London Market Power Forum – Breaking the BI Code

Lee Swain

Making Numbers Make Sense

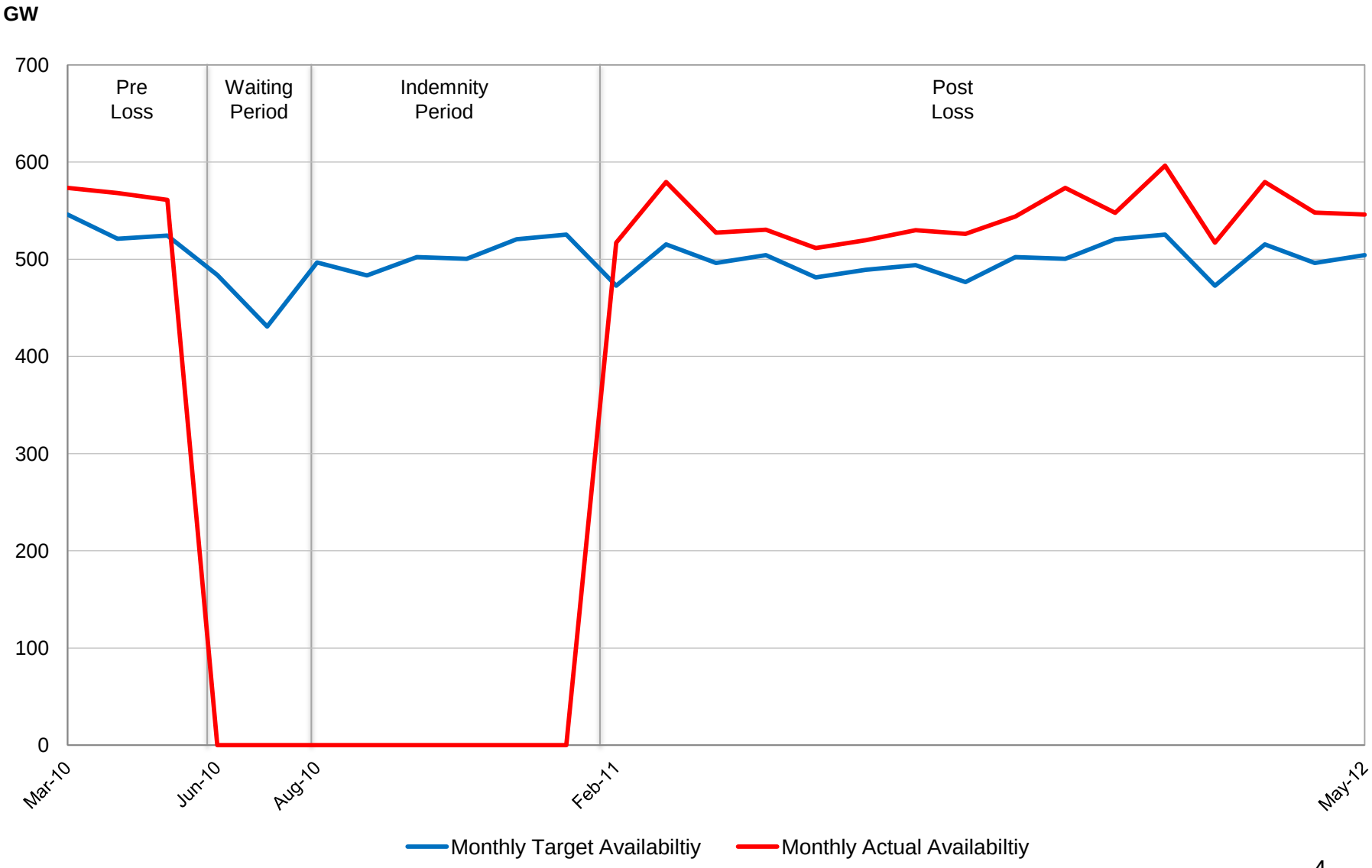
