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Ascot appoints casualty delegated underwriting team

Ben Warren-led team joins from DTW syndicate 1991

Michael Faulkner
Editor

Ascot's casualty delegated underwriting team will be led by Ben Warren

Ascot's Lloyd's business has hired a casualty delegated team as it continues to expand its international liability capabilities.

Led by Ben Warren, the team will write on behalf of Ascot syndicate 1414 and build a portfolio of business through a network of managing general agents. While it will have an international remit, the team will have a particular focus on UK casualty business, Ascot said.

Alongside Warren, Alexander Simon and Edward Colville will also join Ascot as underwriters.

The team joins from DTW syndicate 1991, where it managed a highly regarded portfolio of delegated casualty business.

Ascot has been building out its casualty portfolio under executive underwriter, David Fitzpatrick. This included adding a professional indemnity team last year.

Mark Pepper, group chief underwriting officer at Ascot, said the new team's "reputation as disciplined and specialist underwriters aligns perfectly with our underwriting culture while furthering our continued expansion".

The team will join Ascot on February 1.

IUA business plan to tackle climate, remote working

The International Underwriting Association (IUA) has unveiled a business plan for this year outlining its priorities, *writes David Freitas*.

The trade body, which represents international and wholesale re/insurance companies operating in or through London, will continue to prioritise climate risks and evaluate the means of support available for remote working amid Covid-19.

Climate risk practitioners in the organisation will work with regulators and contribute to the debate about the supervisory framework, including reducing carbon emissions, the IUA said.

"Insurers can be extremely influential in supporting the growth of a green economy and the IUA intends to play an active and vocal role," Dave Matcham, chief executive of the IUA, said.

This year, the climate debate will be enhanced by the UN Climate Change Conference of the Parties (COP26) hosted by the UK in Glasgow.

The IUA will also look to improve the operations governing underwriting, claims, public policy and market modernisation, an important part of which is the adaptation of processes to accommodate for remote working.

Other plans set out for the organisation this year include the expansion of the group's representation of technical underwriting and claims matters for specialty lines.

'Insurers can be extremely influential in supporting the growth of a green economy and the IUA intends to play an active and vocal role'

Dave Matcham
IUA

The association also intends to "push for maximum regulatory co-operation" between the EU and the UK to promote the broadest equivalence rulings under Solvency II regulation for reinsurance and group supervision.

NEWS

South California Edison reaches Woolsey fire settlement

Utility company will pay out up to $2.2bn in claims for 2018 fire

Marc Jones
News editor

US utility company Southern California Edison (SCE) has negotiated a settlement with the holders of Woolsey fire insurance subrogation claims and will pay out $2.2bn in claims.

In a statement, the firm said this agreement settled all subrogation claims in the pending litigation arising from the November 2018 Woolsey fire.

The fire scorched around 97,000 acres of land near Los Angeles and burned for almost two weeks, destroying at least 1,600 structures. The cause of the fire was reported to be faulty electrical equipment owned by SCE, which resulted in the litigation.

SCE said it has also reached settlements with close to 1,000 individual plaintiffs in litigation arising from 2017/18 wildfire and mudslide events, which include the Woolsey fire, the 2017 Thomas and Koenigstein fires and the 2018 Montecito mudslides. No admission of wrongdoing or liability was made in reaching these settlements.

Under the settlement, subrogation plaintiffs will receive $2.2bn within 90 days for claims based on payments they have already made to individual and business policyholders associated with the Woolsey fire. SCE will pay additional amounts for claims arising from future payments that may be made to policyholders on before July 15, 2023, up to an agreed-upon cap.

The aftermath of the Woolsey fire in Malibu State Creek
Morphius Film/Shutterstock.com

"We have made another significant step toward resolving pending wildfire-related litigation," Pedro J Pizarro, president and chief executive of Edison International, parent company of SCE, said. "This settlement is with all insurance subrogation plaintiffs in the 2018 Woolsey fire litigation. Combined with the settlement announced on September 23, 2020 in the Montecito mudslide litigation, SCE has resolved all subrogation plaintiff claims for the 2017/18 wildfire and mudslide events. The company continues to explore reasonable settlement opportunities with other parties."

