

## Direct MAT at Lloyd's sees small decline in premiums year-on-year

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In the direct marine, aviation and transport (MAT) sector in 2021 Lloyd's gross written premium was £2,909m (2020: £2,976m), a year-on-year decrease of 2.3%. The Lloyd's marine, aviation and transport line reported an accident year ratio of 90.0% (2020: 98.2%).

Lloyd's noted that MAT Marine business encompassed a wide variety of sub-lines where Lloyd's continued to be regarded as an industry leader, including hull, various marine war perils, marine liabilities, and specie and fine art; with cargo being the largest individual line.

Other more niche products are also written, including satellite pre-launch risks and construction-related cargo perils, including delay in start-up.

In its annual report 2021 Lloyd's noted that, following on from recent years' remediation efforts in the Marine portfolio – which included significant compound rate increase as well as tightening of wordings and conditions – both gross and net of reinsurance results were significantly improved upon when compared with where they were two or three years ago

While the double digit rate increases that had been seen were slowing, the rating environment remained positive going into 2022, Lloyd's said.

One of the key indicators of the improved performance of the marine portfolio and the corrective actions taken by underwriters was the improvement in the attritional loss ratio.

Prior year movement saw a release of 8.0% (2020: release of 8.5%). Lloyd's noted that in marine lines there was a tendency for the view of claims to be held for a number of years to allow for inherent uncertainty and so releases were common. Overall, these lines of business had performed favourably against expectations over 2021, particularly on the 2020 year of account, during which there was reduced economic activity due to Covid-19.

Favourable experience had been evident on marine cargo and hull, with many carriers reporting benign claims experience on prior years. On marine liability, experience had been mixed across the market, with some carriers reporting favourable experience, while others reported deteriorations following late claims development on prior years.

Lloyd's said that recent years had seen higher than average catastrophe losses. However, some of the historical catastrophe losses had improved over 2020. In particular, there had been reductions on overall losses due to Hurricane Irma (2017). In contrast, there had been increases on some 2020 catastrophe events, such as the tornadoes affecting Tennessee.

After another year of significant rate rises, the pace of those rises was expected to slow for marine business, with single digit, as opposed to double digit, increases. Lloyd's said that the demonstrably improved results from previous years had attracted more capacity to the market, both from new entrants into Lloyd's and also on company market paper. The market was are expecting to see in the region of 10% growth in exposure written into the marine portfolio at Lloyd's in 2022.

In energy, downstream lines, along with power, continued to report double digit price increases, albeit to a lesser degree than in 2020, in comparison with lower single digit rate rises for upstream property and exploration and production exposures. Despite an active Atlantic windstorm season in 2021, the Gulf of Mexico remained relatively unscathed and energy lines once again benefited from a benign year in regard to natural catastrophe losses, with the exception of Winter Storm Uri in the US very early in the year.

## Data

<b>Marine, Aviation and Transport</b>	<b>Gross written premium £m</b>	<b>Accident year ratio %</b>	<b>Prior year movement %</b>	<b>Combined ratio %</b>	<b>Underwriting result £m</b>
<b>2017</b>	3,193	117.7	0.8	118.5	(480)
<b>2018</b>	3,152	116.2	(0.9)	115.3	(392)
<b>2019</b>	2,802	113.3	(4.8)	108.5	(199)
<b>2020</b>	2,976	98.2	(8.5)	89.7	239
<b>2021</b>	2,909	90.0	(8.0)	82.0	388

As part of Lloyd's

<b>2021</b>	<b>Gross written premiums £m</b>	<b>Net earned premium £m</b>	<b>Net incurred claims £m</b>	<b>Net operating expenses £m</b>	<b>Underwriting result £m</b>
<b>Marine, Aviation and Transport</b>	2,909	2,159	(903)	(868)	388
<b>Total from syndicate operations</b>	39,216	26,657	(15,440)	(9,902)	1,315
<b>2020</b>	<b>Gross written premiums £m</b>	<b>Net earned premium £m</b>	<b>Net incurred claims £m</b>	<b>Net operating expenses £m</b>	<b>Underwriting result £m</b>
<b>Marine, Aviation and Transport</b>	2,976	2,322	(1,172)	(911)	239
<b>Total from syndicate operations</b>	35,466	25,876	(18,929)	(10,036)	(3,089)