FORENSIC ACCOUNTANTS

Scenario No. 1

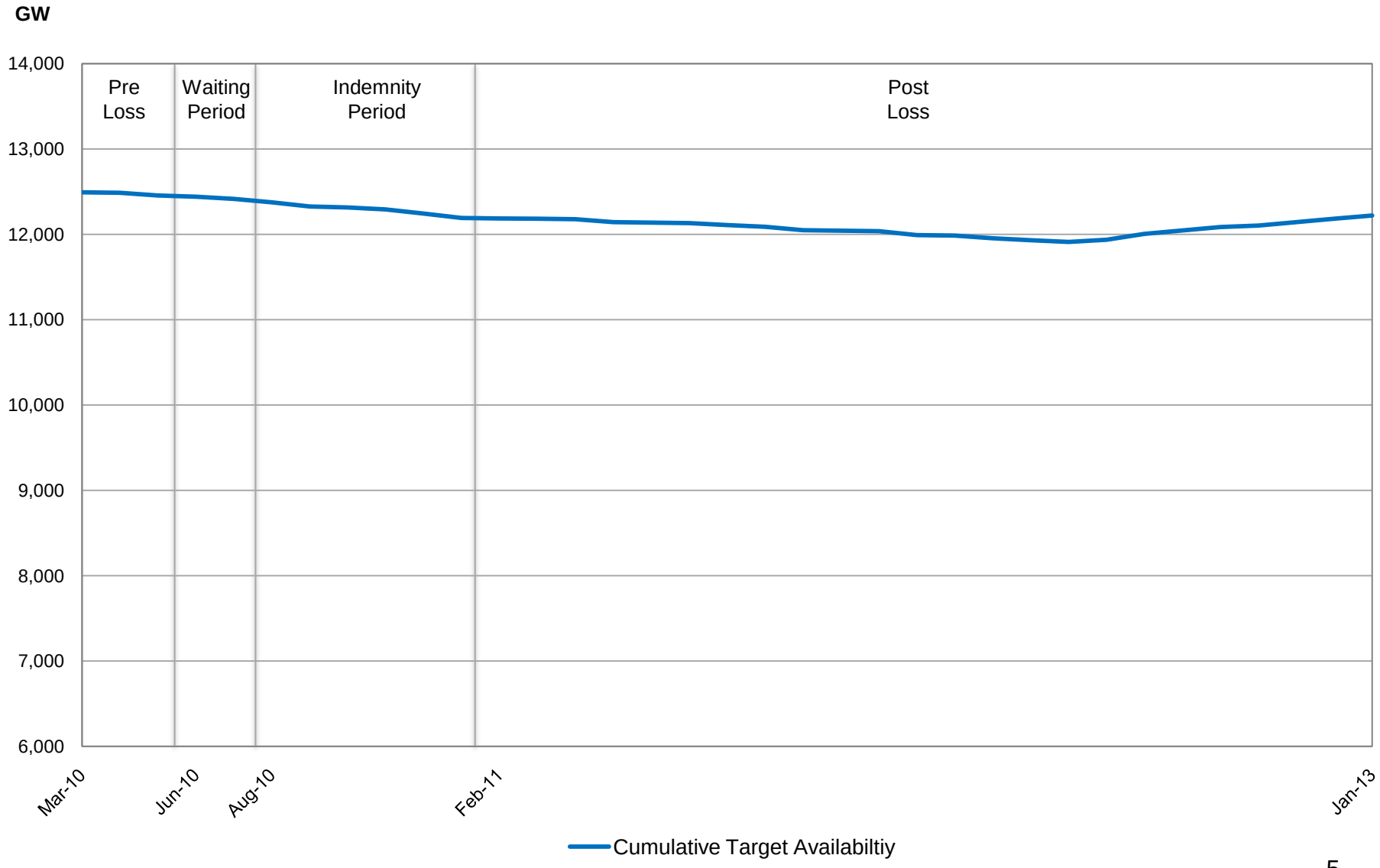
FORENSIC ACCOUNTANTS

Monthly Target Availability

