

Scoping study for restructuring and potential sale of Defence Services Home Insurance ('DSHI')

- Engagement**
- We were engaged by the Department of Veteran's affairs to develop options for the restructuring of the DSHI Scheme, to provide for its long-term solvency and services to members.
 - The strategy was successful as both long term solvency and customer service levels were preserved through the restructure.
- Challenge**
- The DSHI Scheme provides home insurance to eligible war veterans and their families. Over the past 10 years the customer base had been reducing, reflecting an ageing population and increase in the competitiveness of the insurance industry.
 - McGrathNicol was engaged to develop options that support the long term solvency of the scheme while preserving the benefits and services provided to members.
- Approach**
- We were engaged as independent advisers to develop a comprehensive strategy, encompassing:
 - Development and assessment of options for the future of the scheme
 - Modeling of the scheme against essential criteria supporting the solvency and customer requirements.
 - Negotiation with potential industry partners
 - Stakeholder consultation, including with employees, customers and industry and military associations.
- Outcome**
- The scoping was successfully completed within a 3 month timeframe, and resulted in the development of a restructuring option, to enable the transition of the business to a capitalised 3rd party operating against agreed customer service requirements, in accordance with an agency agreement.