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LEGACY LEADERS

Norwich *Rendez-Vous* Roundtable 2009

In association with

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R&Q

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Welcome to our *Legacy leaders* roundtable

Dear Reader,

As the rain lashed down on Norwich's cobbled streets, it seemed all the more the appropriate that a selection of the run-off industry's rainmakers gathered for *The Insurance Insider*'s annual Legacy roundtable.

East Anglia's medieval city was the location, of course, because early June is the traditional pilgrimage of the legacy market to attend the Cavell Commutations *Rendez-Vous*.

Discussion was thoughtful and wide-ranging: from the growth potential in continental Europe to the impact a low yield environment was having on owners of run-off portfolios.

Inevitably, debate also zoned in on the prices being paid for acquiring run-off portfolios where panellists were united in hoping for greater realism after the excitement in 2007-08 saw valuations being driven above net tangible assets.

Panellists also urged caution against wilder expectations that the chilling financial winds would lead – in that charming phrase – to a tsunami of claims and a raft of new opportunities for the legacy industry.

This was very much the received wisdom late last year but participants were keen to point out that the process is likely to be slow – and the (re)insurance industry was already well prepared for the prospect of financial institutions/professional liability losses so it should not be the same seismic shock as previous loss events.

Tim Brentnall, senior partner at Elborne Mitchell, put it in context when he revealed that his firm had recently received instructions to act on a (re)insurance dispute occurring from the Parmalat scandal – in 2003!

Inevitably, Solvency II made it onto the agenda but perhaps more revealing was discussion over the heightened awareness of counterparty risk. This, of course, is a symptom of last year's meltdown in the capital markets but naturally has a direct impact in the (re)insurance industry.

Appropriately for the location – Cavell's Norwich event is the largest commutation event in the industry – participants predicted that this could lead to growing pressure to commute – after all a "bird in the hand"etc.

In summary, the discussion was a comprehensive summary of the major issues affecting the global legacy industry. We trust you find the edited result as useful a guide to the current market as we did.

Enjoy the read!

Yours sincerely

Peter Hastie
Publishing Editor

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John Winter
CEO, Ruxley Ventures

The Norwich roundtable 2009

Peter Hastie (PH) – Good morning. With torrential rain outside, it is fitting that gathered here are the legacy industry's rainmakers. So, how do you see the current legacy landscape? Are there dark clouds on the horizon?

Arndt Gossmann (AG) – I am not a rainmaker, it is my job to make insurers happy, taking on risk they don't like anymore. DARAG focus on continental Europe. We are very optimistic. There will be an increase in the exchange of portfolios. There will be increased level of activity in general.

John Winter (JW) – I think I am a drizzlemaker, rather than a rainmaker. What I have observed is that in doing transfers and/or sales, the issue was the uncertainty of liabilities, whereas I think now it is the uncertainty of the assets that make up the transfer. There seems to be a reluctance to transfer assets when they are volatile and values change considerably, sometimes overnight.

Ian Clark (IC) – I think we are in a transition period at the moment – we have had a pretty strong sellers market for the last few years, with a supposedly large amount of capital chasing individual transactions. That market has gone, there are few real buyers remaining and what was probably illusionary capital has now disappeared.

But what we haven't quite seen yet is reality come back to the pricing of transactions. And I have got no doubt as more discipline comes into the market, we will see transactions going below net asset value, which is where they always should have been.

Ian Clark

"The game will change considerably two years out if the Obama regime comes through with its tax plans"

JW – I agree, paying more than net equity on an asset when you can buy real live companies in the stock market at a discount rate seems illogical, and I think it is correcting.

Paul Corver (PC) – Well, I think the actual legacy rainmakers are the underwriters. And from what we hear in certain quarters in London, with certain companies slashing rates in order to keep the business, then there could be a bit of legacy coming through.

Certainly from a run-off perspective, the word 'expectant' has been around for a while, with people looking back and seeing the impact on AIG and XL, and the potential impact of Solvency II. There is a lot of expectation of legacy business coming into the market, but it's yet to happen.

Michael Cook (MC) – In the traditional legacy market we have seen a lot of consolidation and will continue to see more of it. The market is shrinking, dominated by a couple of very large entities. Certainly, if you look at the last three-to-four years, most of the transactions go to one of two entities. And I think that pool is getting smaller – there is a lot of expectation regarding other legacy business that might come in to replenish what has been absorbed by Enstar and Berkshire Hathaway.

