

News story: New rules to keep the UK's reinsurance market competitive

New [regulations](#), published today (20 July 2017), introduce a competitive regulatory and tax regime for [Insurance Linked Securities](#) which will ensure that UK gets a share of this rapidly growing market.

Insurance Linked Securities allow insurance and reinsurance firms to transfer risk to the capital markets, meaning that risk can be managed more effectively for businesses and consumers.

Insurance Linked Securities, sometimes known as catastrophe bonds, are normally used to insure against extreme risks, such as earthquakes and hurricanes.

Over \$80 billion of Insurance Linked Securities have been issued to date, with over \$10 billion issued in 2017 alone. It is a rapidly growing market with research showing that it could grow to an estimated \$87 billion by 2019. The [regulations](#) will be laid before Parliament after summer recess and will come into force in the autumn of this year.

They set out how to establish special vehicles to issue Insurance Linked Securities, the legal framework for Insurance Linked Securities, and the associated tax treatment. The regulations also provide for a tailored and proportionate approach to authorisation and supervision.

By publishing these regulations today the UK government is giving the insurance and reinsurance industry greater certainty in how the new regime will work— enabling them to be on the front foot in preparing for the new rules when they come into force in autumn.

Economic Secretary to the Treasury, Stephen Barclay said:

This new bespoke regime for Insurance Linked Securities will ensure the UK remains the most competitive insurance and reinsurance hub in the world.

This global business is evolving rapidly and we are determined to make sure we're part of this evolution.

Malcolm Newman, Chairman of the London Market Group's ILS Taskforce said:

The new ILS framework offers a very exciting future for the London Market to continue to deliver innovative new products that make a real difference. I am proud that the LMG has helped lead the development of these proposals.

We believe there is a real appetite in the London Market to invest in ILS products which will bring investors to the UK and make a significant contribution to growing the UK's trade.

Press release: £27million Northumberland flood scheme is complete

The final part of Morpeth's £27million flood alleviation scheme is complete.

Work to construct Cotting Burn dam was the last piece of work on the multi-million pound joint Environment Agency and Northumberland County Council flood scheme.

A drop-in event to thank residents for their patience throughout the construction took place on Friday 21 July.

Cotting Burn dam has been renamed "The Hargreaves Dam" in memory of RFCC Chairman Jon Hargreaves, who sadly passed away in October last year.

The dam works alongside other flood protection measures to reduce flood risk to around 1,000 properties in Morpeth.

Cotting Burn dam aerial image

New defences

To reduce the risk of flooding from the River Wansbeck, in-town defences were completed first, followed by the large upstream storage area at Mitford, which has already operated to protect the community. This year, tree poles were installed into the river near to Lowford Bridge to prevent large debris from reaching the town centre.

The construction of the new dam and storage area, which reduces the risk of flooding from the Cotting Burn, was finished in May and it is now operational.

It reduces the volume of water flowing downstream in large events. The screen on the dam also prevents debris from Cotting Wood from reaching the culvert and causing blockages.

Tree poles in the River Wansbeck

Separate work by Northumberland County Council to address surface water flooding at several locations in the town is underway and scheduled for

completion by March 2018 at a cost of £1m.

This is being financed through a government grant from the Environment Agency and county council funding.

Scheme is 'biggest in the north east'

The Environment Agency's Alan Cadas, Operations Manager in the North East, said:

The Morpeth flood scheme is the biggest in the North East and boasts one of the largest flood storage areas the Environment Agency has ever built.

But this work on the Cotting Burn is equally important and works together with the other features to ensure Morpeth is protected from both the burn and the River Wansbeck.

This has been a great partnership involving local residents, who have played, and continue to play, a vital role in the success of the scheme. It shows that by working together with others we can create long term solutions to reduce the risk of flooding in our communities.

The large dam at Mitford

Partnership project

Northumberland County Council has played a key role, contributing £12million, making it one of the first schemes of this scale to be jointly delivered by partners.

Councillor Glen Sanderson, Northumberland County Council's Cabinet member for Environment and Local Services, said:

We're delighted this major joint scheme to protect the people of Morpeth is now complete.

This was a great example of agencies working together on a hugely ambitious engineering project and the fact it has already been used more than proves its worth.

One of the cornerstones of the scheme has been the help and support of the local community, and their input and engagement has been absolutely invaluable throughout.

