

Rendezvous in Munich

R&Q is to host a European Commutations Rendezvous in Munich, Germany next year. This new event, to be held with the support of Munich Re and Swiss Re, will replace the Rendezvous that has been held in Cologne each year since 2005. It also signals the end of the longer established Norwich Rendezvous which has been a fixture in the calendar since 1997.

At time of going to press exact dates for the Munich Rendezvous had not been finalised but it is expected to take place either late in May or late April. The format will be similar to that of the Cologne event, with presentations taking place for two hours each morning for two days, one day in German and the second in English, in addition to the main business of commutation discussions. R&Q's Jim Moran told *Run Off & Restructuring* that he hopes the partnership



with Munich Re and Swiss Re will attract more live carriers to the Rendezvous, making it a key event not solely for the run-off sector but for the wider European reinsurance market.

EIOPA, FSA consult on Solvency II

Consultation papers on the draft Pillar 3 requirements have been released by EIOPA, complementing its previous Own Risk and Solvency Assessment (ORSA) paper, providing further clarity on some of the more complex areas of Solvency II. Reporting has arguably been the pillar of Solvency II that has had least attention so far and the consultation papers will help address this, but there is continued uncertainty over some key requirements.

Danny Clark, insurance partner at KPMG, calls the consultation paper package 'a very positive move by EIOPA to get the industry engaged and drive the Solvency II debate forward. Pillar 3 and ORSA have been the two missing parts of the Level 3 guidance and moves to finalise these requirements will give some much needed clarity on the final shape of Solvency II.'

EIOPA has also published a consultation paper on ORSA for Solvency II. Comments on the consultation paper should reach EIOPA by 20 January 2012.

'Effective implementation of the ORSA remains one of the top priorities facing European insurers,' comments Paul Clarke, global Solvency II leader at PwC. 'Although some uncertainty still remains,

EIOPA's publication should provide insurers with the impetus they need to develop and finalise their ORSA process before Solvency II goes live.

'A robust ORSA is the key to embedding the effective risk and capital management envisaged by Solvency II. The guidelines emphasise the role of the board, both in the ORSA process and in strategic decisions. Embedding the ORSA into how the business is run will both improve decision making and meet the regulatory requirements,' says Clarke.

The Financial Services Authority has published two consultation papers, on the transposition of Solvency II and on Solvency II and linked long-term insurance business.

Although the Solvency II Directive has not been finalised, the FSA is consulting now on transposition to allow both firms and the FSA itself enough time to prepare for implementation. Another consultation is expected at some point in 2012 to incorporate any changes brought in by the adoption of the Omnibus II Directive and level 2 implementing measures, and to consult on national level reporting templates.

Run-off takes the long view

Ownership of London market run-off is becoming more concentrated, with a majority of it now under the control of entities with a long term business strategy, according to the KPMG annual survey of UK non-life run-off. It also notes that Solvency II remains a major headache, which may in turn drive M&A activity and further consolidation.

Total liabilities of UK non-life run-off decreased by approximately 9 per cent to an estimated £27.1 billion in 2010 (equal to 13 per cent of the non-life market as a whole), down from £29.7 billion (15 per cent) in 2009. KPMG attributes this decrease primarily to two factors: the elimination of syndicates at Lloyd's with open years through the RITC process; and the release of reserves following claims settlements, commutations and/or favourable claims development.

Total capital tied-up in solvent UK non-life companies in run-off decreased by approximately £0.3 billion to £3.9 billion; principally due to successful extraction of surplus capital through capital reduction, dividend distribution and other mechanisms. The one new entrant of size was motor insurer HSBC Insurance (UK), since sold to Syndicate Holding Corp.

Over 77 per cent of the total solvent run-off market is now owned by six insurance groups, of which segment 44 per cent is held by recognised market acquirers.

