

Credential - Insurance

Corporate Simplification

Business Situation

A large international provider of insurance, reinsurance and employee benefits related advice had developed an unwieldy UK structure over time and sought to streamline this structure in order to reduce costs, repatriate capital and improve management control/visibility.

Engagement Description

Deloitte was engaged to assist with a Corporate Simplification offering by:

- developing a categorisation of short and medium term opportunities;
- assisting in the identification of cost savings driven through short term actions;
- assessing the actions required to clean target entities down and subsequent balance sheet adjustments;
- implementing the corporate simplification plan, undertaking members' voluntary liquidations in cost efficient batches where appropriate; and
- advising management on ad-hoc issues throughout the process

Critical Success Factors

- Prioritising the entities to be eliminated into three categories (Priority A, B and C) based on complexity, cost saving and time efficiency.
- Understanding and suggesting options to simplify a number of entity balance sheets, including unwinding a complex series of inter-group balances.
- Understanding and assisting with the impact of various issues in relation to tax and pension debt.
- Working closely across the functional business units including tax, legal, finance and company secretarial departments.

Results and Benefits

- 26 entities were identified as targets, in the short term driving a potential cost saving of £60,000 to £80,000 through implementation of a corporate simplification programme.
- A further 50 entities were identified as having scope in the medium term for significant process and regulatory cost savings from internal restructuring.
- Of the above entities, 11 Priority A targets were eliminated, 2 made a strike-off application and 9 were liquidated as a batch, on time and in accordance with the project plan, delivering substantial cost savings. Priority B and C targets will be addressed in the near future.
- A collaborative approach was taken between Deloitte and the client to effectively address issues in the pre-liquidation period such that the liquidations could be concluded swiftly and non-contentiously.