



PartnerRe chief executive Emmanuel Clarke exits

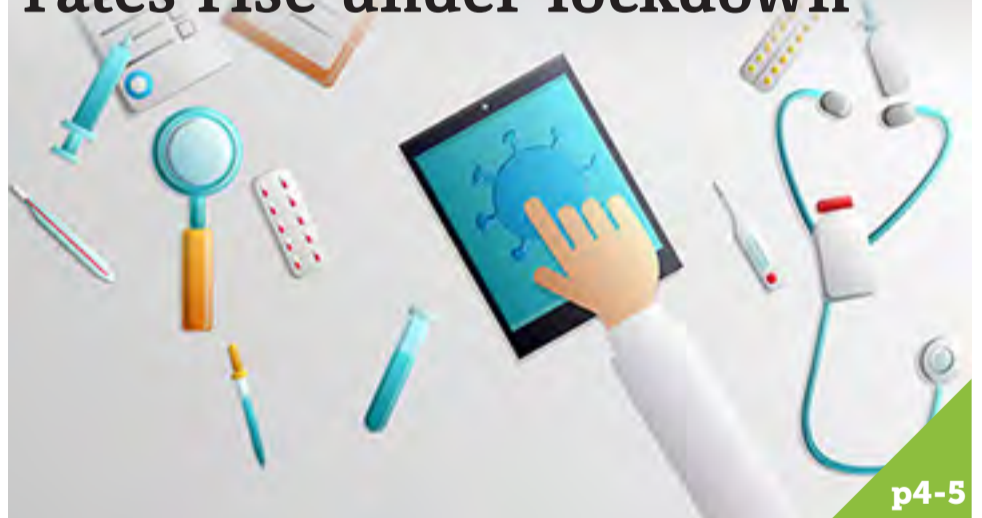
p3

Insurtech investment soars 71% in Q2



p2

Insurers exposed as addiction rates rise under lockdown



p4-5

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Insurtech investment soars 71% in Q2

But deal activity could decline in coming quarters as pandemic takes its toll, Willis Towers Watson warns



Michael Faulkner
 Editor

Global insurtech investment surged in the second quarter, reaching nearly \$1.6bn – an increase of 71% compared to the first three months of the year.

The total was driven, in part, by later-stage investments, including four “mega-rounds” in excess of \$100m, according to new figures from Willis Towers Watson.

The number of deals in the second quarter – at 74 – was near one-quarter lower than in the first three months of the year. But many individual rounds were larger, as investors continued to turn away from seed and angel deals in favour of support for more mature ventures.

Property and casualty sector investments predominated, accounting for 68% of funding, but the share of life and health sector investments was up 17 points to 32%, as the pandemic crisis continues to compound the value of technology, and particularly telehealth, in the segment.

Also notable was the initial public offering of Lemonade and the acquisition of two incumbent insurance companies by insurtechs Hippo and Buckle.

Deals were made in a record-breaking 25 countries, including newcomers such as Taiwan, Croatia and Hungary, the analysis found.



Investors continued to turn away from seed and angel deals in favour of support for more mature insurtech ventures

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Andrew Johnston, global head of insurtech at Willis Re, sounded a note of caution about the data, warning the sector could see funding values decline in coming periods.

“In the short term, investment confidence will test the status quo, especially for highly leveraged insurtechs. Similarly, certain risks and their associated vectors have changed fundamentally and so the impact of that is yet to be truly felt. It is quite possible that we will observe a general slowing down of insurtech activity as a result,” Johnston said.

“In the medium term, changing risk classes may be better understood

alongside rising consumer optimism, but the true economic impact of Covid-19 probably won't unfold until 2021 and 2022. This will, undoubtedly, impact many re/insurers' appetite to invest in or deploy technology.

“Survival may be a challenge for some insurtechs, especially if their use-case has been lost forever due to underlying societal change following the lockdown. Equally, such changes will create opportunities for others. If the funding gap between seed and later stages continues to widen, then many insurtechs will struggle to acquire the funds required for maturing growth,” he added.

