

Checking financial models for UK Export Finance

GAD undertakes quality assurance analysis

The Government Actuary's Department (GAD) has just completed several quality assurance exercises for [UK Export Finance](#) (UKEF).

UKEF is the UK's export credit agency and a ministerial government department that's strategically and operationally aligned to the Department for International Trade. UKEF works with 70 private credit insurers and lenders to help UK companies access finance (loans, insurance policies or bank guarantees) so they can trade internationally.

GAD was commissioned by the UKEF audit team to undertake quality assurance analysis on models for a range of products, specifically:

- export insurance policies
- bond insurance policies
- buyer credit and direct loan facilities
- export credits relating to civil aircraft

Review outcome

We examined UKEF's financial models, as well as the processes which underpinned them. GAD's quality assurance process looked at whether these models were fit for purpose, if the approaches used fit best practice and were of a level of quality consistent with that used across government.

Nick Clitheroe, the GAD actuary who led on the project said: "After looking at all of the 4 products we decided to make 6 recommendations in all. However, these recommendations are potential areas for further development. The models we analysed were some of the best I've seen in government and of very high quality."

Quality assurance process

The GAD team undertook a detailed quality assurance analysis. They reviewed the valuation models, pricing processes and technical approaches to calculations. The team examined the approach, method and way UKEF calculates risk, and concluded the quality assurance assessment by recommending 6 potential areas for further development.