Tim Brentnall (TB) – The impact that near zero rates will have on commutations is very interesting, and the threat of future inflation is also a concern. How companies position themselves to deal with claims in an inflationary era or how they manage their assets – and whether Solvency II helps or hinders that – will come to the fore.

Philip Grant (PG) – I think these are going to be tough times for large service providers that have built their model on outsourcing run-off books. There is increasing evidence that people are managing their own run-off in house, particularly on the continent.

Steve McCann (SM) – From the Lloyd's perspective, the current situation is satisfactory. We have a group of managing agents and run-off service professionals clearly focused on curing the inherent insurance problems within portfolios that they are managing. We have a vibrant RITC market that is allowing syndicates that have come to an appropriate stage of maturity to close, and they are closing – the volume of run-off business at Lloyd's now is about a third of what it was four years ago.

Stephen Cane (SC) – The comments on M&A pricing

discipline returning suggest there has been indiscipline. But what is interesting is that those that apparently did this didn't go in with the first bid at some ridiculous number. So I think we are all to blame in a way, because the prices were clearly chased upwards because of competitive bids.

Stephen Bailey (SB) – For pure acquirers, it is quite a tough environment at the moment. There are opportunities out there, but they are limited and in a number of cases it has been very competitive.
I also think there are going to be more opportunities from portfolio rather than pure acquisition in the foreseeable future.

Richard Askey (RA) – The heady days of Unionamerica are over, along with some of the leveraged multiples achieved back then. So that either means you reset your pricing or reset your RoE expectations.

PH – What are people seeing in terms of appetite for sellers of run-off businesses? Has there been a notable shift in the last six to nine months in terms of portfolio owners considering selling them?

AG – I think the key in the continental European market is to ringfence and unlock portfolios that are suitable for an external rather than internal solution. I think a trend of insurers looking for external solutions is beginning. I also think we are far way in continental Europe from speaking about tendencies in pricing etc – only when portfolios are coming up every week will we be able to discuss pricing.

SC – People in the UK refer to opportunities in continental Europe and to Solvency II. Looking ahead, Arndt has just said those opportunities are still a way off. They might be there but will they be enough to satisfy the appetite of UK London players who suggest that continental Europe and Solvency II issues are going to create loads of extra business? I suspect that is not going to be the case, and there is going to some disappointment…

AG – I know exactly what you are saying. The opportunities in continental Europe are not created to satisfy the London run-off sector. Opportunities evolve from the finality-needs of insurers.

SC – You have got the cultural and language issues, policy issuance in French, German, etc. The equity doesn't reside in London for that – players are going to have to branch out into Europe and partner with people.

JW – It would apply in Europe as it applies here and in America – I think to get a run-off it requires a decision by a senior person who is driving the business, and they don't see run-off as being part of it.
Stephen Bailey
I agree 100 percent. I think sometimes we focus too much on what buyers are doing and I am not sure that that is necessarily the way it is shaped. We have to react to what sellers actually want. If they want to sell, you have got to be ready to buy. If they want to go and do it via a portfolio transfer, you have got to be ready for that. And what they want varies over time.

IC – A theme that springs to mind is capital efficiency. We have touched on Solvency II, but at the moment, if you are a big pan-European insurer that has a lot of portfolios, there are easier ways to get capital efficiency by restructuring the group into a single domicile – collapsing a number of subsidiaries so you are holding capital in a variety of little pots. And then once you have done that, you can refine it even further by looking at selling run-off portfolios, but I just don't think this is at the top of the agenda any more.

PG – I think to get the sort of capital efficiencies you talk about, the companies have to look to get rid of some pretty chunky portfolios. And I am just wondering where the capital is to fund the acquisition of portfolios of that size – ie EUR250mn, EUR500mn etc – even if you wanted to get rid of it, you would have to find a market for some very big portfolios.

PH – In terms of UK asbestos, perhaps things aren't as certain as we thought they were, say, five years ago?

TB – And the figures are significant. I was looking at them recently and in terms of mesothelioma there was a recent case determining that exposure is the trigger is on its way to the Court of Appeal and the House of Lords. But the figures are huge.

MC – Even with US asbestos, cash flow is still being projected through 2060 to 2070 so the problem isn't going away. Asbestos is pretty much indestructible so in practical terms, it just goes somewhere else.
It is not only insurers that have this problem. One thing we are seeing a lot more is companies who acquired other entities outside the insurance sphere and that are looking for solutions. For instance, they bought the company and then realised it made brake linings in the 1960s and so they have an asbestos problem but there's limited or no insurance.
So as part of their acquisition they are looking for some

Arndt Gossmann
"Opportunities in continental Europe are not created in order to satisfy the London run-off sector"

kind of solution. It would be interesting to see whether capital that has traditionally been buying that in run-off will move into that area. If you think of the skills that are involved, they are very comparable. People are beginning to move outside of the traditional insurance acquisition, particularly in that scenario.