Canopius promotes Pike to credit and political risk head

Canopius has promoted Stephen Pike to head of its credit and political risk (CPR) team with immediate effect, writes *Michael Faulkner*.

Pike joined Canopius as an underwriter in the CPR team in 2017 from ED&F Man Capital Markets, where he co-led the expansion of the global trade finance business. He began his career at Merrill Lynch.

In his new role, Pike will develop Canopius's CPR proposition across

Europe and internationally.

Bernie de Haldevang, head of the credit, political and crisis (CPC) division at Canopius, said Pike “is able to leverage his experience in banking and capital markets to the mutual advantage of our clients and ourselves”.

The CPC business was formed after Canopius's 2019 merger with AmTrust and is now one of the largest teams in the Lloyd's market.



Stephen Pike will develop Canopius's CPR proposition across Europe and internationally

PartnerRe chief executive Emmanuel Clarke exits

Jacques Bonneau takes top job as reinsurer reports \$260m non-life underwriting loss in second quarter



Michael Faulkner
Editor

PartnerRe's president and chief executive, Emmanuel Clarke, is stepping down after more than four years in the top job.

The Bermuda-based reinsurer said Clarke, who has held the chief executive role since March 2016, was leaving the company "by mutual agreement to pursue other opportunities outside the group".

Clarke will be succeeded with immediate effect by Jacques Bonneau, who has been a member of the company's board of directors since February 2019.

Clarke joined PartnerRe in 1997 with the acquisition of SAFR. Since that time, he has served in several management and executive roles, including head of property/casualty, global and head of specialty lines, global.

Before becoming president of PartnerRe in 2015, Clarke held the position of chief executive, PartnerRe Global from 2010, where he was responsible for the executive management of the company's global non-life operations outside North America, as well as its life and health operations worldwide.

As chief executive, Clarke over-



saw the firm's transition under Exor's ownership and the development of its life and health business.

PartnerRe's chairman, Brian Dowd, thanked Clarke for his "achievements", adding: "Emmanuel has been a very dedicated and strong leader and we wish him all the best in his future endeavours."

Industry veteran Bonneau is a former chief executive of Ace/Chubb Tempest Re Group and former group chief underwriting officer of Chubb.

Dowd said Bonneau "brings more than 40 years of experience in our industry, a strong track record in reinsurance underwriting and deep knowledge of our clients and brokers".

Bonneau said PartnerRe was "well placed" to benefit from a tightening insurance and reinsurance marketplace in many lines.

Meanwhile, PartnerRe reported net income of \$229m for the second quarter, down from \$285m in the same period a year earlier.

The result was supported by net unrealised investment gains of \$588m, reflecting a significant recovery since the first quarter.

But it reported a non-life underwriting loss of \$260m and combined ratio of 121.3% for the second quarter. This included \$305m from non-life Covid-19-related impacts. The life and health business booked an underwriting profit of \$5m, inclusive of Covid-19-related losses recognised in the second quarter of \$15m.

Piatti joins Guy Carp as Global Risk Solutions MD

Guy Carpenter has appointed Andrea Piatti as managing director of its Global Risk Solutions unit, writes Michael Faulkner.

Piatti (pictured) will specialise in customised reinsurance solutions in Europe, the Middle East and north Africa (EMEA), including structured reinsurance treaties and capital management/solvency-related transactions.

An expert in structured risk and legacy, Piatti was previously head of European mergers and acquisitions at Armour Risk Management and has also held senior positions at MS Amlin, Amlin Re Europe and PartnerRe.

Guy Carpenter said it was seeing increased demand for customised reinsurance products.

"Andrea is a fantastic addition to our team as his experience and specialist market knowledge will help us to expand further the bandwidth of our Global Risk Solutions capabilities in Europe," Ed Hochberg, head of Global Risk Solutions at Guy Carpenter, said.

Piatti will report to Frank Achtert, head of strategic advisory, EMEA, and Ronnie Carroll, managing director, Global Risk Solutions.

He joins the business effective August 3 and will be based in Zurich.



KCC pegs Hanna insured loss at \$350m

Insured losses from Hurricane Hanna will be close to \$350m, according to catastrophe modelling firm Karen Clark & Company, writes Michael Faulkner.

