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By Lina Saigol and Andrea Felsted

Churchill Insurance duo prepare an encore

John O'Roarke and Peter Horton, who created Churchill Insurance, are poised to return to the industry with a general insurance and underwriting venture.

The pair are in negotiations with potential partners to raise an initial £80m of debt and equity. The venture, which aims to be operational by the end of this year, has a target income of £400m-£500m within four to five years.

Areas of focus will be motor, home and small to medium enterprise insurance, sold through brokers, direct marketing (including internet) and phone and corporate partnerships.

[Fenchurch Advisory Partners](#), the boutique with Sir Peter Middleton, former chairman of Barclays, on its board, is helping Mr O'Roarke raise the capital.

Mr O'Roarke, who quit Churchill, last year, had been bound by a non-compete clause preventing him from rejoining the industry until this year.

He and Mr Horton, former group operations director at Churchill, will be joined by former colleagues Phil Bunker, Paul Cassidy and Steve Castle.

"Events over the last 20 years have shown how open the UK general insurance market is to innovators who can exploit technology to operate at lower cost," Mr O'Roarke said.

"Customer loyalty is never high in the car insurance market and customers are always looking for a good deal."

If the team are successful in raising funds from private equity backers, they would expect to exit the business within four to five years through a partial listing or a trade sale. They expect premium levels to rise next year and in 2008 and are keen to take advantage of a more favourable pricing environment.

The AA said recently that the cost of car insurance could rise sharply this year as claims expenses caught up with the cost of cover.

Some also believe the up to \$80bn of losses from last year's record hurricane season will have a knock-on effect.