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ISSUE 5,569

Analysis: P&I clubs seek common approach to challenges of Covid-19

p4-5

Encryption controversy threatens to derail US data privacy standard

p2

Aon 'best placed' among brokers to weather Covid-19 economic storm

p3

ANALYSIS

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Encryption controversy threatens to derail US data privacy standard

A Data Protection Act in the US moves closer, but political resistance to end-to-end encryption will need to be overcome

Rasaad Jamie
Global markets editor

Despite being the world's largest cyber insurance market by far, the US is nevertheless some way behind other countries in that it does not have a federal data privacy standard or a national data protection agency with powers of enforcement. Legal issues involving data security and breaches of privacy are at present left to the individual states and local governments.

The drive to create a national data security and privacy law comparable to the European Union's GDPR, which would unify data security standards across the entire country and further boost the growth of the cyber insurance market, has been on the agenda of the insurance and other industry sector lobby groups for a long time. But it has gained significant momentum over the past year, particularly in the past few months.

Last month, for example, saw the publication of the first report by the US Cyberspace Solarium Commission, a bipartisan intergovernmental body created last year. The report called for a Federal Emergency Management Agency-type emergency response to widescale cyber attacks, and for making the senior management of companies more directly responsible for putting cyber security and other risk mitigation measures in place within the business.

In addition, there was a proposal by Senator Kirsten Gillibrand of New York in February for a Data Protection Act, which would create a federal data privacy standard, alongside a data protection agency to operate at the federal level. The agency would have sweeping enforcement powers similar to those of counterparts in the EU.

The bill has been endorsed by several privacy and technology groups, including the Electronic Privacy Information Centre, the Consumer Federation of America, the Public Interest Research Group and the advocacy group Public Citizen. Prospects for the bill being passed into law are widely regarded as encouraging, as it builds on another bill that was introduced last November in the House of Representatives.

There is no doubt these developments would significantly speed up the implementation of the Insurance Data Security (IDS) Model Law adopted by the National Association of Insurance Commissioners (NAIC) in 2017. The IDS Model Law seeks to standardise cyber insurance policy terms and conditions across the US, including certain criteria for the assessment of risks, the reporting of data breaches, the level of due diligence exercised in selecting third-party service providers, and other forms of compliance with cyber and data security provisions set out by the individual states.

Divergent laws

But while the respective versions of the IDS Model Law (which to date have been adopted by only eight US states) contain the same essential structure and requirements as set out by the NAIC, there are divergences among these laws. For example, the breach notification deadline in the IDS Model Law is 72 hours; however, under Michigan's law, the deadline is 10 days. And, according to a recent report by law firm Sidley Austin, certain other states have clarified the 72-hour requirement actually means three full business days. In addition, the state laws also lack uniformity with respect to exemptions for certain smaller insurance businesses and, for independent contractors, the law's information security programme requirement.

But while the recommendations in the Cyberspace Solarium Commission report and Senator Gillibrand's proposed Data Protection Act support the move towards standardised federal data privacy and protection regulations in the US, for many privacy campaigners they fall short in one key area: a commitment to strong encryption standards to safeguard personal privacy.

This is seen as particularly challenging in a political environment where the attorney-general's office is demanding law enforcement agencies should have a permanent back door into encrypted devices and communications. That challenge is very much embedded in the potential passage through Congress of another piece of legislation – the EARN IT Act – which is intended to reduce the trafficking of child pornography by making the platforms hosting such content liable in civil court.

Privacy campaigners argue the legislation will pressure internet companies into refusing to offer encryption in the belief it could be used against them in future lawsuits. The main fear of privacy campaigners, according to the influential technology futurist Scott Ikeda, is the attorney-general's office will specifically declare end-to-end encryption as detrimental to combating child pornography. But insurance lobbying groups might have a bit more time to marshal their forces and arguments. Most of the recommendations would require Congressional approval, Ikeda says. "With the 2020 election imminent, these would normally be potential priority items, but the developing coronavirus may cause them to take a back seat for some time," he says. ■

Privacy campaigners fear end-to-end encryption could fall foul of the US attorney-general's office
Kris Tan/Shutterstock.com

NEWS

Aon 'best placed' among brokers to weather Covid-19 economic storm

Broking sector will not remain unaffected by a global recession this year

Lorenzo Spoerry
Deputy editor

Wells Fargo has tipped Aon as the broker best equipped to ride out the coronavirus-triggered recession
Ioannis Liasidis/Shutterstock.com

Aon is best placed among the major brokers to weather the coming economic storm because of its large-account, global focus and its smaller consulting presence when compared to peers, analysts said.

