

# SUCCESSFUL SCHOOL AND COLLEGE MERGERS AND ACQUISITIONS

UNDERSTANDING THE VITAL ROLE OF RISK  
MANAGEMENT AND INSURANCE



The UK education sector is seeing an increasing number of mergers as schools and colleges seek to adapt to the rapidly changing political and economic environment. The reasons for merger and acquisition (M&A) can be numerous, but regardless of the driving force for the union the risks and challenges to the business can be considerable.

The completion of a merger can create a new set of challenges for the combined business entity, both in the immediate post-merger integration period and over the medium to longer term.

For the merger to be judged a success these challenges must be dealt with.

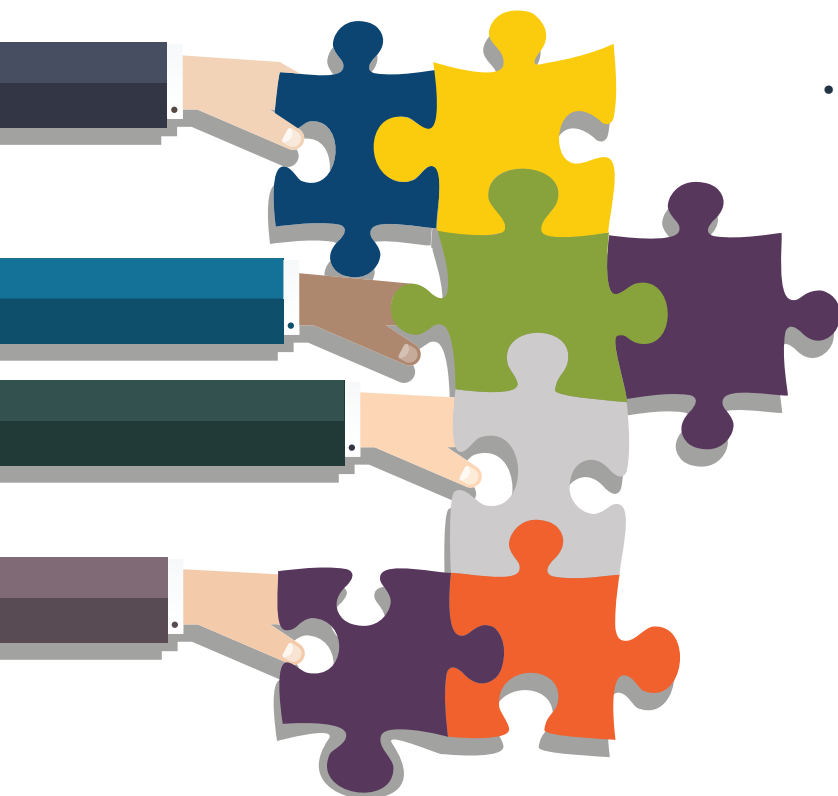
Both parties may currently have their own:

- Administration function and process for risk transfer.
- Approach to business continuity planning.

Addressing insurance and risk management as soon as possible can help to optimise synergies as well as demonstrate effective corporate governance.

Conducting insurance due diligence for both corporations will aim to achieve a common understanding of each other's current and historical positions along with creating a joint forward looking strategy for risk management and financing. In more detail it will look at specific areas including:

- Determinining the type and scope of existing risks and liabilities from an insurance perspective, prioritising risk exposures.
- Outlining key risk and insurance issues that could have a financial impact on the merger, for example large risk retentions, self-insurance, claims made coverage, etc.
- Evaluating current and historic insurance programmes to determine the quality and extent of remaining insurance limits as well as the solvency of historic insurers.
- Establishing responsibility for major audit premiums, surcharges or retrospective adjustments.
- Providing any necessary claims-review services to determine the adequacy of reserves in cases of self-insurance.
- Uncovering hidden or understated liabilities as well as uninsured or underinsured exposures.
- Developing pro-forma insurance cost projections for combined insurance programmes, including the cost of run-off cover – for example directors and officers liability insurance – and replacement for claims made policies.



