2019 Marine Insurance Issues Seminar

Lloyds US Underwriter and Broker Panel Discussion
Panelists

Mark Engel, ProSight Specialty Insurance
Lincoln Purdy, Starr Marine
Joe Sheridan, Frenkel & Company
Mike Nukk, Liberty Mutual Insurance
James Fogarty, Aon Reinsurance Solutions

Moderator: Sean Dalton, Munich Re
Lloyd’s in the United States

- Underwriters at Lloyd’s have licenses in Illinois, Kentucky, and the US Virgin Islands and are approved surplus lines insurers in all US states and territories. Lloyd’s is also an accredited reinsurer in all 50 states.
- 41% of Lloyd's global premiums are held by US customers
- Total premium in the US was $15bn
- $2.2billion in total net claims paid for Superstorm Sandy
- Lloyd's leads the way in the excess and surplus lines and reinsurance segments in the US:
  - 57% surplus lines
  - 35% reinsurance
  - 7% exempt
  - 1% licenses
- > 1,000 Lloyd’s Coverholders in the US
2018 Lloyd’s lines of business breakdown

Global
- 31% Reinsurance
- 27% Property
- 26% Casualty
- 7% Marine
- 4% Energy
- 3% Motor
- 2% Aviation

US and Canada (51% of Global)
- 22% Reinsurance
- 36% Property
- 28% Casualty
- 6% Marine
- 5% Energy
- 2% Motor
- 1% Aviation

Lloyd’s 2018 Results

• Loss before tax £1,001m (2017: £2,001m)
• Combined ratio of 104.5% (2017: 114.0%)
• Pre-tax return on capital of -3.7% (2017: -7.3%)
• Investment return of £504m (2017: £1,800m)
• Net resources of £28,222m (2017: £27,560m)
• Marine Result £343m Loss, 116% Combined Ratio
• Marine Expense Ratio (Net Operating Expenses / NEP) 42.6%

**Lloyds Facts & Figures**

- Total Number of Syndicates: 99
- Total Number of Coverholders: 3797
- Total Number of Coverholders Authorized to Write Marine: 579

Source: Lloyds Market Directory
## Lloyd’s Marine Results

<table>
<thead>
<tr>
<th></th>
<th>Marine GWP</th>
<th>Accident Year Ratio</th>
<th>Combined Ratio</th>
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<tbody>
<tr>
<td>2018</td>
<td>£2,603m</td>
<td>115.6%</td>
<td>116%</td>
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<tr>
<td>2017</td>
<td>£2,506m</td>
<td>121.8%</td>
<td>122.4%</td>
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<td>2016</td>
<td>£2,470m</td>
<td>108.4%</td>
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<td>2015</td>
<td>£2,245m</td>
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<td>2014</td>
<td>£2,140m</td>
<td>103.7%</td>
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<td>2013</td>
<td>£2,195m</td>
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<td>2012</td>
<td>£2,090m</td>
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<td>2011</td>
<td>£1,968m</td>
<td>102.3%</td>
<td>94.5%</td>
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Source: Lloyd’s Annual Reports
Lloyd’s MGAs Authorized to Write Marine

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<tr>
<th>Line of Business</th>
<th>Number</th>
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<tr>
<td>Total</td>
<td>51</td>
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<td>Cargo</td>
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<td>Hull</td>
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<td>Liability</td>
<td>46</td>
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<td>Yacht</td>
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Source: Lloyds Market Directory
Lloyd’s Coverholders Authorized to Write Marine in the US

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<td>Yacht</td>
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Source: Lloyds Market Directory
The CR continues to rise
2018 / 2019 Portfolio Review

Gross combined ratio and variance to planned profit for 2012-2016

- Lloyd's excluding eight worst classes
- Eight worst

Variance to planned profit
Gross combined ratio

Gross combined ratio and variance to planned profit for 2017

- Property & Casualty (non-US open market)
- Cargo
- Power Generation
- Yacht
- Property & Casualty (non-US binder)
- Professional Indemnity (non-US)
- Marine Hull
- Overseas Motor

Variance to planned profit
Gross combined ratio 2017
Lloyd’s 2018/19 Portfolio Review

- **£6.4bn GWP** in eight worst-performing classes
- Missed plan by **£1.7bn** in 2017
- **83 syndicate COBs** - classes losing money and driving material deviation from plan
- 70% impact from 40% of the premium
- New process
  - Action plans required for all classes
  - Quarterly review of progress and intervention
  - Focus in 2019 planning
Portfolio Management

Source: QMB @Q4 2017
## Lloyd’s Changes 2017 / 2019

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**Line Of Business Withdrawn**

- Cargo
- Specie & Fine Arts
- Hull and P&I
- Marine Liabs
- XS Marine Liabs
- Yacht Mega Yacht
- Aviation

In Runoff

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