



## GLCI – Case Study

### Client

A leading global organisation in the City of London.

### Problem

The client employs over 900 employees to whom they are contracted to provide Death in Service and Dependant's Benefits where applicable. These benefits are provided through the company pension scheme, which in turn is protected by a group life insurance policy. At the renewal of the policy the carrier imposed a catastrophe event limit of £50 million. This limit was considerably lower than the total sum of benefits assigned under the scheme. Such an inadequate limit potentially exposed the pension fund and/or company and/or trustees to a substantial uninsured loss.

### Risk Assessment

Jardine Lloyd Thompson Limited (JLT) was appointed to carry out a strategic review of the client's insurance requirements. A risk assessment revealed that the client's employees were primarily concentrated in two adjacent City office locations within close proximity to high-risk buildings. Looking at the number of employees, payroll and the benefits provided, JLT calculated the potential catastrophe exposure at both locations to be £400m.

### The Solution

JLT worked with colleagues in our Employee Benefits company to draw on the combined knowledge and expertise to assist the client in addressing their gap in insurance.

### Stage 1

This led to the following:

1. Check whether the current insurer could increase the event limit.
2. Seek terms from a new provider able to offer a higher event limit.
3. Seek terms under the JLT facility (see below) in excess of the £50m event limit.
4. Pool coverage with several insurers; thus achieving greater event limit coverage.
5. Separate the Death in Service Benefit (DIS) from the Dependent's and place two separate policies, thus achieving two separate event limits.

Due to the size of the uninsured exposure our recommendation was to maximise the event limit available from the group life market before seeking specific catastrophe event coverage. This could have been achieved by either option 3 or 4. Our client decided on option 4 and we were able to achieve a combined event limit of £200 million.

### Stage 2

The client still had potential uninsured exposure of £200 million, we therefore sought terms under our exclusive facility, which is placed with a leading worldwide insurer. This facility was set up to specifically address the pension gap problem. It benefits from a specific wording that offers better and wider coverage than is generally available in the market. Risks of up to £150 million can be bound under the facility.

### Stage 3

Having utilised the full capacity under the facility, JLT addressed the remaining £50 million gap by placing an open market policy utilising the same wording that features under the facility.