**DID YOU KNOW?** In 2016, Marsh's Private Equity and M&A Practice in the UK acted on over 800 transactions.

**DID YOU KNOW?** Marsh's Private Equity and M&A Practice has a dedicated team of over 150 professionals globally.

## HOW CAN MARSH HELP?

Marsh's experience advising clients engaged in strategic M&A activity, coupled with our knowledge of the education industry sector, offers a multi-disciplined capability to complement both corporations' merger deal teams and can help make the merger a success.

Specifically, Marsh will aim to:

- Identify optimal insurance coverage across the spectrum of operational risks to help minimise exposure and organisational surprises in the event of unexpected claims.
- Identify optimal financial synergies to be achieved from the integration of the two entities.
- Provide an independent perspective.
- Assist informed decision-making on the extent and structure of risk transfer to be purchased, aligned with the enlarged group's risk profile and risk appetite.
- Assist with the management of directors and officers risk arising out of the merger itself and the need for new go-forward coverage.

If you are contemplating a merger of your school or college with another institution please do give us a call to discuss the risk management and insurance implications.



## CASE STUDY – INSURANCE DUE DILIGENCE

Marsh was engaged by a private equity company to produce an insurance due diligence report looking at a target business comprised of secondary and sixth form colleges across the UK. The key risks highlighted in the insurance due diligence report included:

- Public liability insurance including cover for abuse.
- Assessing levels of computer and portable electronic equipment coverage.
- Ensuring purchase of travel and tour operators' liability cover for student trips abroad and in the UK.
- Assessing business interruption cover needs dependent on college locations.

## WHAT TO DO NEXT

Whether you are looking for detailed risk advice or just an informal conversation about your insurance needs why not get in touch today?



01444 335100



[development.team@marsh.com](mailto:development.team@marsh.com)



[uk.marsh.com/education](http://uk.marsh.com/education)



Marsh UK Education Forum



Marsh Ltd, Education Practice, Capital House,  
1-5 Perrymount Road, Haywards Heath,  
West Sussex, RH16 3SY

## ABOUT MARSH

Marsh is a global leader in insurance broking and risk management. In more than 130 countries, our experts help clients to anticipate, quantify, and more fully understand the range of risks they face. In today's increasingly uncertain global business environment, Marsh helps clients to thrive and survive.

We work with clients of all sizes to define, design, and deliver innovative solutions to better quantify and manage risk. To every client interaction we bring a powerful combination of deep intellectual capital, industry-specific expertise, global experience, and collaboration. We offer risk management, risk consulting, insurance broking, alternative risk financing, and insurance programme management services.

Since 1871 clients have relied on Marsh for trusted advice, to represent their interests in the marketplace, make sense of an increasingly complex world, and help turn risks into new opportunities for growth. Our more than 30,000 colleagues work on behalf of our clients, who are enterprises of all sizes in every industry, and include businesses, government entities, multinational organisations, and individuals around the world.

We are a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), a global professional services firm offering clients advice and solutions in the areas of risk, strategy, and people. With 60,000 colleagues worldwide and annual revenue exceeding \$13 billion, Marsh & McLennan Companies also include global leaders Guy Carpenter, Mercer, and Oliver Wyman.

## FOR FURTHER INFORMATION, PLEASE CONTACT:

Marsh Ltd, Education Practice, Capital House, 1–5 Perrymount Road, Haywards Heath, West Sussex RH16 3SY



01444 335100



[development.team@marsh.com](mailto:development.team@marsh.com)



[uk.marsh.com/education](http://uk.marsh.com/education)



[Join our group](#)

Statements concerning legal, tax or accounting matters should be understood to be general observations based solely on our experience as insurance brokers and risk consultants and should not be relied upon as legal, tax or accounting advice, which we are not authorised to provide.

The information contained herein is based on sources we believe reliable and should be understood to be general risk management and insurance information only. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such.

Marsh Ltd is authorised and regulated by the Financial Conduct Authority. Copyright © 2017 Marsh Ltd. All rights reserved.

Design ID: SC00219