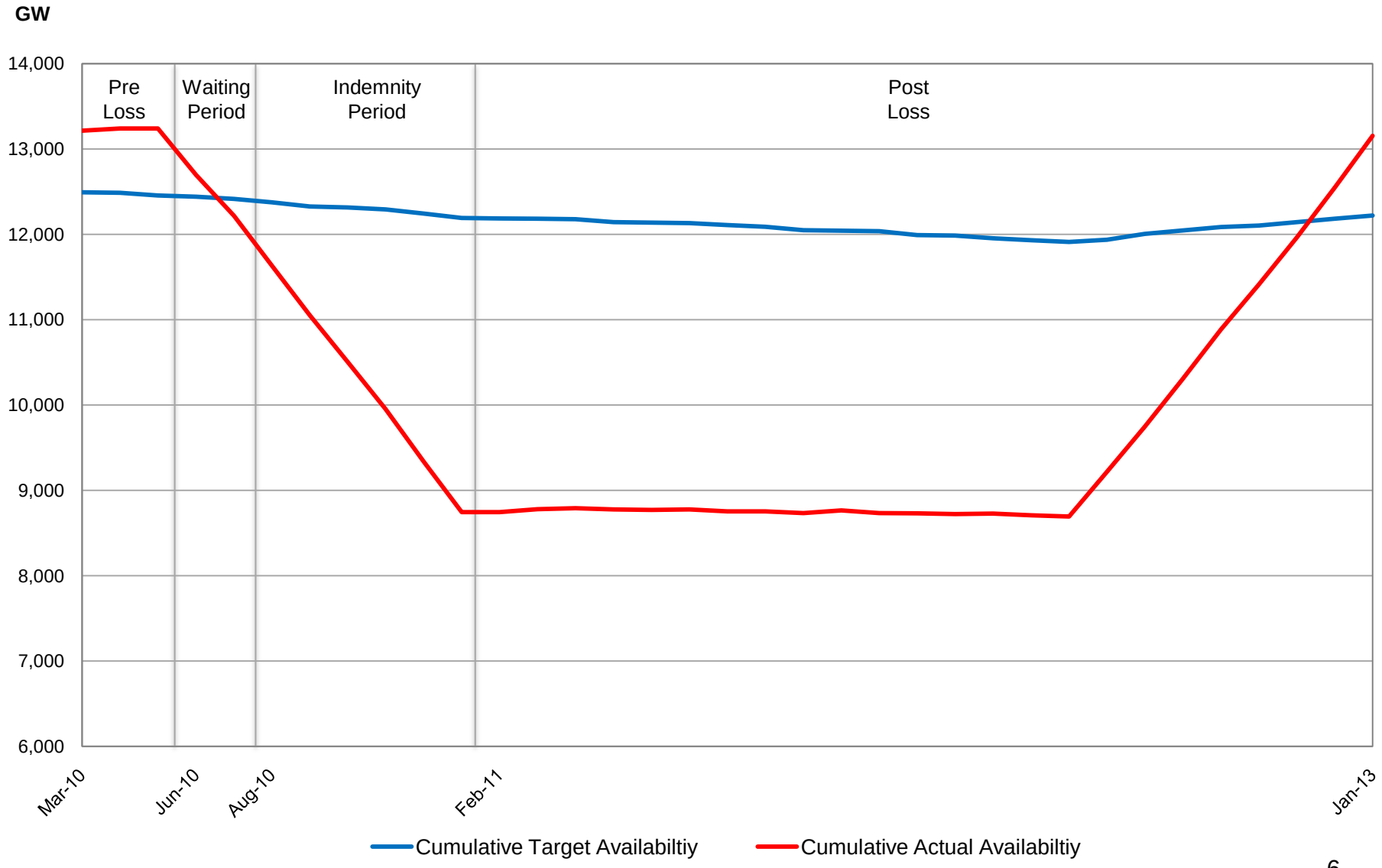
Monthly Target v Actual Availability



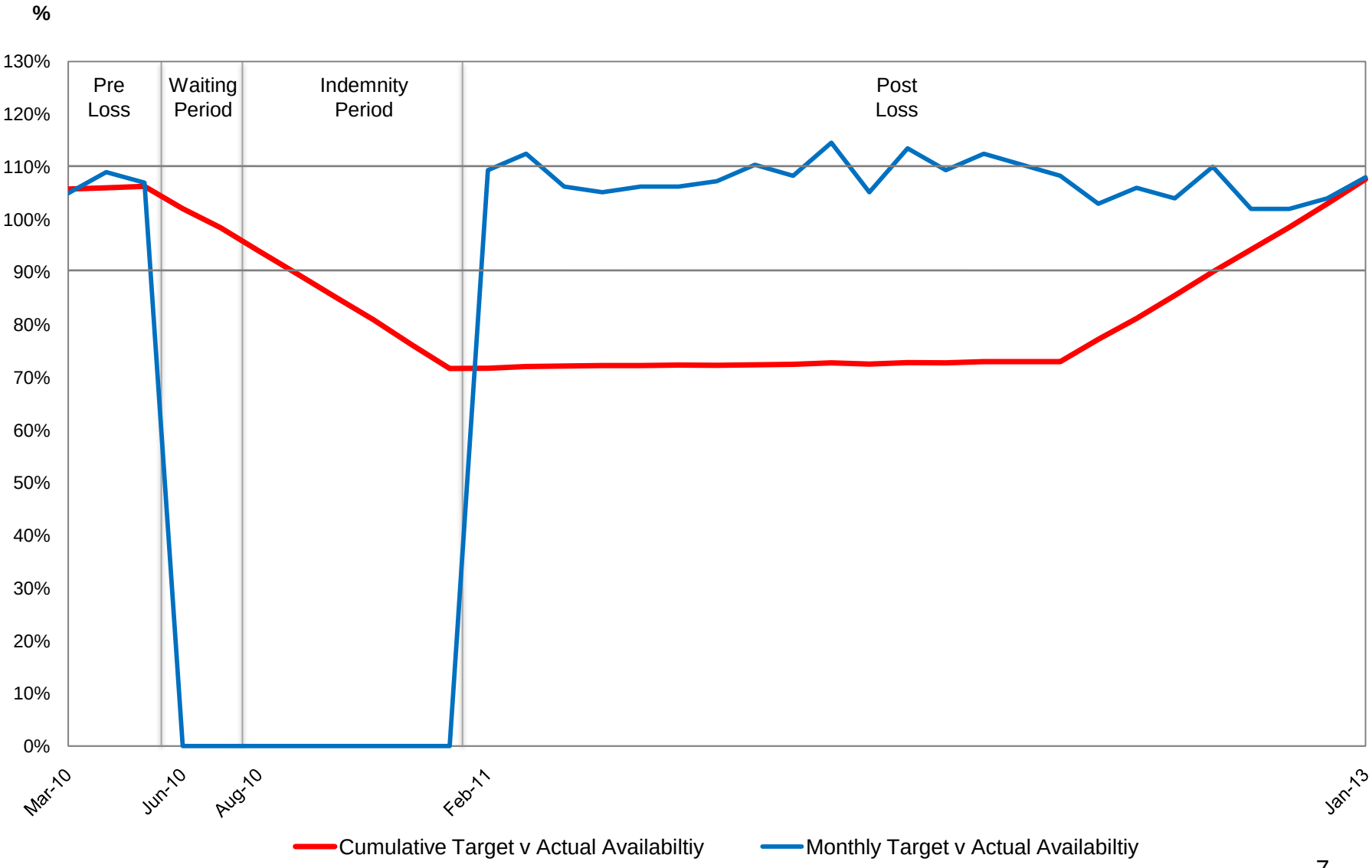
