KPMG Actuaries Pty Limited
Australian Financial Services Licence No: 227 328

ABN: 77 002 882 000

10 Shelley Street
Sydney NSW 2000
Australia

PO Box H67
Australia Square
Sydney NSW 1213
Australia

Telephone: +61 2 9335 8900
Facsimile: +61 2 9335 8911
Email: actuaries@kpmg.com.au

Actuarial Report on

Proposed Transfer of

MMI Australia to Gordian Runoff Limited

Under Division 3A of Insurance Act

22 January 2009

KPMG Actuaries Pty Limited
Australian Financial Services Licence No: 227 328

ABN: 77 002 882 000

10 Shelley Street
Sydney NSW 2000
Australia

PO Box H67
Australia Square
Sydney NSW 1213
Australia

Telephone: +61 2 9335 8900
Facsimile: +61 2 9335 8911
Email: actuaries@kpmg.com.au

22 January 2009

Allan Castle, Finance Director
Municipal Mutual Insurance Limited
29 Buckingham Gate
Westminster
London
SW1E 6NF
United Kingdom

CC: Ian Willett (MMI), Rob Brauer (McGrath Nicol) and Naomi Moore (Bingham)

PROPOSED TRANSFER OF MMI AUSTRALIA TO GORDIAN RUNOFF LIMITED

Please find enclosed my actuarial report on the proposed transfer of Municipal Mutual Insurance Limited (Australian Branch) ("MMI Australia") to Gordian Runoff Limited ("Gordian") under Division 3A of Part III of the Insurance Act 1973.

If you have any questions with respect to this report, please do not hesitate to contact me.

Yours sincerely

Richard Wilkinson, FIA, FIAA
Director
KPMG Actuaries Pty Ltd

Executive Summary

Introduction

It is proposed that all Australian branch liabilities of Municipal Mutual Insurance Limited are transferred to Gordian Runoff Limited by a scheme in accordance with Division 3A of Part III of the Insurance Act 1973. Both MMI Australia and Gordian are in run-off and have been for some time.

This report is intended to provide an actuarial basis for the proposed transfer of MMI Australia's insurance business to Gordian. In particular, it investigates the impact of the proposed transfer on the capital position and liabilities of Gordian and examines whether policyholders will be detrimentally affected by the scheme

Conclusion

In this report I have considered the interests of the policyholders of MMI Australia under the terms and expected outcome of the proposed Scheme.

Based on my review I conclude that:

- The financial security of Gordian remains well above the minimum APRA levels after the Scheme is completed. Furthermore, the level of security supporting the MMI Australia policyholders is stronger in APRA terms once the Scheme is completed than it is for MMI Australia's policyholders prior to the Scheme.
- The Scheme will not alter the policy terms and conditions in respect of the MMI Australia policyholders or Gordian policyholders other than in substituting Gordian for MMI Australia as the insurer.
- There are not expected to be any material additional operational risks arising for MMI Australia policyholders following the proposed Scheme, especially noting that there is currently only one reopened claim.

In summary, I have concluded that neither the policyholders of MMI Australia or Gordian will be detrimentally affected by the proposed Scheme in any material way and that the Scheme appears to provide advantages for policyholders of MMI Australia.

Although I have concluded that the valuation of Gordian liabilities as at 30 June 2008 are not unreasonable, it must be understood that estimates of insurance liabilities are generally subject to potential errors of estimation due to the fact that the ultimate settlement value of future notified, existing unsettled and reopened claims, is subject to the outcome of future judgments and settlements. A number of uncertainties surrounding the valuation of Gordian insurance liabilities are noted in Section 3.

I have made all the enquiries that I believe are desirable and appropriate. No matters of significance that I regard as relevant have, to my knowledge, been withheld from the Court. These enquires include high-level discussions, based on data up to 30 September 2008, of any issues arising from the worldwide economic crisis which could have materially impacted either portfolio. Any further material issues that come to light prior to the Court hearing, relating to any post-30 September 2008 information that becomes available, will be addressed in a separate affidavit to the Court.

Qualifications of expert

Paragraph 2.1 of the *Guidelines for Expert Witnesses in Proceedings in the Federal Court of Australia* requires the details of the expert's qualifications to be disclosed in the expert's report.

My qualifications as an expert in support of the preparation of this report are set out in Appendix B of this report.

Executive Summary Not Report

This report must be read in its entirety. Individual sections, including the Executive Summary, could be misleading if considered in isolation.

Table of Contents

Main Report Sections

Appendices

1 Introduction

1.1 Background

It is proposed that all Australian branch liabilities of Municipal Mutual Insurance Limited ("MMI Australia") are transferred to Gordian Runoff Limited ("Gordian") by a scheme in accordance with Division 3A of Part III of the Insurance Act 1973 (the "Scheme"). Both MMI Australia and Gordian are in run-off and have been for some time.

1.2 Scope

This actuarial report is provided in accordance with Phase 2 of our engagement letter dated 4 July 2007 and is intended to provide an actuarial basis for the proposed transfer of MMI Australia's insurance business to Gordian. In particular, it investigates the impact of the proposed transfer on the capital position and liabilities of Gordian and examines whether policyholders will be detrimentally affected by the scheme.

A balance date of 30 June 2008 (with updates as at 30 September 2008 where possible) will be adopted as the basis for the investigation, with adjustment for any material post balance sheet movements.

I am aware that a scheme to transfer the liabilities of the Australian branch of Sphere Drake Insurance Limited ("SDI") to Gordian and a scheme to transfer the liabilities of the Australian branch of Cavell Insurance Company Limited ("Cavell") to Gordian are also proposed within a similar timeframe. I am not aware of any other proposed schemes at this time. I have been provided with summarised information from the actuaries who are assessing the transfer of these entities into Gordian, and have prepared a summary of the estimated combined impact of the three schemes on Gordian's financial position. I have not completed my own assessment of the other schemes, however based on the information provided I believe that the financial position of Gordian, and therefore the policyholder security, would not be materially impacted.

1.3 Prudential and professional standards

APRA's Prudential Standard GPS410 requires that any actuarial report supporting the Scheme be provided to APRA prior to an application being made to the Court. Although GPS410 has been referenced when preparing this report, it is noted that GPS410 does not provide any guidance on the format or content of actuarial reports.

1.4 Distribution and use

The purpose of this report is limited by the scope discussed above, and should not be used for any other purpose.

This report is being provided to MMI Australia, Gordian and their respective advisors. This report may be made available to APRA, the Federal Court of Australia, the Financial Services Authority in the UK (the "FSA") and policyholders for its stated purpose. It should not be distributed to any third party without prior written consent from KPMG Actuaries Pty Ltd ("KPMG Actuaries"). KPMG Actuaries will not be liable for the consequences of any third party acting upon or relying upon any information or conclusions contained in this report.

1.5 Verification of data

Reliance has been placed upon the information provided to me by MMI Australia and their agents and Enstar Australia Holdings Pty Ltd ("Enstar") as parent entity and run-off manager of Gordian. I have not independently audited or verified the data with external sources, however the data was checked for reasonableness and internal consistency.

Should MMI Australia or their agents or Enstar discover material errors in the data or changes in the circumstances of either Gordian or MMI Australia prior to the completion of the scheme, this should be indicated to KPMG Actuaries and the report amended if required.

1.6 Report to be read in full

This report must be read in its entirety. Individual sections of the report could be misleading if considered in isolation from each other.