The estimate includes the privately insured wind and storm surge damage to residential, commercial and industrial properties and automobiles. It does not include National Flood Insurance Program losses.

Hanna was the first hurricane and the fourth US landfalling storm of the 2020 north Atlantic hurricane season.

It made landfall as a category one hurricane on Padre Island, Texas on July 25.

Hanna's formation was also roughly two weeks ahead of schedule. According to Colorado State University, the average date for the season's first hurricane is

August 10.

High winds caused low levels of wind damage across southern Texas and low to moderate storm surge affected coastal areas from the southern Texas border to Port Lavaca.

After landfall, the storm travelled south-west and weakened rapidly. By July 26, the storm had decayed into a tropical storm as it passed into Mexico.

Aspen ratings downgraded by Moody's to A3

Moody's Investors Service has downgraded the financial strength rating of Aspen Bermuda and Aspen Insurance UK to A3 from A2, writes John Shutt, Los Angeles.

It has also lowered the unsecured debt rating of parent company, Aspen Insurance Holdings, to Baa2 from Baa1. The outlook for the ratings has been changed to stable from negative.

Moody's said the downgrades reflect Aspen's diminished earnings power and difficulty in rebuilding balance sheet strength, both of which are weaker than

those of its peers and behind Moody's expectations.

Aspen's diminished earnings power is in part tied to its need to improve regulatory capital levels through higher cession of risk as balance sheet equity has fallen, the rating agency said.

The weakened earnings power has in turn limited earnings flexibility to absorb unexpected events within current-year earnings.

Moody's expects Aspen, like its peers, to incur meaningful pandemic-related claims during this year.

ANALYSIS

Insurers exposed as addiction rates rise under lockdown

Situation likely to become more critical as lockdown measures lead to economic hardship and social isolation, making people more prone to misusing addictive products



Rasaad Jamie
Global markets editor

Insurers are exposed to a number of new risks as a result of the increase in rates of addiction following lockdown, lawyers warn.

Links are being made between the economic and other deprivations caused by lockdown and increased use of addictive products, including prescription opioid products and anti-depressants. For example, a survey by the charity Action on Addiction suggests multiple addiction-related problems have been exacerbated by lockdown. Another study by drug addiction support group Kaleidoscope indicates 39% of people re-

covering from an addiction have experienced a recurrence in addictive behaviour or a relapse in their recovery during lockdown.

This is a particularly sensitive issue for regulatory agencies in the health sector, healthcare professionals, pharmaceutical companies and for insurers that provide cover in this area. Addictive products were under scrutiny even before the pandemic, which raises concerns there will not be much sympathy from the courts for those perceived to be contributing to the problem, Covid-19 crisis or not.

Lawyers point out litigation concerning opioid products, for example, has featured allegations that manufacturers did not do enough to warn users of the addictive nature of their products. Clinicians who prescribe

addictive medication have had to contend with ever-tighter regulations. One obvious question is the extent to which lockdown affected their ability to comply with those regulations.

In addition, claimant law firms have addictive consumer products very firmly in their sights, including those products containing nicotine.

The big concern is the situation will become more critical as the impact of lockdown measures leads to economic hardship and social isolation, making people more prone to misusing addictive products, Peter Rudd-Clarke, legal director at law firm RPC, says.

The UK government's Covid-19 recovery strategy recognises the economic effects of lockdown will have led to an increase in deprivation. This will come as

no surprise to healthcare professionals, Rudd-Clarke says. "Walk-in clinics and face-to-face consultations, much needed by people struggling with addiction, were suspended during lockdown. There are reports that prescriptions of anti-depressants have increased significantly as a result of lockdown. The increased rate of prescription of addictive pharmaceutical products in itself indicates an increased risk for insurers of such products," Rudd-Clarke adds.

