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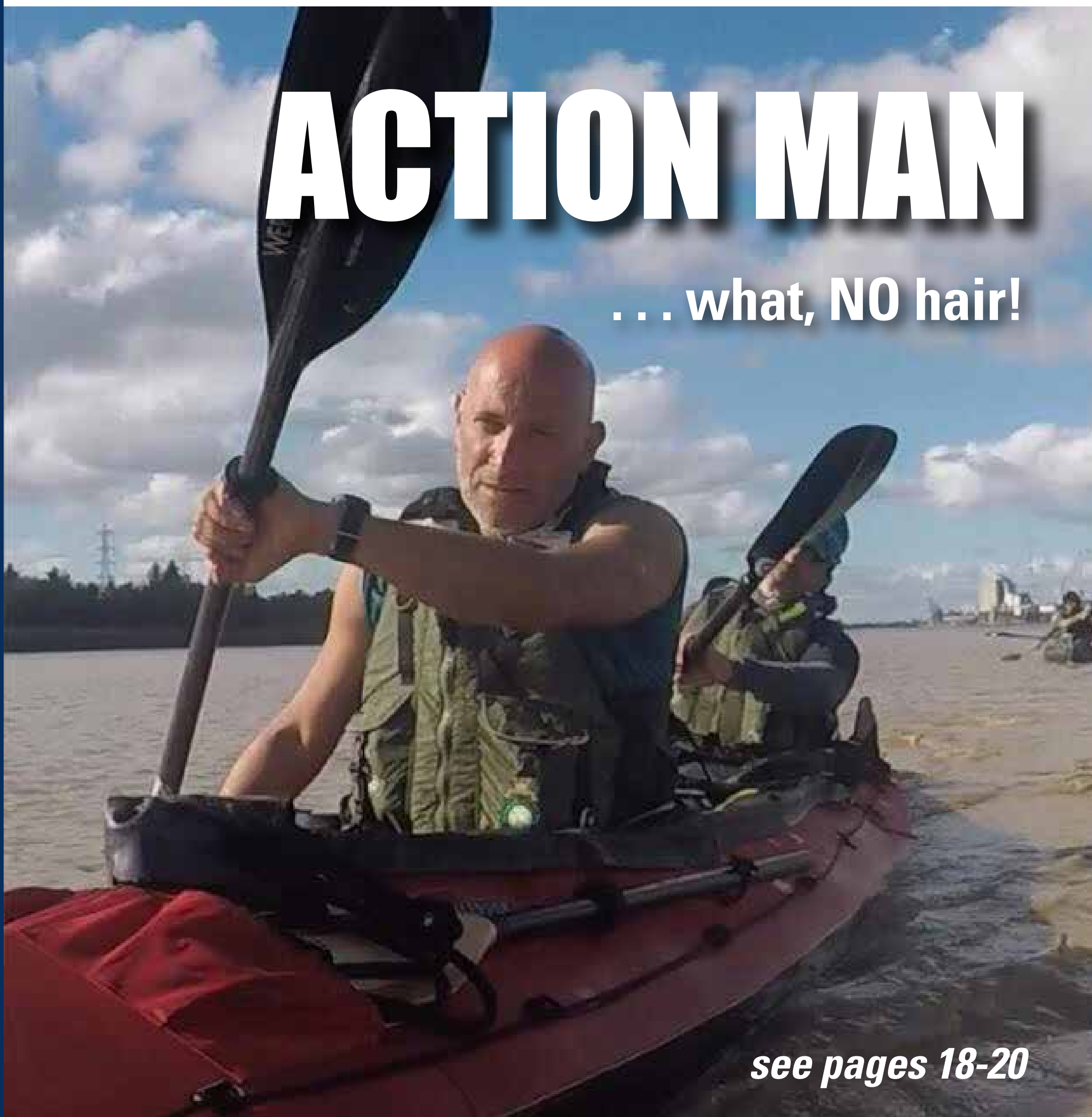
NEWS, VIEWS AND TOPICAL DEBATE FROM THE LONDON INSURANCE MARKET



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ESTATE **WINES**

LOVE THE **BUZZ**

and more . . . .

“ . . . . . .may you live in interesting times . . .”

David Doe Editor
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Welcome back to London Calling and this edition has been produced with both the Target Markets and PLUS conference in mind. Firstly, many thanks for all those who make London Calling possible and certainly we must thank all of you for your feedback, we really do appreciate it, keep it coming! We have our usual somewhat irreverent mix of news, views and of course market gossip

There is an old Chinese proverb that states: “…may you live in interesting times” well no question we are indeed all living in ‘interesting’ times with the geopolitical scene being immensely challenging. You name it, there has been, and there continues to be a great deal of political upheaval – BREXIT, Trump, North Korea, Spain and a resurgent Russia and a more muscular China. There is plenty going on.

In the traditionally ‘boring’ world of insurance we have seen recently some dreadful losses as the Hurricanes of Irma, Hilda and Harvey have tragically wreaked havoc not only across the Caribbean but the US as well. The human and economic loss has been appalling and the aggregation of insured losses has been eye watering and it will impact much of the primary insurance and reinsurance ‘catastrophe’ markets. One senior Lloyd’s property underwriter quietly confided in me that the losses will hurt some syndicates particularly hard. Given an extended period of profitable trading with little or no activity hitting the US there has been a tendency to increase retentions as profits rolled in and some have had a very nasty surprise when working out their final loss figures.

GAMBLING

One thing that does concern me is that the business of insurance is essentially gambling, maybe a sophisticated form of it but still gambling none the less. It needs an experienced ‘eye’ and certainly key economic elements and politics also play a big part in the overall farrago of the business. Capital availability, interest rates and investment performance, ability to trade internationally and interpretation of laws set by politics and then dissected by lawyers are all major business considerations as well as of course, and most critically, risk selection itself – the art of underwriting. But I sometimes seriously question amongst all the cocktail of compliance, regulation, finance, legal and even geopolitical issues, whether the basic function of underwriting is handled correctly? I think it is patent that much underwriting is extremely poor with very many inexperienced underwriters in frontline roles and others being dictated to by the vagaries of management whims – the ‘art’ of underwriting is being lost. There is no substitute for experience and class of business expertise. No qualification is available that will ‘make’ a good underwriter the one thing that does is time underwriting - year after year.

MAJOR GROWTH

When we consider the economic outlook it is a somewhat mixed and difficult one to call. Many observers view the election of Donald Trump as being highly pro-business and pro-investor and there is an expectation of major growth as a mixture of corporate tax cuts and massive infrastructure investments hugely boost the US economy on a grand scale maybe not seen since the 1950s. There is already a plethora of major US companies recording enhanced earnings led by Energy, Technology and Financial sectors leading the charge. The downside is an historically over valued stock market when considering values set against earnings the markets have become dangerously skewed when we consider cyclically adjusted price-earnings multiple of 30x earnings a figure previously only reached in 1929 and the late 1990s both prior to huge market crashes. But overall, and short of a major geopolitical event (always a possibility), the world economy should bounce along and grow very steadily. Interests rates will begin to creep up and albeit so will inflation the economic fundamentals look positive.

We do hope you enjoy this edition of London Calling and we make no apology for heavily highlighting Christian Stanley of Lloyd’s who has done a truly outstanding job raising money for military charities and especially the Royal Marines Special Forces charity. We all take for granted the luxury of living in a wealthy liberal democracy but all of us easily forget the sacrifice of our armed forces both past and present that allows us the freedoms wealth and security that we all have. We also feature good friends Simon Turner and Holly Bellingham (former insurance super stars now engaged in IT development for insurance underwriting and another insurance industry speciality, namely the drinking of wine and its production!) as well as an interview with the underwriting guru Richard Bryant, along with all manner of other articles and the biting humour of the ‘Dear Bill’ page!

Please enjoy this edition of London Calling, and as ever, please do let us have your feedback.

David Doe

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THE TRUMP BUMP

Behind all of the bravado, rhetoric and endless political spin of what was by any standards a very intense US Presidential election Donald Trump won and Hilary Clinton lost. Rather like the BREXIT vote in the UK it wasn't expected. But the democratic process is done and the majesty of the people has spoken, the Donald is the President and despite all the carping and moaning that fact isn't going to change.

What was the immediate outcome? Well to be honest and from a business point of view despite all of the obvious concerns over trade protectionism, there has been a pretty emphatic thumbs up from global markets with the Dow Jones Industrial Average (DJIA) climbing above 20,000 for the first time ever and the S&P 500 market also hitting a new record high as did the FTSE 100 in the UK.

There is an assumption in the world of business and therefore the wider economy that Trump will be good for business, 'red tape' will be cut, all the compliance and regulation that has on occasions acted as strangulation to much business growth could be shaved back substantially leaving a new suddenly fertile playing field for business. Massive stimulus is expected with a great anticipation of strong economic growth. To be honest, Trump inherited a strong economic base from which to work and the markets perceive a quick rebound from the current recovery situation into a period of sustained capitalisation.

The new President has boldly promised that the US Federal government will invest '$1 Trillion' in America's 'crumbling' infrastructure. It was indeed a siren call he made throughout the election campaign trail. His promise of building a wall between the United States and Mexico is, and for one moment here forget the jingoism of politics, a huge construction exercise with an estimated price tag of around $20 Billion. Trump's idea about infrastructure might actually have some serious merit. The last President who undertook a huge 'inside' America rebuilding and public transportation investment program was Dwight D. Eisenhower who initiated the building of the nationwide interstate highway system.

$1 TRILLION INJECTION

At the time a gigantic undertaking and now with many of the same road bridges and related built structures from that era being over 50 years old a re-building of American infrastructure has some definite merit. Such a gigantic undertaking; a $1 Trillion injection in to 'making America great again' would indeed act as a very big economic stimulus, quite simply the biggest ever, and as such would without any doubt set the American economy buzzing. The President however will have to go to Congress to get this monumental fiscal 'fix' agreed and that might prove very complicated with all the other promises and issues such as planned Tax Cuts, major increase to the Department of Defence budget as well as Healthcare issues.

In addition, many Republicans already concerned about the high levels of Federal debt will be wary of increasing the budget deficit and Democrats will of course be unlikely to collaborate with Mr Trump for entirely political reasons. This will surely be one of the biggest tests for the Trump presidency

This will be a core issue for the new President. Critically will he be able to gain approval for such a mind blowing amount of money to plug into the economy? Like most things with Mr Trump this is not an easy thing to estimate. But whatever, even if short of the magical target of $1 Trillion he will likely gain a very significant fund to splurge on infrastructure. Come what may a mighty injection of money is on the way for the US Economy.

INFLATION THE CURSE

Now of course given any accelerated economic growth there is bound to be a return of inflation, something that much of the Western world had rather forgotten about, this in turn could lead to central banks, led by the US Federal Reserve (the 'Fed') increasing interest rates at pace which, after a prolonged period of recessed rates, had drifted perilously close to actually negative rates and deflation. Now the opposite could be likely to happen, inflation the curse of the seventies and the killer of German democracy in the 1930s is not always a bad thing, it can drive up living standards 'create capital' and actually be a tonic to depressed markets, that is of course if it is controlled inflation.

