

GAD's work with HM Land Registry

News story

GAD provided actuarial advice to HM Land Registry as it looks to estimate the cost of fraud and errors. We used claim information to estimate an Indemnity Fund.



The Government Actuary's Department (GAD) has supported HM Land Registry as it seeks to estimate the cost of fraud and errors.

We estimated the cost of future claim payments to indemnify third parties who have suffered losses in their land registration documents.

Best estimate

HM Land Registry registers the ownership of land and property in England and Wales. It is legally liable to pay for instances of error or fraud when land registration documents are registered.

GAD provides actuarial advice, estimating how much will need to be paid out in respect of these liabilities. Our role in valuing this Indemnity Fund helps to ensure transparency of taxpayer costs as our work informs the disclosures in HM Land Registry's [latest annual report and accounts](#).

Indemnity Fund

GAD's work includes sharing results of scenario and sensitivity tests that reflect the unpredictable nature of future claim numbers and costs.

HM Land Registry regularly provides GAD with data about all its claims, whether settled or not.

GAD uses this information to model how claim numbers and costs will develop in the future to estimate an Indemnity Fund to meet the cost of claims. This includes assumptions on:

This Indemnity Fund is the amount that HM Land Registry estimates it will need to settle claims in the future.

Estimating costs

There are 2 parts to this estimate, the outstanding claims reserve and the incurred but not reported reserve (IBNR).

The outstanding claims reserve is for claims that have been reported to Land Registry but haven't yet been paid in full. The IBNR reserve is for claims where the fraud or error has occurred but hasn't yet been reported to the Land Registry.

Accurate results

GAD actuary Nam Le said: "The discipline of a structured model assisted the GAD team in setting the reserves. It meant that we were able to provide the best estimate of what these figures may be."

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