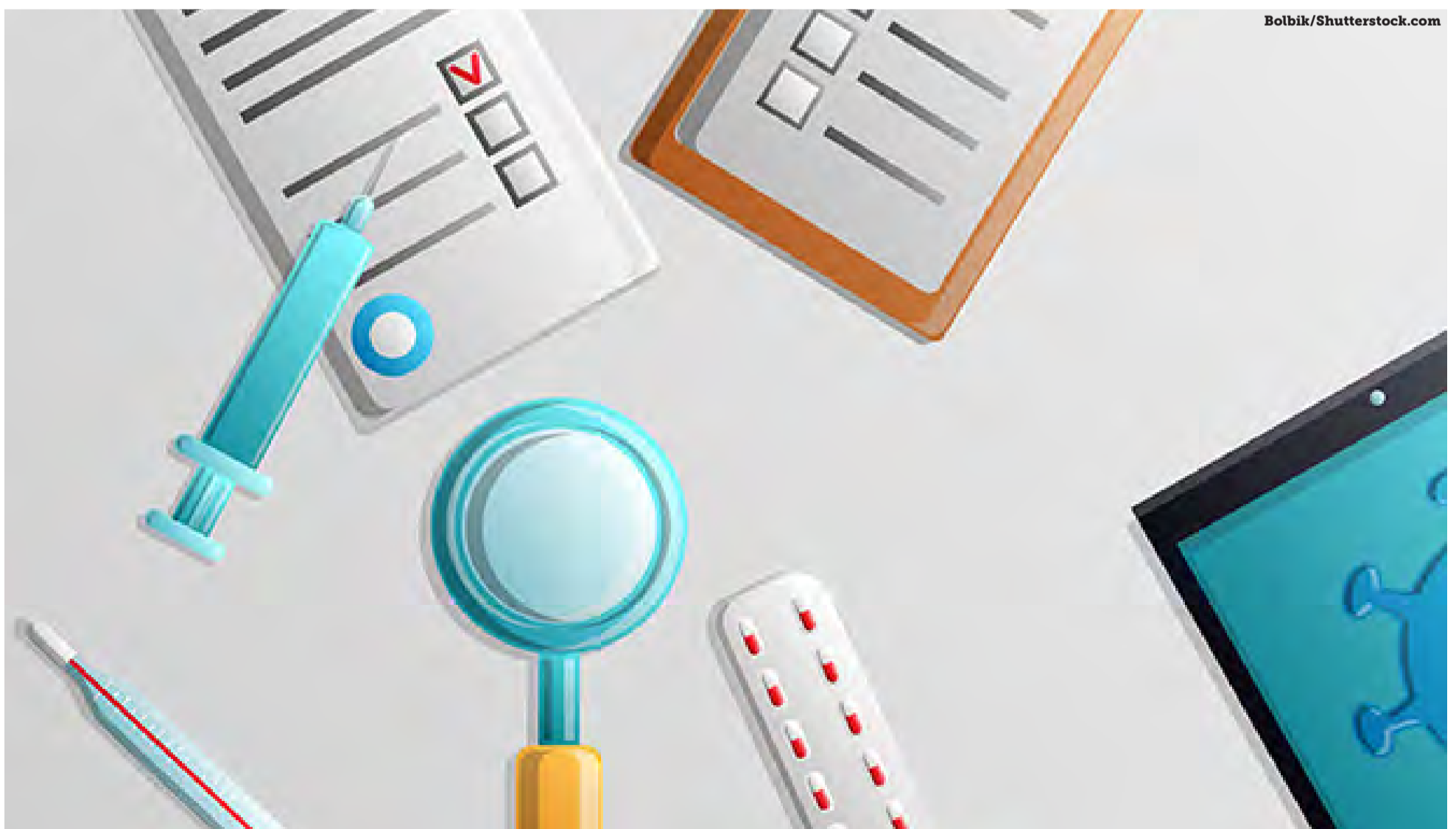
Insurers, not surprisingly, expect to see an increase in the liability exposures associated with telemedicine (there were already concerns before Covid-19), which has resulted in a significant rise in patients being treated by doctors over telephone or the internet. One risk

associated with telemedicine is doctors may miss issues that would normally be spotted in a face-to-face consultation. In addition, Rudd-Clarke says, there is some evidence that doctors are not able to address patients' longer-term problems, such as addiction to prescription medicines. "This in itself adds to the risk surrounding these products as their use grows and is less likely to be checked," he says.