2 Overview of MMI Australia

2.1 Background

Municipal Mutual Insurance Limited, an insurer in the UK, opened an Australian branch in 1989. They specialised in local authority and schools liability business but also wrote fire, accident, combined liability, professional indemnity, marine and motor vehicle business, predominantly on a claims occurring basis. MMI Australia ceased writing business and entered run-off in March 1992.

As MMI Australia has no premium remaining unearned, the insurance liabilities comprise outstanding claims liabilities only.

I have been advised that no reinsurance is applicable to MMI Australia.

2.2 Claim reporting experience to 30 June 2008

The following table shows how the number of open claims has moved since 2001:

Table 2.1: Movement in numbers of claims

Period ending	*New claims*	*Claim closures*	*Open claims at end*
31-Dec-01			15
30-Jun-02	3	5	13
30-Jun-03	3	8	8
30-Jun-04	1	4	5
30-Jun-05	1	2	4
30-Jun-06	0	1	3
30-Jun-07	1	1	3
30-Sep-07	0	2	1
30-Jun-08	0	1	0

All of the new claims and movements in existing claims have been in the Public Liability class. There have been no new Professional Indemnity claims since 2001, and the last Professional Indemnity claim closed in 2002. There have also been no new claims, or movements in existing claims, arising from the shorter tailed classes of business such as fire, accident, marine and motor vehicle insurance since pre-2001.

2.3 Outstanding claims

The report “MMI Australia, Valuation of Insurance Liabilities at 30 September 2007” dated 22 October 2007 by Richard Wilkinson and James Makin detailed the findings of a valuation of the outstanding claims of MMI Australia as at 30 September 2007. I provided an addendum to this report on 17 July 2008 to update the position following payment of the remaining outstanding claim.

The table below reproduces our results as at 15 July 2008 from our report addendum. The expense assumptions are based on MMI Australia's own experience, which have totalled around $100k to $150k pa over recent years. This is mostly comprised of the fees charged by MMI Australia's administrative assistant in Australia. Administration costs may reduce further in the future, however there will be a base level of costs that an estate such as MMI Australia must incur if it is to remain in operation, regardless of the volume of claims activity. We have assumed that the total cost applicable to the running-off of our net central estimate of MMI Australia's future claims costs is $300,000, representing $75,000 pa for 4 years.

Table 2.2: Outstanding claims provision as at 15 July 2008 – MMI Australia's expenses

	$
Case estimates	0
IBNR/ER	175,000
Claims handling expenses	300,000
Net central estimate	**475,000**
Risk margin to achieve 75% probability of adequacy	600,000
Additional claims handling expenses	45,000
Provision to achieve 75% probability of adequacy	**1,120,000**

The table below is also extracted from our report addendum dated 15 July 2008. It shows the outstanding claims provision when an expense rate of 7.5% is adopted. This expense rate would be more typical of a larger company, as may be the case if the liabilities were transferred to a third party.

Table 2.3: Outstanding claims provision as at 15 July 2008 – 7.5% expense rate

	$
Case estimates	0
IBNR/ER	175,000
Claims handling expenses	13,125
Net central estimate	**188,125**
Risk margin to achieve 75% probability of adequacy	600,000
Additional claims handling expenses	45,000
Provision to achieve 75% probability of adequacy	**833,125**

Due to the significant length of time since the last policies were written by MMI Australia, the likelihood of any new claims arising, or past claims reopening, is small and, depending on the circumstances, the company may have a strong time bar argument against such new claims.

However, I understand from discussions with Sparke Helmore (a firm of lawyers that has acted on behalf of MMI Australia in settling recent claims) that some exposure to new (and reopened) public liability claims remains. For example, regulatory changes in Victoria during 2003 changed the way that the statute of limitations applies. The three-year statute of limitations period now applies from the date on which the claimant 'became aware of the injury', rather than the date of injury occurrence. MMI Australia therefore retains some exposure to claims that, for example, relate to psychological injuries (eg bullying or depression) where the claimant may be unaware of the injury until many years after the event. MMI Australia wrote approximately 40% of its business in Victoria.

Some exposure also remains for injuries incurred by minors. For minors, the three-year statute of limitations begins from when they turn 18. For example, a claim relating to an accident in 1992 involving a 4-year old child in, say, a park within a council covered by MMI Australia could legitimately be filed up to 2009 (when aged 21).

I understand that these late reported claims are most likely to relate to pain and suffering, and thus may cost in the order of $70,000 to $150,000. If, however, the claimant can prove a loss of income, despite being unaware of the injury for some time, the claim size could be greater.

I understand that in the late 1990s MMI undertook a process of destroying files relating to policies they considered could not produce future claims, eg the policies relating to shorter tailed classes of business like motor insurance. This did not impact our valuation results as the probability of new or reopened claims arising from these classes of business is very low. This assumption is supported by MMI's own claims experience, which has seen no short tail claims activity since at least 2001.

Due to the small size of the portfolio in run-off, the selection of the outstanding claims provision and therefore risk margin was necessarily subjective. The recommended risk margin required to achieve a provision that has a 75% probability of adequacy is $600,000, being the amount required to cover one further large claim.

2.4 Claims management processes

Frank McLardie is the appointed local agent in Australia and currently manages the remaining MMI Australia portfolio. Sparke Helmore, a firm of lawyers, has acted on behalf of MMI Australia in settling recent claims.

I understand that the total administration costs incurred by MMI Australia over recent years have been relatively stable – totalling around $100,000 to $150,000 per annum. This amount comprises the fees charged by Frank McLardie and an administrative assistant, as well as annual audit fees in the order of $10,000. There are currently no rental costs. Although I note that administration costs may reduce further in the near future due to no, or limited, claims activity, there will be a base level of costs that MMI Australia must incur if it is to remain in operation, regardless of the volume of claims activity.

2.5 Financial position

The tables below show the balance sheet and coverage of the minimum capital requirement of MMI Australia at 30 June 2008 from the audited APRA return:

Table 2.4: MMI Australia balance sheet 30 June 2008 ($'000) (from audited APRA return)

Assets	
ADI deposits	11,596
Receivables	3
Total assets	*11,599*
Liabilities	
Outstanding claims	2,089
Payables	10
Total liabilities	*2,099*
Net assets	*9,500*

The provision for outstanding claims liabilities at 30 June 2008 of $2.089m is higher than the $1.120m recommended in our 15 July 2008 addendum to our valuation report dated 22 October 2007 at the 75% probability of adequacy. The provision being held relates to the results of an actuarial report produced in 2001, which recommended a provision for IBNR of $2m on top of the reserves being held for open claims. Over time, the portfolio of open claims has reduced along with the likelihood of new claims arising. Regardless, the Directors of MMI have opted to remain prudent and have maintained the higher provision.

Table 2.5: MMI Australia's minimum capital requirement at 30 June 2008 ($'000)

Minimum capital requirement	
Investment risk charge	116
Insurance risk charge	313
Other	4,571
Total	*5,000*
Capital base	*9,500*
Capital Surplus (Deficiency)	*4,500*
Solvency coverage	*1.900*

I note that under its conditions of authorisation, MMI Australia is exempted from APRA prudential standard GPS110 which outlines the minimum capital requirement of insurers. Instead, MMI Australia's assets within Australia must exceed its liabilities in Australia by the greater of $2.000m and 15% of the outstanding claims provision at the end of the preceding financial year. However, the minimum capital requirement does provide a useful metric that can be used to compare the solvency position of different insurers.

At 30 June 2008, MMI Australia's coverage of the minimum capital requirement was strong with a solvency coverage ratio of 1.9.