'A large proportion of the remaining solvent run-off market outside of Lloyd's now resides in the hands of entities whose business approach is not to accelerate claims; through choice or because those claims are insured through compulsory insurance,' says Mike Walker, head of KPMG's restructuring insurance solutions practice in the UK. 'These businesses currently face potentially difficult challenges as they seek to generate profits and release surplus capital at a time of increasing costs, claims settlements and depressed investment performance.'

The figures in the survey relate to such standalone, pure run-off as is identifiable from public accounts; the true figure including run-off within live groups is almost certainly greater.

See also feature article, page 10.

Parabis launches Argent Audit & Legacy

Parabis Group

has recruited John Halls (pictured), formerly MD of Compre Services (UK), together with Jenny Fair and Mark Wilmot from Fidelis Consultants to develop its reinsurance services company Argent Audit & Legacy. The trio will be working alongside audit specialists TurnStone,



acquired by Parabis earlier this year, and the expert reinsurance and specialty legal team at Plexus Law, led by partner Darren Hanison.

Halls, who will be driving the development of Argent Audit & Legacy, has extensive UK and international reinsurance and risk management experience, notably in rationalising and managing in-house and outsourced legacy operations. Fair, who recently joined the board of ARC, was MD of Fidelis Consultants, and her wide experience includes spells with PwC's discontinued insurance business unit and the Hartford. Wilmot was previously director of operations at Fidelis.

'Parabis Group is committed to offering

a full range of services to all parts of the insurance sector. The development and growth of its reinsurance offering is a key part of this strategy,' says Halls. 'In the wake of the heightened awareness for risk management, compliance and improved processes for internal business operations, the empha-

sis on risk-based audits and reviews, for insurers and reinsurers, has increased exponentially. Our expertise here is fundamental to our growing business.

'Also exciting are the opportunities in the legacy market where we envisage a great deal of movement and change among risk carriers, especially as the requirements of Solvency II take hold,' adds Halls. 'The expertise in Argent Audit & Legacy, combined with the complementary services of our sister Parabis businesses, represents a compelling one-stop offering to risk carriers. Our ability to handle seamlessly all aspects of their insurance and reinsurance business will make life simpler and more transparent for reinsurers.'

Catalina completes RLCH acquisition

Catalina Holdings (Bermuda) has completed its acquisition of Residential Loss Control Holdings (RLCH), following regulatory approval from the Colorado and Hawaii Departments of Insurance. RLCH owns two risk retention groups, National Home Insurance Company (NHIC) and Residential Insurance Company (RIC), based respectively in Colorado and Hawaii. NHIC and RIC underwrote new home warranty businesses until they were placed into run-off in August 2010. The purchase price was at a discount to net asset value. 'I am pleased that our acquisition of RLCH,

Catalina's third over the last 14 months, has now completed successfully,' says Chris Fagan, chairman and chief executive of Catalina. 'Catalina and RLCH have a long-standing business relationship through our Quanta subsidiary and this is a good addition to our existing US business.

'We remain very acquisitive, and continue to explore an increasing flow of run-off acquisition opportunities,' adds Fagan. Other recent acquisitions concluded by Catalina include Quanta Capital Holdings in 2008, Alea UK in 2009, Western General Insurance in 2010, and Glacier Re earlier this year.

R&Q buys Principle Insurance

Randall & Quilter is to acquire Principle Insurance Co Ltd, a UK domiciled Takaful insurer, from Principle Insurance Holdings Ltd.

Principle Insurance Co has been in run-off since October 2009 and is almost entirely comprised of Takaful motor insurance business with net reserves of £2.8 million as at 30 June, 2011 and a net asset value of £5.1 million as at end-2010.

R&Q will pay £4.275 million in cash from existing resources. The business will be managed by R&Q Insurance Services Ltd.

'We are pleased to have reached agreement to acquire Principle and it demonstrates our commitment to find new legacy portfolios which meet our return criteria and have shorter anticipated run-off profiles,' says Ken Randall, CEO of R&Q.

'We have commented that our pipeline has grown in recent times and it is pleasing to report that this heightened activity has now resulted in a run-off company purchase, subject to regulatory approval, expected to be received in the coming months.'