Cumulative – 24 Month Rolling Average



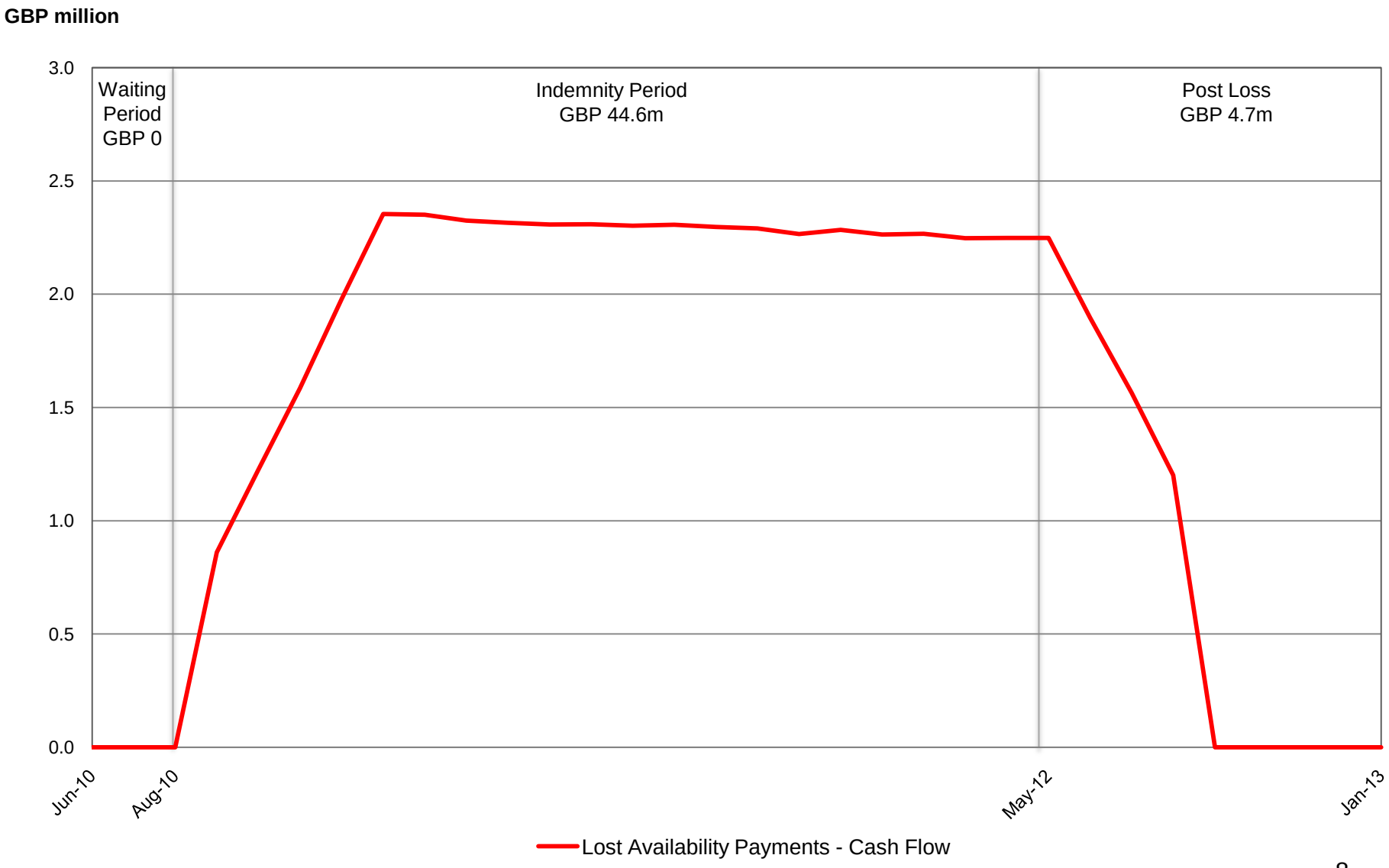
Cumulative Availability – 24 Month Rolling Average