After consideration of the settlement and other available information, SCE's best estimate of total losses accrued for the 2017/18 wildfire/mudslide events remains unchanged. As of September 30, 2020, SCE's best estimate of expected potential losses for remaining alleged and potential claims related to the 2017/18 wildfire/mudslide events was $4.6bn.

This estimate does not include any potential fines and penalties. This amount will be reduced by the initial $2.2bn to be paid under the settlement. SCE has $700m remaining in expected recoveries from insurance for the Woolsey fire litigation. SCE expects this will be exhausted after expected recoveries for the settlement.

Everest Re pegs fourth-quarter catastrophe losses at $146m

Bermudian re/insurer Everest Re said its fourth-quarter results will reflect around $146m in catastrophe losses net of reinsurance and reinstatement premiums, *writes Michael Faulkner*.

The losses include $76m in connection with the Covid-19 pandemic and $70m for the impact of hurricanes Delta, Zeta, Eta, and Iota and the Queensland hailstorm in Australia.

The group's reinsurance segment accounted for $116m, or nearly 80%, of total cat losses for the period.

The Covid-related losses brought the year's total for that peril to $511m, with more than 80% of it incurred but not reported.

Everest Re also said it is increasing prior-year loss reserves by $400m in its reinsurance segment, primarily in long-tail classes for the 2015 to 2018 accident years in general liability, professional lines and motor liability and for the 2017 to 2019 accident years in non-catastrophe property.

Despite the cat losses and reserving action, Everest Re expects to post 2020 net income of $475m to $525m and operating income of $275m to $325m.

Everest's disclosure came as Bermuda re/insurers are set to begin announcing their fourth-quarter results.

As well as cat losses, Everest's figures include $76m related to the Covid-19 pandemic
Koson/Shutterstock.com

Earlier this month, RenaissanceRe said it expects to post a fourth-quarter operating loss owing to $345m in catastrophe losses, considerably higher than analysts' expectations.

The cat loss figure includes $175m in losses tied to the Covid-19 pandemic and $170m in weather-related losses, the Bermuda re/insurance group said.

Axis Capital, which will publish its results later this week, has said Covid-19 and other catastrophe losses, including windstorms, will cost it up to $205m in the last quarter of 2020.

The pandemic costs were linked to new and in some cases unanticipated lockdown orders in many countries to try and reduce the spread of the coronavirus.

Last week, Arch Capital announced its fourth-quarter financial results would reflect as much as $165m in catastrophe losses. The figure, which is net of reinsurance recoveries and reinstatement premiums, includes losses from hurricanes Delta and Zeta and several minor events occurring during the period, plus loss development on third-quarter events.

US specialty insurer Upland Capital launches

Start-up specialty insurer Upland Capital Group has launched, backed by an initial $200m equity investment from Newlight Partners, *writes John Shutt, Los Angeles*.

The capital will be used to fund the insurer's immediate build-out and organic growth plans.

Dallas-based Upland will offer a "diversified portfolio" of excess and surplus lines casualty, property, and specialty insurance products, with an initial focus on excess casualty products distributed through select wholesale brokers.

Upland claims to have built a "best-in-class team" of seasoned underwriters and experts. It will be led by Todd Hart as chairman, president and chief executive. Hart most recently served as chief executive of Rhode Island-based Narraganset Bay Insurance. James Damonte will serve as president of insurance operations and chief underwriting officer. He was previously at Hallmark Financial.

ANALYSIS

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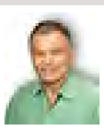
Lloyd’s plans for multiple e-trading platforms raise questions for the market

Standardisation of platforms and their ability to function across numerous markets will be critical



Rasaad Jamie
Global markets editor

Lloyd’s has made it clear the market is now open to independent risk placement platforms to compete with PPL, its proprietary platform.

PPL came in for criticism pre-Covid but as a result of the pandemic and the continuous efforts of Lloyd’s to enhance the performance of the platform, it has generated a significant level of loyalty in the market. As a result, while most commentators welcome the decision by Lloyd’s – as part of its Blueprint Two market reform agenda – to allow more companies to come in with alternative options, there is a considerable consensus in the market that PPL saved Lloyd’s in this pandemic.

Mark Gregory, chief executive of the international division of Axis Insurance and chief executive of Axis Managing Agency, sees the existence of a market platform such as PPL, which has proved itself in a crisis, as an advantage for everyone in the market.

