## Script for Younger Members Convention 2003 - "Raiders of the Loss Portfolio"

Narrator sets scene for the play, drawing from the introduction to the GIRO paper

**Openning**

- Welcome all to the session. Explain that we aim to do things rather differently than your standard presentation, but before we do that, I have a story to tell...
- There was once an insurer, a consultant, a broker, a reinsurer, an accountant and a regulator all of whom wanted to close a deal in a mutually beneficial way, but yet individually, they each lacked the complete picture that could be so helpful in these situations... I will come back to this story later ...
- Aim of the presentation… a better understanding of these different parties and the issues involved in one of these deals... An appreciation of the mechanics underlying a win / win situation...
- Relate some of the issues to be discussed to other areas of actuarial work… e.g. Options in Pensions work and Transfer of liabilities in M&A situations (Life and Pensions)...
- Particularly interesting area …Blends pricing, reserving, investment, reinsurance and deal making to produce a cocktail full of win / win nutrients...
- The format today will be a role play to cover: The Need for one of these transactions; The different needs of interested parties; Negotiating the deal and finally; Making the management decision to proceed or not...
- Use of pictorial aids whenever possible to flesh out the issues...
- Invited to participate, heckling and whistling is allowed...Without further ado, ladies and gentlemen (drumroll from the crowd or other?... welcome to the "ROLP", starring, [Introduce cast])

## Raiders of the Loss Portfolio (slide 1): Cast to be announced Hollywood style by Narrator

| | | |
|---|---|---|
| Aoife | - | SELLER (naïve insurer, fancies broker) |
| Cheryl | - | CONSULTANT ACTUARY (informed but tendency to be evil) |
| Mark | - | REGULATOR (cautious & untrusting) |
| Dorian | - | BROKER (flirty, film lover) |
| Gerard | - | REINSURER (likes explaining things over champagne) |
| Oscar | - | NARRATOR (provides continuity & voice of reason) |

NARATOR: I guess a natural starting point would be to explore the possible **motivations** behind a deal of this nature… Let's have a look…

## Scene 1: SELLER & CONSULTANT (slide 2)

*Seller and Consultant walk on stage after Narrator introduces scene*

SELLER: Hello CONSULTANT ACTUARY, how are things?

CONSULTANT: Fine SELLER, and you?

SELLER: Good thanks. Please take a seat. As I said on the 'phone, I wanted to have a chat with you following on from our meeting last week, now that I've had a chance to digest your actuarial report and your latest reserve estimates. The directors are very concerned about our discontinued portfolio. We've been getting some <u>very</u> negative press because of the reserve deteriorations we've had over recent years and there's a perception in the market that the company lacks financial strength. *[Leaning forward]* Between you and me, we're in a bit of a bad state.

CONSULTANT: I must admit, I had come across one or two unfavourable reports. They seem to be focusing on the run-off business rather than the positive changes to underwriting and claims management you've been implementing.

SELLER: Yes and unfortunately our underwriters are saying that there's less business coming their way and there is a risk that our rating will drop if we don't do something about this. Given that premium rates are under pressure at the moment, I need a quick and effective method of improving the company's balance sheet. Do you have any suggestions?

CONSULTANT: It sounds to me like it would be worth considering a loss portfolio transfer *[with emphasis, nodding to audience]*. This would help give you a clean start and free up resources for you to concentrate on your new business plan.

SELLER: What do you mean by a loss portfolio transfer?

CONSULTANT: Loss portfolio transfer is just a general term for any one of a wide variety of transactions in which a "ceding company", in this case yours, transfers a portfolio of claims liabilities in return for a premium. I recently read an excellent paper on the subject, which was written by the Loss Portfolio Transfers actuarial working party. The paper sets out a number of methods by which you can get rid of, or cap, your liability to poorly-performing run-off business.

SELLER: What are these methods then?

CONSULTANT: *[Talks through slowly, pausing between each option; seller nods after each one and may clarify if Consultant not clearly spoken]* Well, the transfer could be to a reinsurer, by buying a reinsurance contract to cover all liabilities or it could be to another insurer through a change of ownership and complete transfer of liabilities; it could be a commutation with your cedants; or a transfer to a shell company within your group to hold the liabilities instead of your underwriting company. Each of these has certain advantages and disadvantages and so the best solution will depend very much on your particular circumstances and objectives and could involve a combination of solutions.

SELLER: How will any of these solutions help improve my company's financial strength?