PH – Is that an opportunity for the skill sets in the legacy industry?

MC – I really think it is, because if you look at the fundamentals of dealing with asbestos, people who have dealt with it for 20-30 years in the insurance area have arguably the greatest expertise other than probably the primary defendants in the US.

And, certainly, companies who have acquired it through M&A activity and have no experience of handling it have no idea what to do with an asbestos situation – particularly in a market where there perhaps is not the run-off activity there once was.

RA – If you think of a credit committee within a bank where asbestos is mentioned ahead of buying the business, then it would certainly require somebody with John's expertise to explain very specifically how you are going to achieve that position over and above a different type of portfolio.

JW – I think the exposure that an equity provider or an insurer has is primarily the ability to close out in a period, rather than asbestos. Asbestos is a secondary exposure, which actually means that the obvious place to take that sort of business is a reinsurer rather than a bank.

PH – We are here at Norwich for the annual commutations event and I wonder who has observations on trends. In the light of the economic circumstances, are people keen to commute, to take discounts? Or vice versa?

PC – It is optimistic to think that the discount rates that were being applied 12-18 months ago are still available.
The drivers may not necessarily just be based on the level of discount achievable – there is certainly a lot more focus now on the ability of reinsurers to pay. And with ratings affected in a number of areas, cedants are going to be checking to make sure they perhaps get cash now rather than take a haircut later.

John Winter

"Paying more than net equity on an asset when you can buy real live companies in the stock market at a discount rate seems illogical"

IC – The other thing is wherever you have got two parties trying to reach a negotiation, particularly on commutations, the cost of capital comes into play.

The problem at the moment is with the traditional ways that people looked at their cost of capital – whether it started with a risk-free rate and then built it through a degree of loading – the risk-free rate is through the floor.
But risk loading is very much dependant on the eyes of the buyer and the seller in that transaction. And you can get great degrees of variation, which makes negotiation particularly difficult. But it will disappear in six months time, when there is more normality back in the market.

AG – I have not seen a change so far. But I would expect an increase in commutations, simply because everybody has to ask themselves how the current situation is affecting counterparties. Do you still believe in your counter-parties in the same way that you did before? If not, you have to deal with it.

IC – I fully support that because you only have to look at the parallels in the catastrophe markets where, given the recent problems of AIG, there is an absolute flood of business back into the subscription markets. People are trying to diversify their risk. If you have all your eggs in one basket, and you are not comfortable with the credit quality of that risk, then commutations will come through.

PH – When do you think that is going to actually materialise in terms of people's attitude to commutations?

AG – In the next 12 months at latest, but I think it has already started.

Counterparty risk will have to be assessed thoroughly. And as we all know, rating is not necessarily the one and only indication to rely on.

I think that the key lesson from last year is don't follow the field without your own assessment.

SB – One factor people are looking at it at the moment is credit default swaps and what the spreads are on those, rather than what the ratings are. And that seems to be becoming more and more the way the market is assessing the credit quality of your counterparty.

SM – So do we think that run-off companies are getting weaker or stronger during this period? Because certainly from where we sit, there has been a lot of good news coming out of the litigation on risks from the last 10 years, for example.

We have actually seen reserves coming down and so I would say, in general terms, that the Lloyd's run-offs are probably in a stronger position than they were three years

ago.

But I wonder if that is reflected in the company market where, of course, not having had the blanket solution of Equitas, you have a much longer set of underwriting years potentially deteriorating.

PG – Well the trouble with a run-off is, of course, that it is a closed fund. And historically that closed fund is at least yielding some income in the sense that you have got the assets invested. I think there has been certainly a challenge to that financial reality over the last 12 months or so, because you are not earning anything on your investment portfolio.

And also there is the question of discount rates. Again, if you have got a book that has been historically discounted at 5 percent, then you have got some interesting challenges to address. So I am not sure that I would see the non-Lloyd's run-off sector as being stronger as a result of what has happened over the last few months.

PH – Would anyone disagree with Philip's observations?

MC – I think it is very hard to make a generalisation, and as Steve said, the company market hasn't had the benefit of a transaction like Equitas.