“The current platforms are proven to be effective and keep the entire market functioning together,” he says. “Introducing new Lloyd’s bespoke platforms in the market seems counterintuitive when, by adopting pre-existing and proven platforms, Lloyd’s avoids duplication and unnecessary complexity.”

The adoption of PPL before the Covid-19 pandemic demonstrated pragmatic thinking by Lloyd’s and created an environment where the market could remain productive while working in a virtual environment, according to Gregory. This was greatly facilitated by Lloyd’s mandating the increased monthly usage of PPL during the quarters leading up to March 2020. “This is a relevant example of how it helps to drive needed improvements and reforms across the market, beyond the facilitation of the Underwriting Room,” he adds.

Similarly for Graham Sheppard, head of London operations at insurance software provider

‘Introducing new Lloyd’s bespoke platforms in the market seems counterintuitive when, by adopting pre-existing and proven platforms, Lloyd’s avoids duplication and unnecessary complexity’

Mark Gregory
Axis

ANALYSIS

DOCOsoft, the PPL model has shown the way forward. It is just a question of what Lloyd's will be using PPL for in the future. "But I think the model is there, and Lloyd's providing the placement standards will allow for more competition and a wider roll out of potential systems.

"The lockdown and pandemic has changed our working practices. Without technology like PPL, however, and the even older ECF electronic trading platform for claims, we would have been in big trouble with everybody having to work from home," Sheppard says.

However, standardisation of platforms will be critical if Lloyd's, as a multi-platform marketplace, is to function effectively. For most commentators, the benefit is not the platform itself per se, but the ability to transact business on a single standard basis that will drive value and define success.

Paul Jones, a consultant at DOCOsoft, says for risks previously placed electronically through PPL or Whitespace by market carriers and brokers (irrespective of being mandated by Lloyd's or the pandemic to do so), these are now available for renewal in a consistent manner and there is less reliance on historic filing systems to find information. "It's all readily available online to facilitate comparisons and linked renewals. Alternative options for placement need to adhere to agreed placement standards so data can be consistently applied to reports and claims systems that rely upon this information," Jones says.

Sticking to success

The message is the market needs to stick with successful technologies such as PPL and Whitespace, while continuing to stay relevant and looking to enhance its ability to transact business in a new way. "It is very unlikely we will go back 100% to the physical Underwriting Room and that way of doing business, because we have proven that we can all work remotely when we need to. Initiatives like ECF and PPL are what have helped us to do that, so we need to build on those sorts of platforms," Sheppard argues.

However, Ben Rose, co-founder and president of Riskbook, a Lloyd's approved reinsurance risk placement platform, warns the market, in its newfound appreciation of the qualities of the platform, should be careful not to stick too closely to the underlying PPL vision of a digital risk exchange. Rose, who started his career at the Corporation of Lloyd's and since then has developed the Riskbook reinsurance platform from scratch, has been tracking the market's journey to digital very closely over the past seven years or so.

Blueprint Two, he says, is a huge step forward. "It shows admirable consideration towards the effectiveness of efforts to date and the diverse needs of an enormously complex ecosystem. But from my perspective, the greatest limitation of the initial PPL vision was that it focused on creating an electronic means of communication for those already within the Square Mile, who, owing to their proximity to one another, probably needed digital the least. This is an issue, particularly in the reinsurance world, where very few panels feature exclusively Lloyd's capacity," Rose adds.

He therefore welcomes Blueprint Two's preference to partner with approved third-party placing systems, like Riskbook, instead of building in-house. "Demanding that brokers use 'something else' for their Lloyd's markets, as a further administrative task in addition to operating their own preferred solutions, would have presented a huge headache and made it harder, not easier, to do business at Lloyd's," Rose says.

> **'Demanding that brokers use 'something else' for their Lloyd's markets, as a further administrative task in addition to operating their own preferred solutions, would have presented a huge headache and made it harder, not easier, to do business at Lloyd's'**
> **Ben Rose**
> **Riskbook**

Brokers

For most commentators, multiple platforms are a good thing for the market, but particularly for brokers, who will, in future, have greater choice in terms of how they conduct their business, not just being tied to one platform like PPL, which only works with the Lloyd's market. The critical realisation with Blueprint Two is that the power of digital is not only to keep records, but also to provide efficient access for brokers all over the world.