It's important residents understand their flood risk and know what to do during a flood. For more information visit [the gov.uk website](#)

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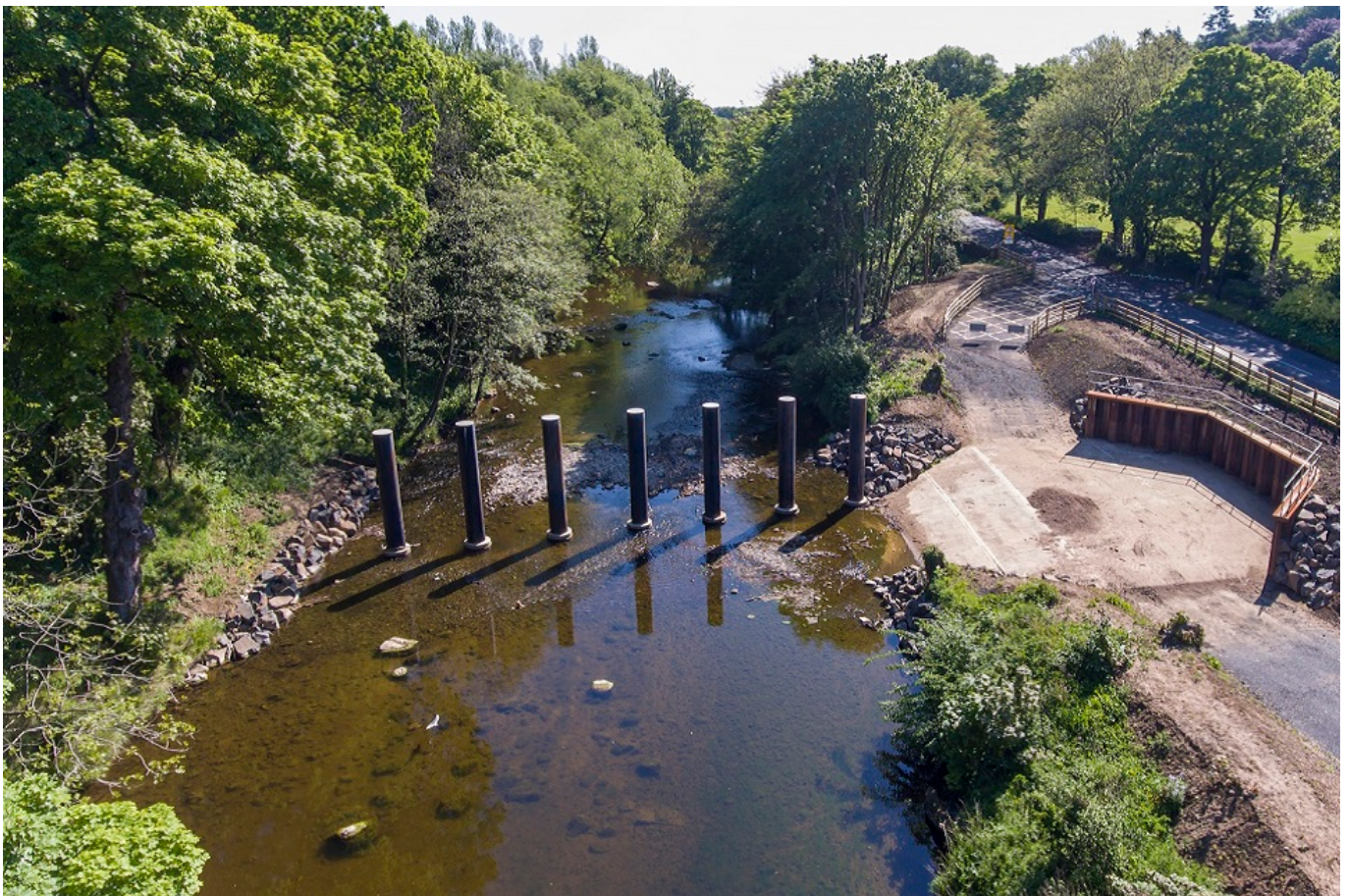
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News story: £16 million drive to boost maths skills for post Brexit Britain

A £16 million [investment](#) to increase the quality of teaching in post-16 maths is part of major drive to see more students studying the subject after GCSE and ensure Britain's future workforce can compete in the global marketplace post Brexit.

Following a government-commissioned [review](#) by Professor Sir Adrian Smith about how to improve 16-18 maths education in England, Education Minister Nick Gibb has set out a series of actions to increase participation.

The introduction of a more rigorous maths curriculum, new AS and A level maths qualifications and high quality "core maths" qualifications are ensuring more young people are leaving education with the skills they need to secure their first job, an apprenticeship or go on to further study.

While maths continues to be the most popular subject at A level, with 88,000 [entries](#) in 2017, up 3 per cent on last year, almost [three quarters](#) of students with an A*-C in GCSE maths at age 16 choose not to continue studying the subject.

In his review, Sir Adrian makes a strong case for the value of maths skills for all students, whichever route they take. He highlights, however, a number of challenges that need to be addressed in order to drive up participation, including tackling the negative perceptions of maths. He has called on government, employers, universities, schools and colleges to take action so that more students choose to study the subject post-16.