Cumulative Target v Actual Availability Percentage



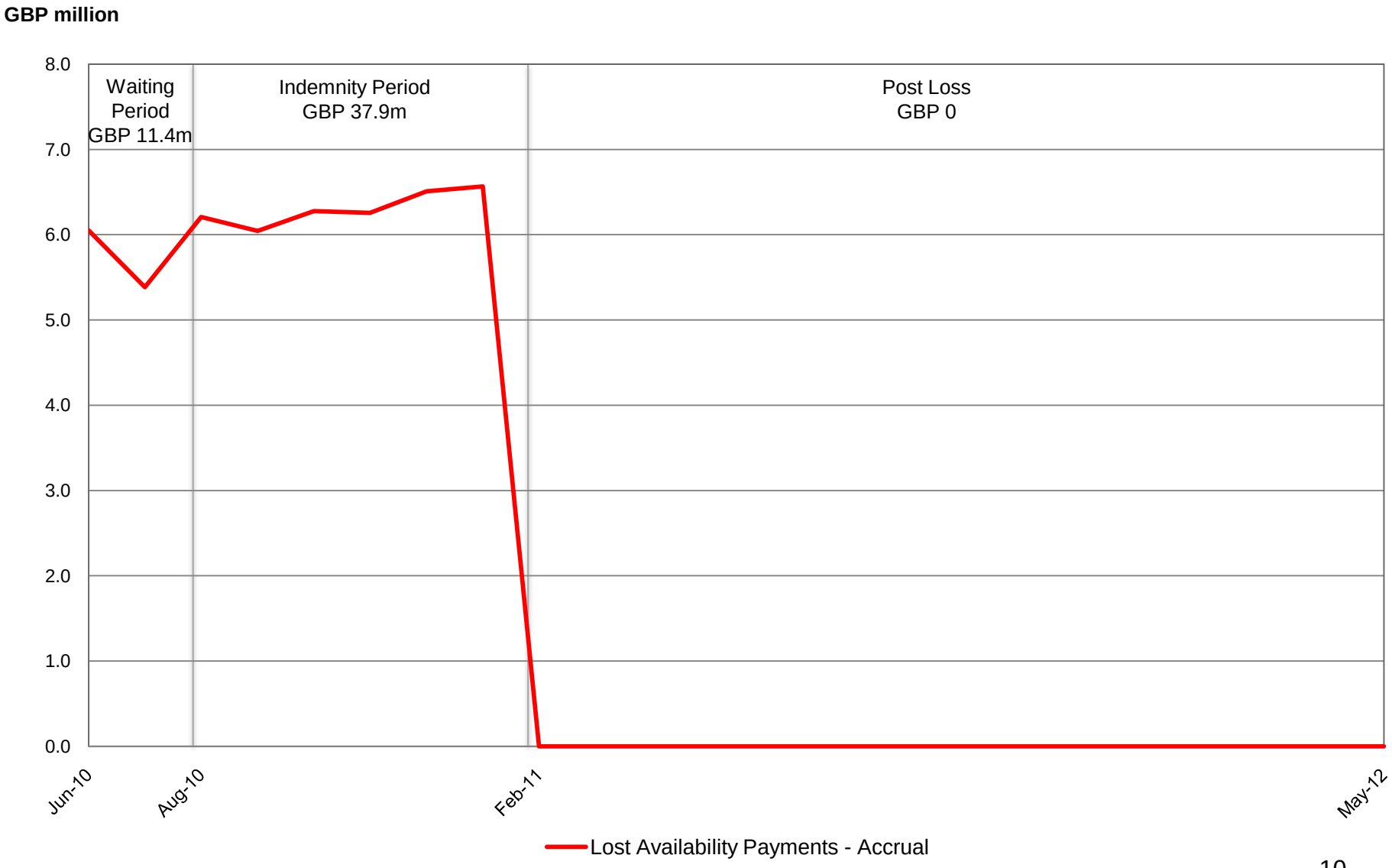
Cumulative Loss of Availability Payments – Cash Flow Basis



Discussion Points – Scenario 1

- Is the availability cash flow loss (GBP 4.7 million) beyond the maximum indemnity period recoverable?
- Is the availability cash flow loss (GBP 0) in the waiting period the correct measure of the deductible?
- Should the loss of availability payments be considered on an accrued or cash flow basis?
- How can policy wordings be improved to cater for availability payments conducted on a rolling average basis?

