AIG targets Taiwan

Martin Sullivan, chief executive of AIG, has said that its planned acquisition of a Taiwanese insurer will make it one of the largest insurers in that country. AIG has agreed to acquire Taiwanese non-life insurer Central Insurance. The deal will see AIG ranked as the third largest general insurer, as measured by gross policy sales, in Taiwan. The deal is valued at up to 6.05 billion Taiwanese dollars and also gives AIG two representative offices in China, in Guangzhou and Shanghai. AIG has wholly-owned life operations in eight Chinese cities and is the only foreign insurer to have 100 percent ownership in its interests in China, but further growth there is also on the drawing board with Sullivan working to improve relations with Chinese regulators. Growth in Vietnam is also on the agenda with AIG becoming the first foreign insurer to be licensed to sell both life and non-life insurance policies in Vietnam in December.

SCOR boost

France's SCOR Group saw worldwide premium income increase by 25 percent following the January renewal season. It said that non-life and credit & surety treaties totalled 1.04 billion euros. The reinsurer said the increase follows the hurricane season of 2005, along with a tightening of the retrocession market.

"In addition to this, the tendency observed on certain insurance markets over the past few years towards an increased retention by cedants, a higher level of recourse to non proportional coverage and consolidation through mergers and acquisitions, has been confirmed. This has resulted in a reduced volume of reinsurance on the most mature markets," SCOR said. The reinsurer said that it has bounced back from a series of losses in 2002 which eventually saw it lose its "A" credit rating and around 25 percent of its business.

Big plans at Generali

The Generali Group has announced a share buy back after unveiling its 2005 results. The Italian company said profits rose 15 percent to 1.92 billion euros for the year on premiums that rose from 55.8 billion euros in 2004 to 62.8 billion euros in 2005.

The company said it was planning a new four billion euro hybrid securities issue in order to fund a share buy back valued at around 4.1 billion euros. Generali also announced plans to increase its profits by 50 percent to 2.9 billion euros and improve its combined ratio to 95.5 percent by 2008.

To accomplish these goals, Generali will create a new international management board that will "extend group-wide cooperation and guide group-wide initiatives." Generali is also planning to enter the Indian market and to continue growth in China and Central and Eastern Europe.

Willis in China bank deal

Broker Willis Group has signed an agreement with China Development Bank (CDB), which will see it appointed as its global risk management and insurance consultant.

Willis said the CBD was seen as a key driver for future growth in China and revealed group CEO Joe Plumeri was core in discussions over the link with Chen Yuan, CDB's Governor.

"This agreement is an extraordinary example of the potential of the Chinese market," said a statement. "It is a major step for Willis in engaging the nation's banking industry and also signals that the concept and service of insurance broking is recognised and accepted in China."

Last call for Venezuela!

As Venezuela creeps closer and closer to socialism, President Hugo Chavez and his government have been rapidly expropriating companies throughout the country. Up until this time, President Chavez's sights have been firmly set on manufacturing facilities and land, but the insurance and reinsurance sector is increasingly in President Chavez's sights. Along with the rest of Venezuela's economic sectors, the insurance and reinsurance sectors are being brought in line with President Chavez's political system of "Socialism of the 21st Century".

Beginning in 2003 with the establishment of the Comisión de Administración de Divisas ("CADIVI"), it has become increasingly difficult to extract funds from Venezuela. The latest and most serious threat is from the actual expropriation of the insurance and reinsurance sector by the Venezuelan government. While debate by the National Assembly of Venezuela has been postponed until later this year, it is most likely only a matter of time before insurance and reinsurance becomes nationalised.

This expropriation and nationalisation will have global effects. As we have seen with the other sectors of the Venezuelan economy, once the industry or company has been expropriated it effectively ends all obligations with foreign entities and certainly the remittance of funds outside of the country. This will likely mean that any outstanding debts due from Venezuelan companies will no longer be collectible as the government, by law, will declare all debts null and void. Thus, now is the time to collect any and all amounts from Venezuelan companies or risk forever losing the right to those monies.
Source: Brad Barron, Bazil McNulty