Being an insurer in run-off, APRA would only approve a capital distribution if net tangible assets after the release are sufficient to cover the insurance liabilities and any other liabilities to a 99.5% probability of sufficiency[1] or if the liabilities are transferred 100% to another acceptable insurance entity.

2.6 Changes since 30 June 2008

One public liability claim has reopened since 30 June 2008. It is a claim that was incurred in 1990 but remained open until 2002 due to lengthy periods of inactivity from the claimant. The claimant has recently advised MMI Australia that she wishes to pursue her claim. However, counsel to MMI Australia are confident that the Court will deny her leave to proceed with this claim and, even if it does grant leave, MMI Australia has strong grounds to have the claim struck out.

MMI Australia have allocated a reserve of $25,000 to this claim, which they believe should be more than sufficient to meet the costs of having the claim struck out by the Court.

I believe that this reopened claim does not materially change the financial position of MMI Australia. The emergence of such claims was previously allowed for in the central estimate of IBNR claims of $175,000. The tables below show the updated outstanding claims provision as at 1 December 2008, with $25,000 having been moved from IBNR/ER into case estimates. The total provision remains unchanged.

[1] See APRA Prudential Standard GPS110 paragraph 40

Table 2.6: Updated outstanding claims provision as at 1 December 2008

	$
Case estimates	25,000
IBNR/ER	150,000
Claims handling expenses	300,000
Net central estimate	**475,000**
Risk margin to achieve 75% probability of adequacy	600,000
Additional claims handling expenses	45,000
Provision to achieve 75% probability of adequacy	**1,120,000**

The outstanding claims provision of $2.089m being held by MMI Australia remains more than adequate to cover our estimate of the provision required to achieve a 75% probability of adequacy.

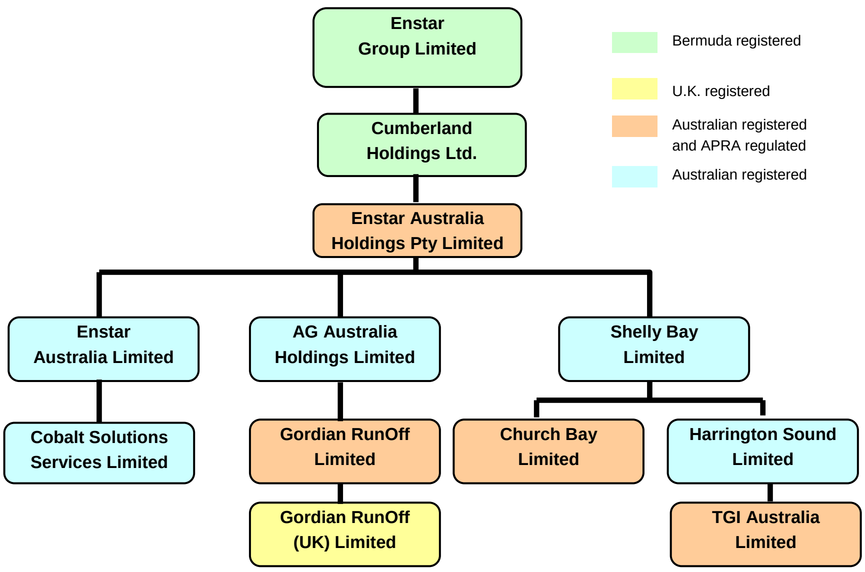
3 Overview of Gordian

3.1 Background

Gordian is an Australian authorised insurer that entered run-off in September 1999. Gordian is comprised of two portfolios: Gordian Direct (direct insurance) and Gordian Re (inwards reinsurance). As Gordian has no premium remaining unearned or live exposures, the insurance liabilities comprise outstanding claims liabilities only.

Gordian was sold to Enstar with an effective date of 5 March 2008. Enstar is registered as a non-operating holding company under the Insurance Act 1973 and is a subsidiary of Enstar Group Limited. Enstar Group Limited acquires and manages insurance and reinsurance companies in run-off, and provides management, consulting and other services to the insurance and reinsurance industry. The corporate structure is shown in the following diagram.

Enstar Group Limited – Australian Operations



3.1.1 *Capital observations*

Gordian is at present very well capitalised relative to the standard APRA minimum capital requirements. As is the case for companies in run-off under APRA's recent regulatory refinements, APRA will only approve a capital release from Gordian if net tangible assets after the release are sufficient to cover the insurance and any other liabilities to a 99.5% probability of sufficiency. In addition, an Appointed Actuary who is independent from the company and group of companies must perform a valuation at 99.5% to support that capital repatriation. However, I understand that dividends paid from current after tax profits are allowable without APRA approval.

Although capital distributions are likely to result in a reduction in the level of capital surplus over time, the requirement for assets to cover liabilities with at least a 99.5% probability of sufficiency before capital can be distributed is expected to provide adequate protection to policyholders.

3.1.2 *Exposures*

Figure 1 (extracted from the 31 December 2007 Insurance Liabilities Valuation Report, and unchanged as at 30 June 2008) shows the total premium written (in A$'000) by Gordian Direct since 1990. It is split between its long tail classes of business (PIDO POOL and PIDO NP), short tail classes of business (ST) and Public Liability (PL).

Figure 1: Gordian Direct written premium by class of business ($'000)

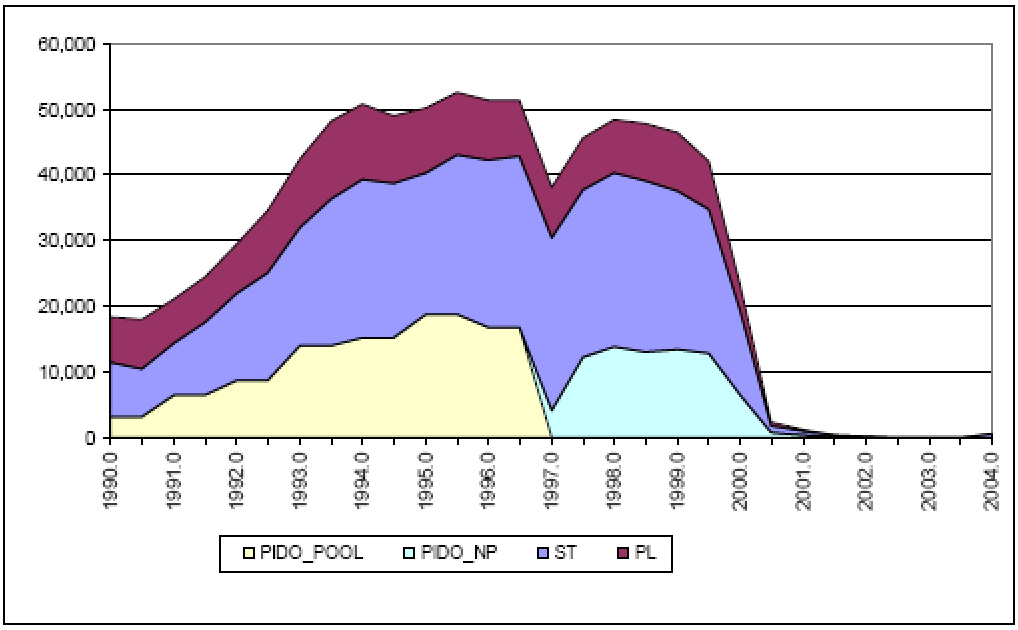
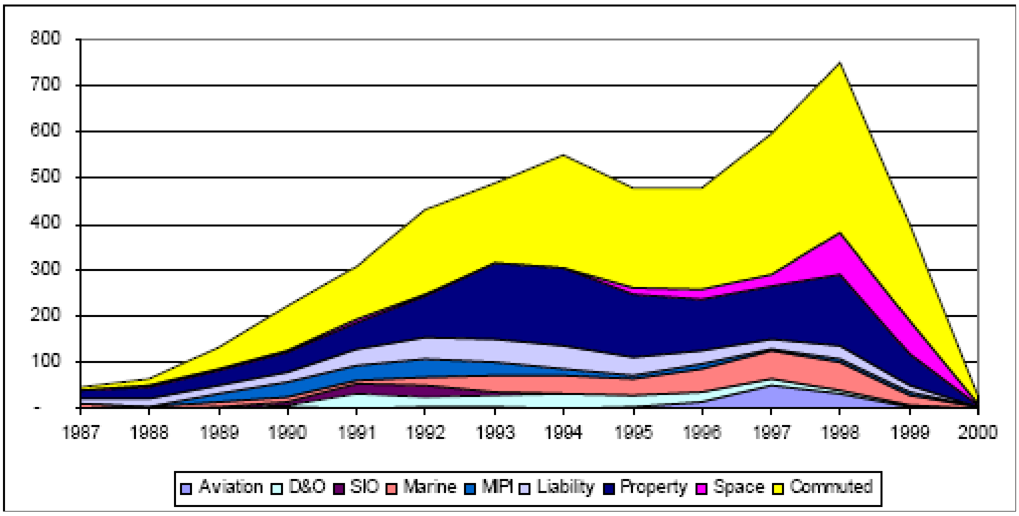


