LONDON COMPANY MARKET

Statistics Report

October 2020

INTERNATIONAL UNDERWRITING ASSOCIATION

Executive summary

- Gross premium income for the London company market in 2019 was £21.436bn. In addition, a further £6.197bn was identified as written in other offices outside London, but overseen and managed by London operations. Combining these two totals the overall intellectual and economic premium is £27.633bn.

- A total of £3.972bn was underwritten via delegated authority arrangements.

- Premium underwritten in London is still mostly made up of direct/facultative placements (76%) with treaty business accounting for 24%. For business written elsewhere, but 'controlled' by London the picture is now different with direct/facultative at 55% and treaty up to 45%. Non-treaty income overall breaks down as 68% direct placements and 32% facultative.

- Political risk (£0.261bn), trade credit (£0.243bn) and standalone cyber (£0.253bn) are identified as separate classes of business for the first time in this year's London company market statistics report. Property remains the largest class of business (£5.365bn) followed by liability (£3.575bn).

- Marine, professional lines and aviation have all also recorded noticeable rates of growth over the past 12 months of respectively 11.3%, 15.8% and 37.3%.

- There has been a growth in premium written in London from all geographical regions, except for continental Europe. For controlled business, written outside London but overseen and managed by operations in the City, there has been a 60% drop in premium sourced from continental Europe.

- Company restructuring necessitated by Brexit has meant large amounts of premium (estimated at £4.508bn) that were previously written in across Europe and reported back to London are now recorded by continental operations instead.

- Without Brexit-related reorganisation it is likely that this year's report would be publishing a premium income for the London company market in 2019 in excess of £32bn, rather than the actual figure of £27.633bn.


Australia

Introduction

Welcome to the tenth annual edition of the International Underwriting Association's London Company Market Statistics Report. When we first published this research it was a new departure. Questions were often asked about the size and income of the international insurance and reinsurance firms operating in London's unique global hub, but no definitive answer could be given. Figures for the Lloyd's marketplace, with its self-regulatory structure, have always been available, of course. Known premiums handled by London's central processing service, Xchanging Ins-sure, also gave an indication of our sector's overall scale. Yet no central data existed for the dozens of companies operating independently in the London Market. Many IUA members are branch offices of large multinational organisations, writing business against their parent company's capital. They report to a home state regulator and may not separately identify London Market business in their published accounts.

Thus, in 2011 the IUA embarked on its own data collection exercise, inviting all its member firms to submit premium income results which could be aggregated to provide a comprehensive assessment of the London company market. Over subsequent years this annual survey has been expanded and enhanced to provide more detailed analysis and insight. It is now a well-regarded and keenly anticipated research project that has played an important role in promoting the strength of our market and its contribution to the UK economy.

That market has certainly changed significantly over the decade in which we have been studying it. There has been substantial growth, from a total of £19.620bn in 2010 to £27.633bn for 2020. The make-up of market participants has also altered, as illustrated earlier this year in the London Market Group's London Matters report. The amount of capital invested by almost all regions outside the UK has grown as international insurers have sought to widen their portfolios by including more exposure to the specialist risks that come to London. There has been consolidation with the top ten carriers increasing their share of market premium. Companies are also increasingly operating in both the Lloyd's and company markets. The share of premium accounted for by firms operating only in the company market has remained relatively stable, dropping from 24% to 21% according to London Matters. Yet the contribution of Lloyd's only entities has fallen from 41% to only 12% whilst those with a dual platform have almost doubled their presence from 35% to 67% of total premium.

Throughout these changes we have continued to track the premium earned by IUA members. In recent years we have looked, in particular, for any impact as a result of organisational changes necessitated by Brexit. Our 2017 report showed that premium of £1.554bn was earned from continental Europe by companies either UK headquartered or UK subsidiaries of parent companies in a third country outside Europe. The following year we reported that premium of £7.757bn was written by branch operations likely to be subject to the UK Government's Temporary Permissions Regime before transitioning to third country branches or subsidiaries. This year's report, however, is the first to illustrate a material impact on income earned as London companies have established new operating models in order to continue serving international clients post-Brexit.

We look forward to continuing our survey of premiums earned by the London company market in the years ahead. In the meantime I hope you find the results and conclusions from this year's study useful and engaging.

Dave Matcham *Chief Executive*
International Underwriting Association

Photo John Lockwood. Front cover photo Phoenix Han. All photos sourced from Unsplash

Methodology

For the London Company Market Statistics Report 2020 the IUA has once again conducted its own comprehensive survey of insurance and reinsurance firms conducting business in the city. Members of the association were asked to complete a data template detailing their premium income over the previous 12 months. The following definition was used to describe business covered by the survey:

London Market slip business written through brokers or direct with clients and any other risks which could be categorised as large commercial/ wholesale risks, eg global programme business or delegated authority business through coverholders or managing general agents.

Companies were also asked to identify additionally any 'controlled premium' in order to present the most comprehensive picture of London Market activity. This is defined as income written in overseas or regional UK offices, but subject to oversight and management by London operations. The inclusion of such premium allows us to present the overall intellectual and economic premium generated by the market.

An important change to this year's London Company Market Statistics Report is the introduction of more detailed class of business breakdowns. Separate categories were added to our data template for standalone cyber, political risk, trade credit and professional indemnity business. In previous years we have recorded cyber liability premium. In order to capture the full range of this expanding class, however, we have now requested all standalone cyber business written as a dedicated policy outside traditional classes, covering both first party and third party risks. Political risk and trade credit are two separate new categories for this report. Our definition of professional lines has been expanded. In addition to directors and officers business, professional indemnity and errors and omissions, it now also specifies financial institutions business and construction professional indemnity.

The data template for 2020 was also redesigned to make it much easier for companies to complete, with colour-coded boxes highlighting different data sets required. In total statistics from 73 firms have been collected and aggregated for this publication.

In addition to the class of business breakdowns requested, companies were also asked to categorise premium according to placement type with an income split between treaty and direct/facultative business. This conforms to general London Market practice where it is usual to combine direct and facultative placements for reporting purposes. In order to provide a more detailed analysis a simple percentage split between direct and facultative contracts for total overall premium was also requested.

Companies were given the option of providing data sets in pounds sterling, US dollars or Euros. Where necessary figures were then converted to pounds sterling using agreed exchange rates of US$1.28 = £1 and €1.13 = £1. These rate represent yearly averages throughout 2019.

