reinsurance week

REINSURANCE MAGAZINE'S WEEKLY NEWS REVIEW 28.07.2017

INTERIMS SEE POSITIVE NEWS FOR SCOR

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London Market needs to explain its status as enigma, says IUA

London 25.07.2017
The Chairman of the international Underwriting Association (IUA) has said London can no longer afford to be an enigma or remain analogue in a digital world.

Speaking at the association's AGM today Malcolm Newman said the London market faced significant challenges one of which was better explaining exactly what it can deliver to clients across the globe.

He said in the four years in the role there has not been a large catastrophe to hit the market neither natural nor man-made.

"But there have been significant events which have acted as warnings for the future especially in cyber related areas," he added. "The lack of a large catastrophe is of course good news but needs to be balanced against the fact that the challenges faced by the market are greater than a single large event. These challenges are seemingly long-lasting, slow burning and never-ending, but hopefully not insurmountable.

People talk of the digital revolution in which we now operate without change, London's analogue processes will leave this market permanently in catch-up mode with its competing hubs."

He added London needed to ensure it explained what it did and what it offered to clients across the world.

"Winston Churchill once described understanding Russia as like solving 'a riddle wrapped in a mystery inside an enigma'! Without that much direct London market involvement before taking on the IUA chair, my understanding of this market could be similarly described.

"This is no longer the case. "Looking at Churchill's quote, the messages are now clearly articulated and commonly understood, they are not a riddle, the mystery of the market now has solutions formulated and being implemented but, to be honest, the London market will always be somewhat of an enigma. And that is good. We need to be distinctive, special, have unique aspects which attract business that no other market can write. It is crucial that Brexit does not become the issue that tips us over the edge towards failing on our growth and modernisation plan.

Mr Newman said he was confident that would not be the case given the level of engagement that the London market had undertaken with the UK Government.

"Our insistence that transitional arrangements are essential for our client's certainty of coverage has resonated. We must therefore remain optimistic about both our future EU trading position and that with many other countries around the globe.

"If you read the entire Churchill quote, it states 'Russia is a riddle wrapped in a mystery inside an enigma, but perhaps there is a key. That key is Russian national interest.

"Comparing this key to the London market, those that don't understand London, don't necessarily see where we are coming from. LMG's work to explain the benefits of London and the power of its brand are aimed to further explain our enigmatic position. Clients around the world must understand where we are coming from, our values and our service and product offerings." >

"The London market (including IUA's important place within it) has demonstrated incredible resilience and accepted that it needs to change, and do so both quickly and dramatically."
MALCOLM NEWMAN, IUA

revideo: **Just what is business liability insurance?**

Marcelo Teixeira of QBE Insurance talks about how insurance cover is lacking in Asia for the damages or risks caused by businesses to others.

video: cnbc.com

Insurance group says it will not chase imprudent growth

London 27.07.2017
Lancashire Holdings saw an 18% increase in first-half pretax profit on today as its CEO warned the company was not simply prepared to recklessly "feed the beast".

The firm said it had been boosted by a better than expected investment performance but cautioned that it may well write less business in the full year as rates and competition continued.

It reported a pretax profit of $66.7 million for the first six months of the year, $9.9 million up on the corresponding period of 2016.

The insurer's gross written premiums fell to $381.2 million in the first half of the year, and its combined ratio rose to 78.4% compared to 76.2% last year.

Group CEO Alex Maloney, said: "In the current continuing soft market I am very pleased with the RoE for the second quarter of 3.2% and 5.9% for the half year. Premium rating pressure continues in the current market.

There is evidence from the insurance industry that many insurance classes are operating at marginal levels of profitability at best.

"The dynamics of the loss environment cannot be accurately predicted in the short term, but it is evident that so far in 2017 there has been a lower level of catastrophe losses than occurred in the first half of 2016, whilst there has continued to be an active run of risk losses in the market." >

London market at a £200 million loss in forgotten funds

London 27.07.2017
Underwriters have been told that apathy is costing them millions as they fail to track loss funds.

Andy Collery, Director at insurance services firm Ambant Limited believes insurers need to focus on the legacy issues around loss funds in order to secure the return of sums in excess of £200m.

Loss Funds are monies held in trust by a third-party administrator (TPA) or broker on behalf of the capacity provider and which are used to facilitate the payments of claims at a set agreed value level.

Ambant says the market does not realise the sums involved in the loss funds and as such are not devoting the time and effort to examine whether there are idle funds which need to be returned.

"There remains a great deal of apathy from some in the market to the questions around legacy loss funds," said the firm. "We have been told by some that they have simply written the fund off, or do not believe it is worth the time and effort to carry out an investigation into the number and status of those historic funds."

