
The London Accident & Health market continues to play a very important role for the development of insurance and reinsurance business in the United States. The ability of this market to be flexible, competitive and most importantly, innovative, makes it a key component for profitability and growth for US insurers and MGUs. Keeping abreast of the evolving landscape and understanding the impact of market changes are essential elements of maximizing the potential of your business.

General Overview

• Lloyd’s bottom decile review set syndicates to identify the worst-performing 10 percent of business across its whole-account gross written premium consecutively over the past three years. This is an initiative to put responsibility on underperforming syndicates to produce and execute a remediation plan to be approved by Lloyd’s
  • There is a stronger focus on profitability of individual accounts to improve the overall underwriting result
  • It has been reported that up to five syndicates have been identified to satisfy Lloyd’s requirements through the planning process
    – Advent have indicated they will either run off or transfer and integrate their portfolios into separate entities owned by Fairfax, their parent company (Brit, Newline and Allied World, Riverstone)
  • Abundance of reinsurance capacity and increased competition to retain market share among markets however, according to an insurance publication two thirds of A&H Lloyd’s Syndicates are underperforming
  • Reinsurers under pressure to maintain disciplined terms and conditions
  • Uncertainty for European business post Brexit. We anticipate this will have a limited impact on Reinsurance but the change in regulation will affect the Insurance and Life market
  • Lloyd’s have separated the risk code for Long Term Disability (KB – Long Term Benefit) from the standard Personal Accident KG risk code. This will be applied to business incepting 1 January 2019 onwards
  • Increased frequency of individual losses versus catastrophe losses and reports of movement on old years of account dating back to 2015
  • Amtrust have announced that they will be running off their Life Syndicate 44 for 2019. There are now only two Life Syndicates operating in Lloyds, AXA XL 3002 and Beazley 3622.

Capacity

8 new entrants to the Accident & Health market: Agora, China Re, Pardus Underwriting, Radius Specialty, NOA, Sompo International, Faraday, Barbican, the latter five markets listed have treaty capacity.

Significant underwriter movement between Companies and Syndicates, >50 changes between 2016/18:

<table>
<thead>
<tr>
<th>Underwriter movement in Lloyd’s by Class</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Treaty</td>
<td>33%</td>
</tr>
<tr>
<td>Direct &amp; Facultative</td>
<td>33%</td>
</tr>
<tr>
<td>Both Treaty and Direct &amp; Facultative</td>
<td>21%</td>
</tr>
<tr>
<td>K&amp;R/Life/Medical/Contingency</td>
<td>12%</td>
</tr>
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2018 M&A | Previous years’ M&A
---|---
Apollo/Aspen | Liberty/Ironshore
China Re/Chaucer | Sompo/Endurance
AIG/Validus | Sirius/China
Axis/Novae | Minsheng Investment
AXA/XL Catlin | Group PLC

Guy Carpenter’s London Team

Our London team is comprised of 15 Specialist Life, Accident & Health brokers with over 250 years of combined Reinsurance and Program/MGA business experience for over 150 clients:

• Treaty, MGA & Facultative Personal Accident (Catastrophe and Risk)- Travel, Credit Card, Sports Disability, Retrocession
• Healthcare- Domestic and International XOL and QS
• Life- QS, Critical Illness, Pandemic, Catastrophe and Mortality
• Stop Loss, Captive EB, Unemployment
We look forward to the opportunity to have a discussion about your organization and how Guy Carpenter’s service offering may help you meet your objectives. For more information please contact:

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About Guy Carpenter

Guy Carpenter & Company, LLC is a leading global risk and reinsurance specialist with more than 2,300 professionals in over 60 offices around the world. Guy Carpenter delivers a powerful combination of broking expertise, trusted strategic advisory services and industry-leading analytics to help clients adapt to emerging opportunities and achieve profitable growth. Guy Carpenter is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), the leading global professional services firm in the areas of risk, strategy, and people. With nearly 65,000 colleagues and annual revenue over $14 billion, through its market-leading companies including Marsh, Mercer and Oliver Wyman, Marsh & McLennan helps clients navigate an increasingly dynamic and complex environment. For more information, visit www.guycarp.com. Follow Guy Carpenter on Twitter @GuyCarpenter.