It’s the biggest contributor to Lloyd’s growing Latin America business. Yet this thriving, increasingly diversified economy, worth $20bn in premium, remains underinsured…

INSIDE: THE RISE AND RISE OF MEXICO p10

VINCENT VANDENDAEEL ON PLANS FOR GROWTH p16
DEMYSTIFYING SUPPLY CHAIN COMPLEXITIES p20
THE EVOLUTION OF CORPORATE RISK p24
EXPLORING FLOOD MODELS OF THE FUTURE p30

SPRING 2013 WWW.LLOYDS.COM
“There are questions around the extent of supply chain cover provided under (contingent) business interruption policies. One of the challenges for insurers is developing products that meet customers’ needs and cover supply chain risks comprehensively.”

SUPPLY CHAIN  page 20
It’s been a tumultuous six months for the insurance industry, where total reported losses from Superstorm Sandy reached nearly $20bn earlier this year. The longer term picture is encouraging, however, with GDP predicted to rise in both developed and developing markets. The World Economic Forum estimates that developing markets alone will account for around 70% of global GDP growth by 2030.

In the latest issue of Market magazine, we look at one of these burgeoning powerhouses: Mexico. Already the largest contributor to Lloyd’s Latin America business, this thriving economy nevertheless remains underinsured and promises plenty of potential for growth across diverse sectors (page 10).

We also talk to the man spearheading the market’s expansion into new territories – Lloyd’s recently arrived Director, International Markets, Vincent Vandendael – about his roadmap for the future (page 16).

In our round table debate, meanwhile, four experienced corporate risk managers come together to discuss the evolution of corporate risk, the implications of changing attitudes to risk at board level, and what insurers and brokers can do to help them better protect their businesses (page 24).

Finally, we get to grips with the complexities of global supply chain ecosystems (page 20) and explore how an increase in catastrophic flood events is forcing insurers to innovate cheaper, faster and more refined predictive models (page 30).

Order a copy of the 2013 edition of this unique guide, containing key facts and figures about the Lloyd’s market, published in May 2013.

The guide includes a summary of financial statements and the historical performance of all active syndicates, plus detailed statistics on capacity, premium income, claims, loss ratios, and much more.

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“There’s a huge amount of data collected by insurers that could be played back to us to understand emerging and developing risks around the world”
AFRICAN FUEL REVOLUTION

Most Africans use kerosene or traditional fuels like wood or charcoal for cooking, all of which have a negative impact on health and the environment. Growing demand for wood and charcoal is blamed for deforestation across Africa – putting additional pressure on agriculture and driving a food crisis – while indoor smoke is the second biggest cause of death after HIV/AIDS in many African countries.

Using other developing countries as a model, the UN and World Bank have launched the Global LPG Partnership to roll out Liquefied Petroleum Gas (LPG) to 50 million people across Africa by 2018. LPG is a more sustainable cooking fuel, and is easily and cheaply transported in cylinders. As an LPG success story, Indonesia’s approach is a model that will be used for African countries. The Indonesian Government introduced a national programme with public and private sector funding as an alternative to the kerosene subsidy and, coordinated through the national oil company, it converted 200 million people to LPG in three and a half years.

Three billion people are already using LPG successfully, mainly in poorer countries, and the International Energy Agency wants a further 1.2 billion to move to LPG by 2030 – Africa will be a key focus of these efforts. This will mean a significant increase in physical and economic activity, including shipping of LPG from producing countries such as Qatar in the Middle East to African importing countries.

Expansion of LPG across Africa will require insurance support, but is not without its challenges. Questions remain over who will be liable for any harm or damage resulting from cylinders. Political stability is also an issue for insurers, who may be reluctant to provide cover in countries where there is upheaval. The countries selected for the first phase of expansion are largely stable, have good legislation in place and viable distribution models.

AFRICA

THE FUTURE IN 3D

The impact of 3D printing on manufacturing, the supply chain and liability promises to be profound. In the future, when a major event threatens global supply chains, the ability to print three-dimensional objects could provide the answer.

The floods in Thailand in 2011 had a big impact on the computer industry, as factories that produce hard drives were inundated with flood water and alternative suppliers were thin on the ground. But in years to come, 3D printers could simply step in to fill the gap, producing the component parts needed to keep up with demand.

In essence, the technology is additive. It only uses materials required to build the item a molecule at a time, rather than taking raw materials through a traditional manufacturing process that produces by-products and waste.

Because 3D printing allows objects to be created and duplicated quickly and easily, anywhere in the world, it also removes many of the costs of manufacturing and distribution. This turns the idea of economies of scale on its head. Anyone with access to the technology and open source software, which offers an array of 3D designs, can generate unique one-off items without needing any particular skills.

Beyond thermoplastics and metallic powders, the additive technology can even use living cells to print items. And the possibilities for sectors such as healthcare are compelling, particularly in the area of organ transplants, where surgeon Anthony Atala has demonstrated the printing of a human kidney.

As with any major new technology, there are challenges. The ability to duplicate popular merchandise raises the issue of copyright theft. The impact on manufacturing and supply chains promises to be profound. Production, the movement of goods, manufacturers’ liabilities and consumption of goods will all change. But as yet nobody can predict just how.