Today's £16 million [announcement](#) will boost the capacity of schools, colleges and universities to deliver good quality teaching for post-16 maths courses including Core, A level and further maths.

Minister for Schools Standards Nick Gibb said:

A high-quality mathematics education provides young people with the knowledge and skills to secure a good job and to succeed in whatever path they choose.

We are already making progress with a more rigorous curriculum and this summer we will see young people collecting results in our new GCSEs, which are benchmarked against the best in the world.

There is, however, more to do to, particularly as we prepare to leave the European Union and compete globally. Sir Adrian's review will help us focus our efforts and today's investment is the first step on that vital journey.

As well as the investment in teaching, immediate action is already being taken in response to a number of the report's recommendations including:

- working with the Institute for Apprenticeships and the Royal Society Advisory Committee on maths education to ensure the design of the new T levels is based on expert mathematical advice
- working with the Royal Society and British Academy to encourage universities and employers to better promote the value of maths qualifications

Professor Sir Adrian Smith, Vice-Chancellor of the University of London said:

I was delighted to conduct this review. There are compelling arguments for raising participation in students taking mathematics after the age of 16 and to improve skills at all levels. Increased participation could deliver significant payback for individuals, for the economy and in increased productivity. To achieve this will take effort, funding and a range of interventions from government that must be co-ordinated with other bodies.

The government has already announced plans to transform technical education in England, this includes developing new T levels, backed by £500 million of government investment announced in the budget, which will help deliver a world-class skills system which spreads opportunity for individuals and drives economic growth.

In addition to the immediate actions announced today, the government will consider the report carefully and will set out further details in due course of how it intends to address the range of recommendations outlined in the review.

Frank Kelly, Chair of the Royal Society Advisory Committee on Mathematics Education said:

We welcome Sir Adrian Smith's review of post-16 mathematics and look forward to working with the Department for Education and the

Institute for Apprenticeships to increase access to and participation in maths.

Mathematics skills are necessary to a wide variety of disciplines and we welcome the government's recognition of their importance and commitment to improving opportunities in schools and colleges.

Professor Sir Ian Diamond, Chair of the High Level Strategy Group for Quantitative Skills at the British Academy said:

Adrian Smith's recommendations represent a positive step towards enabling the UK to rise to the challenge of becoming a data-literate nation. They will contribute to the cultural and structural changes within the education system which are required to enable quantitative skills to flourish at all levels to meet the diverse needs of society and the economy.

Speech: Lord Bates speech to the International Insurance Society Global Insurance Forum

Ladies and gentlemen, good morning. I would like to thank our hosts, the Insurance Development Forum and the International Insurance Society for bringing us all together, and for inviting me to speak.

Our shared ambition is to build the resilience of the world's poorest people to natural disasters. Almost one and a half million people have died in natural disasters over the past 20 years. This year, millions of people across Somalia, south-eastern Ethiopia, and northern Kenya continue to struggle in crippling drought conditions.

Levels of global humanitarian assistance are at record levels but still cannot meet growing demand.

Disasters and Poverty

Natural disasters have a massive economic impact. The total costs of natural disasters faced by developing countries are equivalent to one third of all official development assistance. Research by Risk Management Solutions puts these costs at \$29 billion a year across 77 countries. It's like taking three steps forward and one step back.

International assistance absorbs only a portion of this – 8% – the rest is

borne by people, businesses and governments. While in rich countries like the UK, over 40% of the costs are covered by insurance; in the poorest countries less than 5% are covered. Pressure on families and government budgets mean development stalls.

Disaster risk reduction

What really frustrates us all is that these risks can be anticipated. These are not total surprises. Yet, globally investment in reducing risk from natural disasters is still only a small fraction of that spent on international response – we need to shift the balance.

This is why managing disaster risk is a central part of our approach to Humanitarian Reform. We know that for every £1 spent on working to prevent a disaster saves at least £3 in humanitarian assistance – in addition to the lives saved.

Our International Climate Fund has already helped over 21 million people to cope with the increasing risk of drought and floods. This includes work to build resilient communities and advance early warning systems.

Early Action

Today, I want to focus on the other part of this story – how we respond when a disaster strikes.

In an emergency, time costs lives. Globally, international assistance still takes too long to arrive. A more proactive approach is needed.

Earlier action saves lives and can more than halve the costs of responding to an emergency.

Insurance

Over the past week, a lot of people have asked why we would talk to the insurance industry about this. Some in the development and humanitarian world are nervous about working with insurers. My response is – why wouldn't we talk to the insurance industry about managing risk? You've been doing it for more than 300 years!

From the early days of captains insuring their ships at Edward Lloyds' coffee house – you are experts in managing risk. The insurance industry is a global risk pool – with trillions in capital that can cost-effectively absorb the costs of big, rare shocks like natural disasters. Our job as development partners is to support countries to develop and use the instruments that are right for them in managing their own risks.