Figure 2 (also extracted from the 31 December 2007 Insurance Liabilities Valuation Report) shows the premium written by Gordian Re (in A$m) since it commenced writing business in 1987, including contracts which have since been commuted.

Figure 2: Gordian Re written premium by class of business ($m)



The graphs show that Gordian wrote business across a number of insurance classes during the 1980's and 1990's. As shown, very little premium was written beyond 2000.

Gordian Direct is protected by a series of reinsurance programs which were placed by class of business as follows:

- The Professional Indemnity and Directors and Officers (PIDO) Pool account was written on contract terms such that claims were limited to $10m in the majority of cases. Where this was not the case, reinsurance was typically put in place on a facultative basis such that claims were limited to $10m for these contracts.
- The PIDO Non-Pool account is protected by a series of Excess of Loss contracts, each with limited reinstatements. Note that these contracts had exclusions on some inwards business and that these exclusions differ by layer.
- The Public Liability account was protected on an Excess of Loss basis. Net retentions varied by year. This cover was written on a free and unlimited reinstatements basis.
- The Short Tail account was generally protected on a proportional basis.
- The Legal Expenses Insurance and Financial Risks accounts are small in total and take little credit for reinsurance protection.

Although Gordian Re had some retrocession protection supporting it when written, this reinsurance is generally now exhausted, commuted or unavailable in terms of the protection needed for the remaining portfolio. There are a number of exceptions to this, including the protection of catastrophe claims (in particular, small recoveries on case estimates for Hurricane George claims) and reinsurance within the Corporate US and space account.

3.2 Financial position

The tables below show the balance sheet and coverage of the minimum capital requirement of Gordian at 30 June 2008.

Table 3.1: Gordian balance sheet at 30 June 2008 ($'000)

Assets	
Cash, interest bearing securities and other investments	840,527
Loans and advances	0
Deferred tax assets	34,125
Other	38,702
Total assets	*913,354*
Liabilities	
Gross Outstanding claims	389,615
Other	40,129
Total liabilities	*429,744*
Net assets	*483,610*

Table 3.2: Gordian minimum capital requirement 30 June 2008 ($'000)

Minimum capital requirement	
Investment risk charge	17,562
Insurance risk charge	57,672
Concentration risk charge	2,000
Off balance sheet charges granted and risk charge	3,818
Total	*81,052*
Capital base	
Net assets	483,609
Less deferred tax assets	-34,125
Total	*449,484*
Capital Surplus (Deficiency)	*368,432*
Solvency coverage	*5.546*

*Concentration Risk Charge relates to the risk associated with the insurer's largest accumulation of exposures.

At 30 June 2008, Gordian's coverage of the minimum capital requirement was strong with a solvency coverage ratio of 5.546.

The Gordian Financial Condition Report at 31 December 2007 (the "Gordian FCR") noted the following: "Given the high level of surplus capital, I have not identified any material risks that are likely to endanger Gordian's solvency or policyholder interests at the current time. Future profits may be impacted by claim volatility and other risks...."

3.3 Outstanding claims

The report "Gordian Runoff Limited, Valuation of Insurance Liabilities at 30 June 2008" dated 30 July 2008 ("the Gordian ILVR") by David Finnis (Ernst & Young ABC Pty Limited)("The Appointed Actuary") detailed the findings of a valuation of the outstanding claims liabilities of Gordian as at 30 June 2008.

I have had access to the Gordian ILVR for the purpose of a high-level review to confirm that no material valuation issues have been raised or occurred as disclosed in the Gordian ILVR. I note that I clarified through discussion with management any issues arising from my review and had access to discussion with the Appointed Actuary had I concluded that was required. I note that the report includes appendices that provide detailed claims development data and the development assumptions adopted.

I note that my review was far less detailed than, and not equivalent to, an External Peer Review as set out in the professional standard that covers such reviews (PS 100 prepared by the Institute of Actuaries of Australia). Similarly, I note that my review was far less detailed than, and not equivalent to, the work I would typically complete in assisting the audit of an insurance entity.

For completeness, I have included tables below summarising the results of the 30 June 2008 valuation.

Table 3.3: Gordian Direct Outstanding Claims as at 30 June 2008 ($'000)

	Gross	*Recoveries*	*Net*
Total PI (excl Law Mutual)	62,114	-18,634	43,480
PI – Law Mutual	1,595	0	1,595
Public Liability	29,513	-7,375	22,138
Short Tail	658	-319	339
Financial Risks Department	78	0	78
Portfolio Level IBNR	20,488	0	20,488
Payment Pattern Adjustment	0	0	0
Other Adjustments	0	0	0
Unprocessed Commutation Adjustment	0	0	0
Total Outstanding Claims Excluding CAE	114,447	-26,327	88,120
Claims Administration Expenses	17,531	0	17,531
Total Outstanding Claims	131,978	-26,327	105,651
Non-Actuarial Adjustments	0	9,241	9,241
Total Liabilities Before Risk margin	131,978	-17,087	114,891
Diversified Risk margin	n/a	n/a	21,818
Total Liabilities at 75% Probability of Sufficiency	**n/a**	**n/a**	**136,709**

Table 3.4: Gordian Re Outstanding Claims as at 30 June 2008 ($'000)

	Gross	*Recoveries*	*Net*
MIPI	28,009	0	28,009
Directors & Officers	14,953	0	14,953
Other Liability	41,521	0	41,521
Aviation	9,840	0	9,840
Space	172	-393	-221
Marine	25,143	-125	25,018
Property	17,993	-39	17,954
SIO	485	0	485
Payment Pattern Adjustment	-796	0	-796
Portfolio Level IBNR	3,584	0	3,584
Other	393	0	393
Unprocessed Commutation Adjustment	-818	0	-818
Total Outstanding Claims Excluding CAE	140,478	-557	139,921
Claims Administration Expenses	33,734	0	33,734
Total Outstanding Claims	174,212	-557	173,655
Non-Actuarial Adjustments	27,065	-600	26,465
Total Liabilities Before Risk margin	201,277	-1,157	200,120
Diversified Risk margin	n/a	n/a	34,479
Total Liabilities at 75% Probability of Sufficiency	**n/a**	**n/a**	**234,598**

In completing my high-level review I have confirmed that no material valuation issues have been raised within the Gordian ILVR; and

I have made one observation which warrants further discussion in light of the Scheme. I note that I have concluded that this is not a material issue to the Scheme and for completeness outline my observations and conclusions below.