CONSULTANT: Good question. You currently hold undiscounted reserves in your accounts. Your discontinued business has a long mean term to settlement therefore the value of future investment income you should expect to earn on the assets backing your technical reserves is sizeable. It should be possible to transfer the claims in return for a premium that gives credit for the future investment income, although the premium is likely to include a risk margin to cover the cost of uncertainty.

SELLER: That's very interesting, although it sounds like we might need your help with the numbers.

CONSULTANT: *[To audience, possibly leaning forward with hand up to hide his mouth from Seller]* A-ha! My evil sales target domination plan is working!

SELLER: *[Looks slightly puzzled, shakes head and continues as normal]* I particularly like the idea of using one of our shell companies, as this should reduce the legal and regulatory aspects. Also, as it's not a true market transaction, it should be quicker to do and we're not at risk of having to pay out too high a risk premium.

CONSULTANT: If you go with that plan, which seems sensible, then you may want to consider some kind of reinsurance to limit the possibility of adverse development. Given that you will need as much capital as possible to support your future business, this could be a useful way to limit the amount of capital needed by the shell company. I think your next stage is to confirm with the regulator that he's happy with your plans. If you need us to do any more work in support of the transfer, let me know.

*Seller and consultant remain seated.*

NARRATOR: **(slides 3-5)**: The arrows indicate those points relevant to the preceding scene. [Do we need the 4th slide?]

NARRATOR: In this particular case, the main motivation is the risk reduction and improving the image. However, other motivations include…

**Seller's reasons for LPT** (section 2.1 of paper):

- Risk reduction ←
- Improving solvency - exchanging undiscounted liabilities for a discounted premium…
- Freeing resources – time, capital and corporate strategy
- Improving image ←
- Admin savings – management expenses relating to run offs and better use of resources?
- Simplifying structure – a fresh start … corporate strategy?

**Seller's motives: improving image** (2.1 and 2.3 of paper):

- Rating agencies – how well is the company doing…Brand, Reputation…
- Enhance sale value– get rid of bad apples…
- Ability to raise capital– investors like "clean" investments, no baggage…
- Enhance attraction to insurance buyers – preference for "safe" companies…Press reviews…

**Types of LPT** (section 3 of paper):
NARRATOR: There are many guises of LPTs – generally split by transfer of legal liability and non transfer of legal liability…

- Reinsurance ←
- Commutation – buying back your RI cover… Cashflow issues for example, restructuring due to low RI security…
- Finite risk reinsurance – accounting element, annuity …
- Novation – policyholders approval to switch risk carriers.
- Legal transfer ←
- Sale of company – not too different from your normal M&A situation.

*Seller and consultant walk off stage.*

## Scene 2: SELLER & REGULATOR (slide 6)

NARRATOR: Given that we operate in a highly regulated industry, it is likely that the regulators will get involved in one way or another, albeit at varying degrees. So let us explore how this side of the deal might play itself out…

*Seller and Regulator walk on stage after Narrator introduces scene*

SELLER: Hello, REGULATOR. Good to see you again. *[Extends hand but not noticed by Regulator]*

REGULATOR: Hello, SELLER. Thanks for your letter. It's always good to have an early warning when an insurer wants to make changes. You explained the difficulty you are facing and said you were going to discuss solutions with your broker. What have you decided?

SELLER: To improve my company's image, I need to remove the liabilities for all past underwriting years completely from the balance sheet….. I'm going to hide it them in a cupboard!

REGULATOR: Something about regulators not liking jokes………

SELLER: Going forward my company will then have a clean balance sheet and will be able to write business competitively. We have a shell company in the group that has insurance authorisations, but no policyholders at present. I have the group's agreement to transfer the claims liability into the shell company.

REGULATOR: How will policyholders be protected?

SELLER: Obviously we will be transferring the assets supporting the technical reserves. This will amount to £40m and I have an actuarial report in support of that figure. In addition we will buy reinsurance to protect against possible deterioration of reserves.

REGULATOR: I would appreciate it if you would send me a copy of the report. Does it just give best estimate, or does it include a worst-case figure?

SELLER: It is just best estimate. But I was thinking of an adverse development cover for £10m in excess of the best estimate of £40m. £10m should be ample cover.

REGULATOR: My prime concern is that policyholders should be no worse off. At present your policyholders belong to a well-capitalised company, and if something did go wrong it is likely the group would support you, because the alternative would be to stop writing. However, if you transfer policies to your shell company, firstly policyholders will lose the strength of your company and secondly there will be a greater risk that if things went badly the group would simply let the company go.