Litigation spike

The question is whether this increase in addiction will result in a spike of litigation associated with addictive products due to the effects of lockdown, and how exposed insurers are likely to be?

Opioid products have been the subject of high-profile litigation



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ANALYSIS

in the US. In the UK insurers have been on high alert as a result of claimant lawyers' extensive comments on US litigation and their criticism of the UK government for being too slow to act, for example, to ensure that manufacturers include prominent warnings stating the opioid products cause addiction. To add fuel to the fire, the NHS has described the pre-Covid-19 use of opioids as an "epidemic".

It is important that insurers approach the issue cautiously and calmly, Rudd-Clarke says. By way of example, he cites concerns that the current crisis might effect carriers' product liability or trigger product recall covers, as was the case in the opioid addiction crisis.

While the risks associated with addictive pharmaceutical products may have worsened due to lockdown, it is unlikely product recalls will be triggered, according to Rudd-Clarke. From a regulatory perspective, he says, the Medicines & Healthcare products Regulatory Agency (MHRA) convened an opioid expert working group last year to review the benefits and risks of opioids, including dependence and addiction.

"It is more likely that industry will need to comply with new regulatory guidelines than carry out product recalls. The products remain clinically needed and we have not seen general evidence of products lacking efficacy or there being manufacturing issues over quality," he says.

There are lessons that insurers can learn from the spike in litigation in 2018 from the opioid crisis in the US and the UK, and which can help to mitigate their exposures to the current increase in Covid-19-related addiction, according to Rudd-Clarke.

"From a product liability perspective, insurers will want to make sure that manufacturers are taking account of any new scientific understanding over the performance of the products," he says.

As the side-effects of such addictions are better understood, the warnings that accompany addictive products will need to be kept under review. In addition, risks in the supply chain involved in placing products on the market should be considered, as the role of distributors and dispensers remains under review. "Insurers of manufacturers will want to ask questions of other parties in the supply chain, to mitigate the risk that their actions could increase risks," Rudd-Clarke adds.



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'The increased rate of prescription of addictive pharmaceutical products in itself indicates an increased risk for insurers of such products'

Peter Rudd-Clarke
RPC

Insurers in the UK are also able to exercise their rights under the Insurance Act of 2015 to ask questions of insureds at placement or policy renewal. A pertinent line of questioning would be to ask manufacturers whether their products have been the target of litigation and, if so, in which jurisdictions, according to Rudd-Clarke.

Insurers should also ascertain whether manufacturers have

gathered data from the field on increased rates of supply during lockdown; whether they have responded to requests for information from regulators, such as the MHRA, that are reviewing the addictive nature of pharmaceutical products; whether they have cause for concern over increased rates of prescription; and whether they are taking any steps in anticipation of a second wave of Covid-19.

Proactive intervention

Others, however, also envisage a more proactive, interventionist role for insurers. For example, Jonathan Goodliffe, a solicitor who specialises in addiction issues, believes that, since insurers are paying the bill for the addiction problems of many professionals, there is an opportunity for the industry to help in providing risk management advice and in funding evidence-based interventions.

Professionals such as lawyers and doctors sometimes become addicted. The most common addiction is to alcohol, but drugs are also a problem, perhaps more for doctors than lawyers, Goodliffe says. "All this is a problem for insurers. For example, they insure lawyers against negligence claims and support the Compensation Fund in providing redress when a lawyer fails to account to

a client, which lawyers with a serious addiction can do."

Other costs to the insurance industry may arise when the addicted lawyer, or other professional, is involved in an accident, commits crimes and/or suicide or is constrained to accept early retirement because of their condition. "On the other hand, if they begin to face up to their problems, they usually find their private medical insurance excludes treatment for alcohol and drugs. This is a bit odd since treatment of professionals, as well as others, can be effective and reduce the risk of claims."