This will likely be the biggest, and very early, economic test for President Trump. I wouldn't actually bet against him, as he himself immodestly stated during the campaign trail 'construction' he said '…is something I am good at!' if Trump emulates Eisenhower and gets the cash for a massive re-modernisation of American infrastructure the economy will go into serious overdrive. That would be good for America and good for the dollar and also good for the world economy. Time will tell….

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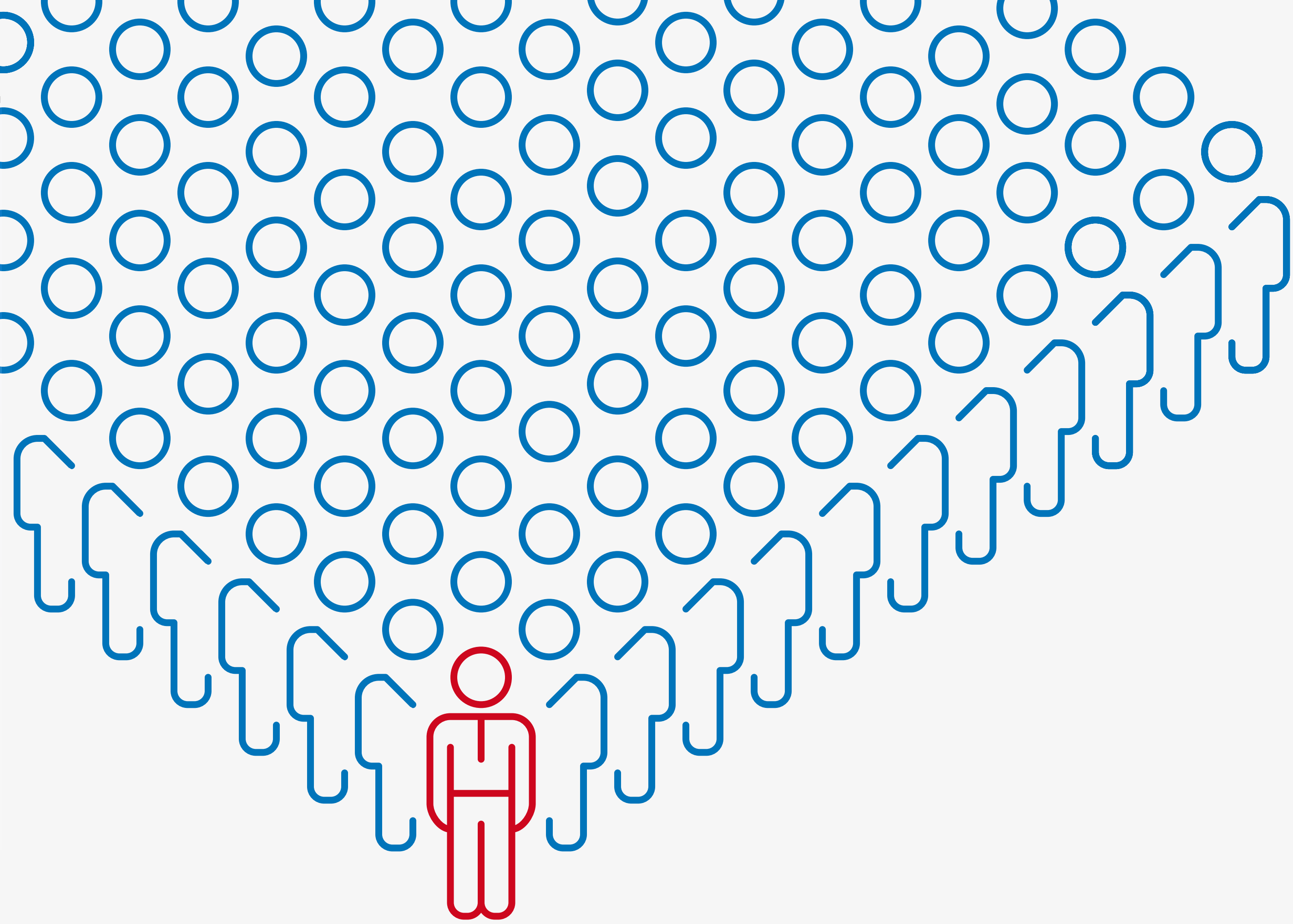

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IT'S ALL ABOUT THE MONEY

CYCLE WHAT CYCLE?

DESPITE THE RECENT 'CAT' LOSSES THE MARKET REMAINS OVER CAPITALISED

It goes on and on, doesn't it? The 'soft market' cycle can no longer be called a cycle because the word 'cycle' infers the prospect of change, something that is not happening any time soon – will the recent 'CAT' losses change this?

OK, true. There are pockets of 'interesting' news, of an occasional adjustment here and there. News from the large US Construction, Projects and Architect & Engineers business sector is not good, it is all doom and gloom and whispered talk of 500%+ loss ratios, the odd GL contract on Contractors, of shopping malls going sour, very sour, the D&O business producing big losses, the odd property and/or auto contract going wrong, increasing loss ratios on Canadian and Australian PL business – but haven't we been hearing all of that for the past two or three years? There is just no discernible change, nothing is happening to alter the picture. Well take a look at the market overall and it is easy to see why the liability market especially remains so stubbornly stuck in a negative gear – you don't have to be an economist in the insurance sector to come to the conclusion. The previous lack of a major cat loss in the high valued property areas of the world; North America, Western Europe and/or Japan has insulated the capital intensive insurance sector from bad news. The lack of big bangs to erode capital has acted in reverse to over-capitalise the market.

Supply is most certainly outstripping demand, with the natural consequence that the market is taking a dive, and it's a very deep dive. Standards are dropping as fast as rates. What was eight years ago a $100,000 premium account might well be todays $35,000 account. How long can this all go on for? Well according to a very well placed and highly intellectual Californian insurance friend of mine from the Bay area, a long painful time! He cited a recent, and I must say truly frightening, lecture about the insurance business and the 'new business' paradigm. He came out with a great line to justify his conclusion, that almost amounted to a kind of Armageddon for all us insurance people; "….when you went to buy a packet of biscuits from the supermarket 20 years ago, there was a choice of 20 different varieties, go there today and there is a selection choice of over 45 varieties" - his point being that, this is the market, this is the choice available now and that such an increase in choice was merely a function of an expanding market, of an increasing economy. The same would, or could, be true of the insurance market naturally developing, evolving and expanding. Well yes maybe, but actually I don't buy that, there is one flaw in the argument. The business of insurance is the 'risk business' i.e. by its very nature it is risky, and can be difficult to judge, it is gambling. True, the modern methods of modelling are excellent at guiding and assisting underwriting judgements but it really remains a form of gambling. At the top of the food chain are the reinsurance markets that roll the dice on programmes protecting primary insurers who visit with them to layoff large individual horizontal exposures and more usually large vertical aggregations of business. That is to say very large individual insureds with high one off values and ergo high insured limits and more usually the primary insuring market with millions of small risks, with low limits, that might be exposed to large aggregation of a loss in the event of a major event over a large geographical area like a hurricane or earthquake.

Now when we consider that there has not been a major insured catastrophic loss in any of the major high valued areas of the world in the past five years the market has, as a consequence, produced excellent returns on capital and much of this capital has been recycled back into the risk taking insurance and reinsurance markets and in-turn has produced ever more competitive pressures upon the marketplace. To further complicate matters, given an historically low interest environment much 'new' capital has found its way into the insurance 'system' as the once boring insurance sector becomes very sexy to the 'hot money' of the private equity and 'hedge fund' variety. It simply cannot just go on and on. There will be a correction, and one will come along. The unfortunate thing about the business of insurance is that it is usually something quite dreadful that can turn events in the marketplace. Let us all hope that a 9/11 style attack is never to be repeated ever again but what might and it could, in theory at least, be overdue is a 'double whammy' of an East Coast hurricane coupled with a West Coast Earthquake within the same year. The fact is big 'cat' losses do happen and unfortunately we are probably overdue a large Atlantic Hurricane, as history well informs us 'Mother nature' does rudely make these things happen, and will continue to happen as can 'man made' events as well. If it were to happen, and it would be awful, it might be the sort of event that will remind us all that this is indeed the risk business and accordingly wake people up – and erode a significant amount of capital and along with it a great deal of the delinquent underwriting so prevalent within the current market. But the trouble with the current rather over-extended period of soft trading is the relentless build-up of capital which in turn might make for a long slog before a correction comes.

But watch this space. Slowly, and maybe even at a glacial pace, underwriting results in the P and C sectors in the US domestic market as well as Lloyd's and one or two noted European conglomerate reinsurers are beginning to show considerable strain. Major sector loss ratios are making illuminating reading and hitting numbers near to or clearly above the 100% line, red ink is beginning to appear. After years and years of chasing underwriting rates and standards ever downwards cracks are beginning to appear and if further big 'catastrophe' hits were to happen on top of this period of self-harm, the industry could, just could, wobble substantially.

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CHANGING FACE OF LLOYDS'

GREY DAYS AT LLOYD'S?

Oscar Wilde once said he could resist anything but temptation. The same can be said of insurance. One of the prime drivers of the insurance industry is discipline or rather indiscipline. The fact is that Underwriters are usually more often than not quite good at their job i.e. that of risk selection. But it is often the vagaries of their management that dictate from above the final underwriting policy. This can be where the problems start, as management want to see not only profits but usage of capacity but such is the risk business that often withdrawing from certain business, due to pricing declines or broadening coverage, is not only advisable but vital. It should be the frontline Underwriters that decide policy and not the Executive Management. Although Lloyd's has traditionally avoided these problems with Underwriters actually setting business policy, in todays Lloyd's - that of larger sized syndicates - underwriting policy is slipping into the trap of management from afar. Lloyd's needs to watch its back. Although the Franchise Board is here to police the market, a great many market practitioners fear that the switch from the now out of vogue smaller syndicates to the more mammoth operations is cause for much concern. We have heard much about the need for greater efficiency and strong management at Lloyd's but the venerable leadership of the market seem almost obsessed by size. We have heard such things as 'critical mass' and 'economies of scale' the need for 'quantum'. A leading Underwriter recently told me that any new start-up syndicate would really need "at least £100M" all of these buzz words and the enormity of the size of capital for new syndicates is frankly very concerning. The Lloyd's market is what it is, a market of different businesses. The market should, and must see the start of new syndicates on a continuous basis. It should be possible for talented Underwriters to escape the shackles of the large ponderous insurers to start new dynamic syndicates. But the current developing regime at Lloyd's is in danger of stamping out such entrepreneurial spirit by the heavy demands of size. But a group of talented Underwriters managing their own syndicates and producing underwriting profit is the key point. Those syndicates that produce profit will succeed, those that don't will not. But Lloyd's is in real danger with it's emphasis on bigger syndicates actually hampering the chances of outstanding profits. As large syndicates divisionalise segments of the underwriting, poorer performing areas of a syndicate account will be diluted by the profit centres, with the end result being that any overall profit is reduced. In such circumstances Lloyd's overall performance could well become ever more mediocre.