Tawa completes Lincoln acquisition

Tawa has completed its acquisition of 51 per cent of the issued shares of US holding company, LGIC Holdings, following regulatory approvals from the Pennsylvania Department of Insurance, thereby acquiring a majority interest in Lincoln General.

Tawa says the deal affirms its US acquisition strategy announced earlier this year, and consolidates the group's servicing capabilities. It follows Tawa's acquisitions in the UK and Europe of first Pro and then Chilton, and in addition, as part of a consortium, the purchase of Whittington UK. Lincoln General provides an 80 staff administration platform capable of servicing from the US the Tawa portfolios, third party business recently won by Pro, and new US business.

ARC award goes to Winter

The **ARC** Award for Services to Legacy Business 2011 was presented to John Winter, CEO of Ruxley Ventures, at this year's ARC dinner at the City Grange Hotel. The award was in recognition of his 32 years of experience in mergers and acquisitions and bringing finality to discontinued insurance portfolios. Since he founded the company in 2001, Ruxley has completed transactions with some of the biggest names in insurance, including Aviva, AGF, Generali, RSA and Prudential.

Among the 'firsts' Ruxley can claim are: being the first company to acquire and scheme an APH book to finality (City General); the first to combine a corporate acquisition with Part VII business transfers to enable a pool to be closed using one scheme (Aviation & General); and the first to use reinsurance protection as temporary statutory capital in support of the acquisition and closure of an APH portfolio (Generali). As if that weren't enough, Winter boasts an 'utterly splendid' shoe collection and aspires to have as many pairs of shoes as Elton John!

ARC chairman Paul Corver told the 200 plus audience at the ARC Dinner that the



John Winter (left) with Paul Corver; top, left: Charlotte Porter of MIND

association was exploring the possibility of changing its name to the International Legacy Association and that members would be consulted over the name change.

Charlotte Porter of MIND gave a talk about the work of the mental health charity. £3695 was raised at the dinner for MIND, which is ARC's charity for 2011/12, partly through a holiday raffle which was won by David Grantham of Ince & Co.

AIRROC award goes to GTE two



This year's AIRROC Person of the Year Award went to two recipients, Andrew Rothseid of RunOffRe.Solve and Gary Lee of Morrison & Foerster for their work on the GTE Reinsurance Company closure. Presented at this year's AIRROC/R&Q Commutation & Networking Event in New Jersey, the award acknowledged the significance of that closure, its impact on the run-off industry, and the role of these two key individuals.

GTE Reinsurance Co Ltd was the first accelerated closure of a solvent US property and casualty insurer or reinsurer under the Rhode Island statute enacted in 2002, entitled Voluntary Restructuring of Solvent Insurers.

Rothseid (on right of picture) as a principal of RunOffRe.Solve provides restructuring and advisory services to the global re/insurance industry, particularly in regard to discontinued or run-off liabilities. Lee (left in picture) is co-chair of his firm's Bankruptcy & Restructuring Practice Group, advising clients on domestic and international restructuring and insolvency matters.

The 2011 New Jersey Commutation & Networking Event attracted 328 delegates from around the world. The dates for next year's event are 14-17 October 2012.