Insurers, Goodliffe says, can be champions of good governance. In this regard, he refers to RSA's workplace alcohol programme which featured as an instance of best practice in the last Labour government's alcohol policy. ■

VIEWPOINT

London must brace itself for more fundamental change

The market has been forced to transform its working practices, but it needs to understand the nature and scope of the changes better if it is to build on the progress already made



Tom Maleczek
Charles Taylor InsureTech

The impact of the Covid-19 pandemic has been described as prompting a revolution within the London market. There is little doubt global society has been required to change the way we live and work to simply keep the lights on. However, the industry, and the London market, must take a good deal of encouragement from the way in which it has responded to being forced to switch almost overnight to a system of remote working.

It has been a step change for many in the market, given the centuries of tradition the industry has built up in terms of the way it conducts its business, particularly for the bespoke and complex specialty risks on which the London market has built its reputation. But this is not the sudden revolution some in the market believe it to be. Indeed, it is simply the industry adopting strategies that have been apparent in other sectors of the economy for some time.

Senior figures within the industry have quite rightly said the London market's ability to react so quickly to the changes forced upon it have been significantly aided by the use of PPL. The figures for the increase in the use of the system – which enables the placement of risks electronically – in recent months have been significant. Many in the industry believe without the ability to place risks electronically the London market would have struggled to maintain the as-close-to-business-as-usual performance we have witnessed, so far.

However, it needs to be considered that PPL placed its first risk in 2016. Since that time, it had struggled to gain any meaningful adoption until the Covid-19 pandemic and the steps the market

was required to take to ensure socially distanced working. We have also seen Lloyd's and Acord reach an agreement on the standards for use of email and electronic signatures. Again, their use before the pandemic was spasmodic but since the move to remote operations, we have seen a leap in adoption levels.

Steps to change

The technology behind these systems is not new. They have been around for some considerable period of time and are more heavily used in other sectors. Therefore, we have viewed the changes we have seen to the market as an evolution rather than a sudden revolution, where previously unused systems and technology are rapidly introduced to radically change the way the industry operates.

The biggest issue in terms of the industry's change management efforts has been overcoming resistance to change. The industry has seen far too many initiatives hailed as the catalyst for real change fail to make any impression due to the reluctance of the market to adopt them.

Dr John Kotter created a theory there are eight steps to change. The first step is to create a sense of urgency, second build a guiding coalition, third form a strategic vision and initiatives, fourth enlist the army required to drive change, fifth remove the barriers to change, sixth generate short-term wins, seventh sustain acceleration and finally institute change.

Interestingly, over the past five-plus years the London market has worked hard on developing a vision of what the future market will look like and a strategy it believes will enable the market to turn that vision into reality. However, what it was lacking was the first of Kotter's steps to deliver change: a sense of urgency to drive that vision and the strategies around it.

Covid-19 has been the catalyst to the creation of that urgency,



The ability for the market to trade electronically and remotely has the potential to enable greater access to markets and intermediaries not physically within the Square Mile

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given the steps the industry has been forced to take to comply with the rules to reduce the transmission of the virus. It has unlocked that change and driven the ability to redesign the systems.

After talking about change for so many years we are finally able to deliver on that change. However, what we need to do is ensure that change that has been created is not abandoned when the steps put in place to tackle the pandemic are eased, and that we continue to build on the work that has already been completed.

Externally we also face legal and societal changes which will result in further change in demand and the customers' approach to the products the industry provides.

Hybrid model

Looking to the future it is likely the London market as we have known it for so many years will no longer exist. Undoubtedly, given the complexity of the risks the London market writes, there will remain a need and a place for the face-to-face negotiation between broker and underwriter.

It has been interesting to see that while firms have been very positive in terms of how they have adapted to the new working requirements, the biggest issues they have faced have been the inability to interact face-to-face with colleagues and clients.

The June 1 renewals were said to have been relatively seamless; however, brokers say the issue has been the reduced ability to

access potential new business opportunities.

All of this points to a more hybrid model of the London market in the future, where people will still physically access the market but not on the scale we saw before the pandemic. Change is now the new normal and we should all assume there are to be further shifts in the future. It is highly likely in the months to come, issues and challenges to the changes we have seen will emerge. These include how we support staff working remotely with issues such as avoiding burnout and accurately tracking performance remotely.

