

The Sunday Press

The Sunday Press, April 1, 1990

Huge GRE loss hits PMPA gain

By DES CROWLEY

THE new PMPA made a modest profit last year while the company which took it over, Guardian Royal Exchange made a loss of £48.2m.

Thus an ailing company which was taken over by the State, re-organised and returned to profitability and then privatised by sale to

GRE, now finds itself part of a group which is producing losses equal to about half of its total premium income.

The situation could be seen as a major mistake in the State's privatisation policy. GRE's losses are now at a level where any company would have to consider sharply scaling down or withdrawing from the Irish market.

It would clearly have been a better option to sell the PMPA to a more profitable company or to allow it to launch itself on the stock market under its Irish management. According to figures seen by the Sunday Press, PMPA made a loss of £3.7m on its underwriting but this becomes a small profit of £168,000 after income for investments is taken into account.

This, it must be pointed out, refers to the performance of the PMPA in the five months of 1989 it spent under the control of the GRE.

According to a management source, "The results represent a reasonable performance in difficult trading conditions and are broadly in line with expectations."