The really exciting thing about Lloyd's is its ability to move quickly, for the Underwriter you see to make a decision there and then. But the small specialist boutique syndicate is now in real danger of extinction being more likely just to be a 'section' of a larger syndicate where individualism is lost in a sea of uniformity. The individual tends not to stand out and entrepreneurial risk taking, i.e. underwriting flair, is ironed out, no doubt much to the satisfaction of the army of market compliance officers and regulations. Lloyd's is a risk taking market, and has evolved over 300+ years on a diet of who dares wins. There is no reward without risk and yet if this culture is tampered with then the very fabric of Lloyd's could be impacted. In theory at least, if Lloyd's continues on its current trajectory then it will not remain a market of many syndicates but more a 'Bourse' made up of a few mega sized syndicates eroding flare, dynamism and ultimately consumer choice. Many current syndicates' management are interested in disintermediation of going 'direct' to save on costs and in so doing undermining the need for a central market. Many seek to write 100% lines and in so doing seek to take all the risk and not share it at all. This is ultimately against the basic ethos and culture of sharing of risk, the very thing Lloyd's is famed for and underpins the market. Many of us practitioners in the Lloyd's market seriously question why some syndicates that are clearly pursuing this sort of agenda are actually allowed to remain part of the Lloyd's market.

I am against Lloyd's becoming some sort of Teutonic palace of endless form filling and bureaucracy - it just isn't Lloyd's. If Lloyd's becomes the effective equivalent of just another large European Insurance (and reinsurance) Company playing a Grey game, with Grey people on Grey days then that would be more than just a shame, it could be disastrous.

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IN PRAISE OF A **STIFF ONE**

There are some traditions in Lloyd's of London that are under very real threat, that in our new world order of political correctness sit very uneasily with highly trained, acutely aware ever worried management.

The long term tradition of having; a quick one, a tipple, a cheeky one, a thirst quencher, a large one or even a stiff one or put more simply…of having a drink (of the alcoholic kind) might be consigned to history. Well I do very much hope not. No one likes a drunk; whether of the innocent but incoherent type or the nasty 'Mr Aggressive' bullying type - it just isn't cool, in fact it is boring and out of order. But does the management have a right to almost dictatorially tell you the individual what you can and/ or cannot do, in this case, not drinking any alcohol at lunchtime? It does rather smack of a 'nanny state' of silly school rules being applied. Insurance people might actually insure lots of differing exposures but in the course of their daily work they are not flying planes, driving cars or working with heavy machinery nor undertaking delicate medical surgery. Therefore the overbearing dictate of no drinking seems, I am sorry to say, rather harsh and almost intemperate.

At Lloyd's people have been drinking stronger stuff than coffee since the market began well over 300 years ago and I would most respectfully suggest it has not on most occasions been an impairment to business.

But I abhor the sheer arrogance of management to 'order' that thou shall not drink at lunch times! Can the boys and girls not be trusted during their lunch break? Well clearly not! Although some might behave like it, we are not children here and therefore should not be treated as such. Of course excessive drinking must be avoided but I really do laugh at all this nonsense carping on and on about the evil of drink but maybe management should take a look at the taking of cocaine and of smoking (cannabis). It is rife and well known to be, but in the insurance sector it is either ignored or just washed from daily thought.

I remain a firm fan of Winston Churchill and his famous quote about drink - that the trick about drink is to make sure that you take more out of alcohol than it takes out of you! I also remain very much in favour of the occasional drink at lunch and when one considers the true nemesis of Churchill (...and the world) one certain Adolf Hitler was famous (amongst other things...) for being teetotal. I rest my case . . . make mine a large one!

In conclusion, please take it easy, but don't give up entirely!

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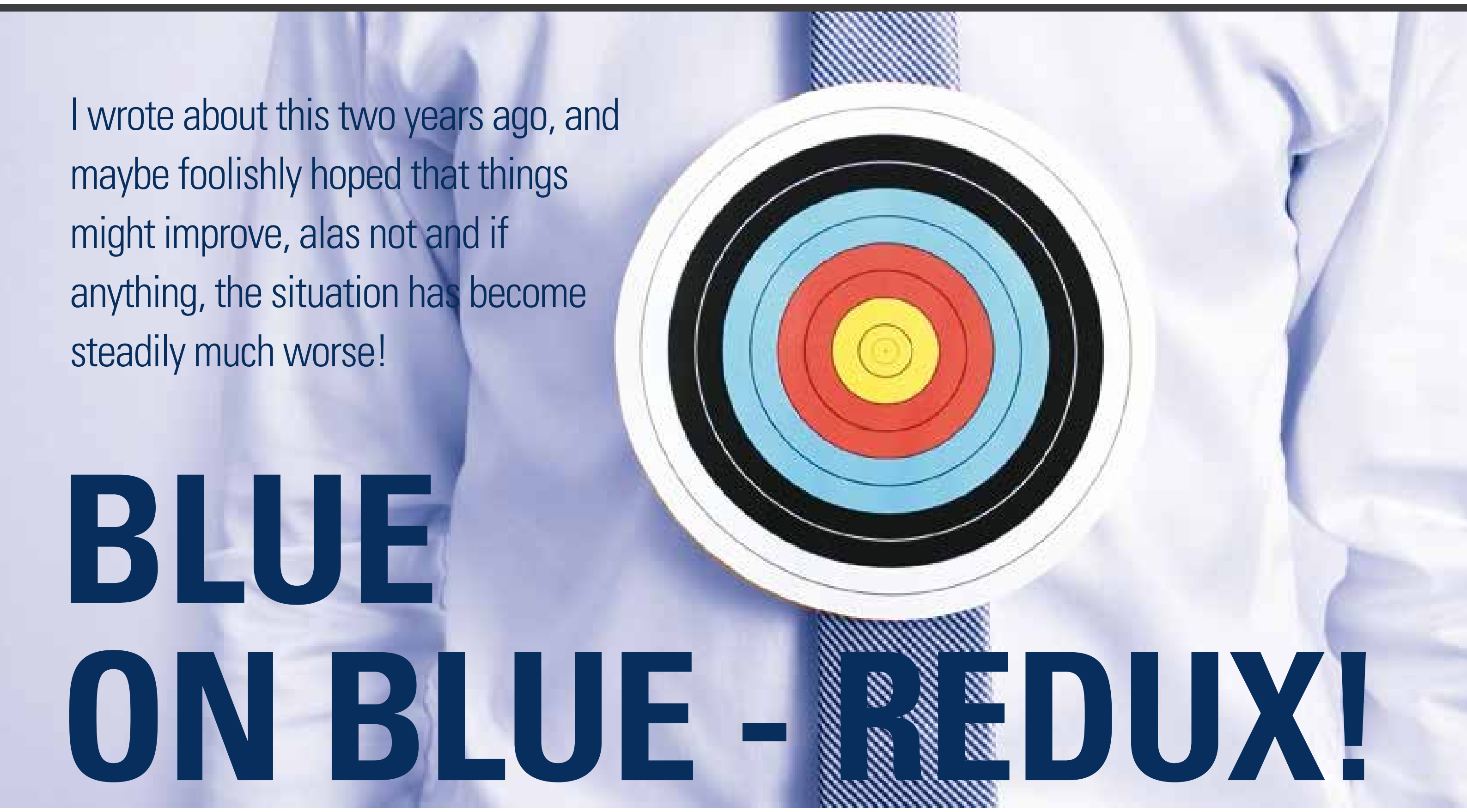

I wrote about this two years ago, and maybe foolishly hoped that things might improve, alas not and if anything, the situation has become steadily much worse!

BLUE ON BLUE - REDUX!

The term; 'Blue on Blue' is an old British Army 'code' to confirm friendly fire incidents, that is to say when units on the same side accidently 'engage' each other. It no doubt originates from 'war games' when traditionally the British Army 'home' team, the good guys, wear blue coloured pennants, where as the opposition bad guys would wear orange, or of course red, pennants to discern the two sides for judging purposes. In actual warfare when troops are deployed to active 'theatres of operation' then 'blue on blue' incidents can be catastrophic, both damaging to execution of plans as well as being highly corrosive to morale. Blue on blue incidents need to be avoided and in the British Army much effort goes into training to avoid them.

It is a shame that Lloyd's does not train its own underwriters to the same degree, to avoid 'blue on blue' underwriting incidents. For it seems, Lloyd's, or at least a sizeable number of Lloyd's syndicates have a predilection to carry out 'blue on blue' attacks! That is to say, compete with one another in a very competitive manner. Now you could rightly question me here, as Lloyd's is of course a market, and as such a market does and can compete with itself, that competition is a pure function of the market and therefore this is a completely healthy and an acceptable thing. Well of course that assumption is correct, at least in theory, and there is no need to call out the Lloyd's police, the market regulators, to knock heads. I have no problem with competition in the market, none whatsoever. But what I do have a real problem with is the 'blue on blue' underwriting that is quite literally happening every trading day, and that is; the exact same Lloyd's underwriters are competing with themselves on their own business. That is madness I hear you cry! Only a fool would knowingly compete with himself. But I am afraid to say, it is alive and very well, this form of dyslexic underwriting where the same syndicates support competing businesses via managing general agencies through Lloyd's binding authority contracts are involved in a cut-throat business, it is very often creating a competition that involves more and more often Lloyd's on Lloyd's competition, and staggeringly involving the same syndicates. So let's for a moment think this through; you have the same syndicates supporting rival programs that inevitably will end up undercutting each other. This can mean the insane business position of an underwriter undercutting themselves on business they already hold. Or in other words; risk capital is being utilised against itself to lessen the ultimate income, with the obvious result that both underwriting standards and rates keep going down and down. It is a vicious cycle that serves no one well, but certain underwriters are bringing this on themselves. Lack of business opportunities and large amounts of capital make for a toxic mix here; idle hands will indeed make mischief.

A recent example we had was on an Architect account, a clean renewal (indeed we'd had it for four years) under one of our longest running Lloyd's contracts when an alternative Lloyd's contract came in and massively undercut our renewal pricing by some 30%! Our Coverholder wasn't as you might expect very happy with the situation and neither were we, but what made a bad situation worse was the fact that one of our leading underwriters on 'our' contract was actually leading the 'other' contract that was so aggressively poaching the business! So literally that particular syndicate was undercutting the premium on an existing piece of renewal business that they already held i.e. they were competing with themselves. Total madness and yet this sort of nonsense is happening daily. Such is Lloyd's saturation support of very similar MGAs in both in the US and London this sort of thing will not only continue but will likely become more of an issue. Certain Lloyd's underwriters really ought to operate a more selective approach and concentrate on precision targeting of business as opposed to a 'blind' blanket coverage approach.

The one truly disappointing element here is the one of lack of discipline. There is no question, underwriters do not deliberately write business knowing that they will attack themselves, (no underwriter would do such a thing) but it is extreme foolishness not to understand the consequences of such blanket underwriting. It is most regrettable that certain underwriters feel so required to keep on writing business contracts that duplicates and further competes in the market, unchecked this dilution of standards will continue unabated. But such 'blue on blue' competition amounts to self-harming. It not only compounds an already over-capitalised and highly competitive environment it also does a tremendous amount of reputational damage.

Although Lloyd's internally are loathed to interdict with individual syndicates or senior class underwriters the time really has come for Lloyd's to 'firm up' their approach with such errant and reputational damaging underwriting. We'd like Lloyd's Performance Management to actually lay down the law on such foolishness. Let's hope that they do!

