

INTERNATIONAL LIABILITY MARKET UPDATE

There's not one part of the globe that isn't currently affected by the COVID-19 virus – just the latest event to potentially have a dramatic impact on all classes in the insurance and reinsurance markets Worldwide.

With regard to the International Liability market out of London we are continuing to see:

- A reunderwriting by underwriters of their portfolios
- A declination of renewal business for risks that fall outside of underwriters new appetite that once bolstered their need for premium income in the soft market
- A tightening of terms with a preference by underwriters to write risks on their own company's policy form rather than on the bespoke wordings that provide a broader coverage
- Increases in Deductibles/Excesses particularly a) where an Insured has an attritional loss record b) where an Insured has a Worker to Worker exposure or c) where an Insured uses labour hire, contractors and/or subcontractors
- Increases in premium. Underwriters are looking for an increase in rate. As you're aware turnover is the usual measure by which Underwriters rate their premium. We are seeing all underwriters increasing their rates on turnover. N.B.: Since the COVID-19 outbreak and "lock down" underwriters have moved away from "in full" premiums to Minimum and Deposit Premiums based on estimated turnovers which ought to assist Insureds with cash flow as they seek to reestablish their businesses post "lock down" albeit that an adjustment premium is likely to become payable at the expiry of their insurance period assuming they achieved or exceeded their turnover estimate. Equally the policy might adjust down to the Minimum Premium and a rebate might apply assuming that the Deposit Premium is not the same as the Minimum Premium
- That perversely the "lock down" would appear to have put a break on underwriters writing as much business as they might

have in "a normal market" as they endeavour to get to grips servicing the needs of their supporting brokers and clients, familiarising themselves with the issues of working from home (WFH), trading on the market electronic platforms and adjusting to the Lloyd's Emergency Protocol. This will have the effect of eking out Lloyd's syndicates reduced premium income more evenly across 2020

- Imposition by underwriters of a COVID-19 exclusion (including similar viruses such as SARS) for the avoidance of doubt
- A Cyber Liability Exclusion being imposed. Lloyd's has made it a mandatory requirement that all Lloyd's underwriters specifically include or exclude Cyber exposures from their terms with effect from 1st January 2021 – underwriters are addressing this now by specifically excluding Cyber Liability risk from their policies
- That incidental Professional Indemnity remains an active area of concern for Liability underwriters. For an "incidental" exposure the Liability market has been hit hard by a significant number of PI claims which massively impair an underwriter's Liability portfolio. Significant information is required for underwriters to continue providing this extension in cover
- A reluctance on the part of underwriters to offer Periods of re/insurance greater than 12 months. They are also resistant to extending any existing policies

As always we are here to assist you and your clients with access to the Lloyd's and London markets and secure for you the best price and coverage available. Should you have any questions in relation to the above and the state of the market then please contact us and we'll gladly assist.

Stay safe and well.

Contacts

Richard Macfarlane
 Managing Director, International P&C
 M: +44 (0)7810 810267
 E: richard.macfarlane@tysers.com

Andrew Park
 Head of Casualty
 M: +44 (0)7970 551459
 E: andrew.park@tysers.com

Charlie Waddington
 Director, International Casualty
 M: +44 (0)7766 163641
 E: charlie.waddington@tysers.com

Tom Allen
 Director, International PI
 M: +44 (0)7932 769956
 E: tom.allen@tysers.com