The prediction of Wells Fargo was based in part on an analysis of brokers' performance during the global financial crisis of 2007/08. The sample includes Willis Towers Watson (in the process of merging with Aon), Marsh & McLennan Companies (MMC), Arthur J Gallagher, Brown & Brown and BRP Group.

Wells Fargo analyst Elyse Greenspan said larger brokers might benefit from higher-than-normal retentions, although new business could slow. Consulting businesses are likely to suffer, with revenues dropping off.

Alongside Aon, Arthur J Gallagher could be expected to perform well in a recessionary environment because of the firm's "strong track record" of managing margins through different cycles, Wells Fargo said.

Fitch Ratings has predicted the global economy is expected to contract 1.9% this year and much of the pain is expected to be concentrated in the second quarter, a period during which much of the world will be in lockdown.

Greenspan pointed out, however, some important differences between the Covid-19 economic crisis and the 2007/08 financial crisis. Brokers today can expect a hardening commercial lines market to offset some of the economic pressures. In contrast, at the time of the global financial crisis, the market was in a softening phase.

This year the Japanese renewals saw sharp rate increases, with loss-hit cat treaties up 50% at April 1. But insiders said this could mainly be attributed to a changed view of risk after several years of large cat losses in the region. The upcoming mid-year renewals are also expected to see sharp increases.

One top executive of a London market re/insurer told *Insurance Day* that he expects the impact of Covid-19 to push rates higher at the mid-year reinsurance renewals than would otherwise be the case. The loss of capital occasioned by the fall in equity and bond markets means the supply-demand dynamics in the industry have changed in favour of carriers, the executive argued.

Aon shares recovered strongly this week as part of a global market rally. They have risen 13% since last Friday's close. Rivals Willis Towers Watson (up 12.5%), MMC (up 12%) and Gallagher (up 10.6%) have also performed well.

QBE names Harris international chief as Pryce set to retire

Jason Harris joins QBE's newly created international division as chief executive

QBE Insurance Group has announced Richard Pryce, chief executive of its international division, will retire at the end of the year, *writes Michael Faulkner*.

He will be succeeded by Axa XL executive Jason Harris, who leads the carrier's global property/casualty (P&C) business at present.

Pryce, whose career in insurance spans a 35-year period, led QBE European Operations for seven years and more recently the group's operations in Asia as part of the creation of the international division in 2019.

Harris, who has more than 25 years of industry experience, joined XL Group in 2012 as chief executive of international P&C.

He held a number of senior business leadership roles at XL and XL Catlin before the Axa-XL merger, at which point he was appointed chief executive of global P&C, with responsibility for financial lines, construction, engineering, alternative risk transfer and risk engineering.

QBE group chief executive, Pat Regan, said: "Richard has been an integral member of the group executive committee, very successfully leading our European Operations and, more recently, the newly created international division."

Regan added: "Jason has a very strong background in people leadership, business performance and underwriting. His broad global commercial lines experience equips him well to oversee the continued success of our international operations, which are core to our global business."

Harris will join QBE in the fourth quarter of the year and will be based in QBE's London office.

Axa calls for state-backed pandemic insurance pool

The chief executive of French insurer Axa, Thomas Buberl, has said he would support the creation of a pandemic insurance pool, *writes John Shutt, Los Angeles*.

Buberl told French media that Axa is ready to work with the French state in order to create a pandemic insurance pool similar to one already exist for natural disasters.

The mechanism could see insurers and the state share premiums and claims up to a certain point, above which the state would take over, he said.

The comments follow calls by the French insurance federation (FFA) last week for a partnership between insurers and the state to prepare for future large scale health disasters.

The FFA said it will soon submit its proposals to public authorities.