POUND IN **YOUR POCKET**

It was 34 years ago when the ‘new’ pound coin was introduced and the UK did away with the famous crumpled old green coloured £1 note and replaced it with a new sparkling golden coloured one pound coin made of a mixture of copper, zinc and nickel.

Now in 2017 a ‘new’ one pound coin is being minted, in-part because the current one pound coin has proved over time to have been very easy to counterfeit with production being so wide spread that some estimates believe that as many as one-in thirty one pound coins are possibly counterfeit. Although difficult to estimate some experts believe that in the past fifteen years some criminal gangs using specialist machinery have become so sophisticated in almost mini-industrial levels of cost effective manufacturing of ‘bent’ one pound coins that maybe over 45 million might be in circulation. Indeed some might be so well ‘weighted’ (usually the most obvious sign of a counterfeit coin) that very many are almost undetectable. The Royal Mint and the UK Treasury believing it to be such a serious problem have introduced a new 12 sided ‘more sophisticated’ £1 coin with a hologram and grooved edges it has been ‘minted’ and circulation has started and 1.5 billion of them will be introduced into the high street banking system over the next year, with the ‘old’ one pound coins being ‘demonetised’ quite quickly on 15th October 2017 which probably ‘illuminates’ the seriousness of the ‘problem’ in the UK of the counterfeit coins.

But an interesting side issue about all of this ‘bent’ money is that being under what economists would call the ‘black economy’, it has actually acted as a boost and a minor stimulus to the primary ‘cash’ economy. But the government might disagree as it has all been done illegally and therefore outside of the taxman’s reach, but it has without doubt added to economic activity, how much so no one really knows.

But thinking about the £1 in 1983 and what it is worth now, it is very interesting. In 1983 a loaf of bread on average cost 38p and a pint of milk 21p. Now those same items cost on average £1 and 43p respectively. This is a big demonstration of the erosion of the value of money i.e. of inflation. Its buying ‘value’ has diminished in those 34 years. But let us now think of what that same £1 might be worth invested as again this is particularly interesting. In a ‘standard’ cash savings account your £1 would be worth £7.56 but if you’d invested that £1 in the UK stock market - let’s say the FTSE All Share Index, you’d now have £34. That just goes to show where over the long term that £1 should have been invested!

By the way, a recent ‘cost’ of the BREXIT vote has been a substantial devaluation of the £1 on international markets. On the upside; this makes UK exports cheaper to overseas buyers and on the FTSE 100 share index it has boosted average company earnings given that some 26%+ of revenues are generated from US dollars. The downside will of course be a growth in cost of all imports that will increase inflation very noticeably in the high street shops and supermarkets, as well as making foreign holidays much more expensive as well. Also watch out for major investments being made into the UK as big US Cash rich funds and businesses eye up suddenly ‘cheaper’ UK corporate and property assets. Very big capital in-flows can be expected as outside investors start pouring into the UK. This will be both good and bad for the UK economy.

But one thing is for sure, you should change that jamjar of old £1 coins just as soon as you can!

VIVA DICK

Richard Bryant - Senior Underwriter
Ark Syndicate Management Limited

Richard Bryant can be described in many ways and in many words. When asked for a one word description, it is interesting how my peer group respond.

Complicated, Elusive, Abusive, Brilliant, The 'Artful Dodger', Shy, Dry, Outstanding, Mr. Bombastic, Mr. Fantastic, Amusing, Bemusing, a King, Missing in Action and Genius!

Never before in the field of Lloyd's underwriting have so many differing words been used to describe just one person. But despite this veritable cocktail of verbal descriptions I find him quietly engaging, very sharp, his deliberately laconic air and disposition is contrasted by clearly alert flashing eyes denoting someone who is intensely focussed whilst giving the pretence of being relaxed.

He clearly does not suffer fools gladly and has a no-nonsense delivery about himself. He is a good underwriter, very good, he is an entrepreneur, a doer, a risk taker, a deal maker, someone who does not conform, but aims always for underwriting profit. He is very intense and passionate about what he does and he is rather good at it.

He is not a uniform man, he is not a man to fly the 'grey' desk, business in Lloyd's can often be a grey business, carried out by grey people on grey days but not Richard, he adds a bit of sparkle, inventiveness, a bit of sophistication. He is a problem solver, a solution seeker – he is truly a Lloyd's underwriter in the old world way. He is a rare breed indeed now in Lloyd's - an independent thinker! So many of the noticeably larger Lloyd's syndicates these days seem boringly the same in an almost North Korean way. All the people think the same, must do the same and will of course become all the same! And this is just it, for if Lloyd's becomes all the same then it no longer is a market. People like Richard Bryant make the Lloyd's market a market!

We are delighted to feature Richard Bryant of ARK Insurance Group.

Q. HOW DID YOU GET INTO THE INSURANCE BUSINESS?

My father gave me an advert for a underwriting assistant job at the Ashley-Palmer Syndicate in 1985. They mentioned their US business and he thought I would be well suited and also it meant me moving away! I hated the job from week one and stayed for nearly two gruelling years! Back then it was 95% men and dead men shoes. David Reed was 26 years old when I joined at 18 and looked like my Dad's age (he has always looked old). I thought by the time all these people die I will be in my 50s. I think I was correct. Still, I earnt £312 a month. And yes I was broke most of the time, but a lot thinner.

Q. WHAT IS YOUR FIRST MEMORY OF LLOYD'S?

The buzz and what it must have been like to go to a top Public School….! And not a computer or iPhone in sight.

Q. HOW HAS YOU CAREER EVOLVED TO DATE? PLEASE EXPLAIN YOUR ROLE AS SENIOR UNDERWRITER FOR ARK?

The first ten years-poorly. The next 10 years not much better, begining with the start of the Heritage Syndicate in 1999 and ending with a legal spat in 2004. It was an experience in "how to survive" and also where I learnt to dislike property Underwriters, particularly CAT underwriters more than anyone in the world. The last ten years, on the other hand have been a success (all relative) and ARK have allowed me enough rope to hang myself. The majority of my time here has been rewarding and challenging on a positive note. Currently, I write the syndicates Specialty business with a great team including Karyn Williams, Sam Willis and two young assistants. Business that includes Misc E & O, A & E, Allied, Environmental and niche programmes such as EIFS, Egg donor or rewilding of Northern England with the re introduction of lynx.

Q. IN YOUR VIEW WHAT HAVE BEEN THE MAJOR CHANGES IN THE BUSINESS SINCE YOU STARTED?

The change in how the capital is provided to the market and the rapid rise of the broker. You would need to be blind to not notice the large buildings that have shot up around Lloyd's that are owned by the largest brokers in the world. Somehow the risk taker has lost out in the whole new world order…..but the revolution will come in technology.

Q. HOW DO YOU VIEW THE CURRENT MARKET SITUATION?

Right now? Pretty good. The last three storms have been devastating for coastal communities and further inshore but from a purely selfish perspective I think more companies and syndicates will reduce their CAT property exposure and/or go back to their traditional business lines (so possibly good for E & S writers) and may be some of that cheap surplus capital will also go. Time will tell. Regardless this may be as hard as the market ever gets. The key is controlling your cost and distribution, and trying to remember in ten years time no one will really give a damn who you were or are.

Q. YOU ARE A NOTED EXPERT AND INNOVATOR IN THE CASUALTY WORLD, WAS THIS SOMETHING YOU HAD PLANNED?

Hmmmm. I'll accept innovator. We will continue to look for new business lines or new opportunities because of changes in the environment or landscape. In the last 5 years we have launched 7 or 8 completely new products and wordings and all within the team which has limited (very) resources. Some business has been totally unsuccessful and some very. We even made some underwriting profit! It is the part of the business I enjoy the most.

Q. OVERALL HOW DO YOU RATE THE STANDARD OF UNDERWRITING WITHIN THE MARKETPLACE?

Good to very in our lines. Core group of solid individuals from CHUBB (ACE) to AEGIS, AMLIN, BRIT, Chaucer and Atrium. A collective group of peers who have seen both hard and soft markets. The only downside to note is there is not a lot underneath…..

Q. HOW DO YOU VIEW THE ADVENT OF SO MUCH REGULATION & COMPLIANCE IN THE BUSINESS?

Necessary to an extent but it appears as if we have now gone too far. It actually feels as if Lloyds compliance is trying to justify their existence to the PRA who seem (understandably) focused on UK centric business and controls and "treating customers" fairly. E & S market in the US is unique and also very, very regulated. You cannot start applying UK rules, however well intentioned, to USA focused syndicates. Oh and in addition one lead and one syndicate that does all the regulatory/compliance work for all the following syndicates. Having ten separate syndicates asking the same questions but slightly differently is madness. And plain stupid. It is slowly driving business away. And sending brokers insane.

Q. WHAT DO YOU MOST LIKE ABOUT THE BUSINESS?

The people (most of the time), the interesting lines of business and the challenges of trying to make it all work when it sometimes appears everyone and everything is against you.. And the dinners…. and lunches.

Q. ….AND WHAT DO YOU LEAST LIKE?

…dinners with the wrong people. Large broking houses. Compliance and regulatory encroachment into my world. And Property Cat underwriters. And actuaries (outside of Ark - we have a very good team of them!).

Q. WHO WOULD YOU SAY HAS HAD THE BIGGEST INFLUENCE ON YOUR CAREER?

My father. Handshake is a done deal. Never cheat. Unless at cards or monopoly.

Q. HOW DO YOU VIEW THE FUTURE OF THE LLOYD'S MARKET? IF YOU COULD WHAT WOULD YOU CHANGE?

Lloyd's must reduce expenses and offer an avenue for the continued regeneration of underwriting talent. It appears to be working on the former but the latter is now a real problem. Currently there are an awful lot of syndicates run by non-underwriters. Which is maybe how it should be but one cannot fail to notice the constant push for short term gain. Those of us at the coal face just watch these people come and go.

Q. IF NOT EMPLOYED IN THE INSURANCE BUSINESS WHAT WOULD YOU CHOOSE TO BE?

There is no life or career outside of insurance. And more importantly I have no skills that are transportable to other businesses.

Q. WHAT DO YOU DO IN YOUR SPARE TIME TO RELAX?

Chop wood or gardening. But as a liability underwriter you never relax.

Q. NAME YOUR TOP THREE FAVOURITE FILMS AND THREE FAVOURITE ACTORS?

The Deer Hunter. Babel. Lord of the Rings. Fences (I know 4 but I cannot count…) Denzel Washington, Glenn Close, Kate Blanchett.

Q. WHAT WAS THE LAST BOOK YOU READ?

Welfare of Nations, by James Bartholmew- it is why you are doomed if you earn more than £30,000 a year.

Q. NAME YOUR FAVOURITE TV SHOW WHEN YOU WERE A KID?

Gilligan's Island - you had to be born in America to know that one.

Q. WHAT MUSIC ARE YOU INTO? NAME SOME OF YOUR FAVOURITE BANDS/ SONGS ETC?

The Doors, Lumineers (two songs), Pink Floyd, Van Morrison. Basically what ever Spotify creates for me!

Q. WHAT SPORT DO YOU MOST LIKE TO WATCH AND/OR PARTICIPATE IN?

Rugby. Union or League. Any standard. I also enjoy cricket because it has taken all my adult life to be able to understand Test cricket.

