



On the fast track: Liege boasts one of the most stylish railway stations in Europe and is central for contact with Antwerp, Rotterdam, Brussels, Paris and Cologne. Jacques Renier

Kiln boards Belgian fast-track to Belmarine's French connection

Lloyd's-based group builds platform to Europe

James Brewer

GONE are the mines and many of the steelworks that once made a boom town out of Liege, but the city is boarding the train for a new era of international trade.

Symbolic of the spirit abroad in Belgium's third largest city is the new railway station, designed with a monumental vault by the renowned architect Santiago Calatrava, which has made it one of the most stylish in Europe, and which hosts calls from the fast train known as the Thalys which connects Paris with Brussels, Cologne, Dusseldorf and Amsterdam.

Liege has a large inland port that still makes it a trading crossroads, and the province will enjoy a steel industry renaissance if the enlarged Arcelor Mittal group retains its welding operations in Liege, and reopens a blast furnace that was earlier closed by Arcelor.

In addition to all this, Liege is set to build on its reputation as a focal point for marine insurance business in Europe.

As the birthplace on the continent of the industrial revolution, Liege had to

meet an early demand for huge volumes of cargo insurance, despite its location some distance from the oceans.

Thus it came about that the Liege-based insurer Belmarine had much to celebrate at its last Christmas party, which was as usual attended by "someone from almost every marine broking firm in Europe", as the directors put it.

For this was the time of a happy coincidence. Charles Franks, a senior figure at Lloyd's-based insurance group Kiln, was looking for a suitable partner operation in continental Europe.

The marine cargo book, which is so important for Belmarine, was a key attraction to Mr Franks, who has since been appointed chief executive of R J Kiln, which manages the company's four syndicates at Lloyd's and its related non-Bermuda interests.

A big, profitable cargo book written on continental Europe was just what was needed, particularly in view of the longer term goal of extending its range of products. Kiln agreed a price for Belmarine of €9.45m (\$70m), including a deferred ele-

ment estimated to be €1.08m. Kiln paid for 90% of the transaction in cash and the remainder in Kiln shares.

Kiln is pleased with the results of its recent strategy of seeking marine cargo business in local markets, reasoning that this kind of good business does not always find its way into the Lloyd's market.

The acquisition of Belmarine was seen as a perfect follow-up to Kiln's establishment of several other ventures, including International Marine Copenhagen, Cahill UK, a joint venture in Singapore and a regional office in Hong Kong.

Kiln has replaced the previous Belmarine security, which was provided by Great Lakes, a division of Munich Re, with full backing of its syndicate 510.

Belmarine is writing business in Belgium, France and other French speaking countries. To date this has been solely marine business, mainly cargo, apart from a small hull portfolio of large bulk carriers.

"We have risks from all over the world, but there is always a connection with the local markets," said Belmarine chief executive Olivier Terlinden.

"Much of the business has a connection with the port of Antwerp, and clients like to place it locally."

Kiln would like to develop other lines of business, and not only in francophone countries.

Philippe Daouphars, previously in charge of aviation at AXA Paris, has been appointed as an aviation underwriter.

One line likely to be developed is trade disruption, which is a natural extension of the cargo presence.

"We are looking to use Belmarine as key point from which to distribute what, in the fullness of time, will be effectively the full suite of products we write in London," said Mr Franks.

The aim is to use the synergies of offering part of a large group of products, with detailed sectoral knowledge and a local presence.

Belmarine is the second largest marine underwriting unit in Belgium, and its

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Charles Franks, Kiln

founding directors, Jean Pierre Gerard and Jacques Cobus, continue to be directors. The two founding partners lived in Liege, and Belmarine was a big player from its creation eight years ago, when it took over a portfolio of work for L'Assurance Liegaise and Royale Belge.

Mr Terlinden's background is in continental composite companies: Winterthur, Fortis, and UAP before its merger with AXA. He has a particularly important string of contacts in France, Switzerland, Austria, Germany and the Netherlands.

Market conditions are ideal for Belmarine because commerce in Belgium and the north of France is booming as a result of globalisation. Belgium and its cross-border partners are thriving on their prowess in logistics and transport, as rail, road, air and canal connections boost Antwerp and Rotterdam.

Mr Terlinden and his colleagues delight in working from Liege, which is central for contacts with Brussels and Paris, and close to the German border: Cologne is just one hour away.

Edward Creasy, chief executive of Kiln said that Belmarine has a strong reputation locally, with values and working practices similar to its own.

Celebration ahead as LOF hits 100 years

IN 2008, the Salvage Arbitration Department at Lloyd's celebrates 100 years of Lloyd's Standard Form of Salvage Agreement, known throughout the maritime world as LOF, writes Denzil Stuart.