In a limited number of cases where data returns have not been received from individual companies we have used figures from business processed by the London Market's central business processing service, Xchanging Ins-sure, or data from returns made in previous years.

Cyber, political risk, trade credit and professional indemnity have all been added as separate business categories for this year's report

Photo Jeremy Bishop

The following guidance notes were provided to companies for assistance in completing the data submission breakdowns by class of business and geographical territory.

Class of business breakdown

Please allocate your premium to the class of business category that you feel it is best described by.

Property
Includes engineering, but not construction

Construction
Construction (or builders' risk insurance) is not included under property, but identified as a separate class

Liability
Please enter a total figure for all liability business in this field (includes employers' and public liability, medical malpractice etc). In addition please, if possible, breakdown this total liability figure to identify the amount of business in the following sub categories:

- Employers' liability
- Public liability
- Environmental liability

NB. The total liability figure may be higher than the sum of the three sub categories if your company is also writing other liability business which does not fit into these sub categories.

Professional lines
Please enter a total figure for all professional lines business in this field. In addition, if possible, breakdown this total professional lines figure to identify the amount of business in the following sub categories:

- Directors and Officers (D&O)
- Errors and Omissions (E&O)
- Financial Institutions (FI)
- Professional Indemnity (PI)
- Construction Professional Indemnity

NB. The total liability figure may be higher than the sum of five sub categories if your company is also writing other professional lines business which does not fit into these sub categories.

Accident and Health
All accident and health business covering disease, accidental injury, accidental death, and related health expenses

Cyber
All standalone cyber business written as a dedicated policy outside traditional classes, covering both first party and third party risks

Political Risk
All political risk business for losses caused by government actions and/or political perils, including, for example, political violence and terrorism, war and civil war, currency inconvertibility

Trade Credit
Includes credit risk and contract frustration, non-payment and non-delivery, pre-shipment and post-shipment insurance

Marine
All marine business including hull, cargo, energy, liability, specie and war risks

Aviation
All aviation business including hull, public liability, passenger liability, aerospace

Motor
Includes fleet and large single risks

Other
If none of the six named classes above match in any way then please allocate premium to the 'other' category.

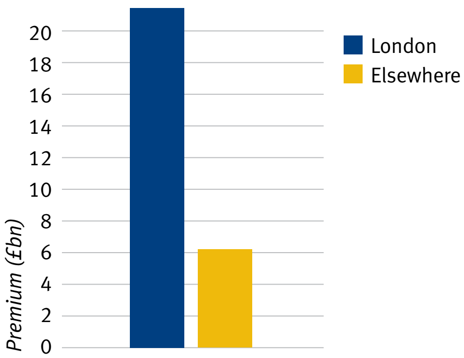
Geographical breakdown

Please allocate your premium to the geographical region that you feel it is best described by. When making this allocation please use the appropriate identifier in accordance with your normal procedures, for example, address of the insured, location of the risk itself, location of the cedent and, for global programme business, location of the client's headquarters.

USA

Results

Figure 1. **2019 gross premium written in London vs premium written elsewhere**



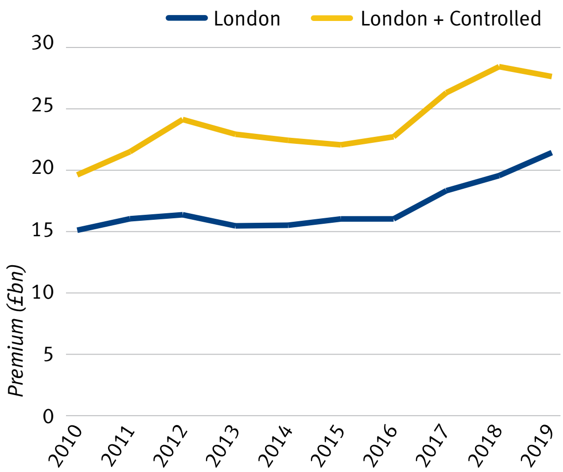
	London £bn	*Elsewhere £bn*	*Total*
2019	**21.44**	**6.20**	**27.63**

Gross premium income for the London company market was £21.436bn in 2019. A further £6.197bn has been identified as written in other locations outside London, but overseen and managed by operations in the City. These two totals combined give an overall intellectual and economic premium of £27.633bn. This figure represents a slight fall (2.8%) on the overall income for 2018 which stood at £28.437bn. The picture, however, is complicated with a significant rise of almost 10% for premium written in London, which is offset by a 30% reduction in business written elsewhere but overseen by London operations. These substantial shifts can be attributed to a number of factors, but have been largely influenced by companies adapting their operations to accommodate Brexit. A detailed discussion of the trends can be found in the conclusions of this report.

Changes in premium income over the last decade can be tracked in figure 2 which shows business written in London to have been relatively stable before a steady period of growth over the last three years. Controlled premium is more volatile, although has only really shown a sharp divergence against the general market trend over the past 12 months.

The IUA's London company market statistics survey also seeks to record business written by delegated authorities. In 2019 the total amount of premium underwritten in this manner was £3.972bn. This compares to £3.096bn recorded for 2018 in last year's report, £3.138bn in 2017 and £2.913bn in 2016.

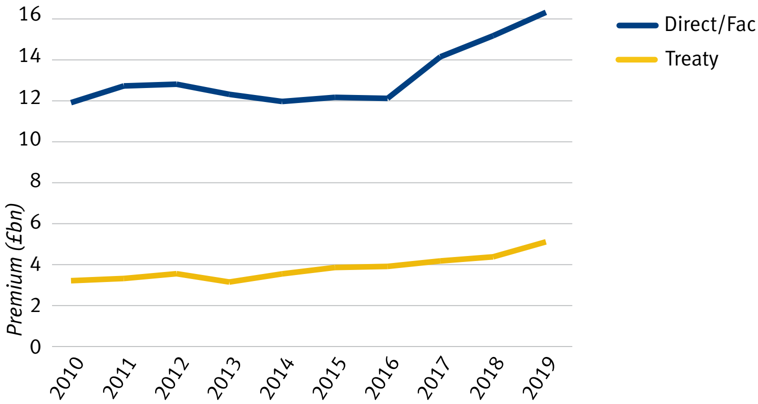
Figure 2. **London company market premium income over time**



	London £bn	*Controlled £bn*	*London+ Controlled £bn*
2010	15.110	4.510	19.620
2011	16.044	5.462	21.506
2012	16.370	7.762	24.132
2013	15.467	7.464	22.932
2014	15.518	6.917	22.435
2015	16.031	6.038	22.068
2016	16.034	6.691	22.725
2017	18.331	7.984	26.314
2018	19.559	8.877	28.437
2019	**21.436**	**6.197**	**27.633**