I played rugby until I was 39 years old. I played to a fairly poor standard and had a reputation for never passing the ball. As far as I was concerned, as a second row forward, if I went through the effort of getting the ball - I got to run with it. Plus think where my head and hands were for most of the game?? Backs are like Property Underwriters. Always complaining and afraid of getting their hands dirty….

Q. TELL US SOMETHING NOT MANY PEOPLE KNOW ABOUT YOU?

I am actually a very shy person……….

LONDON**CALLING**

NEWSLETTER REQUESTS

We know that London Calling gets 're-circulated' via e-mail, but if you do want to join our mailing list then please contact us directly at david.doe@tysers.com or editor@londoncallingnews.co.uk and please let us know if you require a 'hard copy' which, depending on availability, we are happy to mail to you.

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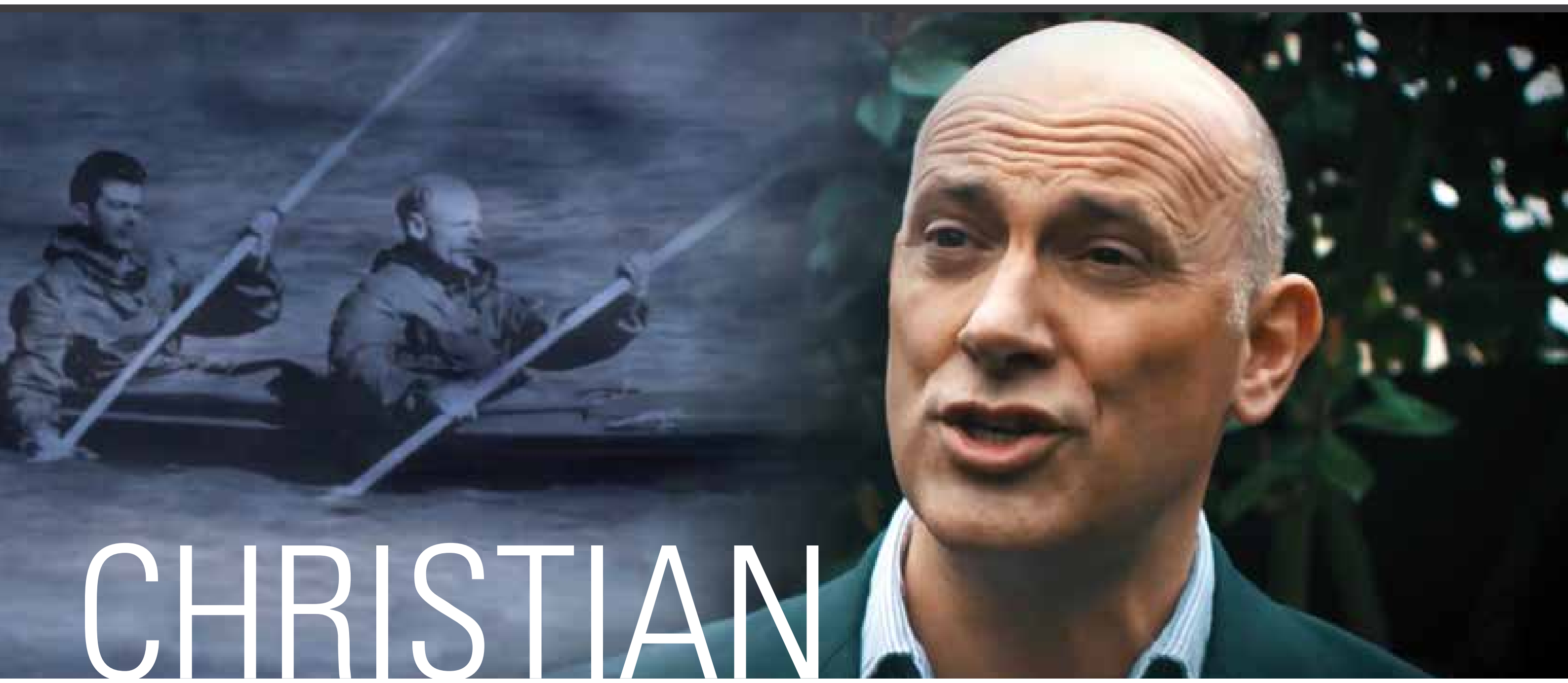

CHRISTIAN STANLEY

Casualty Executive - Class of Business Underwriting Performance

Performance Management Directorate - Lloyd's

WHO DARES WINS!

It seems to me that this well-known Lloyd's man has been around for ever and he is certainly a very well known 'face' in the market. With his bald dome now completely shaved he looks about 40 years old, indeed he has looked about 40 for the past twenty years and will no doubt look about 40 for the next twenty years such is the one benefit of manicured baldness.

He was always a Lloyd's market man, a practitioner a broker then an underwriter and now he has 'jumped the counter' and become a regulator of the market working for the corporation of Lloyd's. He has seen it all, or almost all, a truly hard market (very many in today's market have never experienced one) periods of near disaster pre-R&R and now arguably one of the biggest prolonged market challenges ever as an abundance of capital constantly knocks on the door of the insurance world including Lloyd's wanting ever more market share and in turn bringing down premium rates as quickly as underwriting standards. It is indeed a tough time to be an insurance policeman but as this cop patrols his particular patch of the Lloyd's market, Christian Stanley armed with a well-known truncheon usually, and thankfully, keeps it inside his trousers!

One thing that Christian Stanley has become increasingly well known for are his unselfish efforts in fund raising for military charities, whether looking after D-Day veterans returning to the Normandy beaches or hosting fund raising events for Royal Marines horribly injured in Afghanistan and his recent herculean efforts of completing Frankton 75 and raising a huge amount of money in the process are simply stunning.

We are delighted to feature the indomitable Christian Stanley.

Q. HOW DID YOU GET INTO THE INSURANCE BUSINESS?

I did some work experience at Leslie & Godwin Ltd, before taking a full time role with them in July 1985

Q. WHAT IS YOUR FIRST MEMORY OF LLOYD'S?

Dropping off some papers to an underwriter in the Yellow Submarine

Q. HOW HAS YOUR CAREER EVOLVED TO DATE? PLEASE EXPLAIN YOUR CURRENT ROLE FOR THE CORPORATION OF LLOYD'S?

16 years Broking, 10 years Underwriting, 5 years Lloyd's Corporation.

I currently analyse and report on FINPRO (Cyber/PI/D&O/FI) lines of business, within the Underwriting Performance Dept. of Lloyd's, addressing business planning and market oversight for the class of business

Q. IN YOUR VIEW WHAT HAVE BEEN THE MAJOR CHANGES IN THE BUSINESS SINCE YOU STARTED?

-The demise of the subscription market, with fewer syndicates but bigger lines and increase in MGAs

-The capital source supporting syndicates underwriting, with many having a company paper option too

- The individual branding and marketing of Syndicates

Q. HOW DO YOU VIEW THE CURRENT MARKET SITUATION?

Challenging, but all part of the cyclical nature of the business

Q. YOU ARE A NOTED EXPERT IN THE CASUALTY WORLD WAS THIS SOMETHING YOU HAD PLANNED?

No, for the first 7 month of my career I was a Marine Claims technician, before seeing an opportunity to join the dynamic US PI team within Leslie & Godwin Ltd.

Q. OVERALL HOW DO YOU RATE THE STANDARD OF UNDERWRITING WITHIN THE MARKETPLACE?

More sophisticated than it has been historically, but needs to continue to evolve.

Q. HOW DO YOU VIEW THE ADVENT OF SO MUCH REGULATION & COMPLIANCE IN THE BUSINESS?

A necessary component, which whilst at times may frustrate trade ultimately ensures its future existence.

Q. WHAT DO YOU MOST LIKE ABOUT THE BUSINESS?

Face to face trading, with agility in underwriting bespoke exposures.

Q. . . . AND WHAT DO YOU LEAST LIKE?

Overly long periods of dramatic imbalances of supply and demand.

Q. WHO WOULD YOU SAY HAS HAD THE BIGGEST INFLUENCE ON YOUR CAREER?

Rob Gladdis.

Q. HOW DO YOU VIEW THE FUTURE OF THE LLOYD'S MARKET?

Very positively, our brand is second to none and we continue to demonstrate market leadership in pioneering risk transfer solutions.

Q. IF NOT EMPLOYED IN THE INSURANCE BUSINESS WHAT WOULD YOU CHOOSE TO BE?

Fund Manager.

Q. HOW DO YOU MAKE TIME FOR ALL THE EXCELLENT WORK YOU DO FOR ARMED FORCES GROUPS?

It's a question of priorities.

Q. NAME YOUR TOP THREE FAVOURITE FILMS AND THREE FAVOURITE ACTORS?

Wild Geese/Saving Private Ryan/Black Hawk Down . . . Richard Harris/Anthony Hopkins/Richard Burton.

Q. WHAT WAS THE LAST BOOK YOU READ?

Agent ZigZag by Ben Macintyre.

Q. YOU HAVE A HUGE, MAYBE EVEN DAUNTING TASK AHEAD OF YOU IN TAKING PART IN OP FRANKTON 75. PLEASE TELL US ABOUT IT?

See **www.frankton75.co.uk.**

Q. WHAT MUSIC ARE YOU INTO? NAME SOME OF YOUR FAVOURITE BANDS/ SONGS ETC?

Oasis/The Who/Fleetwood Mac/The Jam.

Q. WHAT SPORT DO YOU MOST LIKE TO WATCH AND/OR PARTICIPATE IN?

Rugby / Boxing.

Q. TELL US SOMETHING NOT MANY PEOPLE KNOW ABOUT YOU?

In my 20s I ate a 48oz Steak at a NAPSLO dinner in Atlanta, winning a $100 bet…. but it ruined my night as I couldn't move and others went off to the night clubs.

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- ➤ USA based TPA's with stateside claims funds and 'in house' claims authority.

As ever, if you do have any questions then please do not hesitate to contact either **Nick Crago**, Director of North American & International Specialty Division (nick.crago@tysers.com) or **James Kearsey**, Broker of North American & International Specialty Division (james.kearsey@tysers.com)

Please feel free to contact the North American & International Specialty Division.

As we do every year, we sponsored a table at the prestigious British Boxing Board of Control annual awards dinner and what another great night. Boxing often gets a bad press and I guess that is understandable but when all the showmanship isn't required and no one is selling tickets for the next big fight you see a different side to boxing.

I was interested in meeting Dillion White Heavyweight top-ten contender and an allegedly Brixton really 'bad boy'. Well forget the pantomime villain image, you couldn't meet a nicer guy someone who articulated himself well and, was on the night, just a decent bloke and had time for everyone.

Of course, former Irish world champion (Featherweight world champion in 1985) Barry McGuigan is renowned throughout boxing as a gentleman and as ever lives up to that mantle every time I meet him what a total credit to boxing Barry is!

An old Croydon sparring partner of mine was in attendance: Duke McKenzie who at long last was rightly an award winner on the night recognizing his tremendous contribution to British boxing. An unsung hero Duke McKenzie won world titles at Flyweight (1988) Bantamweight (1991) and in 1992 Duke became a three weight world champion winning the Super Bantamweight world title. How many boxer's have achieved this – well, guess what, not too many. It is the rarest of things and you have to think of the likes of Sugar Ray Leonard and Roberto Duran – and remember Duke did this when there were not many multiple titles around – he did it in an era of 'hard' boxing. What a character and someone who really didn't make the money of many of his peers in the world of boxing he was however awarded an MBE in recent years.