The scale of disruption from Covid-19 has been such that entire economies are now effectively being underwritten by governments. No private insurer has pockets deep enough to cover disruption on that scale.

As a result, the crisis has prompted discussions about the creation of insurance-based mechanisms to help manage the economic impact of future events.

In the US, the idea of extending the Terrorism Risk Insurance Act (Tria) to include pandemics has been mooted, alongside suggestions a separate Pandemic Risk Insurance Act could be created.

The thinking behind this is that pandemics, like terrorism, create an exposure that is too severe for the private insurance market to take on its balance sheet without a government backstop.

There has been talk in recent years of similar backstops being created for other perils where the risk may extend beyond the capabilities of balance sheets in the private market, most notably cyber.

ANALYSIS

P&I clubs seek common approach to the challenges of Covid-19

The Coral Princess docked at Port Miami on April 4 after reports passengers and crew members aboard had tested positive for coronavirus
Joe Raedle/Getty Images

Struggling with the issues raised by Covid-19, the 13 International Group member clubs have set up a working group specifically to address the situation, but the need to self-isolate means progress has been slow

Rasaad Jamie
Global markets editor

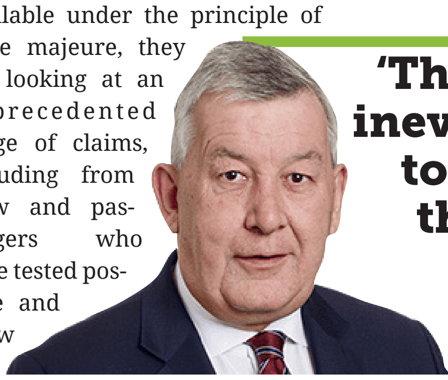
The 160-year-old protection and indemnity (P&I) insurance market – which provides third-party liability insurance cover to shipowners via mutual insurance associations or clubs – has seen off many a crisis, including pandemics, in its long history.

But while the clubs have more recently dealt with claims for norovirus (mainly on board cruiseships) and for Sars (mainly for port closures or delays), Covid-19 is a completely new problem for the P&I market, as it is for the world outside shipping.

Ian Harris, a director in the marine division of London market specialty lines broker Tysers, describes the Covid-19 pandemic as a whole new ball game, made more challenging for the clubs by the fact it is still very much a developing problem.

The P&I sector is currently struggling with a multitude of issues arising from Covid-19. At the same time as the clubs are pondering the extent to which the novel coronavirus constitutes a trigger for the exemptions available under the principle of force majeure, they are looking at an unprecedented range of claims, including from crew and passengers who have tested positive and now need medical treatment, to death claims resulting from crew and passengers who contracted the disease.

In addition, clubs are looking at claims for the cost of repatriation of crew and passengers when a voyage has been terminated because of Covid-19. These include claims from vessels that have been quarantined because they have had Covid-19 cases onboard, as well as claims from vessels that have been quarantined despite the fact there has been no sign of Covid-19 cases onboard. "The market is also looking at the prospect of legal action by cruise passengers against cruise companies based on their perceived failure to take adequate precautions," Harris says.



'The most significant claims are inevitably going to be in relation to cruise vessels, simply due to the number of passengers and crew involved'

Ian Harris
Tysers

A key question for the clubs in terms of how they respond to these claims is did the crew or passengers contract the disease onboard the vessel or before embarkation? The situation is further exacerbated because of the difficulties that arise from surveyors and club correspondents being unable to travel to and go onboard vessels.

No special provisions

For the moment, clubs are not making any special provisions or discretions for Covid-19 claims. They are responding according to their rules and regulations with regard to financial penalties, crew illness or freight, demurrage and defence (FD&D) exposures faced by their members.

FD&D provides assistance to shipowners for the cost of legal representation and expert advice in relation to claims, disputes and other matters of a shipping nature that are not already cov-

ANALYSIS

ered by their P&I insurance and are not covered by any other form of insurance.

For example, the Standard P&I Club will respond to expenses and liabilities, including repatriation, incurred by its members for crew, passengers and third parties who become ill or die as a result of Covid-19 during their employment onboard the entered vessel. "This would be treated in the same way as any other illness or death claims and is subject to the usual rules and exclusions to club cover. To the extent any claims are discretionary, the approach to exercising discretion should be no different because we're dealing with Covid-19. All discretionary claims are considered in the same way and against the same criteria," Jamie Wallace, legal director at the Standard Club, says.