SELLER: *[Good humouredly dismissive]* But the group's Board has no intention of doing that.

REGULATOR: I'm glad to hear that they <u>currently</u> intend to support the run-off, but things can change. There have been instances in the past of groups walking away from insurance subsidiaries whose liabilities have deteriorated.

SELLER: *[sycophantically]* Really? That's disgraceful!

REGULATOR: I'm afraid that as a regulator it's my job to be a professional pessimist. So I need assurance that reinsurance cover of £10m will be adequate even if claims suffer <u>seriously</u> adverse development. Therefore if you are buying limited cover, I need you to commission an actuarial report. This should indicate the amount of reinsurance that would be sufficient to cover reserve deterioration with a high degree of certainty

SELLER: Hmm. I'll think about it, as I don't really want to get another report. I may try to get quotes for unlimited cover.

*Seller and regulator stand;*
*Seller, again, tries to shake hand.*
*Both walk off stage.*

NARRATOR: **(slide 7)**:
Just as well we consulted the regulator then! Looks like lessons from the past have been learned, policyholders have been represented, and hopefully we will have picked up any changes in the law that might impact on this transaction…

We therefore need to address the issues of…

**Regulator concerns** (section 6.2 of paper):

- Reserve adequacy ←
- Scope for deterioration ←
- Capital & reinsurance protection ←
- Extent of discounting – affects the cash actually transferred
- Liquidity – claim payment ability
- Non-financial resources – quality of service especially if policyholders have been with a good quality company…

## Scene 3: SELLER & BROKER (slide 8)

*Seller and Broker walk on before narrator announces meeting. Meeting is already in progress.*

NARRATOR: Formalities out of the way then, let's talk business and numbers….

SELLER: I have spoken to the regulators and one way of effecting the portfolio transfer is to protect the adverse development – some form of reinsurance. So naturally I contacted you – you are our favourite broker after all! *[Leans forward, touches knee lightly]*

BROKER: Thanks for the compliment, your one of my favourites too! *[Returns the knee touch]*. What did you have in mind in terms of cover and excess point? There are lots of features to this type of reinsurance.

SELLER: I was thinking in terms of unlimited cover in excess of current reserves. These are £40m – we have an actuarial report from our consultants that say so. If you could get this level of cover it would save the cost of getting another actuarial report that the regulators would need if we self-capitalised.

BROKER: I totally agree. After seeing the latest actuarial charge-out rates, I know where the "milli" comes from in Millimans,……

*Cheryl makes noise*

SELLER: ……the "Till" in Tillinghast,……

*Gerard makes noise*

BROKER: ……the "Price" in Pricewaterhouse…...

NARRATOR/PLANT: That's enough! Show us the money…

BROKER: Before looking at the findings of our analysis it is worth bearing in mind a number of fundamentals, as the cover can often cost more than you would expect:

- If you want a low excess at the current reserves (best estimate), then it can become a money swapping exercise that may defeat the objective.
- It is easy to underestimate variability. Hence unlimited cover can be expensive.

SELLER: Money swapping? What's that?

BROKER: In our field, it would be reinsuring against a certain or almost certain event. For example, if you wanted to take out £1 in XS of £10 for this portfolio then, expenses aside, the premium would be £1, because we are certain that the claims will exceed £11. There are various degrees of money swapping. For the cover you want, with an excess of £40m, there is a high degree of probability that the reinsurance will have to pay out, so there will be some degree of money swapping.

SELLER: Thanks for the background. What did your actuaries make of our data? I know that you like to do some analysis before taking it to market.

BROKER: We did look the data and they did carry out some analysis. They even created a couple of PowerPoint slides to help me explain it to you – *[sarcastically]* there is no limit to the talent of actuaries! As you said, we have only had the chance to analyse the consolidated triangles. Our best estimate is £45m, which is higher than the number quoted by your actuaries of £40m. Any reinsurer will use the same starting point so it's likely that you'll need to supply more data or explanation to persuade them that the best estimate is closer to £40m.

SELLER: Can I see these slides then?

NARRATOR: [SHOW SLIDE 9]

BROKER: This graph shows reserve amounts along the x-axis against probability of outcome along the y-axis. The blue line is our actuaries' estimate of the reserve variability. You can see that around our best estimate reserve of £45m we have estimated a range of possible outcomes of between £35m and £60m.

