Disclaimer

The views expressed in this presentation are those of the presenter and are not of the Actuarial Profession, Quinn Insurance Limited, Grant Thornton UK LLP or Grant Thornton Ireland.
Agenda

• Background
• Administration
• Quinn prior to administration
• Quinn post administration
• What went wrong?
• Our role
• Lessons learnt
• The sale process
• Questions and discussion

Seán Quinn

• Started in the quarrying industry
• Built a large empire in border counties
• In 2008, richest person in Ireland and 164th richest in the world
• Currently, is estimated to have debts of at least €5 billion
• No longer plays any role in any of his businesses
Quinn Group

- Quarrying (in 1973)
- Cement
- Plastics
- Manufacturing
- Glass
- Hotels
- Financial Services
- Property
- Energy

Quinn Insurance Limited

- Quinn Insurance Limited set up
- QIL starts to expand business
- QIL moves into GB market
- QIL put into administration

- 1996
- 2004
- 2006
- 2010
Administration in Ireland

- Very different from administration in UK
- Can only be used for insurance companies
- Aim is to rescue company and return it to profitable trading
- The focus is on saving jobs
- Irish Courts are heavily involved

The situation prior to administration

- 6 offices in ROI, NI and UK
- 2,400 staff
- €770m premium income in 2009
Where was business written?

- Republic of Ireland
- Great Britain
- Northern Ireland
- Mainland Europe - ceased writing in 2009

What business was written?
What business is now written?

- Private motor
- Motorbike
- Commercial motor
- Liability
- Commercial property
- Household
- Health

Currently ROI only

What went wrong?
What went wrong?

- QIL subsidiaries gave guarantees to Quinn Group financiers
- Under pricing
- Private motor rates set without any actuarial input
- Entering markets without sufficient research
- Delays in recognising large claims

Quinn's actuarial team

- There wasn't one
- Quinn had never employed an actuary
- We needed to build an actuarial capability from scratch
Our first task

• To convince regulator to allow us to recommence writing private motor business in GB and NI
• Provided a number of reports
• Met with FSRA
• Achieved our objective

• Then, turned our attention to establishing an actuarial function
What we have done

- Quarterly reserving
  - accident year
  - underwriting year
- Private motor pricing using GLM analysis
- Pricing of commercial risks
- Solvency II preparations
- Provision of management information
- Provision of information to regulators
  - Central Bank of Ireland
  - FSA

Pricing

- Developed formal rating process for Private Motor
  - including undertaking GLM analysis
- Built rating model for Commercial Non Motor
- Experience based modelling for largest clients
- Discussions to assess the rates to be charged
- Reviews of rating adequacy
Solvency II preparations

- QIS5
- Development of economic capital model
- Risk management
- ORSA
- Reporting and disclosure
- Systems and data
- Communications

Lessons learnt

- In-house actuarial function
- More science behind premium rates for motor
- Time taken to extract data
- More emphasis on risk management
- Increased emphasis on reserving claims adequately
- Cavan is not London!
Welcome to Cavan

The sale

- Sale agreed
- Joint venture between Liberty Mutual and Anglo Irish Bank
  - called Liberty Mutual Direct Insurance
- ROI business only
  - historical liabilities as well as renewal rights
- Portfolio transfer
- Completed in early November
- UK business to remain under administration
Quinn Group - share receivership

• Placed into share receivership in April 2011
• Receiver taken control of all Group businesses
• Distinct from Administration proceedings
• Upheaval in the border counties

Questions and discussion