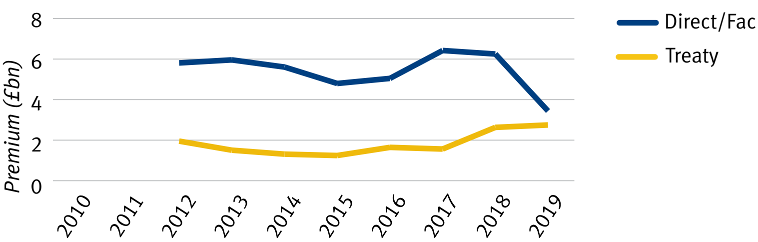
Analysis by Placement Type

Figure 3a. **London premium by placement type**



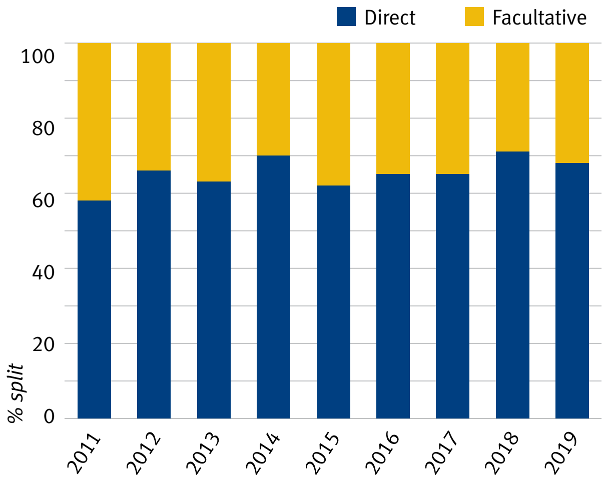
	Direct/Facultative		Treaty		Total
London	*£bn*	*%*	*£bn*	*%*	*£bn*
2010	11.911	79	3.216	21	15.127
2011	12.727	79	3.324	21	16.051
2012	12.812	78	3.557	22	16.370
2013	12.317	80	3.151	20	15.467
2014	11.969	77	3.549	23	15.518
2015	12.170	76	3.860	24	16.031
2016	12.120	76	3.914	24	16.034
2017	14.150	77	4.181	23	18.331
2018	15.178	78	4.381	22	19.559
2019	**16.323**	**76**	**5.113**	**24**	**21.436**

Figure 3b. **Controlled premium by placement type**



	Direct/Facultative		Treaty		Total
Controlled	*£bn*	*%*	*£bn*	*%*	*£bn*
2012	5.809	75	1.952	25	7.762
2013	5.959	80	1.505	20	7.464
2014	5.606	81	1.310	19	6.917
2015	4.796	79	1.242	21	6.038
2016	5.046	75	1.644	25	6.691
2017	6.422	80	1.562	20	7.984
2018	6.249	70	2.628	30	8.877
2019	**3.438**	**55**	**2.749**	**45**	**6.197**

Figure 3c. **Direct and facultative premium over time**



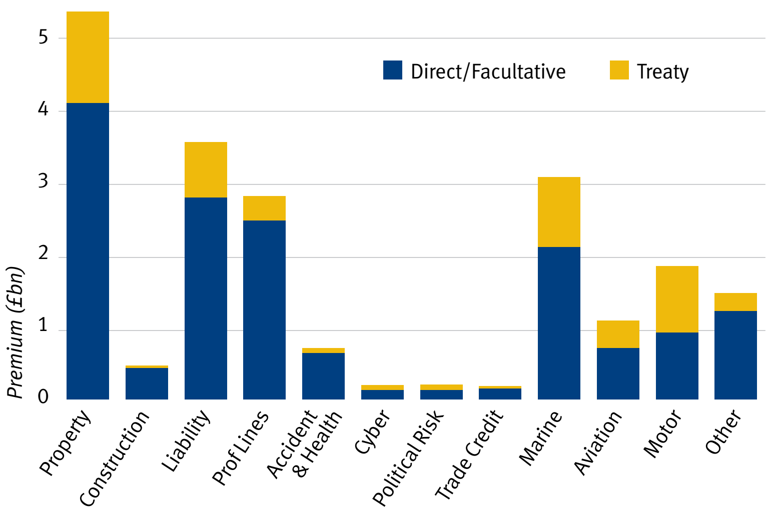
	Direct %	*Facultative* %
2011	58	42
2012	66	34
2013	63	37
2014	70	30
2015	62	38
2016	65	35
2017	65	35
2018	71	29
2019	**68**	**32**

Over the ten year period that the London Company Market Statistics Report has been published facultative/direct premiums have consistently accounted for the majority of income. In 2019 this remained the case for business written in London where facultative/direct placements were £16.323bn or 76% compared to £5.113bn or 24% for treaty placements. However, for controlled business, written outside London but overseen by London operations, the picture is now quite changed. The overall decline in controlled premium seen during 2019 was concentrated in facultative/direct placements which saw a dramatic fall from £6.249bn in 2018 to just £3.438bn in 2019. Controlled treaty business actually saw a small amount of growth, from £2.628bn in 2018 to £2.759bn in 2019. As a result facultative/direct placements now account for only 55% of controlled London company market premium with treaty at 45%.

Recording direct and facultative placements together is usual London Market practice and is followed in this survey in order make it easier for companies to complete our data templates. A simple overall percentage split between these two contract types is, however, also requested. In 2019 this showed direct placements accounting for 68% of all non-treaty premium and facultative placements representing the remaining 32%.

Our breakdown of premium income by placement type can also be examined at an individual class of business level in figure 4. This data refers only to business written in London and does not cover controlled premium. It shows that facultative/direct placements are especially prevalent in construction, professional lines, accident and health and trade credit where they make up well over 80% of total premiums. Treaty placements, meanwhile, are more common for the aviation, marine, political risk and cyber sectors where they represent around 30% of all business. For motor the proportion is even higher at close to half of total premium.