Ben Potts, UK managing director at technology company Novidea, says this is important as many of the large complex risks placed by brokers run across the Lloyd's, company, and international markets. "The bigger brokers and insurers will be free to develop their own platforms, but smaller independent brokers will be free to work with what works best for their business, which is great news," Potts adds.

The standards imposed on Lloyd's-recognised placement platforms such as Whitespace, Riskbook and Tremor before the advent of Blueprint Two contributed significantly to the security and the ability of these platforms to integrate into the wider Lloyd's technology ecosystem.

The hope now is that with Blueprint Two, Lloyd's will use the opportunity to improve the quality of third-party platforms across the board, according to Rose. "From brokers and underwriters alike, we've heard a clear message that platforms created by the brokers in-house are simply not up to scratch, in particular when it comes to user experience," he says.

For Rose, it is critical that third-party platforms are of a sufficient standard, are designed by capable, independent technology specialists with re/insurance know-how and are able to support multiple brokers. "Nobody is looking forward to swapping the vision of a Lloyd's-built platform for a separate platform for every broker, especially given the absence of quality we've seen from platforms in the market, to date," Rose adds.

For other commentators, by offering the market choice, Lloyd's is ensuring ongoing competition will continue to drive an increase in quality of the platforms available. "If the circumstances of 2020 have taught us anything, it is that the insurance market is open to change and any digital technology deployed in London needs to be able to work on a global scale," Marcus Broome, chief platform officer at Whitespace, says. He also points out there is a growing understanding that, while some larger brokers and insurers have their own platforms, the market would not be able to operate if every firm did the same.

Reducing acquisition costs

But whatever the merits of a single or multiple electronic platform market, most commentators agree the critical priority for Lloyd's is to simplify its processes to be more efficient, simple and more cost effective. That can be achieved in a number of different ways, according to Paul Bermingham, managing director of Advent Insurance Management. "But it is unlikely one solution will be sufficient for such a wide-ranging global market such as Lloyd's," Bermingham says.

For standard risks, Lloyd's has PPL and Whitespace, which between them are helping achieve the ambition of increasing the number of risks placed electronically in the market, with the system being broadened by other platforms to include more complex risks.

For Bermingham, whether it is one big platform or several smaller ones is less important than the need for the solution to be far simpler. Getting platforms to work in a common way that harness their combined strength to drastically reduce the 40% acquisition costs is the challenge.

"The fact that there are many other systems out there that could potentially boost this further is no bad thing. Lloyd's, in enabling the market to develop its own systems, will allow the market to adopt the best of the best, continually improve and not be limited by a single, Lloyd's-administered software solution," Bermingham says.

The market also needs to be careful that larger organisations do not have a disproportionately big influence over how electronic trading platforms are structured and developed, which can be to the detriment of smaller entities that serve important niches. "To retain Lloyd's standing as a market that can insure anything, future development ought to include these smaller stakeholders," Bermingham says. ■

VIEWPOINT

Architects' PI market will struggle to overcome the legacy of Grenfell

The confidence of insurers in building regulations as a protection against large-scale claims was undermined by the failings the Grenfell Tower fire investigation uncovered

Tom Malcolm
New Dawn Risk

While all professional indemnity insurance has faced a hardening market during 2020, last year the sub-category of architect's professional indemnity saw the culmination of four years of tumult, resulting in immense challenges for architects, their brokers and insurers.

The difficulties of renewing and maintaining adequate professional indemnity insurance for architects has caused industry uproar and a swathe of negative publicity within that professional community. The Royal Institution of British Architects (Riba) has called on the Ministry of Justice to review the situation but, as yet, no solution has been found.

The problem began with the 2017 Grenfell Tower fire. The tragedy and subsequent Hackitt Report called into question the safety of accepted design and building practices for high-rise buildings, including the use of many types of common cladding, fire safety management and the principles and responsibility for the sign-off of any building as being "safe". What this brought to the fore were a number of systemic issues with the UK's building regulations regime.

Tearing up the rulebook

Previously, any architect's insurer could rely on the standards and efficacy of all architects' work being guaranteed by adherence to building regulations, but the confidence of insurers in this as a protection against large-scale claims was undermined by the failings the Grenfell Tower tragedy uncovered, including a lack of any clarity as to who was ultimately responsible for a building's safety.