I was honoured on the night to give the Best Trainer award to Billy Tibbs one of the most outstanding trainers and most committed people in British boxing another truly unsung hero he is a hard man from Canning Town and spent a stint in prison for attempted murder but having found God and a vocation for training boxers he reinvented himself to become one of the most well-known figures in the sport in the UK. A total gent!

What of the big superstars? Well of course Anthony Joshua won fighter of the year and an award for the fight of the year in his epic spectacular against Klitschko at Wembley stadium – 'unable' to attend the evening as he is currently in training he sent a video message – it was a night, not for super heroes and the multi-millionaire end of the boxing market, but noticeably for the grass root boxers, the real unsung heroes – it was a great night for the great sport of boxing!

FRANKTON 75

"A Marketwide Initiative"

Mark told us that each prosthetic limb cost £25k and only lasted 5 years….. £75k is a fitting number to raise !

This 75th anniversary expedition of **'The Cockleshell Heroes'** will raise vital funds to support, guys like Mark who need our help, having paid such a price.

Well done Christian and thank you to the 'Lloyd's Market'

Lord Ashdown

What is the 'Frankton 75 Expedition' 2017

Recreate the Operation Frankton Mission, following a route from the UK to Gibraltar, in 14 days over 4 legs:

PER MARE

LEG 1: KAYAK 100 MILES (BAY OF BISCAY TO BORDEAUX)

- The Gironde is the largest estuary in western Europe, with strong tidal currents
- Departing from the release point used by HMS TUNA, the Frankton 75 team will kayak the 100 miles to Bordeaux, in 4 days

PER TERRAM

LEG 2: 4 MARATHONS IN 4 DAYS (107 MILES (BLAYE TO RUFFEC)

- Running the 107 miles from the same start point used by Hasler and Sparks. at St. Genes-de-Blaye, to Ruffec (where they met the French Resistance and entered the MARIE CLAIRE escape pipeline).
- Staying at the same location where Hasler and Sparks met the French Resistance

LEG 3: TREK OVER THE PYRENEES (23 MILES)

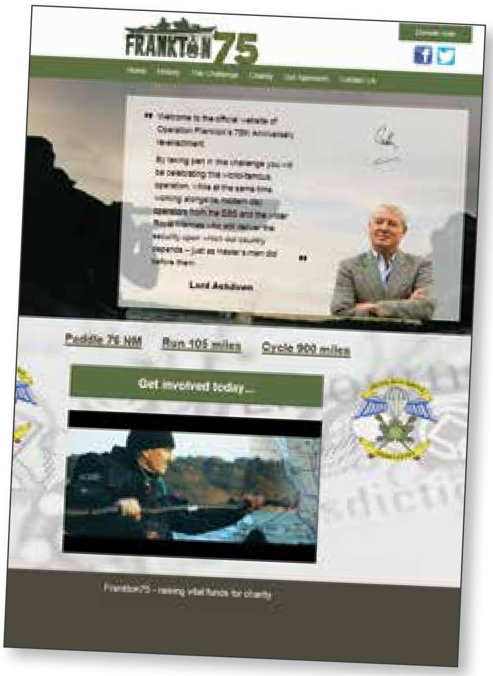
- From Ruffec the team will replicate Hasler's and Sparks' route by foot, bicycle, bakers van and train.
- Travelling via Lyon, Marseilles, and Perpignan to the French/ Spanish border
- Crossing the Pyrenees on foot the team will retrace the MARIE CLAIRE escape line into Spain

LEG 4: RUN THE ROCK (GIBRALTAR - 2.5 MILES 333 FT. CLIMB)

- Ending the expedition in Gibraltar, we will complete the legendary Royal Marine challenge of 'Running The Rock'
- Undertake the expedition in the 75th Anniversary Year
- Raise £75,000 for SBSA

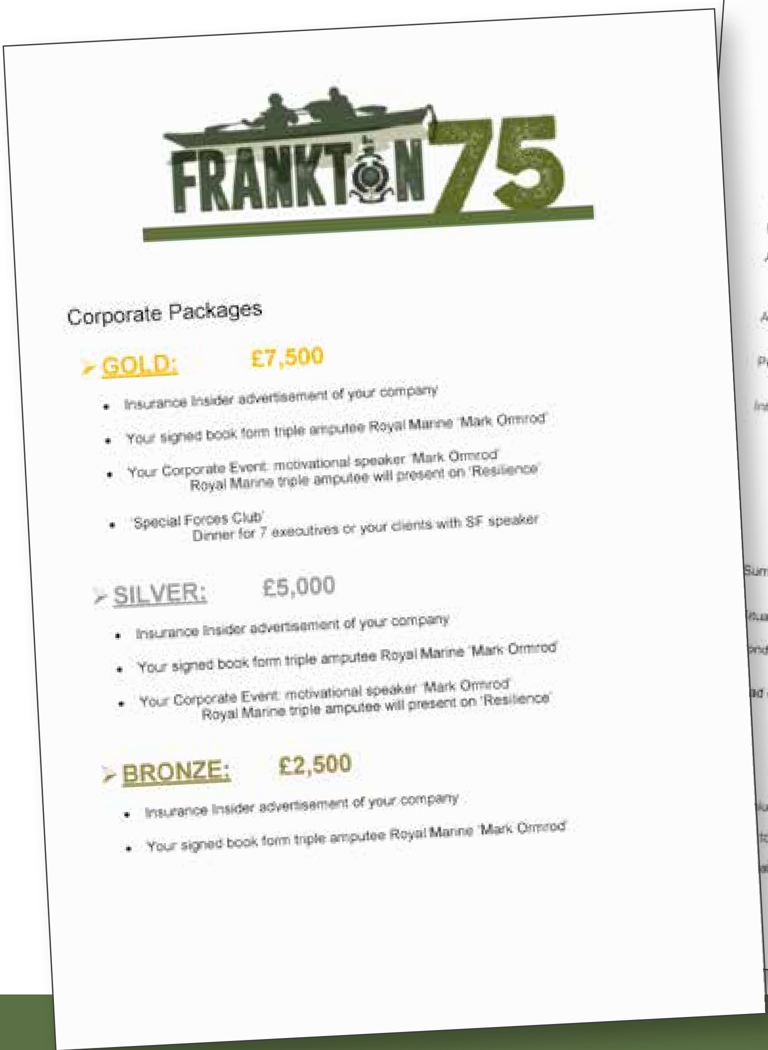
What was 'Operation Frankton' ?

- WWII commando raid on shipping in the port of Bordeaux in December 1942
- The raid was carried out by the 'Royal Marine Boom Patrol Detachment', a forerunner of todays SBS
- The 12 men were commanded and led by Major H G 'Blondie' Hasler OBE RM
- Dramatised in 1955 Film: **'The Cockleshell Heroes'**



How did they do it ?

- The submarine HMS Tuna took the raiding team from Scotland to the Bay of Biscay
- Disembarking in 5 double kayaks 10 men paddled 100 miles to the docks in Bordeaux where they blew up the ships
- Escaping on foot 107 miles NE to Ruffec where they made contact with the French resistance, before following an escape route of over 1,600 miles through France and Spain and onto Gibraltar
- Only 2 men survived, Hasler and Sparks who were subsequently awarded the DSO and DSM respectively
- Of the other eight, six were executed by the Nazis and 2 died from hypothermia



FRANKTON 75

Corporate Packages

➢ **GOLD:** £7,500

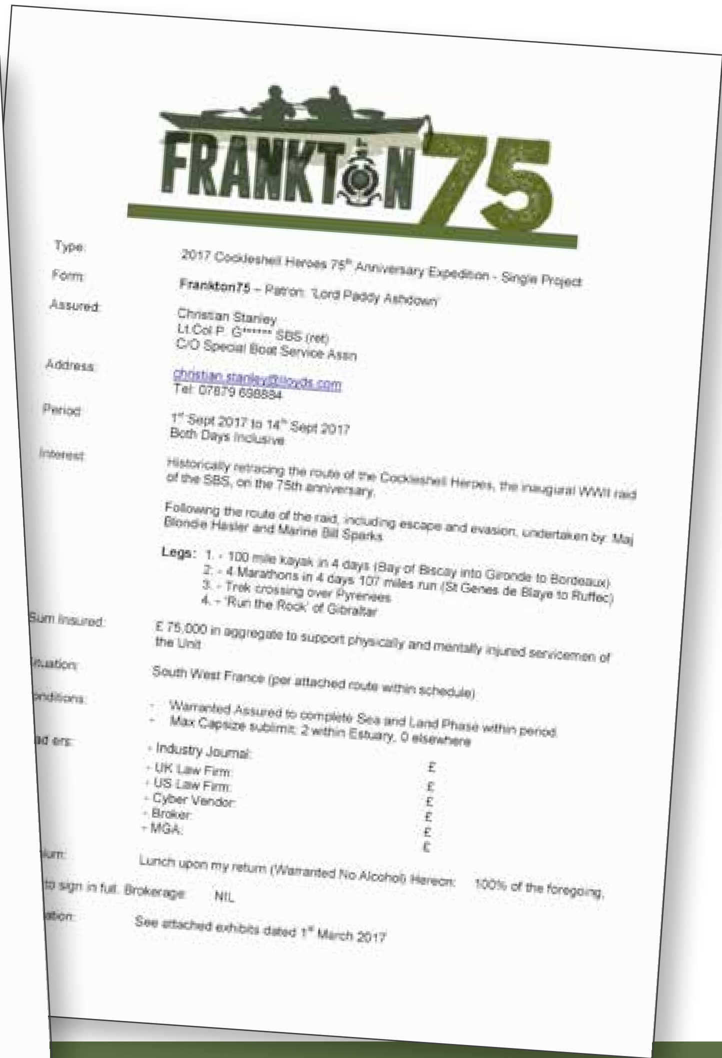
- Insurance Insider advertisement of your company
- Your signed book form triple amputee Royal Marine 'Mark Ormrod'
- Your Corporate Event: motivational speaker 'Mark Ormrod' Royal Marine triple amputee will present on 'Resilience'
- 'Special Forces Club' Dinner for 7 executives or your clients with SF speaker

➢ **SILVER:** £5,000

- Insurance Insider advertisement of your company
- Your signed book form triple amputee Royal Marine 'Mark Ormrod'
- Your Corporate Event: motivational speaker 'Mark Ormrod' Royal Marine triple amputee will present on 'Resilience'

➢ **BRONZE:** £2,500

- Insurance Insider advertisement of your company
- Your signed book form triple amputee Royal Marine 'Mark Ormrod'



FRANKTON 75

Type:	2017 Cockleshell Heroes 75th Anniversary Expedition - Single Project
Form:	**Frankton75** – Patron: 'Lord Paddy Ashdown'
Assured:	Christian Stanley Lt.Col P. G****** SBS (ret) C/O Special Boat Service Assn
Address:	christian.stanley@lloyds.com Tel: 07879 698884
Period:	1st Sept 2017 to 14th Sept 2017 Both Days Inclusive
Interest:	Historically retracing the route of the Cockleshell Heroes, the inaugural WWII raid of the SBS, on the 75th anniversary. Following the route of the raid, including escape and evasion, undertaken by: Maj Blondie Hasler and Marine Bill Sparks **Legs:** 1. - 100 mile kayak in 4 days (Bay of Biscay into Gironde to Bordeaux) 2. - 4 Marathons in 4 days 107 miles run (St Genes de Blaye to Ruffec) 3. - Trek crossing over Pyrenees 4. - 'Run the Rock' of Gibraltar
Sum Insured:	£ 75,000 in aggregate to support physically and mentally injured servicemen of the Unit
...ituation:	South West France (per attached route within schedule)
...onditions:	- Warranted Assured to complete Sea and Land Phase within period - Max Capsize sublimit: 2 within Estuary, 0 elsewhere
...ad ers:	- Industry Journal: - UK Law Firm: £ - US Law Firm: £ - Cyber Vendor: £ - Broker: £ - MGA: £ £
...ium:	Lunch upon my return (Warranted No Alcohol) Hereon: 100% of the foregoing.
...to sign in full. Brokerage:	NIL
...ation:	See attached exhibits dated 1st March 2017

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Welcome to WISE WORDS

Once again, our friends in the market were asked to respond with their own thoughts on the following questions.