Let me be completely clear. I am not saying that insurance is always or the only solution, but for the special case of natural disasters it can play a role. It's about speed. In an emergency, time means lives. So-called parametric insurance is triggered automatically when a storm or flood strikes, so can deliver finance quickly, reliably and cheaply within days. Weeks ahead of other forms of aid. Insurance provides speed but also greater

certainty. It doesn't replace the need for humanitarian assistance, but this quick finance can get lifesaving assistance to people fast, helping to stop a flood or drought spiraling into a disaster.

We've seen this work in practice. UK aid has supported regional risk insurance pools in the Caribbean, Pacific and Africa. Last year, the Caribbean facility paid out to 4 countries after Hurricane Matthew. In 2014, African Risk Capacity paid for food, cash and animal fodder that helped 1.3 million drought-stricken people.

The potential is clear.

Not just insurance

Of course, insurance is not the only tool in the toolbox. Countries need a basket of options to manage their risks. This year, the World Bank made its contingent credit instrument for disasters available to the poorest countries for the first time. Others are doing the same. What is great about insurance and contingent credit is that they are pre-arranged, meaning that countries have certainty of being able to access rapid finance if a disaster strikes. This allows them to plan and prepare.

Cutting-edge science now allows us to forecast extreme weather, weeks or even months in advance. Organisations like the Red Cross Climate Centre and the Start Network of NGOs have pioneered a new approach, linking pre-arranged funds to weather forecasts to trigger and then deliver even earlier action. Early results look promising. In Mali last year, START members were able to get out ahead of floods and reduce the impact on communities. We are building this into our own systems.

The way finance is delivered – being pre-arranged and on-standby when needed – can make a big difference. But the details matter. Finance is just one part of the story. We need the right plans and systems in place to ensure that the right aid gets to the right people quickly and effectively in an emergency.

It's chicken and egg. It's hard to develop delivery mechanisms if the finance is not in place. We need to do both, and we are doing both.

We are on the cusp of something really exciting. But to make progress we need to bring together the right people from across the development, humanitarian, science and finance communities, government, civil society and the private sector must work together.

The Centre

This is exactly what the new Centre for Global Disaster Protection will do. It will bring together the best and brightest people from each of these areas to build the capabilities, systems and knowledge needed to get aid to the people that need it earlier and more effectively.

There has been some misreporting of what the centre will do, so let me be clear...

It is about investing in the data, research and cutting-edge science to analyse risk and design systems that work well for the poorest people.

It is about providing training and sophisticated analytics to help decision makers make informed decisions.

It is about pre-disaster planning, including bringing vulnerable people into the dialogue about how support should flow in an emergency.

It is about providing neutral advice – supporting countries in making decisions about which financial instruments are right for them.

For the very poorest and most drought-stricken countries, it can also offer grant support to help meet the costs of insurance coverage. Value for money and impact will be central on this.

Finally, it is about innovation – looking at new ways of working and building new collaborations across the finance and humanitarian communities, to design financial instruments that work for developing countries.

At its heart, this is about risk assessment, good planning and public financial management. This is vital if we want to support countries to build their own systems for managing disasters. This is why I am so pleased that the World Bank will join us in this venture. The World Bank's unique strategy of working with the full range of low-, middle- and high income member countries allows for the transfer of knowledge, experience, and resources across the World.

Success for the Centre is not about setting up new risk instruments, but about seeing them deliver to the right people at the right time. In the next 5 – 10 years, we believe that more risk can and should be financed through government-led systems wherever possible.

Right now, we need all the partners round the table to find new ways to finance and deliver assistance more quickly. The Centre is just one part of this.

We are not alone in this vision. In 2015, Germany united the G7 behind the InsuResilience target to help 400 million poor and vulnerable people access climate risk insurance by 2020. Germany's leadership at the G20 earlier this month pushed the agenda forwards, building a global partnership that will include not just governments but also civil society, multilaterals and the private sector, focussed squarely on strengthening resilience and response to crises. We welcome this approach and will work with Germany to advance this.

And just as important, is our collaboration with industry. The Insurance Development Forum is to be commended for the work that they have done in support of this agenda, especially convening us here today. Working with industry is vital if we are to successfully extend the use of insurance and its related risk management capabilities to build greater resilience and protection for people, communities, businesses, and public institutions that are vulnerable to disasters and their associated economic shocks.

This is just the beginning. By working together globally across governments, humanitarian agencies, the scientific community, civil society and the private sector, we can drive change.

We can shift the aid system to become more proactive, investing more in reducing risks, and putting in place systems to get aid more quickly to people who desperately need it.

The stakes are immense but the opportunity is enormous. Let's aim high.