

Opinions differ regarding true meaning of acquisition activity

By Louise Meeson

Industry experts have voiced conflicting opinions over whether a recent rise in insurance market acquisitions signalled a return to the frenzied purchasing of the past or was merely a “blip”.

Ian Clark, insurance partner at Deloitte, said that following a lack of acquisitions over the past 18 months, he expected a rise in activity as the “backlog” started to come to market.

However, Kieran Marsh, chief executive of Marsh Corporate Consulting, described recent activity as a “blip” as the country’s economy was “still in a very stressed state”.

The comments follow a recent surge in purchases including Junction buying Bradford & Bingley’s motor and home insurance business, Catlin Group snapping up the professional indemnity and directors’ and officers’ liability book of Angel Underwriting, Henderson Insurance buying Denney O’Hara, CCV purchasing Paul Scully



Kieran Marsh: Describes rise as a “blip”

Insurance Brokers and Capita acquiring Sureterm Direct.

Mr Clark said he expected to see an increase in activity in the broking market, with major consolidators such as Giles and Oval becoming increasingly acquisitive.

He said he also expected to see quite a few transactions involving companies in the insurance supply chain, such

as loss adjusters, and that there was a lot of interest from overseas companies looking to start up or acquire Lloyd’s underwriting businesses. Mr Clark added that Solvency II would also impact activity as small mono-line insurers, that were unwilling to meet the new capital requirements, would look to off-load business.

“After very low levels of acquisition activity we will begin to see a flood of assets coming to market,” he added.

But, Mr Marsh urged caution in claiming this represented a new surge in acquisition activity.

“What I have seen in 2010 is brokers becoming a little bit distressed because they have put all of their eggs in one basket. However, when they try to go to the market to sell, some are looking for multiples that are too high in this climate and the deals are not even getting to due diligence stage.”

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