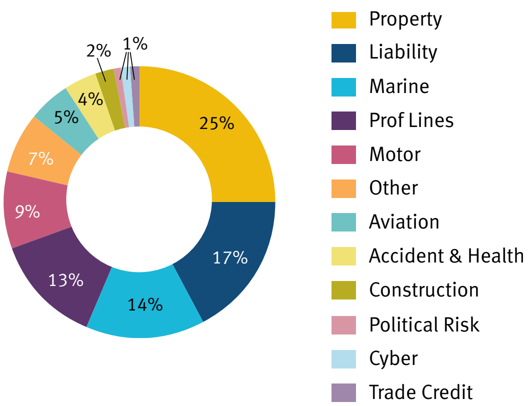
Figure 4. **2019 gross premium by placement type**



2019	*Direct/Fac £bn Gross*	*%*	*Treaty £bn Gross*	*%*	*Total £bn Gross*	*%*
Property	4.111	77	1.253	23	5.365	25.0
Construction	0.486	93	0.034	7	0.520	2.4
Liability	2.819	79	0.756	21	3.575	16.7
Prof Lines	2.503	88	0.335	12	2.837	13.2
Accident & Health	0.692	91	0.068	9	0.760	3.6
Cyber	0.183	72	0.070	28	0.253	1.2
Political Risk	0.184	70	0.078	30	0.261	1.2
Trade Credit	0.203	84	0.040	16	0.243	1.1
Marine	2.144	69	0.956	31	3.100	14.5
Aviation	0.760	67	0.373	33	1.133	5.3
Motor	0.970	52	0.910	48	1.880	8.8
Other	1.267	84	0.241	16	1.508	7.0
Total	**16.323**	**76**	**5.113**	**24**	**21.436**	**100.0**

Analysis by Class of Business

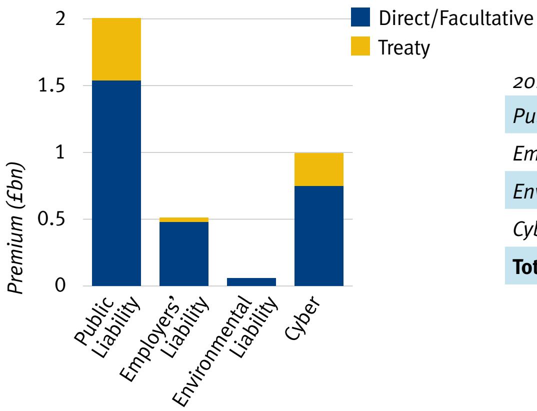
Figure 5a. **2019 Gross premium by class of business**



The class of business analysis for this year's London Company Market Statistics Report has been significantly expanded. For the first time we have included data for political risk and trade credit business. This shows that firms wrote a total of £0.261bn political risk premiums in 2019 and £0.243bn in trade credit.

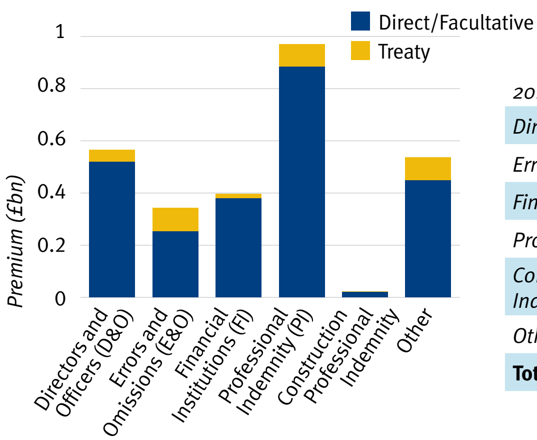
Cyber premiums were also separately identified in the 2019 survey, in contrast to previous years where they were only recorded as a sub category of liability business. The new figure for standalone cyber, written as a dedicated policy outside traditional classes and covering both first party and third party risks, is £0.253bn.

Figure 5b. **2019 Gross liability premium breakdown by placement type**



2019	*Direct/ Facultative £bn*	*%*	*Treaty £bn*	*%*	*Total £bn*
Public Liability	1.538	77	0.466	23	2.004
Employers' Liability	0.476	93	0.036	7	0.512
Environmental Liability	0.058	95	0.003	5	0.061
Cyber	0.747	75	0.250	25	0.997
Total	**2.819**	**79**	**0.756**	**21**	**3.575**

Figure 5c. **2019 Gross professional lines premium breakdown by placement type**



2019	*Direct/ Facultative £bn*	*%*	*Treaty £bn*	*%*	*Total £bn*
Directors and Officers (D&O)	0.519	92	0.047	8	0.567
Errors and Omissions (E&O)	0.252	73	0.092	27	0.344
Financial Institutions (FI)	0.379	95	0.019	5	0.398
Professional Indemnity (PI)	0.884	91	0.086	9	0.971
Construction Professional Indemnity	0.021	97	0.001	3	0.021
Other	0.448	83	0.089	17	0.537
Total	**2.503**	**88**	**0.335**	**12**	**2.837**

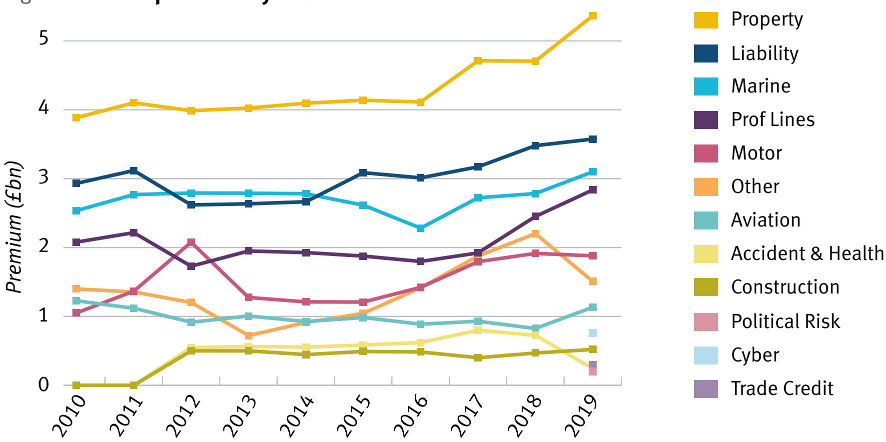
Another major new addition to this year's report is the inclusion of a more detailed analysis of professional lines business. In addition to recording an overall figure for this class we have also requested data on five sub categories: directors and officers (D&O), errors and omissions (E&O), financial institutions, professional indemnity and construction professional indemnity. These totals can be seen in figure 5c.

Of the 11 major classes of business illustrated in figure 5a, property is the largest accounting for one quarter of all premium written by companies in London. Liability is the second largest sector followed by marine and professional lines.

