

QUEST AND EFPG FORM STRATEGIC ALLIANCE AS BOTH SEEK TO EXPAND

New Gibraltar-based firm will offer an "exciting" global first

Two relative newcomers to Gibraltar's rapidly growing insurance industry – the Quest Group and the European Financial Planning Group – have formed a "strategic partnership" in which Tom Frazer's EFPG will acquire Quest's life portfolio and a "presence" in the group's centrally-situated walk-in office. Quest will benefit because the deal frees the management and broking firm set up in July three years ago by Steve Quinn and Chris Wahn to concentrate on more profitable aspects of their insurance and funds business.

Frazer, a blunt-spoken Australian with wide experience in planning investment strategies as well as in top-level insurance management, set up EFPG at

much the same time as Quest hung out its shingle and has revamped a somewhat moribund life sector of the local insurance market. This is, of necessity, a relatively small and slow-growing facet of the industry in Gibraltar; however, with the approval and encouragement of the Financial Service Commission, Frazer acquired the life portfolio of Savignon's when the company was liquidated.

Frazer's no-nonsense approach has breathed new life into the sector, for he argues that better education – "telling it like it really is to would be investors and insurance customers" – would prevent a lot of disappointment as well as stop a lot of investors' fingers being burnt.

"People, not only in Gibraltar but

elsewhere too, need to understand that when the bank rate is say, four per cent or Government bonds are yielding, say, only three per cent, promises of returns of 16 or 20 per cent on investment carry a commensurate load of risk" Fraser told Gibraltar International some time ago. "We, as an industry need to be completely honest with our clients – after all, we want them to stay as clients for the long run, not just as a one-off sale – and equally, they need to be honest with us.

"How can I advise a client about his best course of investment if he or she doesn't give me a true picture of assets and income. It becomes guesswork and that's not what financial planning should be about." It's an approach that has won clients – and also gained the respect

INSURANCE

of the local industry. Negotiations between Quest and EFG were ongoing for several months before the deal was finally signed and sealed – with the approval of the FSC – in mid-October, Quinn told Gibraltar International.

Shedding its life insurance work also opened the door for Quest to manage a new Gibraltar-based insurance company with a “unique global product”, Quinn added.

“The insurance company which is coming on stream – we’re just waiting for final FSC approval – will offer a product which is not only a world first, but which has the enthusiastic support of the British Government. Something vitally exciting for Gibraltar and for the insurance market as a whole. It has evoked massive interest including approaches from companies which are household names in Britain and Gibraltar. “There are big opportunities in Gibraltar in both fund and insurance management,” he added “And we intend to grasp both.”

Last year Quest established a fund management arm and this is also growing apace, Wahn says. “As this and other aspects of the group’s activities have grown stronger we have had to look at our energies and decide where they should best be placed.”

As a result of their strategic review Quest decided to dispose of their life insurance portfolio. For some time Quest has had a full-time compliance manager – who has had to spend the bulk of his time on life insurance.

LIMITED GROWTH

“This is an important part of business for Gibraltar, but it is relatively limited in terms of growth and even demand,” Quinn explains. “And when you take into account the high regulatory nature of the life book, it makes sense to part with it. Life contracts will remain unchanged. Clients and policyholders will not be affected by the switch and we will continue to handle enquiries as well as carrying on with our operations as a general insurance broker.”

Gibraltar, Wahn points out, has a relatively small market for retail financial services. “What’s more our life insurance work never gave the business synergies that we had hoped for and, like most other fund and insurance managers, we have to concentrate on the bit with the most growth.”

With a successful \$9 million (£5 million) fund launched last year and a second fund – which is expected to attract £10 million of investments – up and running soon, working with Quest the husband-and-wife team of Malcolm and Carol Ruffell have made their presence felt and in a small and “friendliest possible way” have challenged the dominance of the fund establishment and management division set up by Hassans’ partner James Lasry six years ago.

The two have wide experience of the fund industry in the UK and, following the 2005 legislation were invited by Steve Quinn to run a fund company set up as part of his Quest Financial Services group.

“Experienced investor funds are already a popular tool in the Channel Islands and we are sure that they will catch on here,” Carol Ruffell predicted last year. And that appears to be happening with both the Ruffells and Lasry expecting further growth in this area.