

Too early to see how Ever Given will hit reinsurers, says Lancashire

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The (re)insurance industry is currently not at the stage where it can put any numbers to the insured cost of the Ever Given blockage of the Suez Canal, Paul Gregory, chief underwriting officer at Lancashire Holdings Ltd, told analysts at the (re)insurer's Q1 earnings call.

"Obviously, we don't want to comment on particular individual losses. But what we can say is, obviously, it's an incident that's very well-known and has been covered a lot in the press, and clearly going to create economic losses of some sorts", said Gregory, adding that "what is very difficult at this stage, given it's very early, is how that could indeed transfer into possible insurance or reinsurance losses. It's just that we are not at the stage yet where anyone could put any kind of numbers around that."

Gregory noted that it was "an incident in the marine market that potentially could give rise to claims and it's something that will monitor as that second quarter progresses."

ULCV **Ever Given** grounded and blocked the Suez Canal for six days from March 23rd to March 29th, leading to significant delays for many ships, with more than 400 waiting at one point to transit the Canal either northbound or southbound. Some other vessels chose to travel round the Cape of Good Hope rather than join the queues.

Gregory had earlier noted that both the marine and aviation segments at Lancashire had seen year-on-year premium reductions in Q1, but that in both instances this was purely down to timing. In marine there were a small number of large premium multiyear contracts returned in Q1 last year that were not due for renewal in 2021.

The bulk of Lancashire's specialty business renews in Q2. "We are definitely intending to continue to grow in those areas. For example, we're still seeing good rate improvement in things like downstream energy, power. We expect to see continued improvement in things like marine and aviation", he said.

Gregory observed that market conditions in both aviation and marine remained favourable, with continued rate momentum, and the outlook for 2021 premium growth in both segments was positive.

Gregory revealed that Lancashire would be expanding its marine liability offering “when our new underwriter joins us later this year, albeit a premium”. The top line premium impact would not start to be seen until 2022, he said.

Earlier, Alex Maloney, Lancashire Group CEO, said that in Q1 Lancashire had generated its strongest ever gross written premium. Even so, “we are still declining more business than we are writing”, he said.

On Covid-19, Lancashire’s estimate remained unchanged. “We are seeing little change in our claims data. We were still pushing any suggestion about the maturity of this loss as we’re still living through Covid. But we are comfortable with our number and any change to our Covid loss does not de-rail our strategy”, Maloney said.