There are provisions for express indemnification for quarantine expenses under the rules of the International Group of P&I Clubs but there is also significant variation between the 13 International Group member clubs in terms of how they choose to make use of these provisions. Indeed, the International Group pooling agreement actually does not specifically refer to quarantine expenses and hence they are not an excluded risk for the purposes of Appendix V of the pooling agreement, according to Wallace.

He points out a club's quarantine expenses are eligible for pooling provided the expenses are in respect of a risk insured by the club in compliance with International Group rules and the risk exceeds the club's loss retention. "Net expenses arising out of quarantine are covered under the rules, but the scope of the expenses covered, and triggers for cover, differ from club to club," Wallace says.

'Most oil majors and major dry cargo shippers have restrictions in place on how many senior staff onboard a ship can be replaced at the same time, which will definitely be an issue because of the deferred crew changes'

Jamie Wallace
Standard P&I Club

The Standard Club, for example, will cover quarantine expenses incurred as a direct consequence of an outbreak of infectious disease on the ship. But there is no recovery if, at the time the ship was chartered or under orders to proceed to a port, it was known or should in the board's view reasonably have been anticipated the ship would be quarantined.

Common approach

To establish a common approach to the challenges raised by Covid-19, the International Group clubs have set up a working group specifically to address the issue. Harris anticipates there will be some common ground between the clubs as to how to handle the many different situations that have arisen from Covid-19, but this has not happened yet. "It is not so easy for the 13 group managers to discuss a common approach when everyone is sitting at home in self-isolation," he adds.

Looking forward, Harris points out that, in addition to the claims that have already arisen from Covid-19, more claims will present themselves in the future. "The most significant claims are, inevitably, going to be in relation to cruise vessels, simply due to the number of passengers and crew involved," he says.

For the shipping sector as a whole, in the short to medium term, one of the main issues will be crew changes, according to Wallace. A lot of crew changes, he says, are being deferred at the moment, which will create a bottleneck in the future. "Most oil majors and major dry cargo shippers have restrictions in place on how many senior staff onboard a ship can be replaced at the same time, which will definitely be an issue because of the deferred crew changes," Wallace adds.

Ship managers that are trying to change crew face extreme challenges owing both to worldwide and local travel restrictions, as well as quarantine controls on arrival. "Notwithstanding the circular from the International Maritime Organization last week to push signatory states to facilitate marine operations, include personnel changes, this is still an issue. The stress caused by the prolonged period onboard ships and the concern over contracting coronavirus will have an impact on the mental wellbeing of seafarers," Wallace says.

Transformation

Covid-19 is transforming the way P&I clubs function. The global health emergency has placed additional focus on companies having to co-ordinate and implement business continuity plans for such situations in the future to provide their staff with the means to work remotely, while maintaining the same level of service to which shipowners are accustomed. Wallace says Covid-19 has also re-emphasised the importance of maintaining strong working relationships with correspondents and service providers, which clubs rely on heavily in such circumstances. "It is vital there is a co-ordinated effort in supporting and assisting members during these trying times, while ensuring the health and safety of all those involved, not only ashore, but out at sea as well," he says.

In the longer term, the pandemic will encourage the industry to consider further aspects of working that can be done remotely, such as electronic bills of lading and remote surveys. It may even push the industry to innovate further to resolve complex issues such steps create, Wallace says.

"A positive item coming out of this will be resilience building and finding different means of clubs and other service providers continuing to provide service to the members. All parties are having to reconsider how incidents and claims are handled, especially logistically."