PG – I think, taking your point, the acquirers of run-offs don't typically pour them into a single balance sheet, what happens is they remain cellular. And I think that is perhaps one of the models that needs to be looked at in future – particularly if portfolios rather than legal entities are being transferred. Should one be creating a single bucket, as it were, in order to get diversification?

Historically I think the preference has been to keep them separate, to avoid the risk of cross infection. But there is an alternative that says if you pour it all into one bucket, then maybe you can get some economies of scale – both in terms of your capital and your operational costs – that will make those entities stronger.

IC – The model that began to emerge two or three years ago was that some purchasers would look at a portfolio and build in the time value of money to the price of the transaction.

And then once it was under their belt, they would rip it out to an offshore jurisdiction as quickly as they could. Now if you are sitting in one of those offshore jurisdictions, you have got a low interest rate, which means very little income coming in and you have got a strong possibility of suddenly having to factor in tax on whatever earnings you do make, where previously you were in a tax-free environment.

And I think the game will change considerably two years out if the Obama regime comes through with its tax plans. And that is not only for new transactions – there will be a lot more transactions with portfolios that had previously been acquired by parties and are coming back to the market.

RA – Do you not still think, Ian, there is a chance that irrespective of what one does, there will be low tax jurisdictions?

IC – Yes, undoubtedly. If you look around the European jurisdictions, Gibraltar is a classic case. It doesn't really affect our run-off market much at the moment but this month Gibraltar is putting in a 10% tax regime that will make it much more attractive.

SC – Would you then use that to your advantage and use it the way Philip was describing, bringing the portfolios together and going to Gibraltar or wherever and putting together a protected cell for those blocks of business?

IC – What interests me about using a protected cell is you can run into a series of transactions in an individual cell and you can capitalise your central cell, or another cell, and use it as your reinsurance vehicle that gives you the kind of diversification that you want, and gives you the capital efficiency.

SC – And it doesn't endanger each one.

PH – Continuing the theme of the low interest rate environment we now operate in, I wonder how confident panellists are that the legacy industry has thought through what its strategies should be?

SC – People are beginning to think more about proper economic forecasting. A return to inflation is the likely outcome, and we have got to spend more time with bank analysts and economists looking at those trends. And I think because the last year or so has been such a shock, people are spending more time doing that.

PG – There has been a dichotomy over the last few years among run-off acquirers, between the buy-and-hold and the

Tim Brentnall

"How people will position themselves to deal with claims in an inflationary era will come to the fore"

buy-and-scheme, if I may crudely characterise them. It may well be that the buy-and-scheme model, which is predicated on shorter-term assumptions, becomes more attractive again. Because the buy-and-hold mode, which is very much predicated on interest on investment income outstripping claims inflation, is seen as a more difficult call now.

AG – Absolutely true. Again, don't reckon without one's host. Not every seller will be pleased by the idea that the buyer will scheme. At least from the German perspective, I would say a buy-and-manage will be most appreciated.

JW – But why would they care if they are transferring it as an economic benefit for themselves?

AG – There are still client relationships that they stand behind.

SC – I think the difference now is rather than work out what you are going to do once you have acquired, you should have a strategy as to what your best exit is going to be before you go in.

IC – I think there is a very interesting regulatory angle here. If you are trying to structure a transaction, quite often you find a gap between the hard capital you want to put in and the capital that the regulator is going to want to see in place to allow the transaction to move between two parties.

And one of the traditional methods of bridging that gap has been an ADC [adverse development cover]. But how do you price an ADC in a low interest rate environment? And consequently, the price of ADC cover goes up. I don't think there have been any transactions that have tested that in the current market.

MC – Whether it is an ADC or not, in some areas the costs of doing certain things are going to go up and in other areas they will come down. After all, most finality solutions are not cheap. Even though the period just gone hasn't seen high investment income, there are some banks where if you bought at the right time you would have made a huge amount of money. I am not sure we are going to see people change away from that model, because to do other things, I think for certain portfolios, is cost prohibitive.

Richard Askey

"I think the heady days of Unionamerica are over and some of the leveraged multiples that were achieved back then are also past"

SM – And coming back to the solvent scheme exit route, if inflation starts to take off, isn't that going to make the policy-holders very nervous about supporting a scheme? I would have thought it makes schemes less attractive if you think, "I have got cover now but inflation is going to eat away at my claims value".

JW – It would have an effect but I don't think the dynamics of doing commutations would change – the pricing will.

PG – I also think the FSA [Financial Services Authority] has perhaps not fully worked out yet what it means by "added value". Take a substantially solvent company planning to do a scheme.