The Appointed Actuary has disclosed that "We have also assumed current claim management practices continue on a business-as-usual basis when valuing the portfolios". This is a sensible clarification in that it is not unusual in the circumstances of a change in ownership for claim management practices to alter or be interrupted in the short term and in some circumstances adjustments might be made.

There are some risks associated with this assumption in light of the change in ownership and the potential that, during the transition to new management structures, claims management was less of a focus. I have examined the report for supporting evidence of the assumption.

On the one hand I have observed from reading the report that certain case estimates and IBNR on relatively dormant claims and classes of business, for example approximately $10m on the Other Liability class of Gordian Re, have been released to profit. However, on the other hand, I note that claims audits and other information are referenced in the Gordian ILVR that cover the rationale behind these changes. Furthermore, discussions with management support the Appointed Actuary's assumption that claim management practices have not changed. On balance there is no evidence to suggest that the Appointed Actuary's assumption is unreasonable.

I note that I have not completed my own valuation of the Gordian Liabilities and that Ernst & Young ABC Pty Limited maintains sole responsibility for the Gordian ILVR.

3.4 Changes since 30 June 2008

In light of recent developments in global investment and credit markets, it is appropriate to review the financial position of Gordian and how this has changed since 30 June 2008.

3.4.1 Summary of most up to date position

Enstar management have advised that there were no events since 30 June 2008 that significantly impacted the financial position of Gordian at 30 September 2008. This includes the significant changes in AUD exchange rates over the period.

In order to update my work, I have been provided with the Gordian management accounts as at 30 September 2008 (unaudited). Form these I have constructed the following summarised balance sheet, which represents an update to Table 3.1 above.

Table 3.5: Gordian Balance Sheet as at 30 September 2008

Assets	
Cash, interest bearing securities and other investments	864,669
Loans and advances	0
Deferred tax assets	21,287
Other	41,255
Total assets	*927,211*
Liabilities	
Gross Outstanding claims	413,652
Other	8,500
Total liabilities	*422,152*
Net assets	*505,059*

Enstar have also provided me with the most recently updated minimum capital requirement information for Gordian as at 30 September 2008. This information is shown below. It represents an update to Table 3.2 above.

Table 3.6: Gordian minimum capital requirement 30 September 2008

Minimum capital requirement	
Investment risk charge	13,763
Insurance risk charge	61,525
Concentration risk charge	2,000
Off balance sheet charges charge	7,769
Total	*85,057*
Capital base	
Net assets	505,779
Less deferred tax assets	-21,287
Total	*484,492*
Capital Surplus (Deficiency)	*399,435*
Solvency coverage	*5.696*

Gordian's solvency coverage remains strong. It has increased from 5.546 at 30 June 2008 to 5.696 at 30 September 2008 and remains well in excess of APRA's minimum capital requirements.

I stress that the updated information presented in this section for data as at 30 September 2008 is based on unaudited accounts and I have relied on the information as being correct.

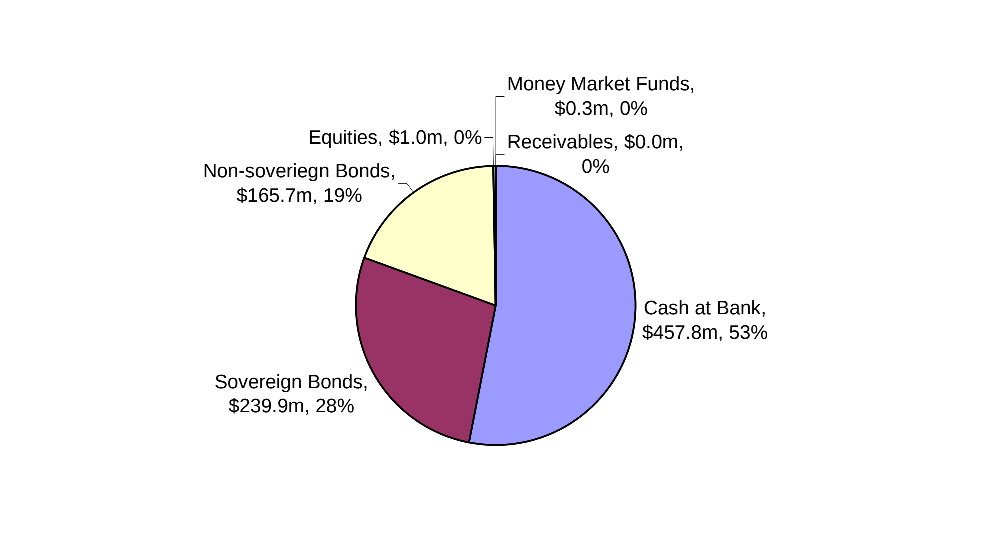
3.4.2 Gordian Assets

Enstar have provided me with a breakdown of Gordian's investments as at 30 September 2008 which includes details of the asset class as well as the individual securities held.

From reviewing this information, I note that there is no material change in the value of the company's assets since 30 June 2008 as a result of any asset failure or impairment that has been identified within the investment reports.

The split of Gordian's total investment assets as at 30 September 2008 of $864.7m by asset class is shown graphically below:

Figure 3.1: Gordian Asset Class Breakdown as at 30 September 2008



Based on this information, I can reconstruct Table 3.6 under a scenario test whereby all assets other than cash and sovereign bonds are disregarded. Under this scenario, $167.0m of Gordian assets (as at 30 September 2008) is ignored. In my view, this represents a very strong test of Gordian's solvency under severe asset impairment circumstances.

Based on the most recent available Gordian minimum capital requirement of $85m (which is as at 30 September 2008), this results in a solvency coverage of approximately 3.7. This is well in excess of APRA minimum levels.

The impact of the sub-prime crisis on worldwide investment markets has resulted in a move by most countries to support the banking markets. In light of this, prior to the Court hearing I will confirm with Gordian that there has not been a material change in their asset values since 30 September 2008. The results of these enquiries will be addressed in a separate affidavit to the Court.

I note in relation to the above commentary that I have not completed an independent assessment of the asset values and have made no direct examination of the asset quality of any non-sovereign bonds, equities or property that sit within the Gordian asset portfolio.

3.4.3 Gordian Liabilities

Enstar have confirmed that there haven't been any net material claims deteriorations in the Gordian portfolio since 30 September 2008.

3.4.4 Capital Distributions

APRA will only approve a capital release if net tangible assets after the release are sufficient to cover the insurance and any other liabilities to a 99.5% probability of sufficiency. In addition, a valuation at 99.5% for capital repatriation must be performed by an Appointed Actuary who is independent from the company and group of companies. However, dividends can be paid from current after tax profits without APRA approval.

I have been informed by Enstar that they have recently been successful in applying to APRA for a capital release of $86.2m for the Gordian portfolio based on the 31 December 2007 balance sheet. This release is not reflected in the 30 September 2008 financials discussed above.