The second curve, the pink one, shows what the range would be if we replace our best estimate of reserves with yours i.e. £40m.

SELLER: That all looks very clever but I don't quite understand the implications for the cost of buying the reinsurance?

NARRATOR: [SHOW SLIDE 10]

BROKER: Well I have another slide. This shows the previous information as a cumulative distribution. According to your actuaries' estimates, the probably of a reserve of £40m being sufficient to cover future claims payments is roughly 50%. *[Broker points this out on pink graph; Narrator clicks twice to reveal 2 arrows]* However, the blue curve shows we expect this to be sufficient in only 10% of possible outcomes. *[Narrator clicks twice to reveal 2 blue arrows]*

SELLER: That's not very good news if your figures are correct!

BROKER: Admittedly we've only done a fairly high level analysis of the figures but these are the kinds of numbers a reinsurer might produce.

SELLER: But I still don't understand how that affects the cost.

BROKER: The area above the graph represents the likelihood that that reserves held are insufficient and therefore the average amount you would expect the reinsurance to pay. The graph therefore provides a simple way of estimating pure cost of reinsurance by counting squares, each square worth an amount equal to its area of 5m multiplied by 10% or £½m. So for the unlimited cover in excess of £40m that you wanted, the cost would be 3 squares or £1½m using your distribution. *[Narrator clicks to reveal pink shading]*

SELLER: Sorry, but where does that £1.5m come from?

BROKER: *Shows that 1.5m = 3 squares.*

SELLER: Oh, now I see!

BROKER: However, this cost raises by a further 7 squares or £3½m if we use the distribution my actuaries have produced. *[Narrator clicks to reveal blue shading]*

SELLER: So that's £5m for unlimited cover in excess of £40m? That's much more expensive than I was expecting!

BROKER: That's true, however, we can see what happens if we increase the excess point. Sticking with my curve we can see that raising the excess point to £45m reduces the cost to £1½m *[Narrator clicks to reveal yellow shading]*, while further raising the excess to £50m reduces the cost to only £0.2m! *[Narrator clicks to reveal red shading]*

SELLER: That makes sense – the higher the excess point of the reinsurance, the cheaper the cover. It really shows how the price might vary by excess and how it depends on the distributions fitted by the actuaries – especially <u>where</u> they fix the best estimate.

Can you see what you can get in the market place? Ideally we want unlimited cover in excess of £40m. We don't really want to pay more than £5m for it, otherwise the whole transfer of risk will be marginal from a purely financial perspective.

BROKER: I'll see what I can do for you. *[Winks]*

SELLER: *[Looking knowingly at audience and reaching out hand to Broker's knee]* I'm sure you will.

*Broker and seller remain seated.*

NARRATOR: **(slide 11 )**:
Clearly, the price will be driven mainly by what the buyer and seller think is the best estimate is… as well as the variability around this best estimate… These parameters are influenced in the main, by the data quality, reliability, detail, volume, and other relevant information. The transfer could actually fail because of poor quality data.

Other aspects of pricing will be important too. They could put a slightly different spin to the transactions…

**Pricing a transfer** (section 5 of paper):
- Best estimate ←
- Variability ←
- Discount factor
- Quantity & quality of data ←
- Expenses & profit
- Renewal rights, claims staff, etc.
- Accounting & tax implications

*Broker and seller walk off stage.*

### Scene 4: BROKER & REINSURER (slide 12)

*Broker and Reinsurer walk on before narrator announces meeting. Lunch is already in progress and champagne glasses half filled.*

NARRAOR: Let's take a look at the other side of the coin…

BROKER: REINSURER, did you receive the triangles I sent you?

REINSURER: Yes I did, thanks very much. *[Pulls out dairy lea triangles from envelope and offers one to Broker]* I got our pricing actuaries to work through the night, so that I had some figures for you. What precisely did your client have in mind?

BROKER: The seller is looking for unlimited cover in XS of £40m, which is the level of their current reserves. They are looking to spend no more than £5m.

REINSURER If they think that they can get unlimited cover in XS of £40m for a premium of £5m then actuaries will have personalities *[Replace with suitably topical improbability]* Our actuaries' estimates for the current reserves were £47m.

BROKER: That's a bit steep, but I must admit that even our actuaries got £45m. Must be something to do with the portfolio mix. We've both done our initial calculations on the combined triangles. Perhaps when we get the data on the separate classes, all will become clearer, and closer to my client's £40m.