The development of individual business classes over time can be seen in figure 6 which shows the property premium has grown significantly over the past year, rising by 14% from £4.707bn to £5.365bn.

Marine, professional lines and aviation especially have all also recorded noticeable rates of growth over the past 12 months of respectively 11.3%, 15.7% and 37.3%. The proportion of business classed as 'other' has declined by nearly a third as a result of our improved data categorisation.

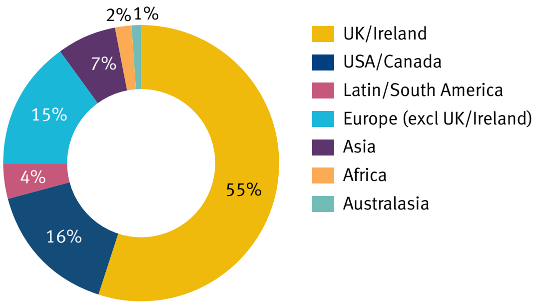
Figure 6. **Gross premium by class of business over time**



	2010 £bn	2011 £bn	2012 £bn	2013 £bn	2014 £bn	2015 £bn	2016 £bn	2017 £bn	2018 £bn	2019 £bn	Total £bn
Property	3.886	4.101	3.987	4.025	4.096	4.139	4.113	4.712	4.707	5.365	43.129
Construction	0.000	0.000	0.500	0.500	0.446	0.491	0.484	0.400	0.469	0.520	3.810
Liability	2.932	3.118	2.619	2.635	2.665	3.087	3.012	3.172	3.480	3.575	30.295
Prof Lines	2.079	2.216	1.729	1.950	1.927	1.876	1.798	1.922	2.451	2.837	20.785
Accident & Health	0.000	0.000	0.547	0.563	0.554	0.584	0.620	0.800	0.726	0.760	5.154
Cyber										0.253	0.253
Political Risk										0.261	0.261
Trade Credit										0.243	0.243
Marine	2.537	2.769	2.792	2.790	2.781	2.616	2.282	2.723	2.784	3.100	27.175
Aviation	1.227	1.119	0.916	1.006	0.926	0.984	0.887	0.930	0.825	1.133	9.954
Motor	1.051	1.366	2.077	1.275	1.211	1.209	1.422	1.795	1.915	1.880	15.200
Other	1.399	1.355	1.203	0.723	0.912	1.045	1.416	1.877	2.202	1.508	13.642
Total	**15.110**	**16.044**	**16.370**	**15.467**	**15.518**	**16.031**	**16.034**	**18.331**	**19.559**	**21.436**	**169.900**

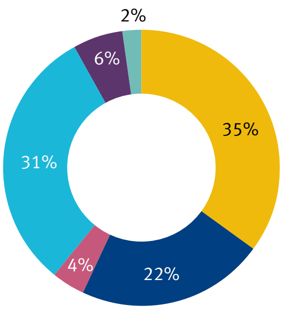
Geographical Analysis

Figure 7a. **2019 London gross premium by territory**



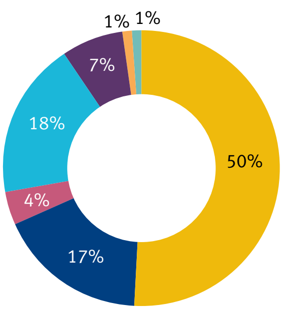
2019	*Total £bn*	*%*
UK/Ireland	11.697	55
USA/Canada	3.432	16
Latin/South America	0.927	4
Europe (excl UK/Ireland)	3.145	15
Asia	1.555	7
Africa	0.368	2
Australasia	0.311	1
Total	**21.436**	**100**

Figure 7b. **2019 controlled gross premium by territory**



2019	*Total £bn*	*%*
UK/Ireland	2.190	35
USA/Canada	1.342	22
Latin/South America	0.245	4
Europe (excl UK/Ireland)	1.952	31
Asia	0.351	6
Africa	0.025	0
Australasia	0.093	2
Total	**6.197**	**100**

Figure 7c. **2019 overall gross premium by territory (London + controlled)**



2019	*Total £bn*	*%*
UK/Ireland	13.887	50
USA/Canada	4.774	17
Latin/South America	1.172	4
Europe (excl UK/Ireland)	5.097	18
Asia	1.907	7
Africa	0.393	1
Australasia	0.404	1
Total	**27.633**	**100**

Data for 2019 confirms that, as in previous years, business underwritten in London is largely sourced from the UK and Ireland, with these home territories representing 55% of the total. Europe and the USA/ Canada account for the majority of the remainder, followed by Asia and then Latin/South America. Africa and Australasia each make up less than two per cent of the overall figure. Almost all territories have contributed to the growth in premium that business written in London has enjoyed over the past year. Both the USA/ Canada and Asia have seen growth rates in excess of 25% (USA/Canada 26.9% from £2.705bn to £3.432bn and Asia 25.8% from £1.236bn to £1.555bn). Premium earned from the UK/Ireland, meanwhile, has risen by 6.5% from £10.981bn to £11.697bn. The one notable exception is continental Europe which has seen a decline in premium of 3.5%, from £3.258bn to £3.145bn.

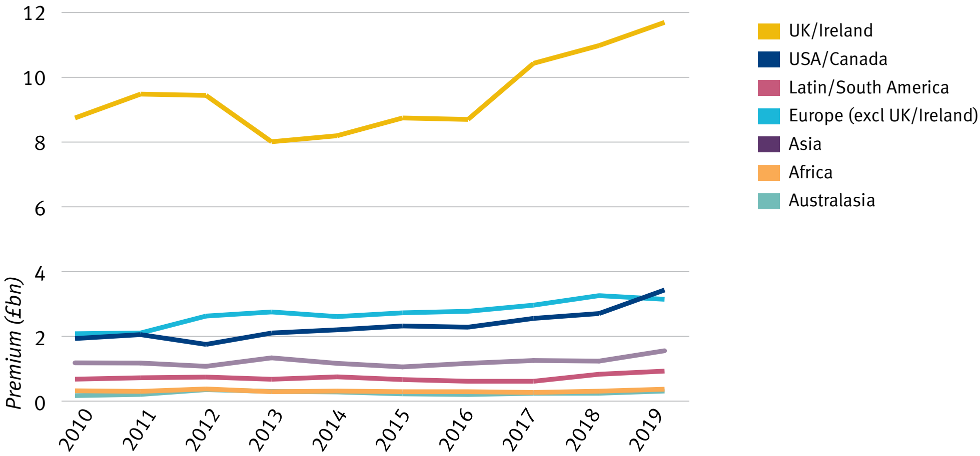
For controlled business, written outside London but overseen and managed by operations in the City, this trend is even more pronounced. Here the amount of premium sourced from continental Europe has been slashed by an incredible 60% from £4.890bn to just £1.952bn. Australasia, Latin/South America and Asia all also saw a reduction in controlled premium, although much less dramatic. The amount of such business sourced from the USA/Canada, however, is now at £1.342bn, having increased by a remarkable one third from last year's total of £0.803bn.

