



EST. 1820

**200**  
**YEARS**  
OF INSURANCE

## LONDON MARKET UPDATE

This is an extremely challenging time in history, in particular for any families who have already suffered from the COVID-19 Coronavirus or its impact on our society.

To all of our clients or producers, we recognise that it is a difficult time to trade and keep up to date with the markets. As such we at Tysers have attempted to summarise what we see from London underwriters on those classes we trade with you. Please recognise that the landscape is rapidly changing and this is meant as a discussion document or for guidance only.

Lloyd's of London only recently embraced electronic trading but the timing is impeccable. As we use the Lloyd's supported electronic system, PPL, all of our brokers are able to trade from outside of the room. In addition our brokers and technicians have the ability to access systems which means we can handle all aspects of the placement chain from submission to claim, remotely.

The U.S. is a huge market for us and we hope that this information is useful and provides some colour to the market reactions. Lloyd's has always been there for the E&S market and we look forward to trading together and building a bigger relationship with you, during and after this.

### MANAGEMENT RISK

#### Management Liability

Beazley have released their underwriting strategy in light of the current pandemic and expected recession. They have major concerns with what they categorise as high risk accounts, which includes restaurants, hotels, retail and leisure, and have made the decision to non-renew all of these accounts with under 250 FTEs (we are aware certain States are not currently accepting non-renewal notices so we will likely offer extensions for the time being). They are also not considering any new business for these high-risk industries, regardless of size. California also falls into the high risk category, and as such limits are going to be managed. A premium break will be granted for the lower limits, which we hope will be well received in these troubled times. Beazley may also look to include a COVID-19 and Reduction in Force Endorsements on a risk by risk basis. The majority of our book will be relatively unaffected by the changes, and we will continue to look at opportunities across most industries. The good news is that insureds will continue to benefit from the broad and exclusive Tysers policy forms, excellent claims handling and the vitally important risk management services.

#### Professional Service Firms

The COVID-19 related economic interruption is like no other downturn in history, the economy has slowed significantly in a very short space of time. Certain transactions are being put on hold and various projects are being cancelled all impacting professional service firms' year end budget forecasts. During the remainder of 2020,

the market will likely brace for an increased frequency of claims against professional service firms as historically experienced during economic downturns. As the firms' clients experience financial distress deep pockets will be sought out. The Tysers team has deep bench strength in the professional services firms arena. Representing firms all sizes and specialisms we have been able to help our clients demonstrate to the market how they are pivoting their work environments whilst maintaining quality control standards. We have been able to successfully negotiate renewal terms very much in line with a business as usual status.

#### Sexual Abuse & Molestation

This product doesn't appear to be affected by COVID-19, so its business as usual from an underwriting perspective. No restrictions will be placed on policies for the foreseeable future. Of course, whether potential insureds are willing or able to purchase the product (that includes the response services) remains to be seen. The education industry will probably be effected most in this sector, as schools are now closing for the year, which will have a knock on effect to ancillary businesses such as non-profit after school clubs and school bus transportation companies.

#### Healthcare

With regards to healthcare providers, The COVID-19 virus is going to have a significant impact on their operations in the coming months. The team here at Tysers are working to help them where they can during this uncertain period. Whilst some markets have decided to 'freeze' writing the business for windows of up to 90 days, the

majority of our markets continue to trade, albeit cautiously. COVID-19 questionnaires are becoming the market standard, and some markets are tightening up terms and conditions in relation to the pandemic. However, in the past week, Tysers have managed to negotiate such things as COVID-19 credits for clients at renewal should exposures fall in the coming months, minimum and deposit premium policies with large allowances for predicted revenue decreases due to COVID-19 for revenue based clients facing uncertainty, and extended premium payment periods. We are all humbled by our clients who continue to care for others during this time.