1. **Do you think that the recent 'Cat' claims will have an impact on the market?**
2. **How do you view the overall market situation when looking at 2018?**
3. **Briefly do tell us about any news and/or developments at your Syndicate.**

Here is what they had to say . . .

Duncan Dale

DUNCAN DALE, CEO OF DALE UNDERWRITING, LLOYD'S SYNDICATE 1729

1 . . . Firstly, and most importantly, our thoughts are with those whose lives, homes and businesses have been affected by the recent catastrophic natural disasters. Our industry plays a crucial role in these circumstances to restore and rebuild clients assets, and unfortunately, it is likely that underinsurance both in terms of limits and coverage will be an recurring feature of the claims adjustment process in a number of cases.

1 . . .London will be suffering from Harvey, Irma and Maria in different arenas of the market varying from D&F, Flood, Power, Auto and Binding Authorities covering Homeowners and Commercial.

RMS is estimating that the insured Harvey loss will be between $25m and $35m- including flood losses. Harvey will be more of a flood claim than a property damage claim, but there were a lot of businesses afflicted, which will result in B.I. losses to the D&F markets. In the binder world, there is a lot of due diligence to be done by claims teams to ensure that valid property claims for wind damage are paid. We are experiencing claims notifications for flood losses where policyholders require a denial letter to approach their flood carrier or the NFIP but there is still a cost to us for this as each claim has to be investigated. Flood is a covered peril for Auto Physical Damage and we have all seen the images of vehicles under water, so we believe this will have an immediate impact on commercial truck rates, whereas the other lines are still calculating exposure.

RMS estimates Irma to be a loss of between $35bn to $45bn and Irma seems more straightforward as it will prove to be more wind than flood. Again, different areas will be impacted as not all syndicates have a Caribbean book, which was first to be hit. There we have seen devastation not only to homes but the lifeblood of the islands: tourism. That industry will suffer as not only the infrastructure, but also hotels, bars and restaurants have been devastated. Looking at the numbers for the year 2017 to date, in Florida, Lloyd's policies have paid $1.1bn in surplus lines tax - representing 27% of all tax collected. Given that Lloyd's is the largest surplus line writer in Florida (source FSLO), it is obvious Irma is going to be a large loss to London with a minimum of $9.5bn even using the low end of the RMS estimate. There will be claims on reinsurance.

Maria was quite localised and hit Puerto Rico and St. Croix the hardest. Some

PAUL WESTERN MBA, PRODUCT LEAD – US CASUALTY & SPECIALTY LINES AMLIN SYNDICATE 2001

Paul Western, MBA

We at Dale are committed to providing a level of claims service that our clients should expect and have already funded payments of several million dollars to our clients and adjusters so that they can respond as quickly as possible on the ground.

Turning to the market, I think that we will see an element of disruption as capital withdraws where it has experienced larger losses than anticipated. In my view the combination of hurricanes Harvey, Irma and Maria and the devastating.earthquakes in Mexico will deplete capital and the capital that comes in to replace it, will do so with a higher margin requirement.

2 . . . We have hoped for some time that we are at the bottom of the market cycle and I believe that the time has come to see an upwards shift in pricing and in underwriting discipline. We expect to see correction in loss affected lines, but also some improvements across the board, at least reversing the trend of recent years.

3 . . . Firstly, I would like to say that our Property Insurance and Reinsurance teams have demonstrated excellent discipline and exposure management with respect to underwriting their portfolios and have protected our capital very well from the recent natural catastrophe events. We are also excited by the arrival of Tom Phillipson, Alex Smith, Martin Lawson and Richard Appleton to underwrite a short tail Specialty and contingency portfolio. We see this as a very positive development for the Syndicate and a great fit with our distribution channel of Lloyd's brokers. The new team are experts in contingency business, including event cancellation, prize indemnity, over-redemption, non appearance, sports personal accident and other specialty short tail niche business, which we believe will be highly attractive to our brokers and coverholder clients.

syndicates with a Caribbean spread will have suffered two retentions and a reinstatement premium, while others will take it on the chin. However it is early days and estimates for loss vary significantly with AIR estimating between $40bn and $85bn and RMS $15bn to $30bn.

2 . . . Overall, the insured loss for the three events is $75bn taking the lowest estimates produced by RMS. Even with no shortage in capacity this is significant to London.

Coming to the end of 2017 I would say that while rates and wind deductibles may not be getting mandated increases the events have seemingly stopped any further drift down, certainly in Texas, Florida and the Caribbean but also in other cat prone states. This is only a temporary state of play right now whilst the figures are still being captured. At WSIA (ex NAPSLO) last month our message to coverholders was that we feel the losses will inevitably lead to rate increases and to get prepared for this. Gazing into 2018 there was no margin for profit in 2016 in the market and with these losses (if one assumes a minimum of $75bn) it is inevitable that CFOs will look at returns and decide more needs to be done. How the market reacts will be very different of course. Some may elect to look at those areas affected only, while others may use a broader brush across other states, indeed some syndicates in the past week have imposed increases across all cat territories. Domestics will be equally divided. One thing everyone will have in common will be reinsurance costs as R/I suppliers will undoubtedly have their own losses to recoup in 2018. The way ahead will be for underwriters and brokers in London to liaise to be able to manage client expectations and this process needs to start pronto while there is still some time before actual hard loss numbers come in. The bottom line? It is time to pave the way for a hardening market.

3 . . . Nearer to home, Canopius has announced a management buyout, backed by private equity funding from a consortium led by Centerbridge Partners. The transaction is expected to close in the first quarter of 2018. Centerbridge and its consortium partners have more than $100bn in assets under management. This means we will be able to continue to offer the same security, capacity, underwriting expertise and claims resource that we are renowned for. We are looking forward to the transaction completing and the new path for Canopius.

Gordon Breslin

GORDON BRESLIN, UNDERWRITER – NORTH AMERICAN FACILITIES SOMPA CANOPIUS SYNDICATE 4444

1 . . . It is probably too early to tell with any certainty however with reducing rates, the effect of inflation and increasing claims frequency in recent years the market feels like the late 1990's therefore the impact of these losses may be enough to deteriorate results to change carrier's strategies. If the Cat losses were to crystallise as events that impact capital this may cause the market to harden dramatically.

2 . . . A tough market across most classes with excess capacity still prevalent which makes good business hard to come by and then hang on to. The market cycle is somewhere between denial of results and realisation of what people are facing across multiple lines of business so a change is due.

3 . . . We have fully integrated the Amlin and MSIG Syndicates to form strong underwriting teams across our chosen classes of business so are looking to grow in the future when the time is right. One new line of business for us is Product Recall led by Ed Mitchell (ex XL Catlin). With his market expertise we are looking to increase our product offering to our clients on a standalone basis as well as in conjunction with our current products where synergies exist.

LORD RODDERICK
MIRANDAS UNDERWRITING (RUN-OFF)
MONASTERY CELLARS,
MARINE CLUB LANE, EC3

Dear Bill,

Oh dear, oh dear! What a total balls up! All that rubbish about banning booze at lunchtime by the Gestapo: Chop was so animated he needed 4 pints of ordinary and a large Bloody to calm down. Not content with flying the Rainbow flag and introducing a very distinctive Dick Van Dyke feel to the place they'd taken away the one piece of relaxation that many of the worker bees enjoy; namely a swift stiff one at lunch time! Could be worse….we could all support Orient FC!

Well how does he do it? Not content with his growing modest collection of vintage cars and holiday homes the always fragrant Lord Wimbledon aka Lord Westcliff recently proudly showed me off his latest brand new absolutely outrageous (one version only ever made) Rolex 'U-Boat' watch apparently taken off of the wrist of Admiral Doenitz himself in 1945 at the Nuremberg trials inscribed on the back 'To my Karl all my love Adolf' I couldn't believe it! Probably valued at half a bar! Being about his Lordships annual bonus these days! I must say it does rather put Convertible in the shade, he was Cogitating and worrying about 'what will the wife say' over his recent purchase of a 'Robin Reliant' Rolex style boys own watch to match his recent purchase of school shoes with a compass in the heel!

My goodness I was having a lovely shandy with Lord and Lady Essex outside 'Cheese' in Leadenhall Market when the gregarious Mrs Brown Boys came bounding over and declared she has moved on again swapping the House of Fun for new pastures at the Bicycle Bill Syndicate.

It was so good to catch up with Sponge Bob Square Pants last week he was so concerned about constant rumours about the Tango shop selling out that he enquired if any of the boys might like to join the Big Monkey Shop? Is there no end to the merry go round? Well clearly not as Lord Lunch of Lloyd's and Vodka John, having both assumed to have 'retired' off to the country have we hear been in fact planning a return to the market.

Watch out! Red light flashing! I met Half Price Harry, rarely if ever now seen on his box at Lloyd's he sits up high in his ivory tower all clean desks loads of free pens and no paper anywhere he looked resplendent in his thousand guinea suit as he told me that he might be getting his Mont Blanc out to write some new deals! That'll scare the 11th floor! I also met the crafty cockney Nobby (the Lionel Messi of the property kingdom) for an out of the City lunch as he is on 'garden leave' not content with his current bursting bank balance he is pondering a return and weighing up his multitude of billion dollar offers! I do love him dearly but hate the fact lunch is a very dry party!

What about the Viagra boys? Napoleon dropped a huge clanger letting Mr Blobby and a cool $100 Million dollar account walk across the road! Dash Par is furious! Talking of glum we saw Buster Blood Vessel and the other famous market baldy boy Fat Up Lippy at the Ivy crying over Reg' second divorce! Staying glum we hear Captain Sensible almost sank the Lutine and could be forced to walk the plank! Could be worse, he could support Palace - oh dear he already does!

Don't go down Lewisham way if you can manage it, not content with terrorising the locals with his giant Bullmastiff dog Johnny Two Sheds has now bought a black van so massive we question his motives, no doubt to fit a load of illegals when he comes back from his French Chateaux! He has been accorded the new title of Johnny Black Van Man!