The amount of controlled premium sourced from continental Europe has been slashed by 60%

Photo Kimon Maritz

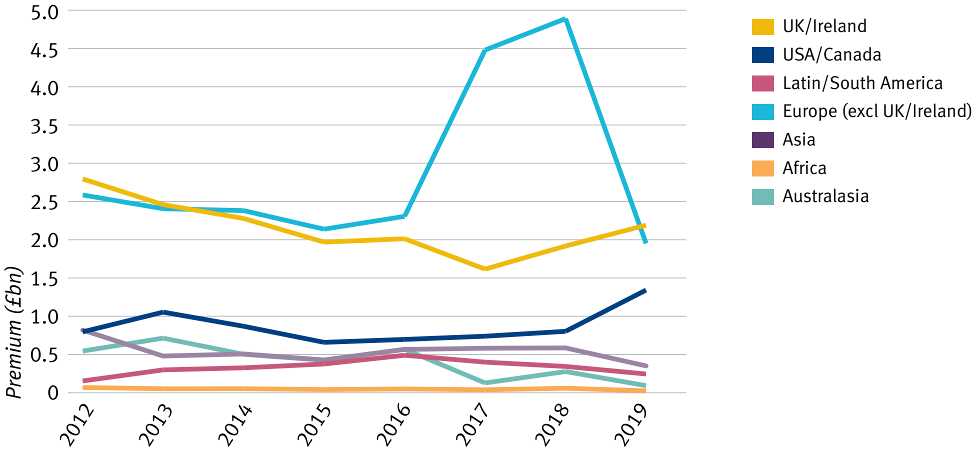
Geographical Timeline Analysis

Figure 8a. **London gross premium by territory over time**



London	2010 £bn	2011 £bn	2012 £bn	2013 £bn	2014 £bn	2015 £bn	2016 £bn	2017 £bn	2018 £bn	2019 £bn	Total £bn
UK/Ireland	8.745	9.482	9.442	8.011	8.196	8.745	8.700	10.433	10.981	11.697	94.433
USA/Canada	1.933	2.054	1.752	2.103	2.202	2.321	2.284	2.555	2.705	3.432	23.341
Latin/ South America	0.678	0.721	0.743	0.675	0.750	0.665	0.613	0.613	0.830	0.927	7.216
Europe (excl UK/Ireland)	2.082	2.104	2.627	2.754	2.611	2.727	2.775	2.964	3.258	3.145	27.047
Asia	1.182	1.176	1.075	1.336	1.166	1.057	1.167	1.254	1.236	1.555	12.205
Africa	0.319	0.301	0.376	0.290	0.311	0.291	0.291	0.268	0.307	0.368	3.122
Australasia	0.170	0.207	0.354	0.299	0.283	0.224	0.204	0.242	0.243	0.311	2.536
Total	**15.110**	**16.044**	**16.370**	**15.467**	**15.518**	**16.031**	**16.034**	**18.331**	**19.559**	**21.436**	**169.900**

Figure 8b. **Controlled gross premium by territory over time**



Controlled	*2012 £bn*	*2013 £bn*	*2014 £bn*	*2015 £bn*	*2016 £bn*	*2017 £bn*	*2018 £bn*	*2019 £bn*	*Total £bn*
UK/Ireland	2.795	2.459	2.278	1.969	2.013	1.616	1.918	2.190	17.238
USA/Canada	0.796	1.054	0.869	0.659	0.697	0.739	0.803	1.342	6.958
Latin/South America	0.154	0.299	0.326	0.376	0.490	0.400	0.344	0.245	2.634
Europe (excl UK/Ireland)	2.585	2.406	2.381	2.138	2.306	4.480	4.890	1.952	23.137
Asia	0.819	0.480	0.507	0.429	0.566	0.582	0.586	0.351	4.321
Africa	0.069	0.052	0.053	0.042	0.050	0.039	0.059	0.025	0.389
Australasia	0.545	0.714	0.502	0.425	0.569	0.128	0.277	0.093	3.254
Total	**7.762**	**7.464**	**6.917**	**6.038**	**6.691**	**7.984**	**8.877**	**6.197**	**57.930**

Comparison with the Lloyd's Market

Figure 9. **IUA and Lloyd's premium by class of business**

2019	*IUA Direct/ Facultative £bn*	*Lloyd's Direct £bn*
IUA Property + Construction *Lloyd's Property*	5.884	9.586
IUA Liability + Professional Lines + Accident & Health *Lloyd's Casualty*	7.173	9.459
IUA Marine+ Aviation *Lloyd's Marine + Aviation + Transport + Energy*	4.234	4.302
Motor	1.880	1.053

All Lloyd's figures exclude reinsurance business

All IUA figures exclude company market business controlled by London but written elsewhere

The total premium for the London company market, as measured by this report, can be used to calculate an overall income figure for the wider London Market of £63.538bn. This is determined by adding our total of £27.633bn with Lloyd's of London's gross written premium income of £35.905, as published in its annual report.

Further comparison between the two markets is provided in figure 9. When considering this data it should be understood that Lloyd's identifies direct business only for each class, separating all reinsurance into a separate category. The IUA figures cover both direct and facultative premium. Class of business totals for the IUA (unlike those for Lloyd's) cover only premium written in London and not business written in any overseas offices.

Traditionally Lloyd's has been the dominant destination in London for marine and aviation business, This year's London Company Market Statistics Report shows that is no longer the case with the company market total for these two classes of business at £4.234bn now almost matching the Lloyd's figure of £4.302bn. Motor business meanwhile is now more likely to be written in the company market where premium of £1.880 was recorded in 2019 compared to £1.053bn for Lloyd's.

More direct property business is written in Lloyd's than the company market (£9.586bn compared to £5.884bn). The same is true for liability/casualty premium although here the gap is narrower at £9.459bn against £7.173bn.

