

## London retains global leadership role in marine, but complacency must be avoided

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While the London market still retains a leading, if not dominant, position in the London market, with many inbuilt advantages not available to its competitors elsewhere, there were signs of danger, and this made it important that the London market not take its position for granted, members of a panel at yesterday's Marine Insurance London said.

The panel, entitled "London, Centre Of The Marine World", and moderated by Julian Clark, global senior partner at legal firm Ince, featured Richard Turner, chairman of IUMI, David Cox, CEO of MatthewsDaniel, Matt Roles, head of underwriting markets performance at Lloyd's, Ian Henstridge, head of hull at Apollo Underwriting, and Paul Greensmith, head of Global Specialty at AIG.

Richard Turner opened up with something of a warning note. He said that in 2015 the global marine industry (excluding P&I) was \$30bn, of which London had \$8.5bn. In 2020 the global figure was much the same, but the London figure had fallen to \$6.5bn. While he accepted that there could be cyclical factors at play here, he also felt that London needed to avoid any complacency. Turner said that a major problem with London was that the cost basis for doing business was too high. He also felt that, compared with a decade or so ago, the strength of expertise in the market was not what it had been. He also said that Brexit had caused a significant problem. Noting that he had been working from Luxembourg for a few years following Brexit, Turner said that purchases into the London market from the EU was in many cases a begrudging purchase.

David Cox answered Julian Clark's question with a "Yes, but". The qualifier was once again a case of "not resting on one's laurels" and not assuming that 100 years of history was enough.

Matt Roles noted that Lloyd's was still a major player, with about 15% to 20% of the global marine market. Referring to Richard Turner's numbers, Roles said that the Decile 10 move by Lloyd's had seen a degree of premium leave the market (although another participant observed that much of the premium that "left" the syndicates just moved to a company stamp) but that this had served to improve the performance of the syndicates that had remained in the market." We have to recognize the need to be alive to the changing world out there, the innovation and the disruptors. To stay relevant, you have to react accordingly. Traditional classes of business can be a little slow to react", Roles said.

Ian Henstridge from Apollo said that in 2015 underwriters had been in a soft market, and that the Lloyd's remediation moves in subsequent years "did a lot to tidy up portfolio and helped restore some balance and turn the market".

He pointed to London's undeniable advantages. Its position straddling the Greenwich Meridian meant that it could deal with Tokyo and Los Angeles during the same (admittedly long) working day. The London market also had the English-speaking advantage, although Henstridge said that he would like to think that in 10 years' time the panel wouldn't consist solely of 50-something white men. "So essentially, I disagree with the notion that the talent has been lost. We have more educated and more diverse people coming through, but they are not at the senior level yet. I think culturally London leads the way in diversity", he said, adding that "London is not just a bunch of Lloyd's syndicates. It's a global insurance force".

Paul Greensmith of AIG said that there were perhaps two types of marine market to consider here. London was the pre-eminent market for larger, more complex marine business, but some of the run-of-the-mill, more price-driven, off-the peg, marine business was being written elsewhere. London had the expertise and capacity for the more complex risks. "But there are more options available now. Global brokers are more effective at utilizing global placement models. The carriers also have other options, Henstridge warned. He noted that, while most of the big insurers had a London marine presence but they also had a presence in other parts of the world". Henstridge said that London needed to keep investing in talent, "and frankly I don't think that we are doing enough". He said that investment needed to take place in digital talent, talent in technology, and analysis talent. "The other thing is – is the subscription market as efficient and effective as it could be? Potentially it could erode the market share further."