## Cyber

The cyber market has not seen any drastic changes since the outbreak with regards to rating and underwriters request to modify their terms in light of COVID-19. As with a large number of companies around the world, working from home has become the norm. Cyber policies would still cover claims as long as the employees are using a VPN in order to access their work material. Tysers have been great at frequently reminding staff of any spoof emails that will be hitting our inboxes whilst we are at home. Unfortunately there has been a ramp in phishing emails across the globe with a number of these emails stating the attachment offers guidance in how to better protect yourselves against COVID-19. Unfortunately Italy have seen the likes of these emails increase three-fold (compared to the month of February in the previous 2 years) in light of their current position. Professional ransomware gangs have stated that in light of what the globe is struggling with, they will not be attacking any healthcare related firms to ensure no down time! *How kind of them!*

## Professional Liability

The U.S. E&O market currently remains 'business as usual'. We aren't currently experiencing any COVID-19 related exclusionary language being applied to new or upcoming renewal business. The impact of this pandemic on the E&O market will be limited at first although its important to recognise this will affect the rescission type classes such as financial advisers; mortgage brokers; real estate brokers as examples so we do expect rates to increase in those sectors. That said the general E&O market would see a 'second wave' having a greater impact and hardening once the initial shockwave has passed. With a number of facilities in place we remain well placed in the market to service our clients now and post COVID-19.

## Public D&O

D&O markets are considerate of increased risk factors to stock volatility and solvency issues, but are generally trying to work towards an underwriting solution. We are seeing specific questions about business continuity, supply chain management and remote working, and only as a last resort seeing exclusions applied. We are advising producers to prepare their clients to expect substantive underwriting questions about their financial health and the impact of the current situation on their respective industry and company. Extensions are difficult to procure for non-essential reasons. Where an exclusion has been applied to a D&O policy, we have carved back non-indemnifiable loss and/or wrongful acts by directors to avoid an absolute exclusion.

## MARINE

### Hull & Machinery

Certain industries (e.g. cruise ships) have been hit hard by the COVID-19 crisis. In support of our clients in all areas who are suffering badly we have been endeavouring to obtain Lay-Up returns even on policies with Cancelling Returns Only (CRO) terms. In some instances we have managed to obtain returns of 15%-17.5% after 30 days or

if the vessel is laid up for more than 45 days consecutively. Not all insurers are conceding at this stage, but we feel there is nothing to lose for our clients with these endeavours.

At the very least we can press for (and often succeed) obtaining extended premium payment terms to assist cash flow.

## Protection & Indemnity

Most Club rules allow for Lay-Up Returns (if in a safe place, minimum crew onboard etc.). Those Clubs that do not or have CRO terms are considering some Lay-Up returns in certain extreme cases.

In general it is all about asking for extra periods of time to pay premium – and we are finding most Clubs/Insurers are being quite accommodating in these current circumstances.

## New Product – To cover costs and/or Loss of Hire for a specific voyage if the vessel cannot fulfil the transit or gets quarantined due to COVID-19

As an overview, the product we're developing here essentially looks at specific transits/voyages and covers the Insured against additional costs of working and/or LOH on a pre-agreed daily rate, with an aggregate cap if the specific vessel can't fulfil its transit or gets quarantined due to COVID-19 beyond a 2-5 day waiting period. This would be underwritten on a voyage by voyage basis.

At the moment we are currently focussing on oil/gas cargoes.

*For more information please [click here](#).*

## NORTH AMERICAN PROPERTY & CASUALTY

There have been many articles in the press of late detailing potential issues with Business Interruption coverage on Commercial Property policies and whether the Insurance Industry will respond to the many claims that are likely to be submitted. Whilst we cannot offer coverage opinion we are committed to working with all parties to make this process as efficient as possible.

Policy language has changed as a result of the current situation with the introduction of the LMA5393 Communicable Disease Endorsement that has enabled Lloyds to continue to offer All Risks coverage on Property risks. We continue to place both New and Renewal business with Lloyd's on this basis and remain fully engaged with Lloyd's on any other regulatory changes that may arise.

Excitingly we can announce that on 20<sup>th</sup> April we are launching our 'Quote, Bind, Issue' system, initially for Auto PD and MTC however we envisage rolling this out across our transactional placements for individual risk business regardless of class in the very near future. This system will significantly streamline the process of providing coverage, including issuance of policy documentation, to become the speediest available in the market.

## Contact Us

During this time all of our teams are currently working from home. However, to all intents and purposes are providing a service equal to that when in the office.

All of our brokers remain fully engaged with both clients and markets to ensure we provide the best possible service to our business partners.

Please contact your usual broker either by email or cell phone, or alternatively visit our website at [www.tysers.com](http://www.tysers.com) for contact details.