



## **British Marine gets positive response to QBE tie-up**

By James Brewer - Friday 30 September 2005

A THUMBS-up is likely from Standard & Poor's Ratings Services to the future of hull and P&I insurer British Marine under the planned new ownership of Australian-based insurance group QBE.

The ratings agency has placed its 'A-' long-term counterparty credit and insurer financial strength ratings on British Marine on what it calls "CreditWatch with positive implications".

Standard & Poor's expects to resolve the CreditWatch by the end of 2005, after meeting the management of British Marine and QBE and following regulatory approval of the deal.

"The ratings could be raised by one notch as a result of British Marine benefiting from the potential financial and strategic support that QBE's higher rated operating entities could provide to BM," said credit analyst Lucy Stupples.

QBE's main operating entities are rated A+, with stable outlook.

Steven Burns, chief executive of QBE European Operations, has said that British Marine's network and strategic partners will "in due course, provide QBE with further distribution opportunities for other products".

British Marine chief executive Robert Johnston said that from the moment discussions started, QBE made it clear that it was committed to the British Marine franchise. "Our shipowners can now look forward, knowing that the future of British Marine is secure within the QBE stable.

"We will be exploring how we can yet further improve our product offering and build our servicing capabilities."

Ian Agnew, chairman of British Marine Holdings, added: "British Marine now finds itself financially, and operationally, stronger than at any time in its 126 year history, with excellent prospects for growing its business."

Analysts say the deal will sharpen competition in the sector, where Shipowners' Club, Markel, Raets, South of England and several other insurers present offerings based on high levels of service to niche operators.

For most of its history, British Marine was a mutual, but demutualised in 2000 with the backing of investment fund Capital Z. Slightly over half of its book is P&I, with the remainder hull and machinery, and total gross premiums rose to \$121m in the year to February 2005. British Marine recorded a \$29.6m pre-tax profit in the 12 months to February 2005, up from \$26.2m the previous year and substantially ahead of the previous three years, which included losses in 2002 and 2001.

In a sign of its strength, British Marine recently increased cover limits to \$1bn for selected clients, twice the normal limit, for P&I.

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