

# Improving contingent liability management

News story

GAD has been announced as a key partner to help establish the new Contingent Liability Central Capability function for government.



The Government Actuary's Department (GAD) has been selected as a key partner to establish a function to monitor and understand the evolving nature of the risks which can affect government.

## **Proposal and objectives**

In March 2020 HM Treasury [published proposals](#) to improve the management of guarantees and insurance provided by government. GAD played a key role in developing the proposals, the objectives of which are to:

- improve the expertise within government to quantify and price risk
- improve compensation which government receives for risks it takes on
- establish incentives to reduce the probability of the risk materialising and the cost when it does
- clarify risk ownership to provide more certainty surrounding how the costs will be shared between government departments, the Exchequer and the private sector

## **Approval and funding**

Central to these proposals is the establishment of the new Contingent Liability Central Capability (CLCC), which gained approval and funding in the [Spending Review 2020](#).

The CLCC will support government departments in the evaluation, pricing, and management of guarantees and insurance. It will monitor and report on the government's overall portfolio of risk from contingent liabilities.

Due to its risk management expertise, GAD was selected by HM Treasury to work with UK Government Investments to establish the CLCC in 2021.

GAD Actuarial Director Matt Gurden sits on the steering board guiding implementation of the CLCC. He said: "This is an important development, as this new function is designed to help government improve its understanding and management of risks. Our risk management experts will play a central part in the formation and ongoing capability of the CLCC."

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