REINSURER: I'm sure it will. Don't forget that we'll have to do due diligence in due course. That may or may not help with getting nearer to £40m

BROKER: Of course. Will there be a separate fee for the due diligence or will it be covered in the premium?

REINSURER: Up front fee, in case the deal does not go ahead or in case it goes to one of our more lowly rated competitors. But we can offset against the premium if it goes ahead with us.

BROKER: Offsetting. Of course. Very useful, off-setting.

REINSURER: We should be able to achieve a mutually beneficial deal, as we will be able to:

- A - Discount at a higher rate than the seller could achieve and
- B - Benefit from the diversification and economies of scale of running a number of such portfolios.

BROKER: Let's get down to the nitty gritty. What have you come up with in terms of prices?

REINSURER: Although your client wants unlimited cover, we are not willing to quote on that basis, but we can do cover of £15m in XS of £45m for a premium of £7m. How does that sound?

BROKER: A bit expensive! What can you do to bridge the gap to £5m?

REINSURER: A number of things:

- Firstly, a higher retention would avoid money-swapping

BROKER: So what can you do to reduce the money swapping and the premium my client has to pay?

REINSURER: We can reduce the cover – as I've said we've already limited the cover by increasing the excess to £45m and limited the width of cover to £15m. We can look to bring it down some more to reduce the premium.

BROKER: Is there anything else?

REINSURER: We could introduce a maximum payment schedule.

BROKER: Isn't that the same as reducing the cover?

REINSURER: Not at all. A maximum payment schedule just limits the amount that can be paid in any period. Any outstanding claim amounts will be rolled forward to the next period.

BROKER: If you end up paying the same out in claims, surely it can't make that much difference?

REINSURER: The extra security it gives us and the additional investment return we can make by holding onto the money a little longer can actually make quite a significant difference.

Have a look at this slide that our actuaries have produced.

NARRATOR: [SHOW SLIDE 13]

REINSURER: We often assess deals in this way. This 2-way table looks at the NPV of profit on the contract under various scenarios for total claims outcome and payment acceleration. Based on cover of £15m in xs of £40m for a premium of £7m, our profits drop rapidly as payments accelerate, and go negative for as little as +10% deterioration on reserves and 25% increase on payment speed.

BROKER: That's a fairly hefty profit of £3.6m that I can see there! *[Points to top left-hand corner of table]*

REINSURER: But look at the potential for losses over here *[Points to bottom right hand corner of table]*. We need to allow a risk margin after all. And then there are expenses to allow for.

BROKER: Well, we all have to tighten our belts these days….. more champagne?

REINSURER: Perfect – it is after 12pm after all.

NARRATOR: [SHOW SLIDE 14]

REINSURER: By introducing a payment schedule we can reduce our sensitivity to payment acceleration or eliminate our loss making scenarios and as a result reduce the up-front premium. With break points as in the second grid, however, the reinsurer is guaranteed not to make a loss if reserves settle for no more than +10% of best, even if the payment speed doubles.

BROKER: That sounds promising. A very clear and useful slide. I'll have to get our actuaries to use the same technique. There are always a large a number of features in an LPT and it is difficult to isolate the effect of each one.

Can you go away and price some alternative layers? See what you can do by:

- ❑ introducing a payment schedule
- ❑ increasing the excess for the cover.

I have to say, I think my car insurer has come up with something one better than a maximum payment schedule. They've got this crazy thing called a no payment schedule. Motor insurers, I swear they're like the Leeds United of the insurance world – promise much and deliver nothing. *[or something topical]*

*Broker and reinsurer remain seated.*

NARRATOR: **(slide 15)**:

NARRATOR: The motivation for the buyer might be driven by…

**Buyer's reasons for LPT** (section 2.2 of paper):
- Investment yield- profitability ←
- Specialisation
- Claims-handling efficiency – dealing with similar accounts, economies of scale…
- Negotiating advantage in claims settling ←

NARRATOR: **(slide 16)**:

NARRATOR: But what could make this deal more attractive for the buyer? This could take many forms

**Improving for buyer** (section 6.1 of paper):
- Increase deductible – aim to take on as best a risk package as possible ←
- Reduce limit - ditto ←
- Break points - ditto ←
- Experience accounts, profit commissions – monitoring progress and consequently adjusting the risk taken on or the premium charged.
- Restrict business transferred – reduces uncertainty and variability, closing the gap between the different best estimates…
- Address r/i & disputed claims problems – could be a condition of the deal to improve the package

*Broker and reinsurer walk off stage.*

## Scene 5: BROKER & SELLER (slide 17)

*Seller and Broker walk on before narrator announces meeting. Meeting is already in progress.*

NARRATOR: Now as it stands, the deal is in the balance. You have all the pieces in place, but what can be done to achieve a situation with which every one is happy?