The ability for the market to trade electronically, and remotely, has the potential to enable greater access to markets and intermediaries which are not physically within the Square Mile. This has the potential to put pressure on the market's wholesale brokers to look to the role they play and communicate the value they add.

What has already become clear is companies and entities that resist change will be those which are likely to struggle to deliver a profit in the new market in which they now operate.

I am personally excited about the digital and cultural shifts that are already being seen around us. However, we must be prepared for the changes that will, inevitably, continue to challenge the industry and its willingness to adapt and embrace the benefits that technology and the growing digital economy can deliver.

The genie is now out of the bottle. It cannot be forced back in, but the ongoing impact of change will depend on the market's ability to ensure the reluctance of the past does not return along with the ability for staff to return to their offices. ■

Tom Maleczek is director of customer solutions at Charles Taylor InsureTech

Covid-19 requires fresh approach from the legacy market

Pandemic pressures will drive an increase in legacy transactions, but the risks presented by Covid-19-exposed portfolios are inherently difficult to analyse and therefore to price



Robert Margetts and Chirag Shah
Compre Group

Investors in Lloyd's have long been attracted to the market for its capacity to underwrite unique risks, historic long-term stability and reputation (supported by the Central Fund) and its capital efficiency.

Yet, underwriting results in recent years have created significant challenges. Lloyd's has adopted a robust stance to address underperformance, with chief executive, John Neal, recently pledging to return the market to "sustainable long-term" profitability.

However, the recent introduction of letter of credit (LoC) caps and other restrictions introduced by Lloyd's, such as the reduced choice of available lending banks, potentially threatens the capital efficiency of certain highly leveraged syndicates, at a time when several are already under pressure to improve their underwriting performance.

While syndicates are generally looking at capital optimisation to take advantage of the greatly anticipated hard market, the timing of the LoC announcement will add further pressures. Underperforming syndicates are often more leveraged (with LoCs or other forms of Tier 2 capital) than outperforming ones, so this could be another tool Lloyd's is deploying to target underperforming syndicates.

This is likely to create further run-off opportunities for legacy acquirers. Other drivers include the Decile 10 review, letters recently sent by Lloyd's to underperforming syndicates, the LoC changes (both recently and those announced last year) and a significantly hardening market, all of which materially increase the incentive to free up capital. There are also incoming market developments that will allow syndicates to gain greater access to follow lines, which negates the need for all of them to have the capacity to underwrite lead business.

Overall, Lloyd's is deleveraging the market's position, which can only be a good thing for the market as a whole. However, participating in Lloyd's has historically been a trade-off, with higher operating costs being offset by greater capital efficiency. Reducing the latter is likely to increase scrutiny from investors in underperforming syndicates as to whether they can more efficiently deploy their capital elsewhere, given the expected hard market across the insurance industry.

Reduced headroom

With respect to Covid-19 and the present macroeconomic environment, many press articles have explored the likely impact on balance sheets, asset devaluation, lower discounting, higher reserves and loss creep. All lead to reduced headroom above the Solvency II capital requirement and add further incentive to execute management actions to improve the capital position, including legacy deals.

However, much less has been written about the impact on mergers and acquisitions and the difficulty of completing deals remotely, not face-to-face as was always the convention pre-lockdown. Despite the technologies available, this creates an inherently higher chance of legacy buyers not detecting subtleties that are much easier to pick up in person. Increased legal protections can be used to address this issue to an extent, but there are challenges in agreeing appropriate drafting here.

A number of recent legacy deals, in Lloyd's and elsewhere, involve much more recent underwriting (that is, less historical experience), with an increased level of unexpired, as well as potentially bound but not yet written, exposures. There will be primary and secondary Covid-19 impacts arising on these books, partic-



Coronavirus is likely to act as a driver of legacy deals as firms come under pressure
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Overall, the volume of legacy transactions is likely to increase as a result of Covid-19-related financial pressures, aligned with an increased incentive to release capital for a materially hardening market

ularly from more recent ones, although it could also have knock-on impacts on previous exposure. This is on top of the adverse US casualty developments and the impact of social inflation already affecting these books.

