

***The Insurance Insider*** » **Quest launches as run-off sector thrives**



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The growing attraction of the run-off sector was underlined last month with the launch of new run-off advisory firm Quest Consultants.

The London based company is headed up by Jeremy Fall, former managing director of (re)insurance consultants Chilton International, who is understood to have brought with him in the region of \$1bn of claims under management – with a significant proportion of that focused on the Japanese market and the run-off of defunct aviation pool Fortress Re.

Fall's co-founders are Graham Combes, Steve Gowland and Sean McDermott.

Quest is backed by London Market reinsurance broker turned venture capitalist Walsham Brothers and its flamboyant founder, William Brown. Brown, who regularly appears in London and UK rich lists, is perhaps best known for having formerly been Britain's highest paid director in the early nineties with an £8mn-plus salary.

Speaking to *The Insurance Insider* Fall observed that Quest would initially focus on providing solutions to the Japanese insurance industry – a sector that until Fortress Re's collapse had seen little in the way of innovation in dealing with run-off (re)insurers. But he added that Quest would not rule out other regions, adding that the US was one area of focus.

"There's a lot of opportunity out there – not just in the UK but in Japan and the US," he said. "People want to get run-off business off their balance sheet.

"We want to have a partnership approach. Our aim is to resolve disputes professionally and share in the gain at the end. We're not in the business of asset stripping."

According to Fall, even the recent British Aviation Insurance Company (BAIC) ruling, in which a High Court judge refused to sanction a scheme of arrangement for the failed aviation insurer, highlighted the need for good run-off advice. He observed: "The BAIC ruling shows that these schemes are not as easy as people thought they were. There is a very clear need for companies like Quest to find solutions."

The launch of Quest has underlined the growing importance of the run-off market, coming as it does in the same month as the launch of Citadel Risk Management, the run-off consultancy backed by hedge fund financed Citadel Reinsurance.

Citadel will be based in the US and will provide auditing and inspection services, portfolio assessment, exit strategies and runoff management and will be headed by Art Coleman, ex-CNA executive and former vice-chairman of the Association of Insurance and Reinsurance Runoff Companies.

In common with Quest, Citadel will acquire and purchase run-off portfolios and administer them to financial conclusion.

**Corporate activity picks up**

Elsewhere Claims Management Group Limited (CMGL) has been acquired from Zurich Financial Services Group (ZFS) by a management buy-out, which was backed by UK private equity firm Sovereign Capital Partners LLP.

CMGL specialises in managing run-off books and provides insurance management services and will remain under the control of its present management.

In a show of confidence for the run-off sector both CMGL and Sovereign have stated that the reason for the buy-out is to enable the group to expand its business globally, with Sovereign providing funds for expansion and further acquisitions.

As well as reviewing opportunities for new acquisitions CMGL will retain former parent company ZFS as one of its major clients.

Meanwhile, Spetember has seen a significant acquisition and further outsourcing in the sector.

LCL Group announced the acquisition of Associated International Insurance (Bermuda) Limited (AIIB). The move is the latest in a series of acquisitions made by LCL Acquisitions, increasing its portfolio of defunct life and reinsurance companies which includes Trenwick International.

LCL has bought the entire share capital of AIIB, although the company will retain its name and will continue to be managed and registered in Bermuda.

Separately, Swiss Re owned insurance consultants PRO Insurance Solutions was appointed to manage the legacy business of Tokio Marine Europe Insurance Ltd.

Under the agreement, PRO will manage the assumed reinsurance business written by its reinsurance arm between 1983 and 2004.