I think it may be difficult to achieve significant obvious added value in a low interest rate environment, because typically the way of showing added value was that you simply tinkered with the discount rate or eliminated discounting altogether on the scheme payments.

But if your discount rate is half a percent, you have got much less wiggle room.

SC – I am not sure how the regulator is going to react generally to whatever you have got on the table, because of what has been happening in the market place.

PH – At the end of last year, there were predictions of a tsunami of financial related claims and – in the spirit of 'from disaster comes opportunity' – suggestions of new demand for the run-off industry. Is this still the received wisdom?

IC – I think the financial turmoil is having a very limited effect on the non-life sector. The impact that is really happening is on the asset side of the balance sheet, and the real problems are in the life sector.

SB – I think that often when you have these events, everyone says there is going to be a tremendous outcome as a result. And even if there is some impact on the industry, it tends to take a lot longer to work its way through the system than many think.

I am inclined to agree that it will be less than some have predicted, because in the post-Enron, WorldCom environment, a lot of the risks that otherwise would have been there are no longer written.

You have got to start looking at where claims are at the moment – a lot are still in their very early stages. And so until those claims really start filtering their way through, it will be very difficult to see the impact on the balance sheets

of the insurers.

TB – Just to give you an example, I have just received a protocol letter, which is typically written before somebody starts proceedings, on behalf of a client in relation to Parmalat. Well, as we know, Parmalat went down more than five years ago. These things can take a very long time!

PG – You have to look at what creates legacy. I think we tend to look backwards and see the huge increasing volume and severity of claims as generating run-off. But actually if a company decides to pull out of a line of business because it no longer thinks the rating is satisfactory, then that creates legacy. It doesn't create work for the legacy sector necessarily, because it is just a book that is no longer being written.

SB – And it goes back to a point you made a while back about the view of client relationships – I think we perhaps underestimate them to a considerable degree on our side of the fence. You have to take it into account the ongoing relationship sitting within that portfolio.

PC – I think there will be a level of claims coming through, but as Tim said, it will take a long time. But you can always rely on the States: if someone has lost money, they are going to look to get it from someone else.

SC – If you look back at asbestos and pollution, the lessons learned there with tightening up the wordings. But you can go back only to 2000 with the financial liabilities – Enron, WorldCom, then you got 9/11 – that didn't wipe out very many people. It hurt a lot, but actually there was overcapacity in the market.

MC – Coming back on the timing issue and looking at the Madoff and the sub-prime related claims – that is a five-to-ten year cycle easily. And with every step of that process you have got the argument between defining the claim, which is mainly what is happening in the US right now, and the argument between that person and their insurer, and then the re-insurer. And so it goes on. Those things all take years and there will be some big battles, there will be a lot of claims.

SB – There is the risk that someone somewhere will have got too much of it and there could be a casualty as a result.
But I think anyone that thinks that lots of work is going to be produced by the financial turmoil for the run-off business in the near future is deluding themselves.

SC – But if you look at the lesson from Enron, WorldCom: where people got caught out was not the direct exposure to those organisations, it was the indirect exposures through the banks etc.

It is not whether you insure Madoff or whatever, it is who else might be involved along the line. Immediately when you get a situation like that, people will be going through their portfolios and looking at where their potential exposures are. So they are starting to manage it as soon as it hits the headlines.

PG – I think there was a unique quality to the financial structure of the London market that gave rise to the first wave of run-off anyway because – excluding Lloyd's – typically it was a market of smallish subsidiaries, separately capitalised. It was a cellular structure if you like. And so the market was initially driven by the insolvencies, or the placing into complete run-off of separate legal entities.

And that in turn I think has driven the M&A activity, because you can have a straightforward share sale of an entity that is totally in run-off. We have now got much bigger balance sheets, a lot of trading is done on a branch basis, or on a multi-national basis, rather than through separately capitalised subsidiaries. So I don't see the same capital structure in place that would support a run-off market like the one that we had from the 80s onwards.

PH – I wondered whether you have any observations in terms of the London market and its wordings. In other words, are they much more professionally drafted and tight or is it likely we will see more disputes and uncertainties?

TB – Well, D&O wordings are a law unto themselves! I am sure there are going to be lots of arguments about what falls within and without cover. But the mere fact that you have got stacks of notifications seems to indicate that somebody believes that there is some potential cover there.

It is very difficult to generalise about coverage issues because you are going to get claims from so many different sources. You are going to get claims from rating agencies, claims against individual directors, you are going to get claims against investment vehicles – there are many different ways.