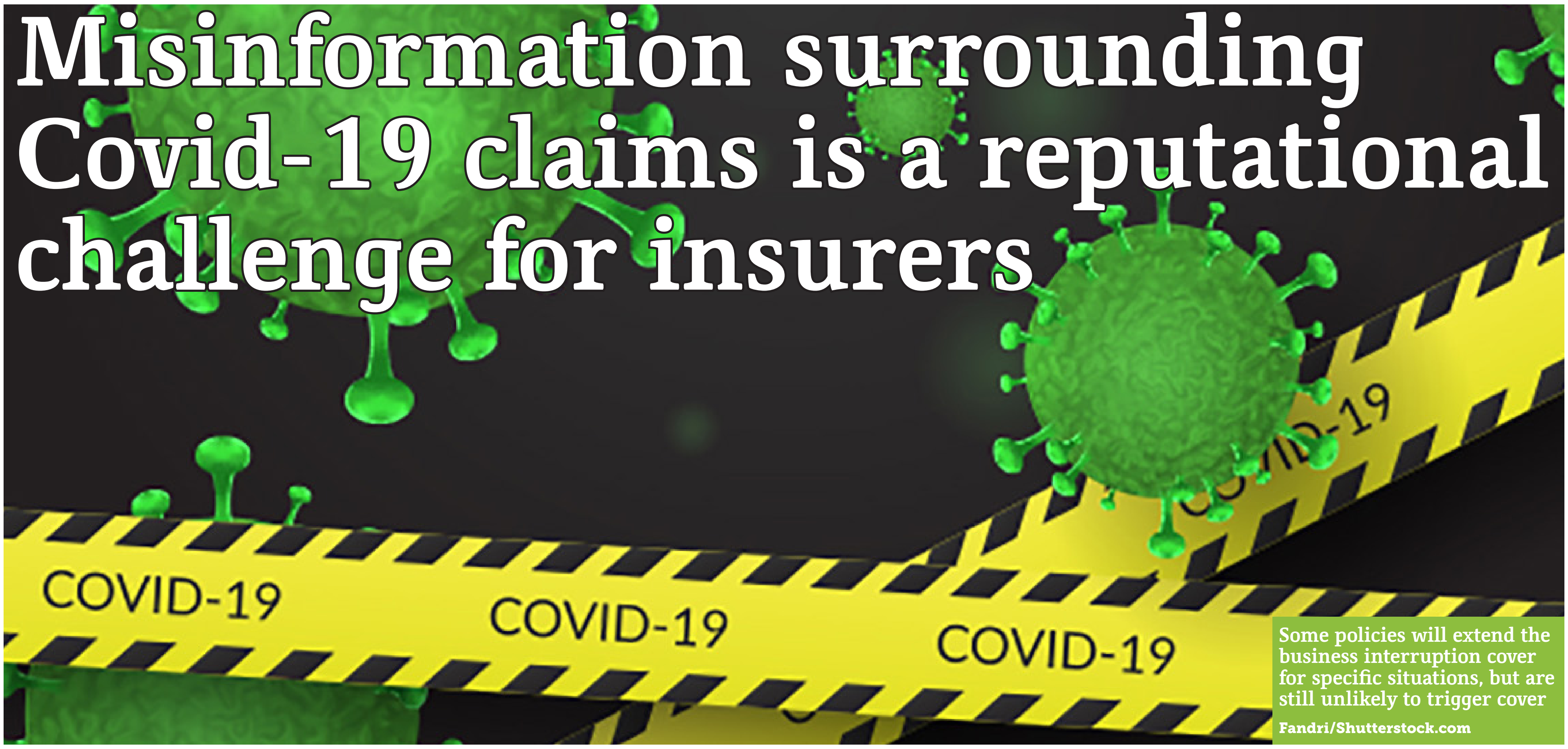
Wallace's hope is the pandemic will encourage greater communication between all interested parties, including the International Group, other shipping bodies, governments, port and other authorities, to ensure maritime trade is not overly hindered, while remaining secure in performing its vital worldwide service. ■

Seafarers are likely to face stress from prolonged periods onboard vessels, as well as coronavirus concerns

nektofadeev/Shutterstock.com

VIEWPOINT

Misinformation surrounding Covid-19 claims is a reputational challenge for insurers



Some policies will extend the business interruption cover for specific situations, but are still unlikely to trigger cover
Fandri/Shutterstock.com

It is critical the insurance industry engages with the public commentary, much of which is ill-informed, about the validity of Covid-19-related business interruption claims

Terri Adams
Charles Taylor Adjusting

We are in unprecedented times with a worldwide pandemic, confirmed by the World Health Organization on March 11. We now face self-isolation policies to manage the outbreak and an economic reaction affecting local, regional, national and global businesses.