SELLER: BROKER, what quotes have you been able to get in the market place?

BROKER: Um let me see…. "To be or not to be" …… "Frankly my dear, I don't give a damn" ….. "How you doin?" *[Seller giggles and reaches out for that knee again]*

SELLER: You always brighten my day… but what about quotes from the reinsurance market?

BROKER: Ahh yes, I was able to get some indicative quotes – subject of course to due diligence. I've prepared a slide to summarise them:

NARRATOR: [SHOW SLIDE 18]

BROKER: No one was willing to provide exactly what you were after: unlimited cover in XS of £40m. There just isn't the capacity in the market since the rates have hardened during the last year. £15m in Xs of £40m is the closest, for a premium of £7m. If we introduce a payment schedule we can get the price nearer to 5m

SELLER: What is a payment schedule? How does that work?

BROKER: It should perhaps more accurately be called a maximum payment schedule. By limiting the maximum payment recoveries that you can make in successive calendar periods, the reinsurer can protect itself to some degree and offer better terms. In total you would still have £15m of cover.

SELLER: I am not sure the regulator would be happy with this as it could have serious implications for our cashflow. Is there another way we get the price down to £5m?

BROKER: If you really wanted to get the price down, and are prepared accept a higher excess , then you could alternatively go with reduced cover of £10m in Xs £45m. The choice is yours.

SELLER: Thanks for all the quotes – you've done a great job. I'll have to discuss it at the next Board meeting.… In the meantime, "You'll have to come up some time and see me" *[Seller does Mae West impression]*

## Scene 6: SELLER & CONSULTANT & BOARD (slide 19)

*Oscar (tea lady) sets up the room for the meeting and walks off stage.*
*Seller, consultant and board walk on.*
*Board members and consultant greet each other and then sit down.*

SELLER: I would like to thank the BOARD for inviting me to speak to you today. As you are aware I have been looking into our options for removing the liabilities of our discontinued portfolio. I trust you have all read the paper I sent you earlier this week?

GERARD: Funny comment?

*[BOARD nod/ say yes]*

SELLER: Well as I see it we have three real choices.

NARRATOR: [SHOW SLIDE 20]

SELLER:
A – We do nothing – forget about the loss portfolio transfer and leave the business where it is.
B – We transfer the portfolio to the shell company, and protect its deterioration with a 15m XS 40m layer of reinsurance.
C – Or finally, we transfer the portfolio to the shell company, and protect it with some reinsurance higher up - 10m XS 45m.

Now that you have heard all of the options, do you have any questions?

MARK: Which option would the regulators favour?

SELLER: Well the regulators' main concern is protecting the policyholders. If we were to transfer the capital to a shell company, they would need assurance that we are also transfering enough capital to protect against deterioration in the reserves. We would need to get our consultant actuary to perform some further analysis and to produce another report in order to convince them.

GERARD: Shell company….

SELLER: If we were to transfer the liabilities to the shell company this would remove the net liabilities, but not the gross liabilities. And if the reserves were to deteriorate, this would result in an increase in our gross reserves, resulting in bad publicity.

This option would also take up a lot of management time, when the management should really be focusing on new business.

BROKER: Meeting favourite broker……

SELLER: Does anyone have any other <u>serious</u> questions? *[To audience]*

*Everyone goes on to stage to answer any questions.*

NARRATOR: Curtain **(SHOW SLIDE 21)**. Music from Raiders of the Lost Ark. Personal appearance from Harrison Ford. Autographs etc.

Well, here we are… we have the case for an LPT, we know what our options are, we have the quotes, our in-house actuary and consultant have done their magic and earned their money by presenting us with the all important scenario analysis, and now the ball is in our court ladies and gentlemen of the board…

We have to make that all important management decision. But before you make this irrevocable decision I would like to invite you to make use of your rewind buttons, teletext buttons or select the relevant scene from the DVD options and ask questions to which today's cast will resort to replay mode.

THANK THE AUDIENCE, CAST AND CLOSE OFF… Autographs on request …