Mr Collery added: "There is little doubt that the various London market and Lloyd's initiatives around the movement and analysis of data has allowed the market to ensure they have a far better understanding of claims payments. However, it has only been in the past three years that the market has been given the ability to code the payment of loss funds, and therefore better able to be track amounts and return." >

Allianz posts 23% jump in operating profit

Germany insurance group Allianz saw a 23% jump in operating profit as it said it expected its full year profit to be at the top of its projected target range.

Operating profit in the second quarter of 2017 was Euro 2.9 billion euros compared to a figure of Euro 2.4 billion for the corresponding period of last year. Total revenues rose 2% to euro 29.994 billion euros in the second quarter.

Net income attributable to shareholders rose 83.4% in the second quarter to Euro 2 billion.

The company said: "For the full year, Allianz now expects to arrive near the upper end of its operating profit target range of Euro 10.8 billion, plus or minus Euro 500 million, barring unforeseen events, crises or natural catastrophes.'' >

Interims see positive news for Scor

Paris 26.07.2017
Scor chairman and CEO Denis Kessler hailed the firm's performance as it posted a 10% growth in gross written premiums for the second quarter of the year.

Net income rose by 6.2% year on year to Euro 292 million with Mr Kessler saying the results were at the top end of expectations spelt out in the firm's vision statement.

"SCOR delivers strong results in the first six months of 2017, outperforming both its profitability and solvency targets from the "Vision in Action" plan," he said. "At the same time, the Group continues to expand its footprint in targeted territories and business lines. In addition, by launching this share buy-back program, the Group reaffirms its confidence in the strength of its underlying fundamentals, excellent ratings and optimal debt leverage."

Its P&C operations delivered a combined ratio of 93.5% and an annualised return in equity of 9.1%.

The firm said its performance was impacted by the rise in the UK Ogden rates for motor vehicle accidents awards and reserve releases. The share buyback programme which commences today for two years will be Euro 200 million.>

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DENIS KESSLER, SCOR

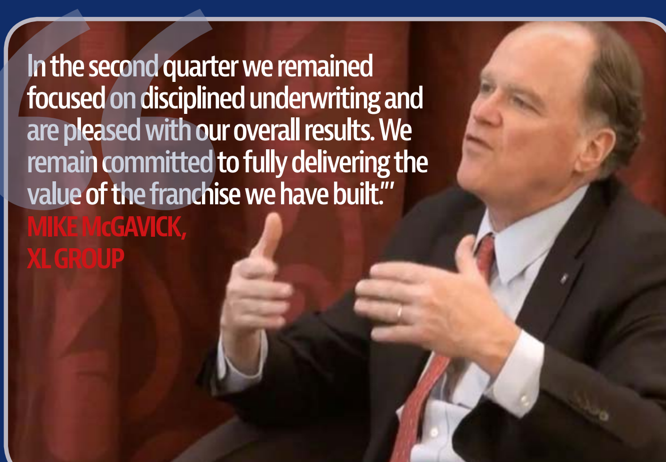
XL Group finally completes Catlin acquisition

London 27.07.2017
XL Group completed the final integration of the Catlin acquisition in the second quarter of the year at a cost of $39.1 million. The figure compared to the $52.1 million for the same quarter of 2016 and signals the end to any further integrations costs.

The group delivered an operating net income1 of $255.1 million for the quarter, compared to $106.4 million, for the prior year. Its P&C operations saw a combined ratio of 92.3% for the quarter compared to 96.0% in Q2 of 2016.

Catastrophe pre-tax losses net of reinsurance and reinstatement premiums for the quarter were $92.1 million significantly lower than the figure of $240.1 million 12 months previously.

Commenting on the Company's performance, Chief Executive Officer Mike McGavick said: "In the second quarter we remained focused on disciplined underwriting and are pleased with our overall results. Also in the quarter we generated positive investment returns, continued to capture efficiencies as an organization and actively managed our capital. We remain committed to fully delivering the value of the franchise we have built."



EDITORIAL

What a difference a week makes

Last week the world's re/insurance leaders gathered in London for the IIS' Global Insurance Forum. The final day of the event was devoted to how the insurance markets can support global resilience. They were told they have a key role to play in the battle against climate change, poverty, famine and natural disasters.

The message was the industry had to do more to provide protection to those who could least afford it and it was announced the industry was to join with the UK and German governments in a new centre aimed and providing insurance to the world's poorest populations.

Move on seven days and reports out of India say that the country's government's -sponsored crop insurance scheme is in trouble due to the lack of interest from the global reinsurance sector in providing capacity.

Move on seven days and reports out of India say that the country's government's-sponsored crop insurance scheme is in trouble due to the lack of interest from the global reinsurance sector in providing capacity.

By the end of next year the scheme will have increased coverage to 40% of the country's cropped area and that will rise to 50% by the end of 2019/ However, public officials have told the Indian media it can only be achieved with global reinsurance support and efforts to obtain that support have fallen on stony ground. re

Jon Guy, Editor, reinsurance