Adjusting the 30 September 2008 minimum capital requirement position for the additional $86.2m capital distribution reduces the capital surplus to $313.7m and the solvency coverage ratio to 4.7, which again remains well in excess of APRA requirements.

I understand from Enstar that no subsequent capital releases have been requested (i.e. based on the 30 June 2008 balance sheet).

3.5 Claims management processes

I was provided with the Gordian's claims and commutation strategy effective July 2008 which notes the following with respect to claims management:

- Enstar operates an internally developed direct claims and assumed reinsurance system that is designed to easily encompass new clients.
- Enstar's objectives in the run-off of the Gordian will be pursued whilst maintaining the requirement to protect policyholders and include:
  - Professional and fair claims management.
  - Accelerated settlement via commutations and policy buybacks.
  - Pro-active cash flow management.
  - Initiatives to increase the volume, recovery rate and turnaround time of reinsurance recoveries.
  - Minimising the requirement for bad debt provisions by pro-actively chasing delinquent debtors and securing commutations and commercial settlements with troubled reinsurers.
  - Optimising investment returns, subject to APRA guidelines.
  - Optimisation of run-off costs and expenses.
- The current claims practice is to pay all valid claims in full as they are presented, having subjected them to a thorough investigation.

- The companies will continue to vigorously pursue reinsurance collections whilst ensuring that these efforts are coordinated with the commutation strategy.
- Enstar will focus on commutations of both assumed and ceded relationships to minimise Gordian's exposure to developing losses, to secure the company's reinsurance asset and to generate savings where such opportunities arise.
- In addition to the required regulatory reporting, Gordian will prepare quarterly management financial accounts together with detailed supporting management commentary for review and discussion by senior management and the Board of Directors. To facilitate management decision making, a suite of run-off management reports available on a period basis, including Principal-to-Principal reports, weekly cash flow, aged debt and major claim movement reports will be built onto the existing Cobalt report generating system.

The Gordian FCR, noted that "the sale to Enstar introduces uncertainty around the appropriate level of claim handling reserves to be held in Gordian, as the future fees to Gordian and the portion of these relating to claims handling are still unknown. Any change is likely to be a reduction in the claim administration expenses required due to a reduced number of staff, so will not threaten the financial position."

4 Details of the Scheme and conclusion

4.1 Proposed Scheme

Under the Scheme, it is proposed that all insurance liabilities of MMI Australia be transferred to Gordian. As part of the transfer, all relevant records of MMI Australia would be transferred to Gordian.

Should the transfer be approved, MMI Australia will pay Gordian the amount of $1.850m for assuming the insurance liabilities and claims management of those liabilities.

Enstar have confirmed that there will be no changes to policy terms and conditions of MMI Australia policyholders under the proposed Scheme.

I understand that no material taxation implications stemming from the transfer have been advised by MMI Australia or Gordian’s advisors.

4.2 Advantages of the transfer

It is expected that MMI Australia policyholders will receive the following advantages from the proposed transfer:

- The net assets of Gordian are over 30 times greater than those of MMI Australia and Gordian has a considerably higher solvency coverage ratio than MMI Australia. Forming part of a larger portfolio reduces the impact of individual claims significantly affecting the financial position and therefore reduces the uncertainty surrounding the estimation of insurance liabilities.
- As Gordian is also in run-off, policyholders continue to be protected by the 99.5% probability of sufficiency rule before capital distributions can be made.
- Claims administration expenses as a percentage of the outstanding claims provision are expected to reduce following the transfer due to improved economies of scale.
- The approach to claims management and reporting is more sophisticated than the current claims management approach and policyholders are not expected to be disadvantaged under the Gordian approach.

It is expected that Gordian policyholders will benefit from receipt of $1.850m for liabilities that are currently valued at $1.120m (before allowance for expected reductions in risk margins due to diversification and reductions in claims handling expense rates) at the 75% probability of adequacy. This results in an increase in the capital surplus amount and solvency coverage ratio for Gordian policyholders. Additional savings would be evident once allowance was included for the reduced risk margin and claims handling expense rate.

4.3 Solvency position of MMI Australia and Gordian following the proposed Scheme

The tables below show the balance sheet and coverage of the minimum capital requirement of the combined Gordian and MMI Australia at 30 June 2008.

Table 4.1: Balance sheet 30 June 2008 ($'000)

	30-Jun-08 MMI pre transfer	*30-Jun-08 Gordian pre transfer*	*30-Jun-08 Gordian incl MMI post transfer*
Assets			
Cash and Investments	11,596	840,527	842,377
Other assets	3	72,827	72,827
Total assets	*11,599*	*913,354*	*915,204*
Liabilities			
Oustanding Claims Provision	2,089	389,615	389,870
Other liabilities	10	40,129	40,129
Total liabilities	*2,099*	*429,744*	*429,999*
Net assets	*9,500*	*483,610*	*485,204*

When the balance sheet for Gordian at 30 June 2008 is adjusted to allow for the proposed transfer of MMI Australia, the assets are increased by $1.850m (being the value received from MMI Australia for the transfer) and the outstanding claims provision increases by $0.245m. The increase in the outstanding claims provision represents my estimated net central estimate (before allowance for claims handling expenses) for MMI Australia at 15 July 2008 of $0.175m plus an allowance for claims administration expenses at 22.5% (the Gordian average allowance at 30 June 2008) and a risk margin of 19.3% (the Gordian allowance at 30 June 2008 for the public and products liability insurance class).

Table 4.2: Minimum capital requirement 30 June 2008 ($'000)

	30-Jun-08 MMI pre transfer	30-Jun-08 Gordian pre transfer	30-Jun-08 Gordian incl MMI post transfer
Minimum capital requirement			
Investment risk charge	116	17,562	17,571
Insurance risk charge	313	57,672	57,710
Concentration risk charge	0	2,000	2,000
Other	4,571	3,818	3,818
Total	*5,000*	*81,052*	*81,100*
Capital base			
Net assets	9,500	483,609	485,203
less deferred tax assets	0	34,125	34,125
Total	*9,500*	*449,484*	*451,078*
Capital Surplus (Deficiency)	*4,500*	*368,432*	369,979
Solvency coverage	*1.900*	*5.546*	*5.562*

The adjusted position for Gordian at 30 June 2008 after allowance for the proposed transfer is as per the adjustments described above for the balance sheet. An investment risk charge is applied to the $1.850m receipt (assuming it is made in cash) and an insurance risk charge is applied to the estimated outstanding claims for MMI Australia under the Gordian structure.

The table shows that the solvency coverage ratio is significantly increased for MMI Australia policyholders following the proposed transfer.

The solvency coverage ratio and capital surplus have also increased slightly for Gordian policyholders following the proposed transfer.

Due to the level of reinsurance documentation, and the extent of the reinsurance placed overseas, it is possible that the solvency coverage ratio of Gordian (and the combined entity) will reduce at a future balance date. The Gordian FCR notes that in the worse case scenario of all reinsurance being treated as inadmissible by APRA, the amount of capital that can be released would be inhibited, but policyholders would not be affected. I agree with this comment.

4.4 Changes since 30 June 2008

In parallel with sections 2.6 and 3.4 above, I have re-examined the expected solvency position of MMI Australia and Gordian post-transfer allowing for changes known and planned since 30 June 2008.

The adjustments that have been made are:

- Claims movements since 30 June 2008 have been incorporated for MMI Australia;

- The Gordian balance sheet has been updated based on management accounts as at 30 September 2008;
- The Gordian MCR calculation has been updated based on APRA returns as at 30 September 2008; and
- The capital release of $86.2m which has recently approved by APRA has been allowed for in Gordian's net asset position.