Difficult to price

In today's environment, where a significant number of cases and material legal uncertainty remain, Covid-19 exposures are inherently difficult to analyse and, therefore, to price. This is true of direct exposures, such as business interruption, liability coverages related to employees and contract frustration policies. All have tended to feature heavily in the US casualty and political risk books of recent Lloyd's legacy deals that have come to market.

It is arguably even more true of the potential indirect exposures

in these areas and elsewhere (for example, claims relating to lockdown delays or increases in indirect costs for materials and labour), which may take a number of months or even years to emerge. There are parallels with the primary and secondary asbestos exposures of the past, albeit with less of a latency period. This indemnity risk is also accentuated by the potential cost of defending claims in an uncertain legal and macroeconomic environment.

As a result, buyers of legacy portfolios are likely to have a higher-than-usual variability in price and increased sensitivity to key assumptions. They may also be looking for downside protections to at least share some of this risk with the vendor(s).

This does not make it impossible to execute such transactions. It simply means both sides will need

to be sensitive to this increased level of uncertainty. The key is matching buyer and seller expectations both on pricing and the degree of finality and risk sharing that can be achieved. One option is to consider pre-existing alternative structuring mechanisms relating to loss portfolio transfers and reinsurance-to-close. These can allow both sides more time for Covid-19 implications to develop and become clearer or to merely price in more uncertainty.

Overall, the volume of legacy transactions is likely to increase as a result of Covid-19-related financial pressures, aligned with an increased incentive to release capital for a materially hardening market. This will be particularly true in Lloyd's as these factors are further accentuated by specific drivers – especially the focus on underperforming syndicates. Legacy acquirers are well placed to manage increased demand, but all sides must fairly share Covid-19 uncertainties in transactions to ensure they deliver the desired benefit to all parties. ■

Robert Margetts is head of M&A and Chirag Shah is senior M&A manager at Compre Group



Aviva and unit of Chubb face Covid-19 lawsuits

John Shutt, Los Angeles
US correspondent

UK insurance group Aviva faces a class action lawsuit for its denial of Covid-19 business interruption claims in Canada.

Law firm Lerner's has filed a group claim against Aviva on behalf of hotels that have had their claims refused by the insurer, in-

cluding Best Western, Hilton and Hampton Inn.

The action alleges Aviva was in breach of contract when it denied the hotels' loss of business income cover after the federal and provincial governments declared states of emergency, restricting their business, owing to the outbreak of Covid-19, according to Lerner's.

The action applies to all hotels insured under Aviva's hotel programme in Canada, it added.

Meanwhile, a unit of Chubb has been sued in a New York state

court in Manhattan by local hospital group Northwell Health.

The suit alleges Illinois Union Insurance wrongly denied a Covid-19 pandemic-related claim under a healthcare premises pollution liability policy.

With 23 hospitals and 800 outpatient facilities, Northwell said it has treated more Covid-19 patients than any other system and suffered a loss in revenue after ceasing elective procedures to handle the avalanche of coronavirus patients.

Northwell's suit said the pollution liability policy carries a \$200m limit and "straightforwardly provides coverage for remediation costs, emergency response costs and decontamination costs associated with facility-borne illness events and pollution conditions, as well as business interruption caused by covered pollution conditions".

Illinois Union said the pandemic did not qualify as a facility-borne illness or pollution condition under the policy.

Brown & Brown beats on earnings

US broking group Brown & Brown reported its net income increased 4.5% in the second quarter of 2020 to \$97m, writes John Shutt, Los Angeles.

Adjusted income per share increased to 34¢ from 32¢ and beat analysts' forecast of 29¢.

Revenues grew 4.1% to \$599m. Excluding contingent and supplemental commissions, core commissions and fees grew 4.4% to \$575m. Organic commissions and fees grew 0.5% to \$548m.

For the first six months of the year, the Florida-based group's net income rose 21% to \$249m on total revenues of \$1.29bn.

Core commissions and fees grew 8.5% to \$1.24bn, while organic commissions and fees rose 3.1% to \$1.18bn.

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