Since 2017, that uncertainty, coupled with the impact of many years of underpriced policies and combined with multiple claims post-Grenfell, has seen many insurers withdrawing from the professional indemnity market altogether. This has caused demand to far outstrip supply, especially following the Lloyd's review of underperforming syndicates in 2018, which further increased insurer exits from the segment as they looked to focus on more profitable lines of business.

In early 2020, there were government moves afoot to rewrite the UK's buildings regulations regime to help improve the situation, but Covid-19 has compounded the market's issues by drawing governmental attention elsewhere, leaving unresolved issues and resulting in continued uncertainty.

Catastrophic pricing

Much of the impact of all of this has been price-related, with subsequent negative publicity for insurers attached. In May 2020, *Architects' Journal* highlighted professional indemnity renewal prices rises of up to 800% and campaigned for government support on this issue for the industry.

By October Riba had issued a further statement, detailing its concerns about the significant restrictions of cover that had begun to be common. During the autumn 2020 renewals, it was reported fire protection was excluded from almost all available architect's professional indemnity policies.

Insurers have also put strict restrictions on "any one claim" limits; as well as excluding any buildings with aluminium composite material cladding from their cover – a significant restriction for commercial architects.

Restrictions in cover also limit the types of work architects can carry out (for example basements, swimming pools, anything fire-related), meaning some bread-and-butter project types are becoming close to uninsurable.

The Architects Registration Board (ARB) head of professional standards, Simon Howard, recently spoke to *Architects' Journal* about the difficulties architects were experiencing in acquiring adequate insurance at an affordable price. He suggested these could prevent some firms operating, saying: "No architect should purchase a professional indemnity policy that fails to provide them with adequate cover for the work they do – and that includes fire safety cover. It is clear that if a firm is employed as a fire safety consultant and the policy excludes these activities, then the policy isn't fit for purpose."

Grenfell Tower uncovered failings including a lack of any clarity over who was, ultimately, responsible for a building's safety
Ajit Wick/Shutterstock.com

Previously, any architect's insurer could rely on the standards and efficacy of all architects' work being guaranteed by adherence to building regulations, but the confidence of insurers in this as a protection against large-scale claims was undermined by the failings the Grenfell Tower tragedy uncovered

The virtually universal restriction on protection for fire safety and strategy in professional indemnity insurance policies issued to architects has led to mistrust of insurers, while insurers have been obliged to take defensive action in response to brokers seeking quickly to "block notify" all projects that may in the future face a challenge to their fire strategy. The ultimate outcome in some cases, depending on the breadth of the fire safety exclusion, has been some firms have had to cease practising.

No quick resolution

Looking ahead to 2021, it seems unlikely any of these problems will be quickly resolved. Architects are heavily exposed to the vagaries of the economy. If GDP falls just 1%, it is normal to see a contraction in the architectural market of up to 12%, as large projects are taken off-stream by developers until the economic environment improves. With Covid-19 looking likely to bring a much larger contraction in GDP than 1%, insurers will, therefore, be extra cautious in the risks they are willing to underwrite this year. The insurer supply is not going to increase and, as a consequence, it is unlikely prices will stabilise in the near term, at least.

Perhaps the only solution is for all parties to work together. Riba is seriously concerned about the rising costs of professional indemnity insurance and prevalence of fire safety exclusions, which pose significant risks to architects' practices, clients and the public.

The institute has suggested all sides, convened by Riba, should continue to engage closely, including the insurance industry, construction lawyers and other professional bodies, and put pressure on the Ministry of Housing, Communities and Local Government and the ARB to broker a solution that supports architects.

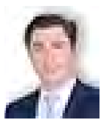
We remain sceptical such an outcome is likely and, in the meantime, look ahead to navigating another challenging year in a sector that makes the rocket-fuelled directors' and officers' liability market seem stable and positively dull by comparison.

Tom Malcolm is head of UK broking at New Dawn Risk

VIEWPOINT

Carriers must reassess relevance of cover from an African perspective

At a time when many international carriers are withdrawing from African markets, there are opportunities for those that can adapt their products to the new requirements of local markets



Benjamin Boudeau-Raimbault
Filhet-Allard

Luckily for the African continent, the catastrophe that was predicted at the start of the coronavirus pandemic does not seem to have materialised. The first reason for this is the resilience to Covid-19 observed among African populations. The key factor, however, is Africa's predominantly young population, a favourable demographic that is sparing most Africans from serious forms of the virus.

