

# INGLE LIFE AND HEALTH makes way for Trent

**After three years on the scene, Ingle Life and Health Insurance will close its doors this January. The word on the street is that the company was undercapitalized and pressured by the regulator to correct the situation.**

To solve the problem, the company went to the market to sell its four lines of business. The Toronto-based company had been focussing its efforts on the provision of travel, group benefit, disability and accidental insurance. It was, however, only able to sell its travel insurance portfolio.

The travel portfolio was picked up by **Trent Health Insurance Services**, a new entity formed by a partnership between **Canadian Insurance Marketing (CIM)**, an insurance intermediary, and **Co-operators Life Insurance Company**.

Ingle decided to axe the remaining segments when no other buyers were found. Current clientele will be serviced through a number of agreements with alternative insurers until January 1, 2002. Upon renewal of the contracts, the clients will have to find new suppliers.

Ingle Life and Health was created in 1998 after 40 years of service as **Ingle Insurance**, an insurance distributor to individuals. The company obtained its life insurance charter through the acquisition of **AFLAC Canada**.

It was speculated that regulators did not want Ingle Life and Health going into the fall season when they sell a lot of *snowbird* insurance being undercapitalized. **Robin Ingle** former president of Ingle Insurance, said he thinks that regulators would have preferred a different capital structure.

The *Office of the Superintendent of Financial Institutions (OSFI)*, which is the federal regu-



Réjean Meloche

Mark Sylvia

lator of financial institutions, would not comment on the undercapitalization of the company because of its policy not to comment on any one particular case.

Mr. Ingle states, though, that once **BMO Nesbitt Burns** took control of Ingle Life and Health, the company began running into problems. "But with the new people at Trent, they know the insurance business very well. I believe they should do a better job."

Mr. Ingle is now the president and creator of **Imagine Insurance**. He reveals that he was interested in making an offer in Ingle Life and Health, however claims he was never allowed to, come to the table. "I put an offer in with an American insurance company... it was a very good offer, I believe it was a better offer than they had received," he says. Mr. Ingle adds, "My biggest concern for putting an offer in the

company was for two reasons. Firstly, for the consumer and second, to make sure employees were taken care of. We were prepared to put in an additional \$4 million to take over all employees without question."

Mr. Ingle approached **BMO Nesbitt Burns** last December knowing they were having difficulties. "BMO Nesbitt Burns paid very little attention, they pushed me away saying they didn't have problems," says Mr. Ingle.

However, **Ian Blair** a spokesperson for **BMO Nesbitt Burns** believes that Mr. Ingle was given a fair chance to put in an offer. "I know one of the offers was from Robin and the other was from Trent, and from the perspective of the board, Trent's was the better offer," says Mr. Blair.

"Both the courts and the regulators approved the sale as the only feasible offer to protect policyholders. From our perspective we did the right thing," explains Mr. Blair. He underlines the fact that the priority was placed on the policyholders being protected. He adds, "It was also approved by an independent group of members of the parent company's board of directors. So basically the best way to describe it is that all the 't's were crossed and all the 'i's were dotted."

After three years of operation, Ingle's shareholders have chosen to pull out of the market and to sell its current accounts. Given the importance of size in the insurance industry and their own company's relatively small stature, they have decided to pursue greater returns elsewhere. "We find it difficult, for a small insurer to measure up against competitors who were pursuing multiple expansion projects," says Ingle Life and Health President, **Ronald Meredith-Jones**.

In acquiring Ingle, buyers also took possession of three affiliated companies, **ICMS Canada**, **HSB Direct** and the American counterpart to ICMS, which will eventually be integrated to ICMS

Canada.

**Douglas McIntyre**, former President of **Pembridge Insurance Company**, whose new appointment is as Chairman and CEO, will lead Trent Health. President and COO, **Mark Sylvia** (and the former President of **Hartford Life Canada**), will also lead Trent Health's senior management team. The intermediary for the partnership was CIM, which formerly acted as the reinsurance broker for Ingle.

## Travel Insurance

The travel portfolio purchased by Trent is valued at approximately \$38 million. Mr. Sylvia said he plans to retain \$33 million in view of contracts to be renewed with the current brokerage network. These figures represent a sales force that produces 80% of all sales, and the remainder are sold through travel agencies and travel wholesalers. The intention at Trent is to focus on longer-term trip insurance for *snowbirds*, people who cross the border to spend the winter months in sunnier locales.

None of the parties were willing to disclose the transaction value. However, according to Mr. Sylvia, the arrangement was financed through a mix of cash and the provision of supplementary reinsurance coverage for existing clients.

The close of the transaction took place at the end of September, which officially made Trent the managing general underwriter. As of next January 1, the company will take care of underwriting, but Co-operators will be the ones to assume the insurance risk.

Co-operators already has a subsidiary involved in travel insurance, **Travel Insurance Coordinators**. However, according to **Edward Sawicki**, Vice-President of Development there is no question of a merger with Ingle's travel insurance portfolio.

**Marie-Josée Boucher**  
**Daniela Cambone**



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