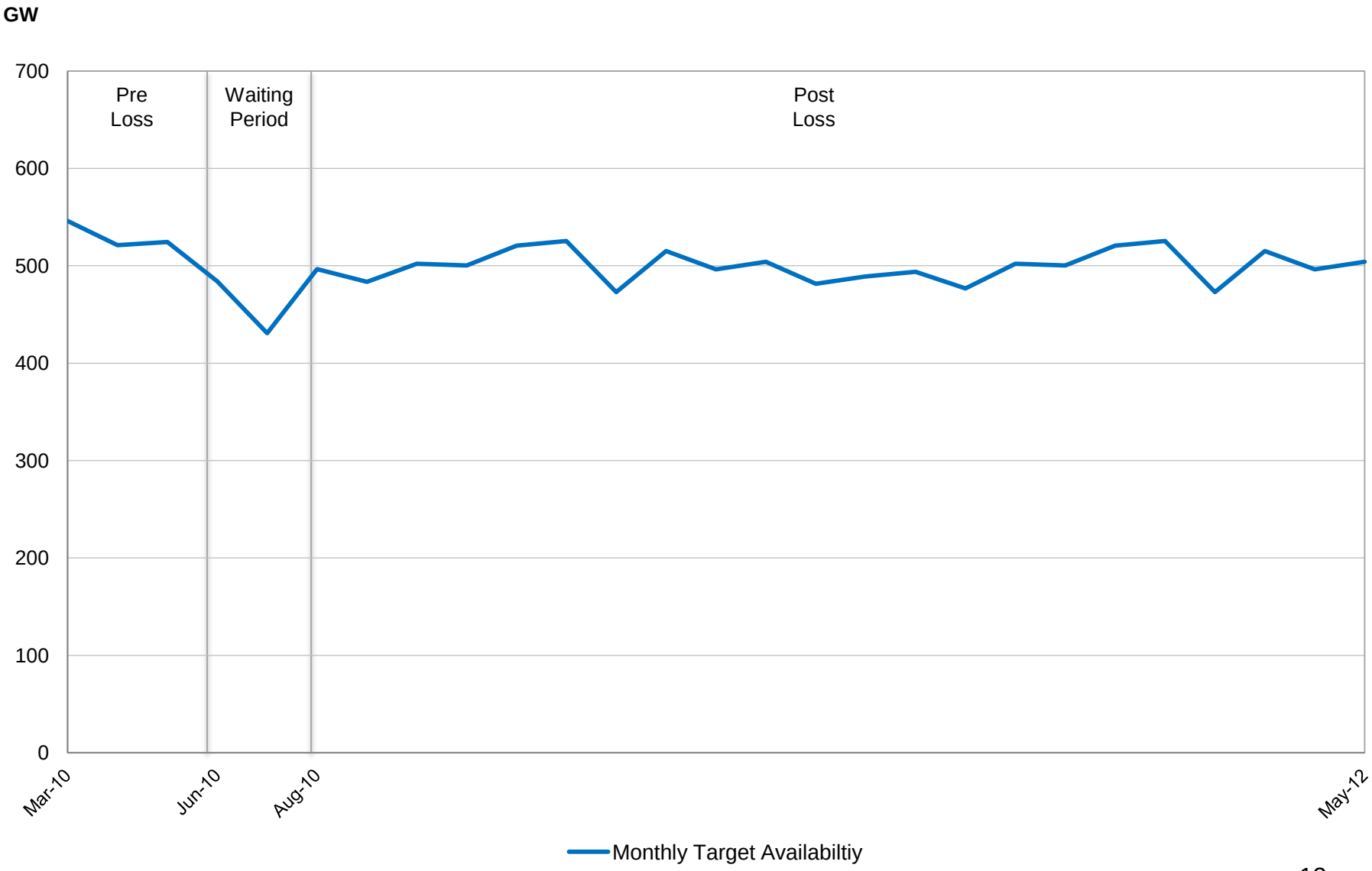
Monthly Loss of Availability Payments – Accrued Basis