The total number of confirmed Covid-19 cases on the African continent remains relatively modest at 3.2 million out of a total of close to 96 million, according to the African Center for Disease Control and Prevention, but numbers are showing sharp rises.

The five African countries that have been most severely affected are South Africa with more than 1.3 million cases, Morocco with nearly 460,000 cases, Tunisia with 180,000 cases, Egypt with 156,00 cases and Ethiopia with 131,000 cases. In total, 69% of all confirmed cases in Africa were reported in these five countries.

Last year was also, undoubtedly, an unusual one for the insurance industry. Insurance buyers were confronted not only with the human and economic impacts created by the pandemic but also, to a lesser extent, the social and political crises caused by job losses in some economic sectors and recent re-elections in some African countries.

It is precisely during these difficult periods that the advisory role of an insurance broker takes on its full meaning and is an essential asset to policyholders.

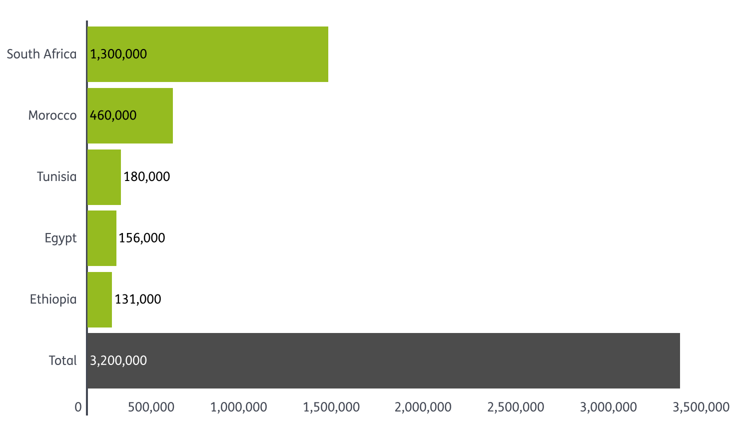
Key tasks for brokers must, therefore, be to adapt the capital and guarantees of contracts, re/negotiate policies with insurers and assert the contractual rights of clients. In our own experience, the pandemic has seen certain insurers reviewing the distribution of premiums, updating of gross margins and company turnovers (throughout the year).

Coronavirus in Africa

Out of a total of 3.2 million confirmed coronavirus cases in Africa, five countries account for more than 69% of the total number of cases.

South Africa hardest hit by Covid-19 pandemic in Africa

Graph: Confirmed coronavirus cases in Africa, five worst-affected countries



Source: African Center for Disease Control and Prevention

Local knowledge

In such a challenging climate, the strength of local experience, cultural understanding and, importantly, the direct knowledge of the realities on the ground in Africa are proving crucial. By combining the experiences and insights from across the continent, we have been able to not only support clients but also inform and guide insurers and reinsurers in a true partnership to navigate the impact of the pandemic.

Based on the latest figures, regional insurance companies across Africa have observed a drop of between 10% and 20% in global premium volume, depending on the particular market.

There has been a slight deterioration in companies' technical ratios (claims rate) from down 12% for health and life insurance lines to down 4% for corporate risks. We must remain cautious about these figures, however, as the end of a lockdown can generate a certain level of "hyperactivity", which can lead to additional claims being made upon resumption of activity.

Uncertainty prevails

Against this backdrop, 2021 remains a difficult year to predict and uncertainty prevails. Nevertheless, to support clients during this period the insurance industry must endeavour to re-evaluate policies from a regional perspective and generate economies of scale, as well as renegotiate the terms and conditions of these policies according to the new offers from the market.

We are, therefore, entering a period where the added value of brokers is characterised by in-depth analysis, the favouring of bespoke contracts and personalised "after-sales" servicing to clients.

At a time when many significant insurance players are withdrawing, either totally or partially, from African markets, citing compliance issues or profitability as the main reasons for their departure, there are opportunities for those that truly adopt a client-focused approach.

