



# **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
- \$2.2 billion 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

Source: Lloyd's 2018 Annual Report (<https://www.lloyds.com/investor-relations/financial-performance/financial-results/annual-report-2018>)

# 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

# Lloyd's Marine Results

	Marine GWP	Accident Year Ratio	Combined Ratio
2018	£2,603m	115.6%	116%
2017	£2,506m	121.8%	122.4%
2016	£2,470m	108.4%	106.2%
2015	£2,245m	105.4%	94.2%
2014	£2,140m	103.7%	95.2%
2013	£2,195m	102.8%	95.4%
2012	£2,090m	103.8%	99.9%
2011	£1,968m	102.3%	94.5%

Source: Lloyd's Annual Reports

# Lloyd's MGAs Authorized to Write Marine

Line of Business	Number
Total	51
Cargo	50
Hull	45
Liability	46
Yacht	41

Source: Lloyds Market Directory

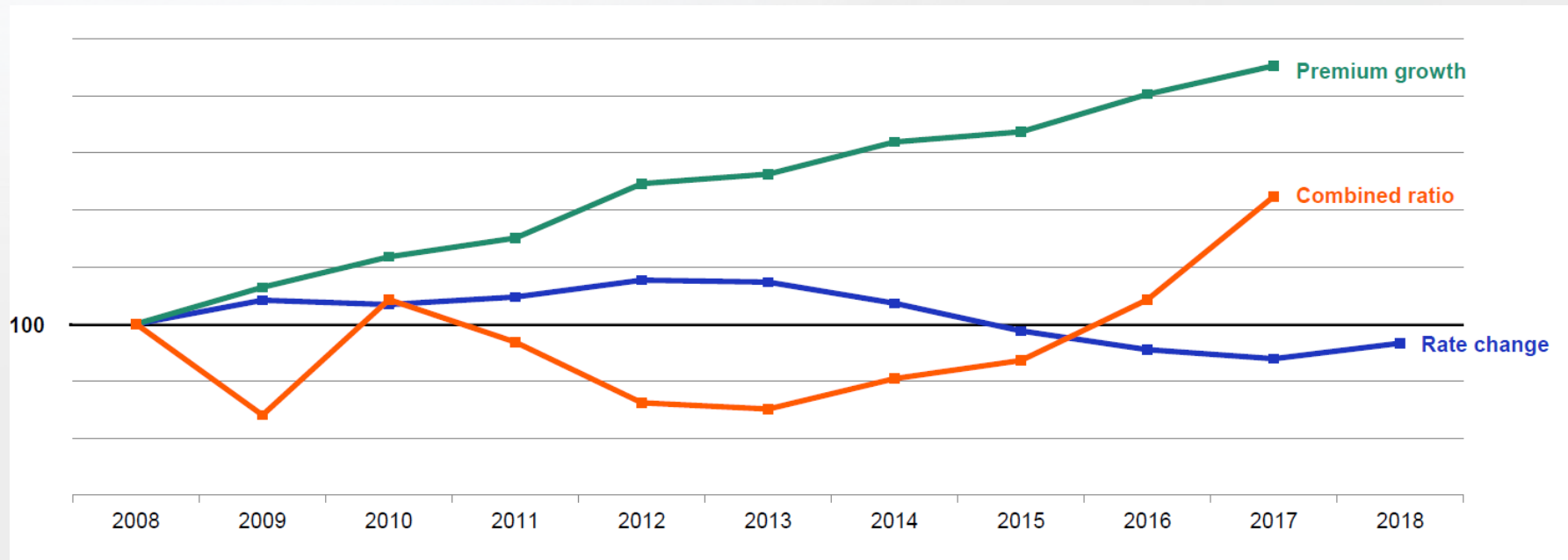


# Lloyd's Coverholders Authorized to Write Marine in the US

Line of Business	Number
Total	352
Cargo	242
Hull	42
Liability	64
Yacht	29

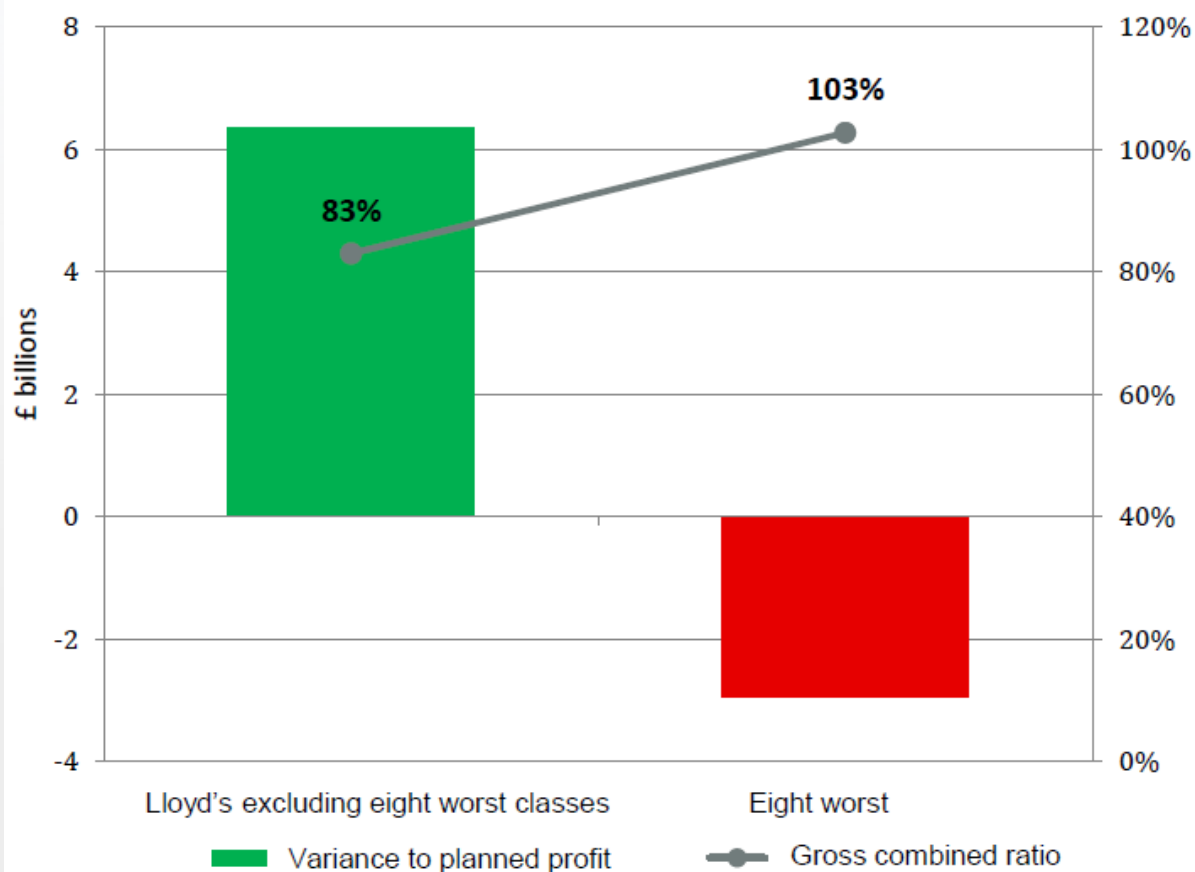
Source: Lloyds Market Directory

# The CR continues to rise

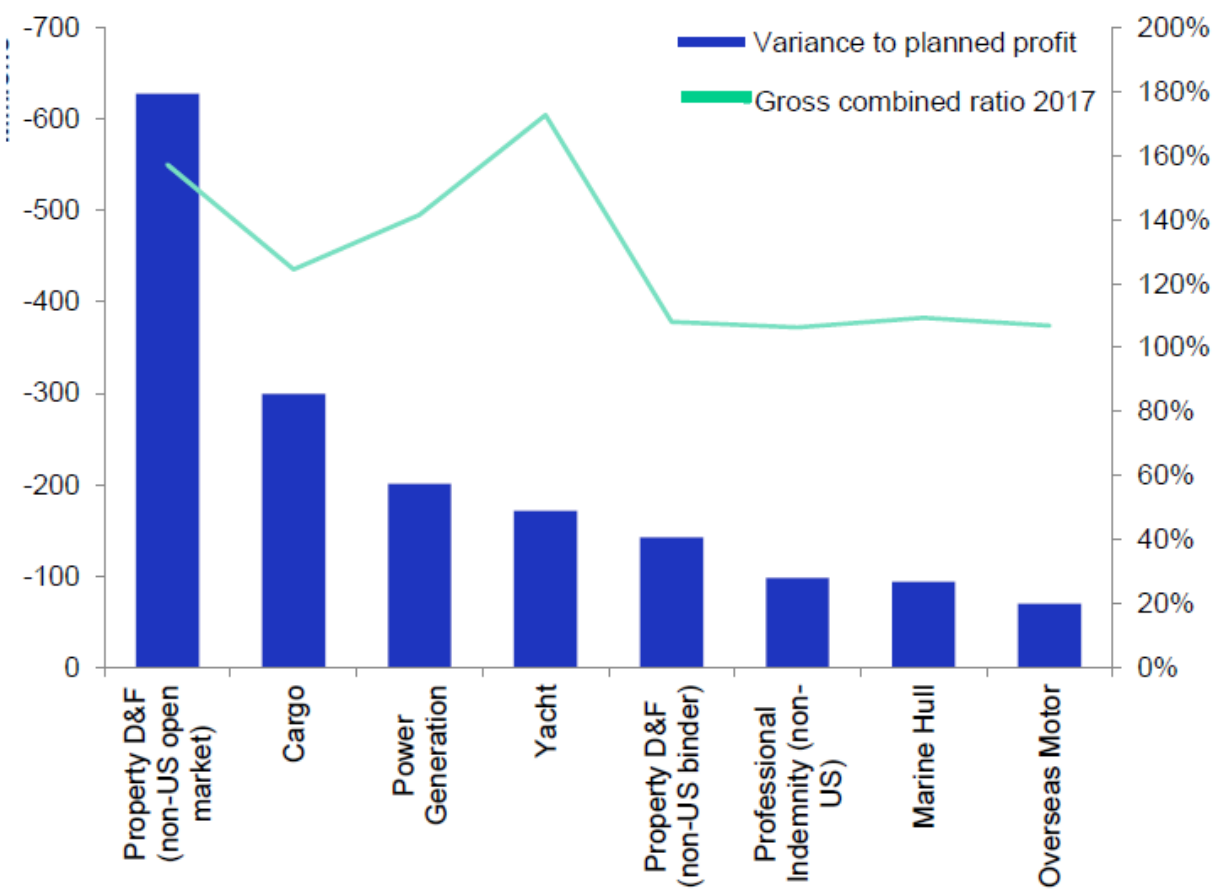


# 2018 / 2019 Portfolio Review

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



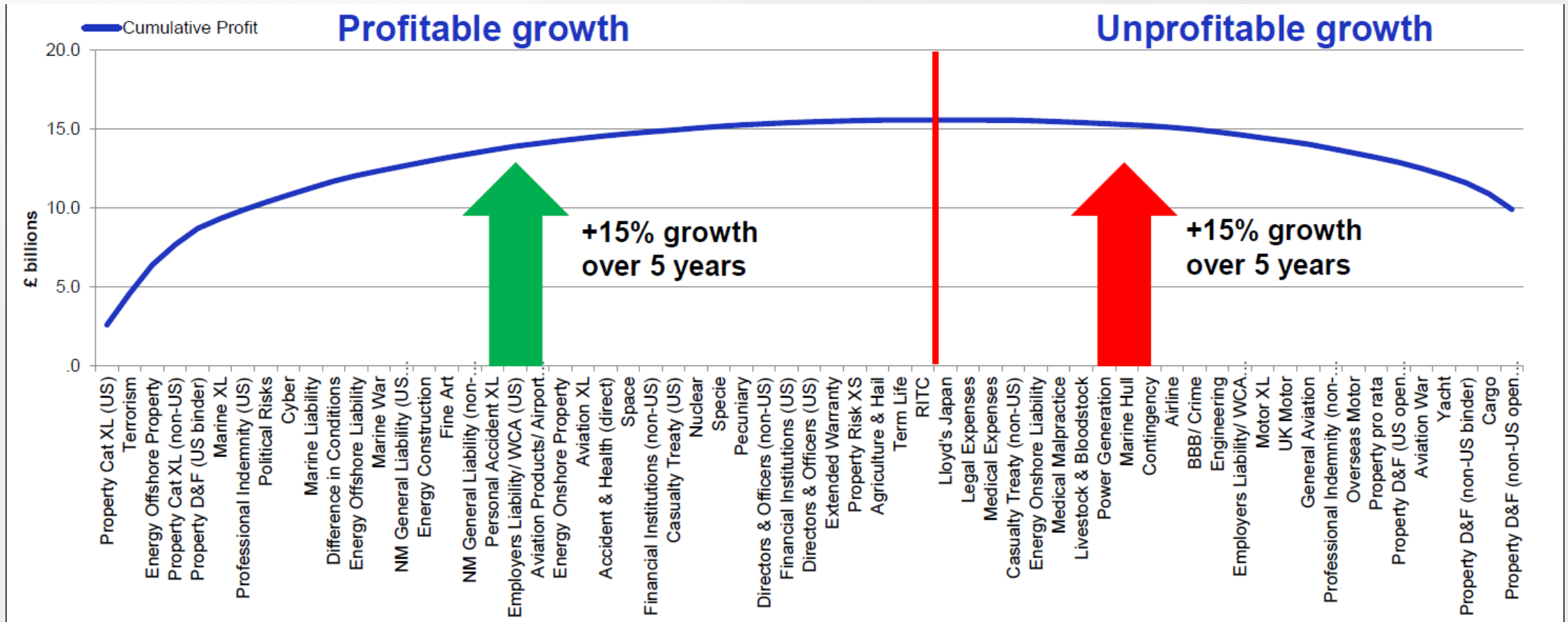
Gross combined ratio and variance to planned profit for 2017



# 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



# Lloyd's Changes 2017 / 2019

Lloyd's Syndicates (2018)	Line Of Business Withdrawn						
	Cargo	Specie & Fine Arts	Hull and P&I	Marine Liabs	XS Marine Liabs	Yacht Mega Yacht	Aviation
Hardy (Underwriting Agencies) Limited			X				
Hiscox							X
Advent Underwriting Limited	X		X	X	X		
Argo						X	
StarStone							
AmTrust	X		X	X	X		
Securis	In Runoff						
Standard	In Runoff						
Siruis	X		X			X	
Pembroke Managing Agency Limited / sold to Liberty	X						
Barbican	X		X				
WR Berkley	X		X	X	X		X
Apollo							
Acapella	X						
Channel	X		X				
Brit Syndicates Limited						X	X
Hamilton					14		
Canopius							
Aspen Managing Agency Limited			X			X	X