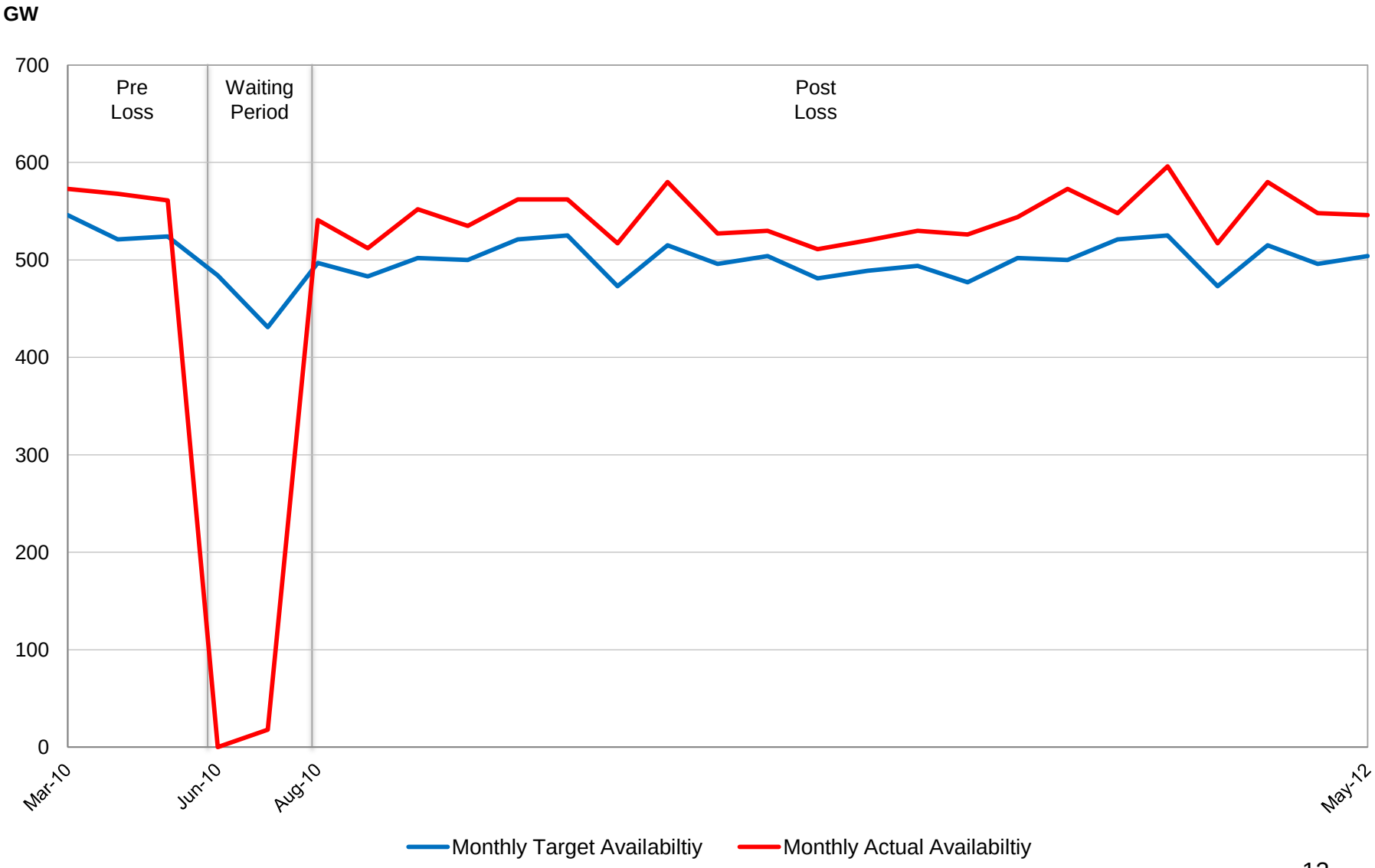
Scenario No. 2

FORENSIC ACCOUNTANTS

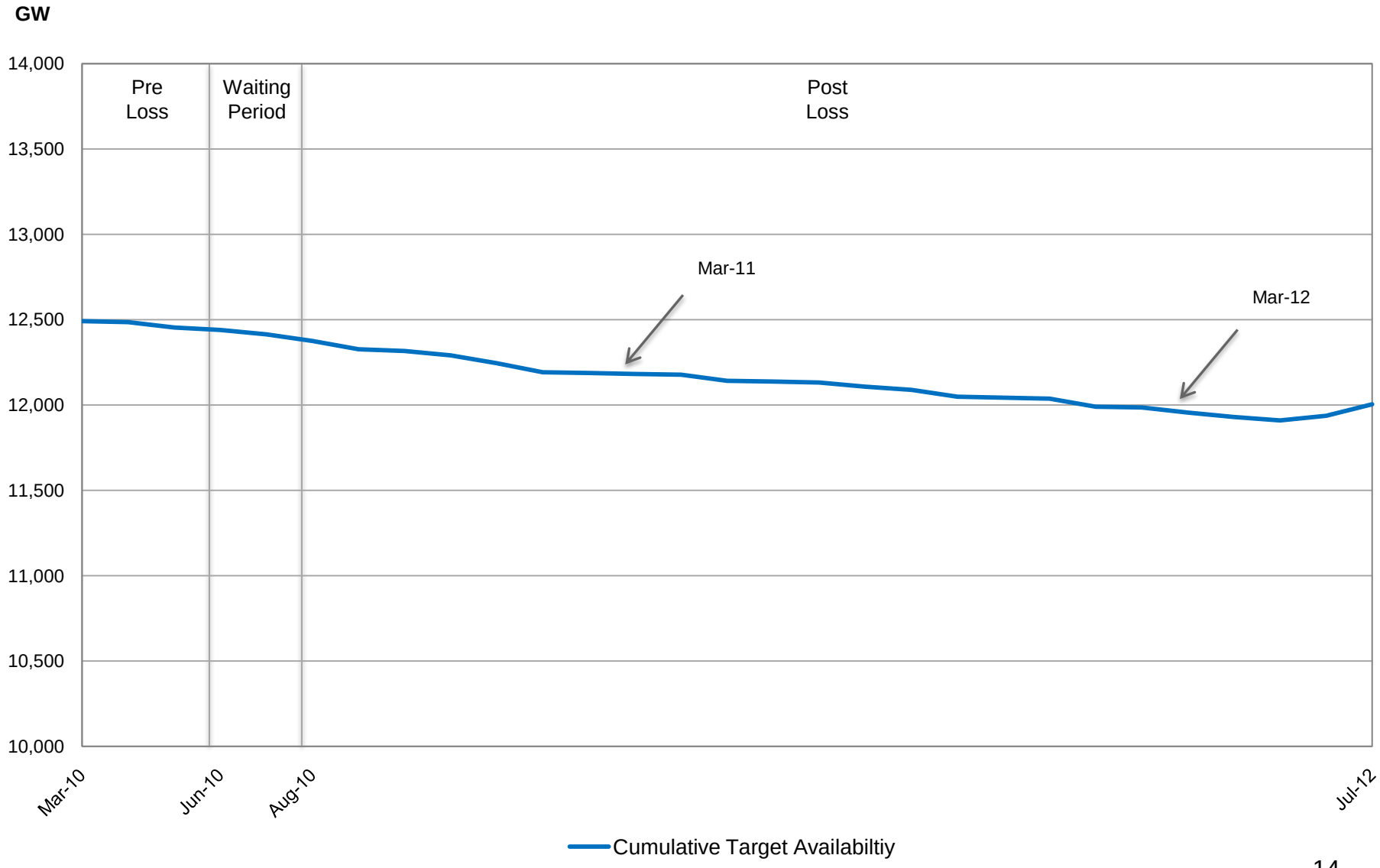
Monthly Target Availability



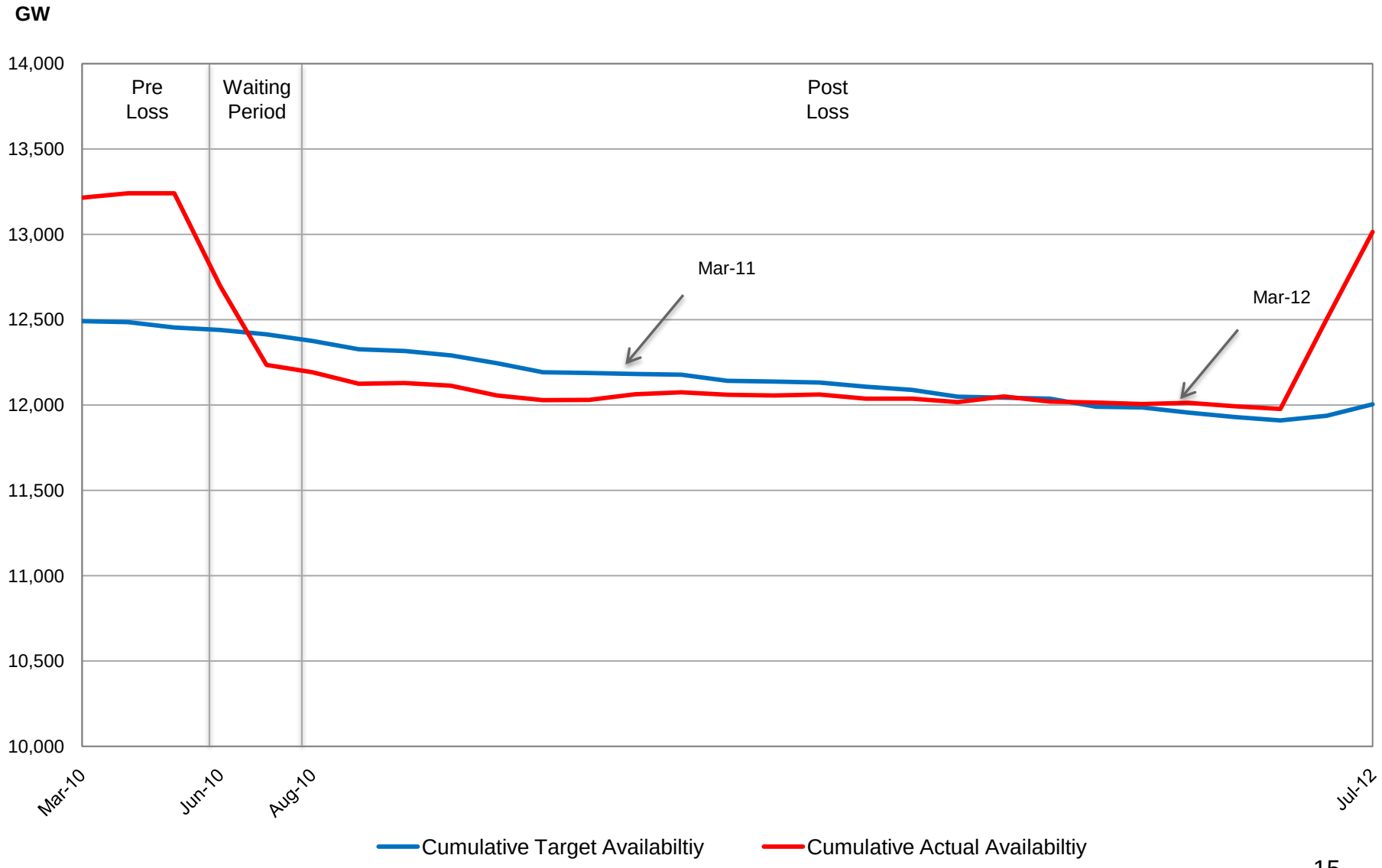
Monthly Target v Actual Availability



Cumulative – 24 Month Rolling Average



Cumulative – 24 Month Rolling Average



Discussion Points – Scenario 2

- Is the shortfall in the annual bonus calculation conducted in March 2011 and March 2012 recoverable?
- Should the loss of availability payments be considered on an accrued or cash flow basis?
- How can policy wordings be improved to cater for availability payments conducted on a rolling average basis?