

Ukraine will impact Lloyd's balance sheet

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The Russian invasion of Ukraine will have short, medium, and long-term impacts on both Lloyd's performance and balance sheet, the market said to day as part of its 2021 annual report.

Lloyd's said that the primary sources of risk related to underwriting exposure arising from sanctions, exposure within investment portfolios and the impact on operations. There remained a high degree of uncertainty around the eventual outcomes.

Lloyd's noted that its direct premium derived from Russia and Ukraine was well below 1% of total GWP. Indirect underwriting exposures arise mainly across the aviation, marine, trade credit and political risk lines of business.

Lloyd's said that its assessment of the potential financial impact was ongoing. It said that it was working actively with the Lloyd's market to continue its assessment of the situation. "We are also working closely with governments and regulators across the world to ensure we interpret and enact sanctions requirements at pace, together with other legal and regulatory obligations."

Lloyd's said that, because the situation was fast-evolving, and in order to respond swiftly to developments, it had set up an executive response group that meets daily to monitor the situation and respond to government actions.

While at this early stage it was difficult to assess the full financial impact of this crisis, Lloyd's said that there were no indications that this would impact the Lloyd's market or the Society of Lloyd's ability to satisfy regulatory capital requirements or meet their financial obligations.