Many affected businesses in the UK and worldwide will be referring to their insurance policies and with a huge range of cover available in the market, complex issues will arise. Unfortunately, business interruption polices are not a guarantee for expected profits and many, if not most, business owners will be disappointed.

The situation has been further complicated by misleading statements from the UK government and the London mayor about insurers offering full cover and saying businesses will have valid claims. Standard policy wording is not likely to assist with the widespread effects and businesses will need to look to other forms of financial support such as government grants and loans if they are to survive.

The typical property and business interruption policy is unlikely to respond to business losses here. These policies were developed to protect businesses for damage to their own property arising from standard or typical perils such as fire, flood, theft and so on. The virus may cause a form of material damage (read the policy carefully for diseases including notifiable conditions) if an infected employee or resident is present in the building but a deep clean should repair this damage.

Even in this situation, the business will probably continue to suffer ongoing business disruption. This is due to the wider actions in the public space and not from the defined damage occurring at the loss location. Any policy cover will only reflect the direct connection between the insured material damage and the resulting financial impact on the business activities.

Wide area damage

The discussions reagrding wide-area damage following Hurricane Katrina were challenging enough – but the impact being seen today is derived from human choices and government decisions and advice, not from any wide-scale physical damage.

Some property damage/business interruption policies will extend the business interruption cover for specific situations, which may give hope, but are still unlikely to trigger cover. The government has only issued recommendations at this time regarding public access to premises and property damage policies usually require some sort of physical damage to buildings or similar in the vicinity of the business location for the denial of access or loss of attraction extensions to apply. The downturn in social and leisure activities involving theatres, restaurants, pubs and cinemas are due to the fear of transmission and government advice to protect those most vulnerable in our society and not due to any outbreak in the specific premises themselves.

Even where a policy refers to notifiable diseases or infection, this generally relates to a specific instance at the affected location or perhaps within a specified radius – an example might be 25 miles. First, there are fixed dates when Covid-19 was designated a notifiable disease in certain territories and no losses before this date will be considered. Second, the specific impact of an incident at any single location is not likely to be distinguishable from the general ongoing economic reactions we are seeing.

The other circumstances clause will be relevant here (and in all claims) to predict what business performance they could have expected but for their own specific incident. With health authority recommendations and government restrictions, business performance in many sectors has plummeted or alternative working arrangements are necessary. Further, these non-damage extensions often extend for reduced periods only – say, three months – or offer limited levels of cover.

Extensions for disruption to the supply chain when the outbreak first occurred in China may be successful if the wording allows for the circumstances that prevented production and delivery of required goods. But these very specific circumstances will expire as soon as the virus effect became widespread outside China.

Event cancellation

Event cancellation has been widespread and the details in each specific policy need to be considered carefully. Many have an exclusion for general pandemics or diseases such as Sars or similar, although some longer-standing policies may yet respond. There is a suggestion those exclusions referring to respiratory diseases may not be effective because Covid-19 has different symptoms from a typical respiratory disease, as the immediate symptoms are high fever and a slight cough, with only a relatively small percentage for whom the illness develops complications including respiratory stress.

Losses may be permanent if annual events such as festivals or unique sporting occasions are completely cancelled but for some events such as music tours, there remains the possibility of rescheduling to dates later in the year.

Certain sectors have been particularly badly hit: clubs, pubs and entertainment venues such as theatres and cinemas. Cover will entirely depend on the wording and a "successful" claim by one entity will not establish any form of legal precedent, unless there is matching wording in place.

Another sector very badly affected is the travel and tourism industry, including airlines. Specific business policies will probably respond to customer refunds given for pre-booked holidays that have had to be cancelled because of no-fly instructions from the Foreign Office or other official sources. However, the continuing impact from the general public not having any appetite to book holidays at present or even in the future will fall outside existing cover.