Crucial to success in Africa is recognising it is not one market but many different and developing ones, so proximity to the individual markets and in-depth risk understanding and analysis are important.

Combining on-the-ground expertise, knowledge and understanding with strong insurer partners will demonstrate the act of faith on the part of those that want to increase their development in Africa is not misplaced. ■

Benjamin Boudeau-Raimbault, is general manager for Africa at Filhet-Allard, a Brokerslink affiliate company

Crucial to success in Africa is recognising it is not one market but many distinct, different and developing ones
Ogunpitan Adeyemi/Shutterstock.com

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European insurers back IFRS 17 with caveats

But the problem of annual cohorts remains of ‘fundamental concern’, two key insurance lobby groups warn

Lorenzo Spoerry
Deputy editor

Insurance lobby groups have given their backing to the new International Financial Reporting Standard 17 (IFRS 7) accounting standard with certain caveats.

IFRS 17 was developed by the International Accounting Standards Board (IASB) and needs to be endorsed by European legislators for it to come into effect in the EU. The new regulation will replace IFRS 4 in January 2023 and aims to add transparency and improve the comparability of insurers’ reporting standards by increasing granularity.

Insurance Europe, which represents most European insurers, and the European Insurance CFO Forum, which represents Europe’s 23 largest insurance companies, said they welcomed the improvements made by the IASB in the final version of IFRS 17 but they warned the standard still contains a number of unresolved issues.

They said the issue of annual cohorts remains one of “fundamental concern” for insurers because the existing requirements will not adequately reflect the true economic nature of insurance products that are cashflow matched or involve risk sharing between customers and over time.

“Failure to address this issue will risk undermining such products, reduce the usefulness of the reporting information and increase costs,” they added.

They emphasised any solution can, and must, be designed to avoid any change to the January 1, 2023 effective date and allow those that want to apply the full IFRS to do so.

However, apart from an issue regarding annual cohorts, the lobby groups said other issues of concern should not block the endorsement of IFRS 17 in the EU and can instead be addressed later as part of a post-implementation review.

The coronavirus pandemic has brought uncertainty to IFRS 17 accounting standard and its interpretation, Fitch Ratings said.

Carriers that have already made progress towards implementing the rules will be less affected by the pandemic’s impact on it than those starting the process late, the rating agency added.

Insurance trade bodies are broadly satisfied with IFRS 17 but some unresolved issues remain
Kumar Jatinder/Shutterstock.com

AGCS rejigs UK financial lines team

Allianz Global Corporate & Specialty (AGCS) has made a number of changes to its financial lines team in the UK, *writes Stuart Collins*.

The insurer has named Hannah Tindal (*pictured*) head of directors’ and officers’ (D&O) liability, effective in the second quarter of 2021.

She will relocate from AGCS in the US to lead the insurer’s five-strong regional D&O team.

Tindal is joined by Martin Stewart, who is promoted to D&O underwriting manager, effective immediately.

AGCS also announced it has appointed James McGuire head of financial institutions, also effective immediately.

Michela Moro has moved up to the role of cyber underwriting manager in London, leading the regional cyber team.

AGCS said the appointments demonstrated the insurer’s “continued commitment” to financial lines which remains a “key strategic area” for the group.

AGCS’s financial lines London and Nordics team is headed by Stefania Davi-Greer.

Brown & Brown’s income jumps 27% in Q4

US broking group Brown & Brown reported its net earnings rose 27% to $97m in the fourth quarter as commissions and fees grew 10.9% to $640m, *writes John Shutt, Los Angeles*.

Adjusted income per share rose to 32¢ from 28¢ and beat analysts’ forecast of 29¢.

The rise in commissions and fees was driven, in part, by acquisitions, which accounted for $40m of the total versus zero a year earlier.

Organic commissions and fees grew 4.7% to $581m.

For full-year 2019, the Florida-based group’s net income rose 21% to $480.5m on total commissions and fees of $2.61bn, up 9.3%.

Organic commissions and fees for the year grew 3.8% to $2.38bn.

“We are very proud of our results in a year that challenged everyone globally,” Brown & Brown president and chief executive, J Powell Brown, said. “We delivered good organic growth and margin expansion for the quarter and the full year.”

‘We are very proud of our results in a year that challenged everyone globally’

J Powell Brown
Brown & Brown