

Legal Risk partner speaks in Paris on bankrupt insurers - and Brexit

Frank Maher, partner in leading insurance solicitors, Legal Risk, this week addressed members of the French insurance industry on the problems and causes of insurer failure.

Frank explained, 'Legal Risk has advised many firms on insurance coverage issues, but in recent years these have included many problems caused by insurers going bust, leaving them to pay the claims. Some have been able to claim all or part of their losses on the industry's Financial Services Compensation Scheme, but others have been ineligible. We have seen several examples, including Quinn, Lemma, Balva and in the past few months, Enterprise. The French insurance industry has faced similar problems, and this event gave us an opportunity to share experience and lessons learned.'

Brexit loomed large on the horizon, as many of the insurers which have failed were allowed to do business in the UK under European passporting rights. One concern for UK businesses, identified by the audience, was that they may arrange policies with European insurers now, but have to deal with claims some years later when, depending on the outcome of the Government's negotiations, the insurers may no longer be doing business in the UK.

The event, presented in French, was organised by the Association des Souscripteurs Internationaux de Paris (Association of Paris International Underwriters) and held at the Fédération Française de l'Assurance in Boulevard Haussmann, Paris.

ENDS

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Notes for editors

1. Legal Risk LLP, solicitors, are top ranked for insurance law in Legal 500 and Chambers and Partners directories. The firm advises many law firms and other businesses on insurance coverage and risk issues.
2. The event took place on 4 October 2016. Speaking with Frank Maher was Christian Bellissen, General Manager of ERGO France, a subsidiary of insurance giant Munich Re. Approximately 80 delegates attended from a wide cross-section of leading insurers, insurance brokers and law firms.
3. Many of the insurers which have failed have provided compulsory insurance for solicitors in England & Wales: Quinn, Lemma, Balva, ERIC, and Enterprise.
4. At present, insurers which are established and regulated in other European states are permitted to do business in the UK under the passporting arrangements. The status of these after the UK leaves the EU is yet to be negotiated by the Government and is presently a matter of speculation. Claims made under policies arranged now may take years to resolve, and the handling of them and payment may therefore cause difficulties in future years.

5. The Financial Services Compensation Scheme has paid 90 per cent of claims on many of these, now increased to 100 per cent for more recent failures, but in each case only for eligible businesses, broadly those with turnover below £1 million.
6. Further information: Frank Maher on 0345 330 6791 or frank.maher@legalrisk.co.uk