

GAD's work to support the World Bank has included producing a range of user-friendly modelling tools to help developing countries better understand their financial exposure to natural disasters, providing assistance with World Bank research initiatives and advising on appropriate disaster risk financing strategies for specific projects the World Bank is funding.

Anticipating future risks

As the risks the government faces are unique, so too is our work and this can require innovative and bespoke solutions. To date, our willingness to undertake projects ranging from the niche to the long-term has led to a rapid expansion in the size of our team and in the amount of work we undertake. This in turn means we've increased the breadth and depth of services, leading to a fully-rounded actuarial and analytical offer.

From emerging climate change, to technological advances such as the development of artificial intelligence, GAD will continue working with clients to help them plan for and anticipate future risks. In this way our expertise and work can continue to make a difference to our clients, and by extension to the public purse, throughout the century ahead.