Based on this information, the following are updated reproductions of Table 4.1 and Table 4.2 above based on the most up to date information.

Table 4.3: Balance sheet updated for post 30 June 2008 changes ($'000)

	30-Sep-08 approx. MMI pre transfer	*30-Sep-08 Gordian pre transfer*	*30-Sep-08 Adj Gordian pre transfer*	*30-Sep-08 Adj Gordian incl MMI post transfer*
Assets				
Cash and Investments	11,596	864,669	778,469	780,319
Other assets	3	62,542	62,542	62,542
Total assets	*11,599*	*927,211*	*841,011*	*842,861*
Liabilities				
Oustanding Claims Provision	2,089	413,652	413,652	413,907
Other liabilities	10	8,500	8,500	8,500
Total liabilities	*2,099*	*422,152*	*422,152*	*422,408*
Net assets	*9,500*	*505,059*	*418,859*	*420,453*

Table 4.4: Minimum capital requirement (Gordian and MMI Australia) at 30 September 2008 ($'000)

	30-Sep-08 approx. MMI pre transfer	*30-Sep-08 Gordian pre transfer*	*30-Sep-08 Adj Gordian pre transfer*	*30-Sep-08 Adj Gordian incl MMI post transfer*
Minimum capital requirement				
Investment risk charge	116	13,763	13,332	13,341
Insurance risk charge	313	61,525	61,525	61,563
Concentration risk charge	0	2,000	2,000	2,000
Other	4,571	7,769	7,769	7,769
Total	*5,000*	*85,057*	*84,626*	*84,674*
Capital base				
Net assets	9,500	505,779	419,579	421,173
less deferred tax assets	0	21,287	21,287	21,287
Total	*9,500*	*484,492*	*398,292*	*399,886*
Capital Surplus (Deficiency)	*4,500*	*399,435*	*313,666*	*315,213*
Solvency coverage	*1.900*	*5.696*	*4.706*	*4.723*

The MMI Australia position included in the above tables is in fact the 30 June 2008 position, but, as described in section 2.6 above I have concluded that the reopening of one claim since 30 June 2008 leaves the total outstanding claims balance unchanged.

I also note that the Reserve Bank of Australia has lowered the cash rate a number of times since 30 September 2008. The target cash rate has reduced from 7% in September 2008 to 4.25% in December 2008. All else being equal, this would be expected to increase the outstanding claims liability of Gordian moving forward through its impact in lowering the valuation discount rate. To the extent that Gordian's assets are matched to their liabilities, lower interest rates may increase asset (and particularly bond) values and Gordian is therefore likely to be immunised to some degree against the rate movements. Therefore I do not expect this change to have a material impact on Gordian's or the post-scheme combined solvency coverage.

4.5 Combined impact of the MMI Australia, Cavell and SDI transfer schemes

As noted in Section 1.2, I am aware of two other transfer schemes currently being implemented by Gordian. I understand that the Cavell scheme has recently been approved by the Court and the SDI scheme is following a similar Court timetable to MMI Australia.

The following table gives an approximate representation of the potential combined impact of the three schemes on the solvency position of Gordian, using Gordian's 30 September 2008 balance sheet and MCR figures (adjusted for the recently approved $86.2m capital release) as a base.

Table 4.5: Impact of the three transfer schemes on Gordian's minimum capital requirement ($'000)

	Gordian (Adjusted) pre transfer	*Impact of MMI transfer*	*Impact of Cavell transfer*	*Impact of SDI transfer*	*Gordian post transfers*
Minimum capital requirement					
Investment risk charge	13,332	9	15	14	13,370
Insurance risk charge	61,525	38	490	347	62,400
Concentration risk charge	2,000	0	0	0	2,000
Other	7,769	0	0	0	7,769
Total	*84,626*	*48*	*505*	*361*	*85,540*
Capital base					
Net assets	419,579	1,594	248	524	421,945
less deferred tax assets	21,287	0	202	0	21,489
Total	*398,292*	*1,594*	*46*	*524*	*400,456*
Capital Surplus (Deficiency)	*313,666*				*314,917*
Solvency coverage	*4.706*				*4.682*

A number of approximations and assumptions were required in preparing this comparison. These are described below:

MMI Australia

The "Impact of MMI transfer" figures are gleaned from Table 4.4. They include:

- A small increase in investment risk capital charge created by the consideration to be paid by MMI Australia to Gordian. I have assumed that the payment will be made in cash, so have applied a 0.5% capital charge according to APRA's Prudential Standard GPS114;
- An increase in the insurance risk capital charge created by the addition of MMI Australia's liabilities to Gordian's balance sheet. This is 15% (the capital charge applicable to Public Liability and Professional Indemnity business according to APRA's Prudential Standard GPS115) of the provision to be raised by Gordian for this business. As noted in paragraph 4.3, I have estimated the provision that Gordian will raise by taking MMI Australia's central estimate and applying Gordian's current risk margin percentage and claims handling expense rate for this type of business; and
- An adjustment to Gordian's net assets reflecting the increase in assets related to the transfer consideration and the increase in outstanding claims provision.

Cavell

The Cavell transfer figures are taken from Table 4.4 in the report entitled "Actuarial Report on Proposed Transfer of Cavell Insurance Company Limited (Australian branch) to Gordian Runoff Limited Under Division 3A of Insurance Act" by Jefferson Gibbs dated 17 November 2008. The figures are as at 30 June 2008 as 30 September 2008 figures are not available. For the purposes of this analysis, the 30 June 2008 figures are sufficient to approximate the impact of the transfer on Gordian's financial position.

Cavell's insurance portfolio is more diverse than that of MMI Australia, so estimating the provision to be raised by Gordian is not as straightforward. Where assumptions have been required, I have adopted a conservative approach (ie reflecting a more detrimental financial impact on Gordian than may occur in practice).

- Similar to MMI Australia, the consideration to be received by Gordian is assumed to be paid in cash and a corresponding increase in investment risk capital charge is applied;
- For the insurance risk capital charge, the table reflects the charge that Cavell included in its APRA returns at 30 June 2008. ie it is based on Cavell's actual provision for the liabilities, and therefore incorporates Cavell's risk margins and claims handling expense assumptions. This is a conservative assumption as it ignores the potential for reduced risk margins and claims handling expenses when the liabilities are incorporated into the larger Gordian entity; and

- The adjustment to Gordian's net assets reflects the increase in assets (related to the transfer consideration) and the increase in outstanding claims provision (using the conservative assumption that Gordian adopts Cavell's provision in full).

SDI

The figures for SDI have been provided by Ernst & Young ABC Pty Limited and are based on their review of the Division 3A transfer of SDI to Gordian. The same approach has been adopted as for Cavell, ie:

- 30 June 2008 balances are being used as a proxy for the position at 30 September 2008;
- The consideration to be received by Gordian is assumed to be paid in cash and a corresponding increase in investment risk capital charge is applied;
- The insurance risk capital charge is taken from SDI's 30 June 2008 APRA returns, and so is based on SDI's actual provision for the liabilities. It ignores the potential for reduced risk margins and claims handling expenses when the liabilities are incorporated into the larger Gordian entity; and
- The adjustment to Gordian's net assets reflects the increase in assets (related to the transfer consideration) and the increase in outstanding claims provision (using the conservative assumption that Gordian adopts the liabilities as stated in SDI's 30 June 2008 balance sheet).