Great dinner at Langan's with the Gooner from Laguna, Camp Freddie and even Lord Woking made an appearance up in the smoke! Good to catch up with the boys although with a mental age of 19 Camp can be a bit tiresome talking mod scooters! As for the Gooner he has yet another new deal with the Rent Boys but this time not with Dr Evil and Mini Me!

Lock up your daughters! During training for his Iron Man Special Forces Challenge, canoeing, running, cycling, rock climbing, escaping and potholing Chopper completely exhausted his entire Tinder and Grinder accounts by shagging everyone on the system! I think he is definitely suffering from a touch of the Michael Douglass flu and might be best advised to park his torpedo inside his trousers for a change! We do wish Mr Tripod well with his daring dos! He needs and deserves the markets support!

PS What about 'BBB' Boring Baked Bean! Doesn't attend boxing dinners and worse still has turned out to be a total bottle job what a hand shandy man!

Must go dear boy! Didier at the Paris Grill has just poured me a Large Monkey & Tonic!

Rodders


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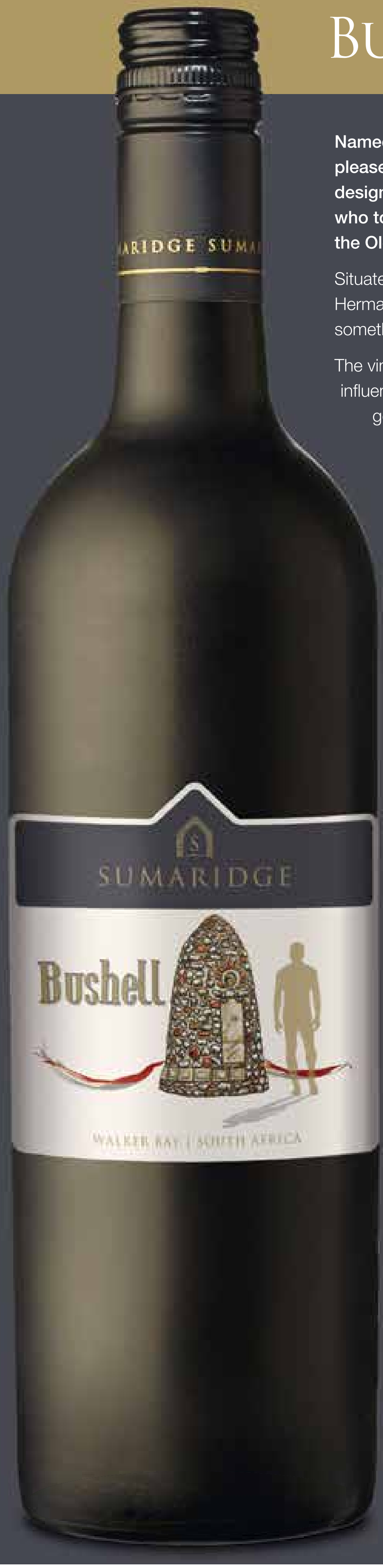

Bushell 2015

Named in honour of Roger Bushell, we are pleased to introduce Bushell with its livery designed by local artist Ed' Bredenkamp, who took inspiration from the cairn above the Old Harbour in Hermanus.

Situated only a few kilometres from Hermanus, the natural beauty of the estate is something we strive to capture in every bottle of wine that we make.

The vineyards enjoy views over the South Atlantic Ocean. Only 8km away, these maritime influences have a positive impact on our viticulture. A combination of moderate soils and the general cool climate of the Hemel-en-Aarde Valley mean lower yielding crops, but which are of the highest quality.

The Bushell is a "Bordeaux blend", a combination of Merlot (50%), Cabernet Franc (34%) and Malbec (16%). Ripening much later in the season the grapes were handpicked during the last week of March and the first week of April 2015. Each variety of grape was fermented separately, in stainless steel tanks, then pressed and racked to French oak barrels, with 25% being new oak, for 12 months maturation.

Following meticulous blending, the wine was bottled in May 2016. Following a further maturation in bottle, for another 15 months, the wine is now ready to be released.

The Bushell 2015 is drinking well now, with a well-balanced structure and ripe fruitiness. It is a full bodied, yet elegant, Merlot driven blend, that shows a brooding aromatic profile, supported by the textured palate which is defined by an endearing line of soft tannin and a lingering aftertaste.

This ample bodied blend has a supple structure making it accessible today, whilst possessing good potential for further development.

A fantastic everyday drinking wine with the ability to make you escape from your daily worries. Enjoy!!!

Walter Pretorius, August 2017.

The memorial above the Old Harbour in Hermanus

What's the story behind the name?

Holly and Simon admit that, although they had walked past the cairn in Hermanus hundreds of times and had read its inscriptions, it was only having read Simon Pearson's wonderful book that they realised just what a true war hero was Squadron Leader Roger Bushell. His parents, Ben and Dorothy retired to Hermanus, where they are buried, so his connection with the town is very real.

Roger was born in what is now Gauteng, and after his early education in South Africa, was dispatched back to England, and went on to read law at Cambridge University. It's not so very fanciful to think that he may have visited the Swan Hotel in Lavenham, where the UK launch of Bushell will be hosted.

It is easy to be misled by the film The Great Escape. It was Steve McQueen and the motor bike that took centre stage over Big X – Roger Bartlett, Hollywood's "stage" name for Bushell, the chief protagonist of this unprecedented mass breakout.

A complex and, in many ways, contradictory man. He commanded loyalty among men and won undying love from women. Bushell's incredible story starts much earlier than the infamous flight of so many men from Stalag Luft III in March 1944. Shot down in a dog fight over France in 1940, and captured, he had already escaped twice, but sadly didn't quite make "the home run".

Bushell's father was a mining engineer who had emigrated from Britain with his wife. Roger, like so many South Africans, was a very keen athlete, but it was not long before his ambition to fly came to the fore. There is a bittersweet irony. Although Roger qualified as a barrister, with a promising legal career ahead of him, and after joining the RAF was quickly promoted to Squadron Leader, he will always be remembered as the "mining" mastermind behind the three tunnels "Tom, Dick and Harry". The audacity of the plan lead to Bushell being murdered upon capture, aged only 33, on the direct orders of Hitler.

There is a poignant postscript: Simon's mother, Pamela, lives in Frinton-on-Sea (when she isn't visiting Hermanus!), and knows Colin, the son of Tom Kirby-Green. Tom too, was a "great escaper" and was also murdered by the Gestapo. Colin never met his father.

Tom was an advocate of a better deal for the native peoples of British Colonies. It is, therefore, even more appropriate that Sumaridge Estate Wines have chosen to support the South African Legion (SAL), with a donation being made to SAL for every

The Remembrance day service at Lloyd's

bottle of Bushell that the Estate produces.

The South African Legion and the Royal British Legion share a common history and are, in many ways, joined at the hip. Both organisations, together with sister associations in the Commonwealth, have their roots in what was initially called the British Empire Services League, and became the Royal Commonwealth Ex-Services League - RCEL. Formed in Cape Town, after the end of the WW I, by three key figures Haig, Smuts and Lukin. To this day, The Queen remains its Patron.

Haig returned to London and soon afterwards, the RBL was formed. There is moving connection to Lloyd's of London, where both Holly and Simon worked, between them, for over 60 years. Earl Haig made an appeal to Lloyd's and, the then chairman, Sidney Boulton, invited him to address the society. Haig did so, and when Boulton quietly passed him a cheque for £170,000 (which equates to £6.8 million today), the Earl was allegedly lost for words! Roll forward 100 years and the Lloyd's of London branch of the RBL continues in its efforts both to raise money and support ex-service men and women.

The SAL continued to grow in stature and by the end of WWII, it had launched several housing schemes in various parts of the country, including housing projects for coloured and black soldiers. Over 200 houses were built in Soweto alone, together with a community centre and a chapel.

The Legion quickly established ties with Government Departments, although at times, relations were strained. A major clash took place when the SAL reacted strongly, in 1956, to the Apartheid Government's move to ban black and coloured veterans from Remembrance Day Services.

The SAL's fight to obtain equality for pensions for all - black, coloured or white veterans was finally won in 1986/87. It had been a long battle.

Today, the South African Legion, supports requests for assistance from other Commonwealth ex-service personnel who reside in RSA. This includes, not only WWII veterans, but also those of the wars in Korea, Iraq and Afghanistan, who served in the British Armed Forces under the commonwealth agreement and who are now resident in South Africa.

There can be little doubt, that had Bushell survived the war and returned to South Africa, he would have become a member of SAL; and as a barrister would have fought against injustice and inequality.

Winston Churchill along with Jan Smuts, were granted lifetime membership of SAL and Nelson Mandela later became its Patron.

Sport - Another Great Escape

"Fortress" Portman Road, home to Ipswich Town.

Lloyd's CC on tour to Hermanus.

Holly and Simon are impassioned about Sumaridge Estate Wines, but, when time allows, they are also passionate about sport, be it Simon playing golf with Walter, Holly going racing at Kenilworth, or everyone supporting the Blackbirds Rugby Club or, in Suffolk, Bury St Edmunds, Hermanus, Lavenham or Lloyd's cricket clubs; their local Hermanus village soccer team called "The Young Stars" or three generations of the family's beloved Ipswich Town Football Club.

Believe it or not - there are analogies between a year at a northern European football club and a year on a southern hemisphere vineyard. Somewhat tongue in cheek, Holly, a former director of ITFC, explains the parallels.

Worlds apart - yet strangely twinned. May marks not only the end of the football season but also the harvest. Come the cool breezes and winter rains of June, our vines go to sleep. Like footballers, and their managers, they, and us, need to rest. Batteries must be recharged.

Pre-season training starts in July when our vines are hand pruned and deemed to be match fit. As 'the footballing board" we, together with the gaffer (our winemaker), start to put together our plans and strategy for the season ahead. Wine making doesn't have transfer windows, but we must still plan as to who and what we need. Up front - a top class striker - our viticulturist, who and what we need mid field - our meticulous farm workers, quick to see and act on opportunities and threats. And our defenders - the winemaking team, who can never afford to take their eyes off the ball.

By October, both the football season and the growing season start to warm up... and the vines burst forth. Everyone is full of optimism about the months ahead.

December sees the emergence of new growth, and like young players, young vines are measured up to see whether they will make the grade to join the first team.

In February, we all have a good inkling as to how our seasons will end - but there is still an element of doubt as to whether hearts will be broken or dreams will come true. The weather starts to become a force to be reckoned with. While bitter cold can mean frustrating match postponements in the northern hemisphere, rainy days lead us to postpone harvesting days. Both have the same result. Extremely busy weeks, much frustration and many frayed tempers!

By March, the weeks to the end of the season seem ever longer. We are still harvesting, crushing, barreling and bottling. When will anyone be able to relax?

Come May - some footballing dreams, like grapes, will have been crushed. Finding out whether our pinot noir and chardonnay are of "Champions League" standard is as nail biting as any play-off.

At long last - the final whistle of the season blows - and we can all relax... if only for a short while!

Hermanus Golf Club.

The Blackbirds at their home ground at Sumaridge.

Red Epitome at Kenilworth.

LOVE THE BUZZ?

SO DO WE!

Well we hope you enjoyed this edition of LONDON**CALLING**, we will be back with more News, Views and Topical Debate from the London Insurance market very soon . . .

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