MC – And you have got the US legal system!

TB – All 50 of them…

MC – Yes, exactly, it is the big unknown factor. And coming back to the comparison to APH liabilities, who would have ever believed that there would be courts in the US that wouldn't assign a temporal meaning to the word 'sudden'?

Michael Cook

"People who have dealt with asbestos for 20, 30 years in the insurance area have arguably the greatest expertise other than primary US defendants"

But they did.

And that is one of the things that is always an unknown – you have got to go and fight potentially in every one of those forums on issues of policy wording. And as much as a lot of things have changed, I think still to the average man on the street, you read an insurance policy and you have no idea what it actually says. Who knows what a court is going to decide in the US?

SC – The amount of data that is held centrally to spot trends is phenomenal. So if you were going astray, whether you would survive or not, is neither here nor there. You will be stopped before you get to that point. Because you are an outlier compared to the rest of the market.

SM – I think you spoke earlier about catastrophe modelling. In fact, our top scenarios are for a $125bn loss. And syndicates now have to model for this.

PG – I hear all that, and historically I am sure all of the investment banks thought they had very good models and data in place. And don't get me wrong, I am not saying that Lloyd's isn't doing the right thing. But it is back to Donald Rumsfeld, it is the unknown unknowns that cause the problems, not the known unknowns.

But I think there is the potential for there to be seminal judgments somewhere that create a whole new type of liability that is held to fall within policy terms of which none of us is aware. And that is what could cause great financial distress within insurance balance sheets. It is unmodellable by definition, because it defies rational expectations. And so there is that potential I think.

SC – And if you rely on one thing, you are going to get it wrong. I think you have got to rely on a collection of information, but it is not going to make it impossible for things to go wrong, it is just going to reduce the likelihood of it.

Stephen Cane

"There is a time lag on financial claims – we are starting to see notifications on Madoff, but it will take a long time, despite the numbers and the headlines"

PG – But that was the driver for the original run-off market wasn't it? It was the complete leftfield – asbestos. The spiral was a contributor to it but the spiral, if you like, could have been foreseen because of the way that it was constructed. But asbestos really was unforeseen and unforeseeable.

PH – This brings us to our final question. What would everyone like to see occur in the legacy market over the next 12 months?

RA – What I would like to see is a continuing supply of books of business onto the run-off acquisitions market at sensible prices and which are ultimately available to be financed by the banking sector!

SB – I don't think that transactions like UnionAmerica and Quanta are sustainable going forward. I think there has to be realism.

SC – I feel like a funeral director, someone else has got to suffer for me to be happy! Unless it is realistic and attractive, then we will do something else. What would be interesting of course is whether Ian is right and some of the already purchased books will be recycled. If people can't deal with it adequately, that will be interesting.

PG – I would like to see one or two new tools of the trade develop so we can carry on hawking our unsavoury wares round the conference circuit for another couple of years!

TB – I think, compared to this time last year, there is a very different mood around this table. I distinctly remember last year the closing comments pointing to the year ahead as a very exciting time for run-off. Well, it was an exciting time for Lehman Brothers. But I don't know whether you would call the mood realistic or slightly downbeat feeling.

MC – I think innovation is what I would like to see in the next 12 months. And the run-off market has traditionally been good at coming up with new ways of doing things.

JW – I hope to see more things appearing on the market, I think there is the classic case for that to happen, and for people to be persuaded by technical arguments as to why they ought to be transferred.

IC – What I would like to see is a world where the professional advisers in the sector act as advisers and are remunerated as advisers, rather than acting as principals and being remunerated as principals; and a world that recognises the inherent conflicts of interest that exist there.

JW – That is very interesting. I think I would to discuss that with you (Laughter). I think what that means is that Deloitte's rates are going up £50 an hour.

PH – Gentlemen, let me end by thanking you all.

Information is everything…

Up-for-sale Alea UK enters bid shortlist

Bermuda-based property and casualty reinsurer in run-off Alea Group has put its UK arm up for sale, with the process already entering the next stage of bidding, *The*

low as $0.77 in December, and was trading at $4.32 at the time of writing (5 June).

One of the final bidders for Alea UK is believed to be expansive Bermudian run-off

How *The Insurance Insider* first revealed Alea's intentions to sell its UK arm
8 June, 2009

Alea Announces Agreement to Sell Alea Holdings UK Ltd

RNS Stock Exchange announcement confirms sale process
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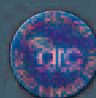

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