Combined impact of the transfers

Whilst this comparison is necessarily approximate, and the ultimate impact of the insurance liabilities being transferred is inherently uncertain, it shows that Gordian's post-transfer solvency coverage will remain well above the minimum APRA solvency coverage level even when some conservative assumptions are applied. The progress of the SDI and Cavell schemes do not change my conclusions regarding the financial security of Gordian.

4.6 Conclusion

In this report I have considered the interests of the policyholders of MMI Australia under the terms and expected outcome of the proposed Scheme.

Based on my review I conclude that:

- The financial security of Gordian remains well above the minimum APRA levels after the Scheme has been completed. Furthermore, that level of security supporting the MMI Australia Policyholders is stronger in APRA terms once the Scheme is completed than that for MMI Australia prior to the Scheme.

- The Scheme will not alter the policy terms and conditions in respect of MMI Australia or Gordian policyholders in any material way.
- There are not expected to be any material additional operational risks arising for MMI Australia policyholders following the proposed Scheme.

In summary, I have concluded that neither the policyholders of MMI Australia or Gordian will be detrimentally affected by the proposed Scheme in any material way and that the Scheme appears to provide advantages for policyholders of MMI Australia.

Although I have concluded that the valuation of Gordian liabilities as at 30 June 2008 are not unreasonable, it must be understood that estimates of insurance liabilities are generally subject to potential errors of estimation due to the fact that the ultimate disposition of future claims, whether reported or not, is subject to the outcome of events that have not yet occurred. A number of uncertainties surrounding the valuation of Gordian insurance liabilities are noted in Section 3.

I have made all the enquiries that I believe are desirable and appropriate and no matters of significance that I regard as relevant have, to my knowledge, been withheld from the Court.

A Appendix A – Documents referenced

- "MMI Australia, Valuation of Insurance Liabilities at 30 September 2007" dated 22 October 2007 by Richard Wilkinson and James Makin.
- "MMI Australia, Valuation of Insurance Liabilities Update" dated 17 July 2008 by Richard Wilkinson.
- Extracts from the MMI Australia APRA returns at 30 June 2008.
- "Gordian Runoff Limited, Valuation of Insurance Liabilities at 30 June 2008" dated 30 July 2008 by David Finnis (Ernst & Young ABC Pty Limited)
- "Gordian Runoff Limited, Financial Condition Report at 31 December 2007" dated 18 April 2008 by Steven Faulkes, "the Gordian FCR".
- "The Gordian Group Run-off claims and commutation strategy July 2008"
- Enstar Group Limited – Australian Operations company structure.
- Gordian unaudited management accounts as at 30 June 2008 and 30 September 2008.
- Gordian MCR calculation as at 30 June 2008 and 30 September 2008.
- Gordian detailed breakdown of investment assets as at 30 September 2008.
- Details of Gordian's reinsurance bad debt provision as at 30 September 2008
- "Actuarial Report on Proposed Transfer of Cavell Insurance Company Limited (Australian branch) to Gordian Runoff Limited Under Division 3A of Insurance Act" dated 17 November 2008 by Jefferson Gibbs

B Appendix B – Expert's curriculum vitae

Richard Wilkinson, BSc FIA FIAA

Director, General Insurance Practice Leader – KPMG Actuaries Pty Limited

Richard is a Director in the Australian actuarial practice and has been the practice leader for General Insurance since 2001. He has over thirty years of global actuarial experience. He was previously both a Partner of KPMG and a director of KPMG Plc (UK actuarial practice). He has been the chairman of KPMG's worldwide Insurance Actuarial Practice and was head of the international practice from 1995 until 2001. His experience is worldwide, including the UK and US, as well as a number of other Asia Pacific and European countries. He is now focusing on Australian and UK run-off clients.

Relevant Client Experience

- Richard has significant experience in all aspects of general actuarial insurance work. This includes both work in the UK for direct writers and reinsurers as well as work in Europe, the Far East, Australia and North America. He is also significantly involved in the London markets including Lloyd's and Equitas and has significant knowledge of all classes of business written in Australia
- Richard has specialised in the valuation of insurance companies both on the Life and General Insurance side. His main focus over the last few years has been acting for companies in various states of strength including National Employers Mutual, ReAC, New Cap Re, GIO and GIO Re, Sovereign, HIH, MGI, MMI, Confederation Life, English & Australian and Anglo American.
- On the litigation side he has worked closely with lawyers giving them advice of an actuarial nature and has been involved in several large cases including the Jackson Special Commission into the Establishment of the MRCF (James Hardie and asbestos) and the Equitable Life High Court case in the UK. He has also been involved in other areas of litigation investigations including support on legal/policy interpretation issues and support documentation.

- Richard currently heads up the actuarial work on HIH (the largest corporate collapse in Australian history) and assists both the UK and Australian liquidators. He gave assistance to and appeared before the HIH Royal Commission.
- Through Richard's appointments to assist companies in run-off and liquidation, Richard often sees the after-effects of poor risk management. Richard has developed a sense for the risk issues that may emerge and jeopardise the ongoing success of an insurance operation.
- Richard has been involved in putting business plans together for regulatory approval for new start ups and new classes of business, discussing strategic issues, policy wordings for new organisations, reinsurance structure and negotiation rates.
- Richard has assisted in giving advice to the NSW Government on law reform for the legal process for Asbestos victims going through the Dust Diseases Board. He has been involved in giving actuarial advice and valuations to James Hardie and the bases of these reports is being used for the funding of asbestos victims compensation.
- Through James Hardie and HIH he has been involved in looking at large personal injury claims including all aspects of compensation including long term care.
- Through his career he has been extensively involved in reserving for international PI and D&O business written in Lloyd's and the London market, Australia and the US.
- On the Workers compensation front, Richard was the main actuarial advisor to the liquidators of NEM both in Australia and the UK and in this capacity was involved in looking at all the issues arising from the exposures especially for the NSW and Victoria for 1986 and prior business written by NEM as well as the Western Australia issues.
- For IAG and Allianz, Richard is involved in high-level reviews of the workers compensation and CTP liability for each State.
- Richard was the Approved Actuary to the Gordian Group (formally GIO and GIO Re) until June 2007, and was Approved Actuary to ReAC from 1999 to 2005.
- Richard has acted for MMI in the UK since 1991 advising, mainly on their UK business and latterly on their Australian run-off reserve position. On the UK side, the main focus more recently has been on the long-term outstanding claims such as EL and PL asbestos, issues relating to child abuse liabilities, vibration white finger and other industrial diseases.

Professional Activities

- Richard has been the joint author of several Institute of Actuaries papers including considering the issues on financial reinsurance, law reforms and their effect on claims and also expense loadings.
- Has been on various actuarial committees concerning accounting and actuarial reporting.
- Has been on various committees involved in putting together new actuarial reporting standards.
- Co Author of a paper on the introduction of no-fault accident compensation.
- Author of a paper on Financial Reinsurance.

Education and Qualifications

2004	FIAA
1974	FIA
1967	University of London: - B Sci., University of London

Employment History

2002 -	KPMG Actuaries Pty Limited - Director
1988-01	KPMG – Insurance worldwide, Actuarial Partner 1995-2001
1982-88	Reliance Mutual and British Life Office General Manager for Insurance and Approved Actuary
1978-82	Victory - Reinsurance actuary both life, non-life and long term care reinsurance
1967-78	Norwich Union:- Assistant actuary both life and non-life