

L'Equité appoints CMGL

Claims Management Group Limited (CMGL) has been appointed by L'Equité to provide claims management services. L'Equité, a subsidiary of Generali France, handles motor claims, mainly through large brokers. CMGL has been awarded a contract to handle circa 5000 live claims.

The claims team will be based at CMGL France's headquarters in Paris. Marie Langard will be responsible for the portfolio and Jacqueline Pissarello will manage the account on site.

"Our client base in continental Europe has increased significantly over the last 12 months and Paris has become our largest operational base in Europe," comments Jerry McArthur, managing director of CMGL. "European insurance companies are demanding a pan-European service."

Generali France, part of the Generali Group, has sales of approximately €9.57 billion per annum and 8400 staff. L'Equité has sales of approximately €326 million per annum and 150 staff.

CMGL also recently announced its appointment as the single run-off provider for St Paul Travelers throughout continental Europe, managing claims under its run-off portfolio in Germany, France and the Netherlands.

AIRMIC to investigate schemes

The Association of Insurance and Risk Managers (AIRMIC) has set up a task force to investigate solvent schemes of arrangement amid concerns that policyholders receive inadequate protection when insurers run-off their operations in this way.

AIRMIC estimates that the number of solvent schemes of arrangements in the UK has risen from three in 2003 and seven in 2004 to more than 20 at present.

"We are concerned that some schemes may not meet all their obligations to policyholders," commented AIRMIC executive director David Gamble. "This may be unavoidable when companies are insolvent and unable to pay all their claims, but it's quite unacceptable when they have the cash. There are other, more equitable ways to run-off your operations."

AIRMIC claimed that, as regards the recent BAIC High Court judgment (*see pg 38*), "risk managers and insurance buyers remain worried that lawyers and other representatives of the run-off industry are treating this as a one-off case, rather than as a legal precedent."

"I know of several AIRMIC members who have similar cases or potential cases in the pipeline," said Gamble. "This type of situation costs money. It is time consuming and distracting."

A particular shortcoming reported by AIRMIC members is the status of IBNR claims, with persistent complaints that these are being heavily discounted and reduce the voting rights for this class of creditor. AIRMIC claimed there have also been complaints of schemes being presented in confusing ways and lacking important information. The task force is seeking a meeting with the Financial Services Authority.

New player in the market

Quest, a new venture in the run-off market, has been founded by Graham Combes and Jeremy Fall (both ex-Chiltington) and Steve Gowland and Sean McDermott (both ex-Ernst & Young).

Quest states that its philosophy is to provide solutions that, when required, go beyond claims management, inspecting, commutation negotiations or run-off outsourcing, to provide complete finality. Having opened for business on August 1st with a team of 16 experienced market professionals, Quest said it has already secured a series of multi-year outsourced administration contracts representing approximately \$1 billion of claims under management. Finance has been provided through a combination of capital from the founders and additional funding provided by Walsham Investment Ltd.

"A primary reason for the establishment of Quest is to acquire discontinued (re)insurance companies and portfolios. Our goal is to work in partnership with vendors to provide innovative solutions that are focused on value release and value sharing," said Fall.

Cologne Rendez-Vous, 12th-14th December 2005

Cavell has joined forces with Global Re of Germany (formerly Gerling Global Re) to set up the inaugural Cologne Commutations Rendez-Vous at the Hilton Hotel from December 12th to 14th 2005. Based on Cavell's now famous event in Norwich, this Rendez-Vous will seek to bring together European insurers and reinsurers to discuss closing down business relationships in the most efficient way possible. The event will start with a dinner on the Monday evening and be followed by two days of discussions in rooms divided up into meeting areas. A delegate list is available on the Internet, enabling delegates to set up their meetings in advance of the event. For further information on the event contact Charles Craigs at charles.craigs@cavell.co.uk; Wilfried Siegburg at wilfried.siegburg@globalre.com or simply click on www.commutations-rendezvous.com.

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