Photo Michael Baccin

The amount of marine and aviation business written in the company market is now almost exactly equal to that conducted at Lloyd's

Italy

Results Tables

2018	Property £bn	%	Construction £bn	%	Liability £bn	%	Prof Lines £bn	%	Accident & Health £bn	%	Cyber £bn	%	Political Risk £bn	%
UK/Ireland	2.543	54	0.295	63	2.068	60	1.674	68	0.473	65				
USA/Canada	0.805	17	0.067	14	0.594	17	0.249	10	0.124	17				
Latin/South America	0.220	5	0.023	5	0.128	4	0.082	3	0.002	0				
Europe (excl UK/Ireland)	0.746	16	0.023	5	0.477	13	0.302	12	0.111	15				
Asia	0.249	5	0.042	10	0.147	4	0.086	4	0.013	2				
Africa	0.090	2	0.012	3	0.026	1	0.017	1	0.001	0				
Australasia	0.055	1	0.007	2	0.041	1	0.041	2	0.001	0				
Total	**4.707**	**24**	**0.469**	**2**	**3.480**	**18**	**2.451**	**12**	**0.726**	**4**				
% of total	24		2		18		12		4					

2019	Property £bn	%	Construction £bn	%	Liability £bn	%	Prof Lines £bn	%	Accident & Health £bn	%	Cyber £bn	%	Political Risk £bn	%
UK/Ireland	2.806	52	0.261	50	2.042	57	2.041	72	0.458	60	0.161	64	0.129	49
USA/Canada	1.069	20	0.114	22	0.690	19	0.250	9	0.184	24	0.040	16	0.027	10
Latin/South America	0.262	5	0.015	3	0.131	4	0.065	2	0.002	0	0.007	3	0.009	3
Europe (excl UK/Ireland)	0.678	13	0.040	8	0.454	13	0.284	10	0.097	13	0.024	9	0.041	16
Asia	0.344	6	0.060	12	0.164	5	0.121	4	0.015	2	0.016	6	0.035	13
Africa	0.124	2	0.016	3	0.034	1	0.014	0	0.002	0	0.003	1	0.019	7
Australasia	0.080	1	0.014	3	0.062	2	0.063	2	0.001	0	0.003	1	0.002	1
Total	**5.365**	**25**	**0.520**	**2**	**3.575**	**17**	**2.837**	**13**	**0.760**	**4**	**0.253**	**1**	**0.261**	**1**
% of total	25		2		17		13		4		1		1	

Credit Risk		Marine		Aviation		Motor		Other		Total		
£bn	%	£bn	%	£bn	%	£bn	%	£bn	%	£bn	%	**2018**
		1.115	40	0.193	23	1.359	71	1.262	57	10.981	56	*UK/Ireland*
		0.484	18	0.066	8	0.094	5	0.221	10	2.705	14	*USA/Canada*
		0.267	9	0.065	8	0.007	0	0.036	2	0.830	4	*Latin/South America*
		0.524	19	0.226	27	0.434	23	0.417	19	3.258	17	*Europe (excl UK/Ireland)*
		0.272	10	0.225	27	0.017	1	0.184	8	1.236	6	*Asia*
		0.068	2	0.038	5	0.000	0	0.055	3	0.307	2	*Africa*
		0.056	2	0.012	1	0.003	0	0.027	1	0.243	1	*Australasia*
		2.784	**14**	**0.825**	**4**	**1.915**	**10**	**2.202**	**11**	**19.559**	100	*Total*
		14		4		10		11		100		*% of total*

Credit Risk		Marine		Aviation		Motor		Other		Total		
£bn	%	£bn	%	£bn	%	£bn	%	£bn	%	£bn	%	**2019**
0.142	58	1.032	33	0.299	26	1.361	72	0.966	64	11.697	55	*UK/Ireland*
0.007	3	0.648	21	0.095	8	0.076	4	0.232	15	3.432	16	*USA/Canada*
0.004	2	0.294	9	0.108	10	0.005	0	0.025	2	0.927	4	*Latin/South America*
0.048	20	0.655	21	0.232	20	0.423	23	0.169	11	3.145	15	*Europe (excl UK/Ireland)*
0.034	14	0.346	11	0.330	29	0.013	1	0.077	5	1.555	7	*Asia*
0.002	1	0.067	2	0.055	5	0.001	0	0.032	2	0.368	2	*Africa*
0.005	2	0.057	2	0.015	1	0.001	0	0.008	1	0.311	1	*Australasia*
0.243	**1**	**3.100**	**14**	**1.133**	**5**	**1.880**	**9**	**1.508**	**7**	**21.436**	**100**	*Total*
1		14		5		9		7		100		*% of total*

Conclusions

Brexit

Four years after the UK's referendum vote to leave the EU, the impact of Brexit on insurers and reinsurers is starkly illustrated by this year's London Company Market Statistics Report. Large amounts of premium that were previously included under our definition of controlled premium written in Europe, but overseen and managed by London operations, have disappeared from this survey. A loss of financial services passporting rules has meant that companies have had to restructure in order to continue serving clients within the remaining EU states. In a number of cases London operations are now branch operations of newly established European entities. Whilst London underwriters may still provide expertise and advice on European risks, business from the continent is no longer overseen and managed in the same way, but reported directly to operations located within the EU.

Overall controlled premium overseen and managed by London operations has fallen by 30% from £8.877bn in 2018 to £6.197bn in 2019. But the decline is much more dramatic when focusing on our geographical analysis of premium. Here it can be seen that income originating from Europe (excluding the UK and Ireland) is down by 60% from £4.890bn to £1.952bn.

A further analysis of the situation can be conducted by examining the individual data returns of all companies reporting a decline in controlled business and aggregating those numbers where firms have specifically cited company reorganisation as a cause. This exercise has revealed a total of £4.508bn in premium that can be said to have been lost as a direct result of Brexit.

Whilst the overall decline of 30% in controlled premium is significant, therefore, it is true to say that an even greater impact caused by Brexit restructuring has been masked by a number of companies reporting increases in such income for various other reasons. Similarly, premium written in London has grown by almost 10% over the past year from £19.559bn to £21.436bn, despite a 3.5% drop in income sourced from continental Europe (from £3.258bn in 2018 to £3.145bn in 2019). Without Brexit-necessitated reorganisation it is likely that we would be reporting a premium income for the London company market in 2019 in excess of £32bn, rather than the actual figure of £27.633bn.