Although LOF continues to adapt and change, the principle remains the same: to encourage and support best practice in protecting the environment and preserving life and property at sea.

Celebrations are planned throughout the year to mark the centenary, including representation at the International Tug and Salvage Conference in Singapore and Posidonia in Greece.



Posidonia opening ceremony: will help LOF celebrate 100 years.

Kevin Clarke, manager of the Salvage Arbitration Department, will be at the 2007 conference of the International Union of Marine Insurance in Copenhagen next month, where Lloyd's Agency Department will again be a sponsor and an exhibitor.

This will be a first IUMI event for Karen Bizon, appointed in the spring as Lloyd's controller of agencies following the departure of Sonja Fink. Accompanying her will be John Moloney, head of business development, and Tanya Conyers-Silverthorn, regional executive for the Americas.

But one well-known member of LAD will be missing. Bob O'Leary, marketing manager, is retiring at the end of August after an impressive 44 years at Lloyd's.

Colleagues and friends in the London market and from overseas will be joining him on August 31 for a farewell gathering.

Technology can improve risk management

Richard Garnett

THERE is no doubt that technology is changing the way all of us work in dramatic ways, but there is a feeling that the insurance industry has been reluctant to embrace new opportunities.

But is it really true that the average broker or underwriter is a technophobe?

How many don't use email every day, use the internet for research, have the latest BlackBerry or buy their Christmas presents on the internet (and maybe even sell them afterwards on eBay)?

The criticisms levelled at Lloyd's specifically — and the London market in general — stem not from an inability to use technology, but from a failure to get to grips with how technology can be used to make the business more efficient.

The technological solutions that can deliver these efficiencies at a reasonable price are already available; it is simply a question of awareness and a willingness to implement.

While there are simpler communication and trading systems available to provide the market with what it needs, new technology can also help with risk assessment and management.

The face of risk is changing. Governments and international regulatory bodies have flexed their respective muscles to issue edicts that generate more red tape for the industry.

But new technology can not only enable financial institutions to keep pace with changing regulations and more stringent reporting requirements, but also allow companies to offer clients a better and cheaper service.

With the technology available today, a web-based system can share all the information with all relevant parties online.

It is also available for access and analysis 24/7, providing a clear differentiator in terms of client service. Communication tools allow brokers, underwriters, third-party administrators, clients and lawyers to draft policies and settle claims in a timely cost-efficient manner. They also store information and, in the modern world, information is a common critical success factor.

Managers can, at the click of a button, see what lines are performing well, where the claims are coming from and which members of their staff are writing with



Garnett: technological solutions are available if you are prepared to try them.

proper discipline. This, in turn, enables managers to identify the most (and least) profitable business and weigh up the risk in their book of business.

This information has always been there, but has taken time to be processed through the antiquated internal systems (often getting stuck or lost in bundles). With the new systems, information is recorded and available to the company almost instantly, and reports can be run off quickly for everyone's benefit.

Using the system as a risk management

tool can be a good way of gathering data to identify problem areas, and keeping vital checks up to date.

Whether from a claim, policy, contract, or line perspective, it is simply a case of cutting and slicing the data as required.

When producing models to assess risk, it is essential that the data used is accurate.

Some insurers and reinsurers appear to think that they can simply install the latest flashy model or system and then forget about it. But without accurate and timely

information, companies may find that they are getting the assessment or modelling wrong.

The new communications and trading systems that are already available to the market allow managers and staff to carry out tasks such as audits, input claims data, analyse risk assessment outcomes, and be notified electronically the instant claims come in, or when a policy is up for renewal.

With workflow solutions mirroring existing working practices, it is easy to implement such schemes without comprehensive retraining, but still retaining required authorisation procedures for claims, policies, and special acceptances.

The time savings offered by the new systems can also free up time for underwriters. With no queues of brokers waiting to have slips signed off, they will be able to look more carefully at their risk assessment.

In a business as profitable as insurance and reinsurance, many have questioned why anything needs to be changed — the old 'if it ain't broke, don't fix it' mentality applies. However, with a softer market looming, making everything more competitive, the cost savings from good systems mean London appears ready to take the leap.

It really is a 'no-brainer' to have an electronic system that allows a policy to be drawn up by a broker, sent and signed off by an underwriter, with everything seen by the client and their lawyers. The same with a claim, which can go from the client to the broker and underwriter almost instantly, and any questions can be inputted and answered directly.

However, the real added value offered is keeping a lid on risk management and being able to use that information to manage business effectively.

Richard Garnett is managing director of Yellowblox.com, an electronic communications system developed for the insurance and reinsurance market.

Insurance and P&I appears every Thursday, edited by James Brewer james.brewer@informa.com 020 7017 4622 www.lloydslist.com/insurance