It is clear there will be a lot of public comment, which may be ill-informed, and the insurance industry needs to be prepared for this. As we know, it is the specific wording in the applicable policy that is important and brokers and insurers will be looking carefully at all claims using expert adjusters to guide them, where appropriate. ■

Terri Adams is director, specialist adjusting at Charles Taylor Adjusting

VIEWPOINT

Timescale to achieve London's digital future has dramatically shortened

The pressure on companies to fast-track their digital transformation requires a new approach where ambitious but practical decisions are prioritised over more cautious strategies


Andy Yeoman
Concirrus

The world may arguably not return to the old 'normal' following coronavirus
GaudiLab/Shutterstock.com

Who would have predicted a time when the Lloyd's and London markets would have to physically close their doors on the insurance world? Yet here we are.

The true impact of this international crisis will be laid bare over the coming months, but one certainty is the traditional operating model of a market based on face-to-face interactions is having to be quickly replaced with far more flexible ways of working.

Insurance is an essential industry that underpins global trade. It is critical insurers are equipped with the necessary tools to continue to operate effectively while their offices are being forced to close and their people are dealing with emergency situations.

The past couple of years have seen many a debate about the merits of digitalisation. While it was acknowledged we had a responsibility to our successors within the insurance community to move on, it is also clear this is now a moot point.

As mentioned by Swiss Re's Patrizia Kern talking at the International Union of Maritime Insurance conference about digitalisation of the market recently: "The only decision organisations need to make is whether they want to be at the front of the starting grid or start further back in the pit lane."

This can seem a formidable task for those businesses without a digital strategy – but not an impossible one.

Given the digital interest has turned into a digital imperative, what practical steps can businesses take now to implement a digital strategy?

I recently spoke to an insurer that had spent time mapping a two-year "roadmap to digital", only to be told it now needed to achieve it in two weeks. This mandate requires a new approach, where bold and quick decisions are prioritised over more cautious strategies.

Although a digital strategy can take months, if not years, to formulate under "normal" circumstances, it is truly amazing what can be achieved when faced with an unprecedented situation. If you have been considering embarking on a digital strategy then stop considering and start acting.

Ambitious

Be ambitious: start with the end in mind and focus on an executable plan with short-term wins. Do not shy away from the ambitious goal. Think about what the optimum digital environment would look like. Consider the bigger picture and recognise thinking big and being ambitious with your plan does not necessarily mean your initial steps need to be complex or challenging.

Being strategic, rather than tactical, means you will avoid the quick-fix solutions that may look very easy to implement but can be somewhat limited in what they can deliver long-term. This should be about choosing solutions that provide the fundamental building blocks that will help you to achieve your end goal.

There are two distinct elements when we consider digitalisation: efficiency and effectiveness. The insurance market is incredibly effective; a new risk can be "walked through" the doors of Lloyd's priced, bound, syndicated and regulated. If the risk crystalises, the capital will be there.

However, the combined ratios and operating costs of recent years are demonstrating this process is not efficient. So, organisations like us are focused on digital solutions that make the decisions on pricing and portfolio management more effective. Companies such as Whitespace, The Institutes RiskBlock Alliance and Insurwave are helping to make the process of writing policies much more efficient.

The belief is if we can write the best business at an appropriate price and do this with a digital interaction between parties, the market will not only survive, it will positively thrive.

A second element of effectiveness – and by that, I mean capital effectiveness – is more about risk selection, the analytics and the pricing of risk both from a carrier perspective (that is, the placement of those risks) and from the broker perspective (the quality of the risks). What is also now emerging is digitalisation and the effectiveness of capital from a reinsurance perspective.

A unified view of risk

In all scenarios, what is needed today is for a "remote underwriting team" to have a digital environment where business can be submitted, shared among the team, commented on and priced appropriately. Companies that have this today will surely be reaping the rewards of their investment.

Technologies such as Zoom have proved to be a great substitute for face-to-face interactions. Arguably, the world may never return to the earlier "normal" and a hybrid digital/analogue market is likely to emerge.

We have all had to exercise our contingency plans and face up to the reality of a "lockdown". Equally important is the recognition of key person dependencies and pockets of expertise in the organisation. There is a phrase "if only we all knew what all of us know". In these times, we are required to take an objective view of where these pockets of "tribal knowledge" exist in our companies.

By codifying and sharing knowledge and experience in a digital platform, we take the first steps in addressing this shortfall. Whether this be a policy management system or a bespoke pricing model, it is important the organisation has a way of sharing information and developing a robust and unified view of risk.