events

7-8 December

InTAP 20th Anniversary Technical Meeting

Gen Re, Cologne

Contact: www.intap.org.uk

8 December

ABI Solvency II Conference

Grange St Paul's Hotel, London, EC4V 5AJ

Contact: www.abi.org.uk

13-14 December

European Solvency II Summit

Swissotel, Zurich, Switzerland

Contact: www.infoline.org.uk

13 December

Insurance Run-Off & Discontinued Business

London

Contact: www.infoline.org.uk/RunOff

14 December

Asbestos & Latent Claims

London

Contact: www.infoline.org.uk/RunOff

2012

18-20 January

IAIR 2012 Insolvency Workshop

The Westin, San Diego, USA

Contact: www.iair.org

19 January

ARC New Year Quiz

Grange City, London

Contact: www.arclegacy.eu

24 January

Solvent Schemes of Arrangement: Latest Developments in the UK and US

The Downtown Association, New York City, USA

Contact: www.litigationconferences.com

26-27 January

Asbestos Claims & Litigation

Philadelphia, USA

Contact: www.americanconference.com

31 January - 1 February

Captive Live

The Brewery, London

Contact: www.captiveliveuk.com

28 February

ARC Congress 2012

London

Contact: www.arclegacy.eu

29 February

AIRROC Commutation Day

New York City, USA

Contact: www.airroc.org

March, date tbc

(Re)Insurance Industry Outlook 2012

New York City, USA

Contact: www.litigationconferences.com

1 June

4th CEA International Insurance Conference

Amsterdam, Netherlands

Contact: www.cea.eu

The Association of Run-off Companies Ltd is the UK market body for insurance and reinsurance legacy management professionals. Originally set up in 1998 by a founding membership of senior claims representatives from London Market companies, the membership has grown and broadened to include companies worldwide that wrote business in the UK. The ARC Academy exists to provide focused and interactive legacy training to staff within a cost sensitive sector.



New Year Quiz Evening!



Thursday 19th January 2011 from 6pm with the quiz starting at 6:30pm
City Grange Hotel, 8-14 Coopers Row, London EC3N

Christmas is so yesterday – we are leaping forward into 2012 with our regular brain warm up – the ARC New Year Quiz evening.

Teams can range from 4 – 6 members, but don't forget to round up a vast array of knowledge or those tricky little rounds may find you flat footed in one subject. The music rounds may cover 40 years of sounds so be warned, you will need someone with a lot of free time to have soaked all these tunes up.

There will be a cash bar but three drinks (beer, wine or soft) will be included along with the hot buffet. As each member's team price is £180 plus vat, you will get 18 drinks vouchers when you arrive and you can share these out as you wish. Team names will be appreciated as, looking at some of the past scores, it may be best to be anonymous!

So a welcome and please sign up asap from your Quiz Master Mark Everiss of ARC, Partner at Edwards Wildman Palmer UK LLP and Musical Director Peter Bates of Apetrop. Email us at **accounts@arclegacy.eu** to guarantee your spot. Places are limited and it is first come, first confirmed.

Association of Run-Off Companies Ltd,
47 Bury Street, Stowmarket IP14 1HD.
T +44 (0) 203 362 4233

E secretariat@arclegacy.eu W www.arclegacy.eu

ARC cancellation & refund policy: Payments by MasterCard/Visa will also attract a 3% service charge (reflecting the charge levied on ARC). Cancellation and refund of monies paid will not be permitted any later than 14 days prior to the event and in the event of cancellation any later than 14 days prior to the event, or non-attendance, any monies due from you will remain due. In the unfortunate event of the cancellation of any ARC event due to circumstances beyond the control of ARC, any monies paid by you will not be refundable (and any monies due from you will remain due) to the extent that ARC has paid or has committed to pay the costs of organising the event and cannot itself obtain reimbursement.

Market moves and appointments

Consolidation has been a constant theme among service providers this year and has most recently been evident in the legal sector, reflecting a perceived need for greater international reach. This last quarter has seen three major mergers among law firms specialising in re/insurance and a number of associated team movements.

On 1 October, the law firms of **Edwards Angell Palmer & Dodge** and **Wildman, Harold, Allen & Dixon** officially merged to form **Edwards Wildman Palmer LLP**. The combined firm has 650 lawyers in 14 offices, spread across three continents, plus an associated office in Hong Kong.

On 31 October UK based firms **Beachcroft** and **Davies Arnold Cooper** merged to form **DAC Beachcroft**, with over 2000 people and coverage across Europe, Latin America, North America and Asia Pacific.