Premium Growth

Strong rates of premium growth were experienced by many companies across a wide variety of business lines during 2019. Our data collection templates include a section that invites firms to comment on their figures for the year and these reports provide much evidence for a hardening pricing environment. Improved renewal rates were cited, in particular, for the energy, aviation, property and professional lines markets, although all classes appear to have benefited from this trend to some extent.

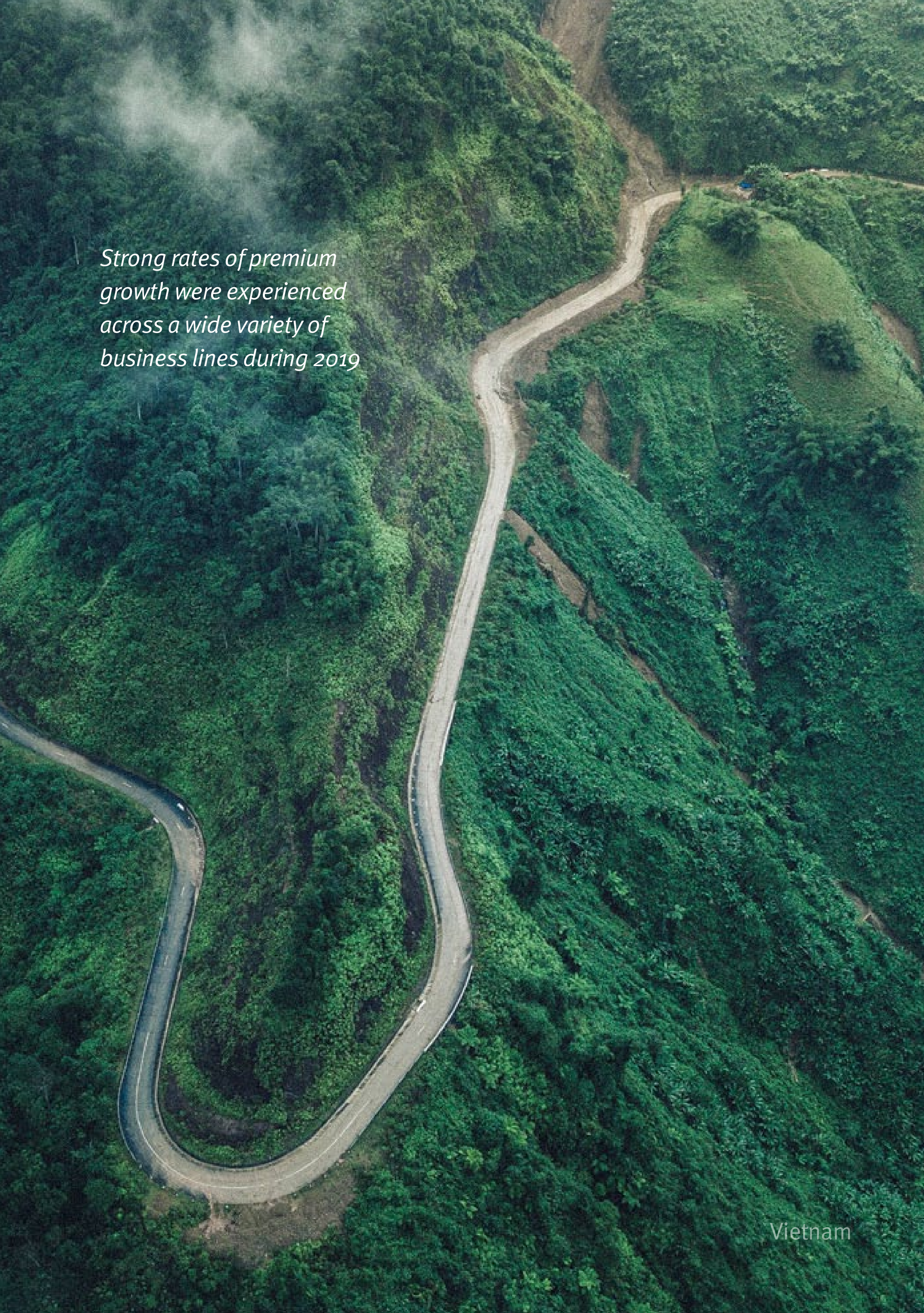
A number of companies commented that more new business is being written through managing general agents. These reports are borne out by a market aggregate delegated authority premium total of £3.972bn in 2019, which represents an increase of 28% on the 2018 figure of £3.096bn.

Other commentaries received from companies outlined a determination to focus on developing lines of business such as cyber. This contrasts with another stated policy from the market which explains a decline in engineering premium as a result of exiting power generation business in order to focus on renewable energy which is more in line with corporate social responsibility values.

Another trend that has contributed to the increased premiums found in this year's report is a transfer of business from Lloyd's of London into the company market. This has been especially noted in the marine and aviation sectors. Some company returns confirmed a withdrawal from writing marine business in 2019, but even so our aggregate premium total for this line still rose by 11% while aviation grew by more than a third. Taken together the amount of marine and aviation business written in the company market is now almost exactly equal to that conducted at Lloyd's.

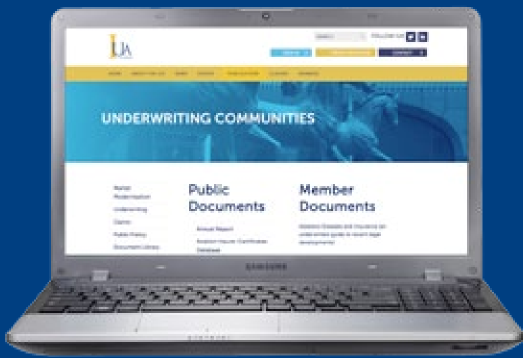
Photo Silas Baisch

Strong rates of premium growth were experienced across a wide variety of business lines during 2019



Vietnam


London.



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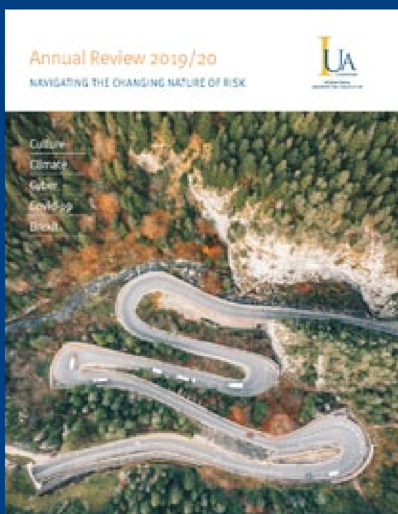

Photo Olivier Chatel

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