

Acquisitions Monthly
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Churchill team links up with Liverpool Victoria

The management company of the team that built up Churchill Insurance has been bought by Liverpool Victoria Friendly Society, in a deal worth £450 million (US\$837 million).

ABC Insurance Solutions was formed only last year by a group of insurers led by John O’Roarke. He was managing director of Churchill before becoming Chief Operating Officer of Royal Bank of Scotland Insurance (“RBS”) after the former company’s £1.3 billion sale to RBS in 2003. RBS already owned Direct Line.

O’Roarke will lead Liverpool Victoria’s plans to grow its personal insurance division substantially. Last year, the Society’s general insurance division received premium income of £386 million from 1.2 million customers. It plans to invest £150 million over the next five years in building up the business. O’Roarke said: “We hope to have more than £1 billion in premiums annually by then”.

[Fenchurch Advisory Partners](#) advised ABC on the sale and fresh investment in the division.

O’Roarke explained: “A group of us, who had previously worked together at Direct Line and Churchill, came together in the second half of last year. We wanted to do a management buy-in of an existing business but our target company wasn’t for sale so we asked [Fenchurch](#) to find investors for us.

We were expecting private equity interest but we had approaches from five or six trade buyers,” said O’Roarke, who was attracted to the idea of becoming part of a bigger group.

“Liverpool Victoria is the seventh largest car insurer in Britain but the society has had a low profile,” he said. “We will launch products in the broker market and a new ‘direct’ brand for Liverpool Victoria as well as a completely different brand with no connection to Liverpool Victoria”.

O’Roarke said this would be launched in the “middle of next year”.

ABC’s founders will benefit from the growth of Liverpool Victoria’s overall insurance business, seeing its minority stake in the business increase in value accordingly.

O’Roarke also said he would consider “opportunistic acquisitions as the sector consolidated”.

Mike Rogers, Group Chief Executive of Liverpool Victoria, said: "We are delighted to have acquired such a talented team, with exciting plans that complement so well our existing strengths. General insurance is a key component of our growth strategy and we now have the team to deliver on our ambitions.

This move will strengthen the Liverpool Victoria Group and deliver long term value to our members. We will be able to offer our customers and affinity partners better products, more competitive pricing and improved customer service".

Liverpool Victoria is a founder member of the Association of Mutual Insurers. The group boasts 28 members, the majority of which are friendly societies like Liverpool Victoria. They account for £5.6 billion in premiums, representing 4% of the UK's total. In 1945 there were 18,000 friendly societies with 14 million members in the UK. Now less than 60 major societies remain.