

# News story: GAD provides key analysis for high profile government review

The new [Airline Insolvency Review: final report](#) has been published, providing recommendations on how to protect consumers in the event of an airline or travel company failure. Experts in the Government Actuary's Department (GAD) supplied advice and analysis to the review team, including the complex task of calculating the cost of protection which the report recommends charging to airlines.

The review draws on lessons from the collapse of Monarch Airlines in October 2017. This was when 85,000 passengers were repatriated – in the UK's largest peacetime repatriation operation – by the Civil Aviation Authority.

## **Repatriation costs**

GAD played an integral part in the preparation of the report by analysing the cost implications of financial options. Actuaries and analysts examined the likely losses that occur when airlines become insolvent and assessed the cost of the different financial options. Analysis from GAD estimated repatriation costs and looked at the cost of setting up a system which would pay for passenger protection.

The report's key recommendations include:

- proposals for a new Flight Protection Scheme amounting to less than 50 pence per person, which would protect passengers if an airline became insolvent while they were abroad
- reforms to the UK's airline insolvency regimes so an airline's own aircraft can be used to repatriate its passengers should it fail
- plans to improve awareness, and the take up, of safeguards which protect customers with future bookings, should airlines collapse

## **Key partners**

As one of the authors of GAD's Airline Insolvency Review – Risk Analysis Phase 2 report, Chris Paterson, commented: "The analysis carried out by our team is an integral part of a suite of publications and data produced for the review.

"We provided estimates of the cost of protecting passengers in the case of an airline insolvency, which were used in the report's recommendations."

GAD's full report is Annex D of the [supporting evidence research reports](#).