In its simplest form, your digital environment could be a set of data that you can easily share across your organisation to enable the business to have a unified conversation.

Never has there been a strong enough reason to implement a new way of working within the insurance market – until now. Necessity is the mother of invention and the maturity of the technology that is now available today provides a new sense of possibility. This will undoubtedly allow rays of sunshine to break through the dark clouds that surround us. ■

Andy Yeoman is chief executive of Concirrus

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Casualties more likely where and when insurers intuitively expect

Nordic trade association using AIS data to factor in geographical location of claims

David Osler
Lloyd's List

Insurers' intuition about likely accident clusters matches the data processed by machine analysis
Kanok Sulaiman/Shutterstock.com

Casualties are more likely when and where received wisdom in the marine insurance sector traditionally expects them to occur, namely at key shipping chokepoints and in winter, according to new research from Cefor.

The Nordic trade association is now using Automatic Identification System data to factor in the geographical location of claims for the purpose of its statistical analysis and was able to ascertain the latitude and longitude of casualties in 91% of cases in the period 2017 to 2019.

Plotting the resultant positions on a map confirms the intuitive assumption the majority of casualties occur in areas with high vessel density, such as the English Channel and other popular shipping lanes, or close to a coast or ports where vessels have to manoeuvre through shallow waters or narrow navigation channels.

However, shortsea vessels sailing in northern Europe are probably over-represented on the Cefor database compared with more remote regions, which means firm conclusions about claims frequency cannot be drawn without additional information about traffic density, the number of port calls or insured vessels in a specific area.

Another widely held industry assumption is more claims will occur in winter than in summer months in latitudes with distinct seasons, and the data also seems to bear this out.

In regions where winter means harsh weather conditions with severe storms, reduced visibility or navigating in ice conditions, more claims do occur in winter months, especially in the first quarter of the year in northern latitudes between 40° and 60°.

For the equivalent southern latitudes, substantially fewer claims are reported, seemingly because fewer insured vessels transit the area. In any case, ships only sail through Antarctic regions in the Antarctic summer season.

Another reason for a low occurrence of casualties in the most extreme latitudes, both north and south, is geographical restrictions imposed by insurers, such as the stipulations set down in the Nordic Marine Insurance Plan.

An analysis of the data by year reveals a clear increase in the number of reported claims on the Mississippi River from 2017 to 2019. This is likely to be attributable to flooding in the Mississippi River basin in the winter, spring and summer of 2019.

In South America, the reverse situation was apparent in 2019, with extraordinarily low water levels in the Parana River, something that led to in an increase in the number of claims.

This article first appeared in Lloyd's List, a sister publication of Insurance Day

Canadian firms sue insurers over denial of BI claims

A class action breach of contract lawsuit has been filed on behalf of Canadian business owners against the country's top indemnity insurers for their alleged refusal to honour business interruption claims stemming from the Covid-19 pandemic, *writes John Shutt, Los Angeles*.

Defendants in the lawsuit include Lloyd's underwriters, Aviva Canada, Royal & SunAlliance, Economical and Intact Financial.

"Indemnity insurers are wrongfully refusing to honour their contracts," attorney EF Merchant from law firm Merchant Law in Victoria, British Columbia, said.

Merchant acknowledged business interruption policies routinely exclude claims tied to airborne viruses but said Covid-19 can be transferred via surfaces and should be included in business interruption property damage coverage.

He suggested the restaurant industry alone could be due C$10bn ($7.14bn) if it is closed for two months and loses one-sixth of its annual C$60bn in revenues.

Axis Insurance appoints head of US E&S property

Axis Capital has appointed Michael Carr as head of US excess and surplus (E&S) property within its insurance division, *writes Lorenzo Spoerry*.

Carr joins from Ethos Specialty Insurance Services, where he was head of property.

Carlton Maner, chief executive of Axis Insurance's US division, described Carr as "a highly respected property underwriter and a talented insurance leader".

"He brings extensive experience and knowledge in the US E&S property market, along with a proven ability to develop fresh solutions to help address client needs," Maner said.

Before joining Ethos, Carr worked at Liberty International Underwriters.