The merger of **Clyde & Co** and **Barlow Lyde & Gilbert** followed on 1 November 2011. The combined firm of **Clyde & Co** and has 270 partners, 1,300 lawyers and fee earners and 2,350 total staff operating from 27 offices worldwide. Meanwhile, the eight partner team formerly making up Barlow Lyde & Gilbert's global aerospace and aviation group joined **Holman Fenwick Willan** in October. And later that month **RPC (Reynolds Porter Chamberlain)** announced it would open an office in Singapore with the hire of re/insurance partner **Mark Errington** from Barlow Lyde & Gilbert.

Grant Thornton has appointed **Jon Sperin** to lead general insurance services as a partner in its UK Financial Services Group (FSG). Sperin has been with the FSG team for more than six years and has a broad range of experience across a variety of businesses including brokers, insurers and Lloyd's managing agents. 'We are delighted that Jon has been appointed to partner,' says Peter Allen, head of Grant Thornton's FSG. 'As we expand our team to ensure that we can better support our clients



across the sector, it is especially pleasing to be able to promote someone of Jon's calibre from within Grant Thornton.'

Citadel Risk has opened a new London City office. The address is 50 Leadenhall Street, London EC3A 2BJ, UK. Tel: +44 (0)20 7947 2860.



'I am delighted that we are now expanding back into the City and will have a central London market office,' says **Tony Weller**, group CEO. 'This new base will allow us closer access to our markets in London, the UK and Europe, both for reinsurance opportunities with London based brokers and for our services division. The Caterham office will remain open as usual.'

Towers Watson has appointed **Christian Clemmensen** as the leader of its non-life insurance consulting team in the Nordic region. Clemmensen, who has spent the last 17 years working with a number of Nordic non-life insurers on enterprise risk management, reserving and pricing issues, was previously head of capital and risk management at Tryg, the Copenhagen-based insurance group. This appointment follows a number of others in Towers Watson's insurance consulting business across the EMEA region, including that of former Aviva Insurance Europe SE managing director **Michael Murphy** as business leader for Continental Europe and Ireland, and **Coenraad de Jager** as a senior consultant in its South African business. 'Christian's arrival is an important step forward for our insurance consultancy both in the Nordics and across the EMEA region where we are increasing the breadth of our offering to clients following the acquisition of EMB earlier this year,' says Murphy. Clemmensen will be based in Stockholm where he will be establishing a non-life consulting team.

Elliot Varnell has joined the London office of **Milliman** as a senior actuary

following 15 years in the industry. He was most recently a principal advisor at KPMG and worked previously at Barrie & Hibbert, Deloitte and Bacon & Woodrow. 'We are delighted to have Elliot join our practice,' says Nick Dumbreck, principal and consulting actuary in Milliman's London office. 'His skill set and experience will be a major asset to our team. Clients will benefit from Elliot's expertise in Solvency II and the emerging European regulatory regime. 'Varnell is a regular author and speaker at industry events and has consulted for many of the CRO Forum companies.

George Boden has been appointed chairman of the board of **Compre**. Boden is chairman of Centrix Insurance Holdings, a director of Lonmar Global Risks and a director of Bluefin Group. He is also a fellow of the Chartered Insurance Institute and a board member of the London and International Insurance Brokers Association. He also led the successful restructuring of the SBJ group. Compre group CEO, Nick Steer, says: 'George is a welcome addition to our board bringing a huge amount of practical experience with him. We will all benefit from his guidance in the years to come.'

PwC has recruited **Richard Batty** to chair its actuarial services network. Based in Geneva, Switzerland, he will work with Bryan Joseph, PwC's global actuarial leader, to develop PwC's global actuarial consulting practice. Batty joins PwC after over 26 years at Towers Watson, where he was most recently the managing consultant of Towers Watson Germany. Prior to the merger with Watson Wyatt, Richard was the managing director of Towers Perrin's international Risk Consulting and Software practice (formerly Tillinghast). 'Richard is a great addition to our global insurance team and brings with him a wealth of expertise,' says David Law, global insurance leader at PwC.

