

INSURANCE INDUSTRY RULES OUT PAYING THE HUGE PRICE OF THE MILLENNIUM BOMB

Submitted by: Pleon

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...."Businesses are now in a burning building and one by one the safety ladders are being kicked from underneath them"...

The Association of British Insurers (ABI) has warned that it cannot and will not "meet the consequences" of companies failing to modify their systems in time for the Millennium date change in computers.

Robin Guenier, executive director of Taskforce 2000, commented: "Businesses are now in a burning building and one by one the safety ladders are being kicked from underneath them. The Government has said it will not pick up the bill and now insurers have followed suite. It is clear that the size and cost of this problem are massive and the bottom line is that nobody wants to pay for it."

"Who can blame the insurance industry for taking this firm line," he added. "The ABI has finally woken up to the fact that it may face a deluge of claims for losses arising from the Millennium computer problem. Although this pronouncement is late, it would be wrong to expect insurers to absorb the cost of failure - which could be more than the £30 billion estimated to be needed to fix the problem."

"There is no reason why the insurance industry should bear this risk and the ABI is only protecting its members. There is also no excuse for senior businessmen not to know that a serious problem exists and that it will take resources to fix."

"Where there may be a case to answer for insurers, is in the area of losses or damage resulting from third parties ie

where sub-contractors or suppliers affected by the date change cause the problem. This needs to be looked at urgently. But, in the wider context, for companies to believe they can offset their costs through insurance would be foolish."

"With auditors increasingly taking a tough stance, businesses are becoming more and more isolated. It is for this reason, that Taskforce 2000 must continue to push the Millennium computer problem agenda forward. Turning the high levels of awareness into understanding and therefore action is now the Taskforce's number one priority. We are hopeful that we will shortly be joined by others in this quest," he concluded.

Taskforce 2000 was set up in August 1996 as an independent, not for profit, private sector organisation. To date it has spent around £½ million, partly from public funding and partly from the private sector. The independence of the Taskforce enables it to speak freely about all issues relating to the Millennium Bomb.

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Note to Editors: A Year 2000 Awareness Week is being planned by Taskforce 2000 for the week beginning 8th December 1997.

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