NORTH AMERICA

LLOYD’S REPORT ANALYSES FACTORS BEHIND RISING COST OF WRECK REMOVAL

Costa Concordia is the most memorable wreck of late, but is only one example of numerous wrecks that need to be removed each year. Wreck removal is becoming increasingly expensive and to investigate why, Lloyd’s has brought together experts to analyse the main factors behind the rising cost of wreck removal. Lloyd’s is holding an event to launch the report on 21 March 2013. To find out more or read the report in full visit: www.lloyds.com/wreckremoval

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Discover more about the UN and World Bank-led Global LPG Partnership: www.bit.ly/LPGpartnership

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Lloyd's Chair of the Operating Committee of the Global LPG Partnership

Alex Evans
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Christine Eibs Singer
Co-Founder and former Chief Executive Officer of E+Co

Craig Beatit
Insurance Analyst, Celent

Antony Atala
Stem Cell Specialist, Massachusetts General Hospital

CRAIG BEATTIE
Insurance Analyst, Celent
**Foresight**

**EUROPE**

**ART THEFT - BEYOND THE HYPE**

High-profile art thefts are rare. But do they happen and underwriters have a part to play in recovering lost works.

The Rotterdam art heist saw thieves steal seven masterpieces in October 2012 – including valuable works by Picasso, Monet, Gauguin, Matisse and Lucian Freud. And yet, despite the popular belief that theft is the major peril for art and specie, it accounts for just a third of claims overall and many of these are low-level. Rising art values have increased interest and publicity around high-profile art thefts, but the level of crime itself does not appear to be increasing.

A high number of theft claims are for artworks stolen from commercial galleries, private collector’s homes or taken from public places. Not all thefts are the stuff of Hollywood movies though. One recent trend has seen the theft of public sculptures for their scrap metal, which is sadly often only a fraction of their value as pieces of art. Recently snatched Henry Moore and Barbara Hepworth artworks are thought to have been taken for this reason.

There is a school of thought that works are stolen to order for dishonest collectors, but this is unusual. More likely, they are used by criminal gangs as currency. Or the thefts are opportunistic, committed by unsophisticated criminals due to a gap in security.

Art and specie underwriters, who could be asked to insure a piece on the Art Loss Register, have an important role to play in helping to recover stolen artworks, which often reappear at some point in the future as they are so identifiable. Edvard Munch’s The Scream was stolen, along with another of his famous paintings, Madonna, in August 2004. Insured for $141m, they were recovered two years later. In May 2012, The Scream sold for a record £76m at Sotheby’s.

Given the vast number of masterpieces held in collections by national museums, galleries or libraries around the world, the incidence of theft is relatively small. The difficulty they face is striking a balance between security and providing access as their role in custodians. Insurers covering private collections usually want to insure the total value at risk. Premiums can be more economic for such collections as the values are often lower than museum collections, with little or no public access. Collectors are encouraged to have their artwork revalued every three years.

**CHINA’S FUTURE LIABILITY MARKET**

**LIABILITY IS ONE AREA OF UNTAPPED POTENTIAL IN CHINA’S THRIVING COMMERCIAL INSURANCE MARKET**

China’s commercial insurance market has grown an average of 32% every year since 2000 to become the world’s third largest market, according to Swiss Re Sigma. But excluding motor business, it would slide to seventh position globally.

The Chinese property and casualty market outpaced GDP expansion for the ten years to 2010, growing to $59bn. Total insurance penetration, as a percentage of GDP, was at 3% in 2011, down from 3.7% in 2010.

With its high-growth economy and increasing insurance penetration, it is likely motor will dominate for some time. Commercial motor business constitutes around 65% of total commercial premium volume ($31bn, according to Sigma). Liability accounts for just 6%. But as Chinese corporations become more international in their outlook it will trigger a more mature approach to risk management. As one of the world’s biggest exporters, the influence of regulation in markets such as the US and EU is likely to drive take-up of covers such as product liability.

My view is, everyone is waiting for casualty liability and financial lines products to take off in China and the rest of Asia. A big driver will be regulation and whether it can keep pace with the growth in these markets by introducing legislative frameworks to properly govern some of the potentially large claim areas like directors and officers and professional indemnity.

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MEXICO: A NEW DAWN

Mexico is a land of diversity. In Oaxaca, one of the largest states, 75% of the population lives in extreme poverty. Mexico City’s affluent residents, meanwhile, enjoy income levels comparable to those in the US. But this heterogeneous country, situated advantageously between the US and the rest of Latin America, is unified by one trend: economic growth.

According to Goldman Sachs, Mexico will be the world’s seventh largest economy within 40 years. It is currently worth more than $20bn in premium, second only in Latin America to Brazil. Interestingly, however, Mexico is on Lloyd’s list of underinsured nations. In 2011, insurance penetration was just under 2% of GDP. Says Lloyd’s Mexico Manager, Gabriel Anguiano: “Latin America is among the fastest-growing regions for Lloyd’s. And Mexico is the largest contributor in Latin America, accounting for $397m of Gross Signed Premiums.”

THRIVING ECONOMY

Sound economic policy in Mexico means the World Bank classifies its economy as healthy “upper middle income, less indebted”. In 2012, national debt was at 44% of GDP, according to the International Monetary Fund. Inflation is low, at below 4% a year, and GDP stands at $15,177 per capita. The economy grew by 3.6% in 2012, which, though slower than 2011’s 3.9%, is nevertheless healthy.

The outlook is bright. Mexico has a large, educated and young population of 112 million with a mean age of 26. It is a land of diversity. In Oaxaca, one of the largest states, 75% of the population lives in extreme poverty. Mexico City’s affluent residents, meanwhile, enjoy income levels comparable to those in the US. But this heterogeneous country, situated advantageously between the US and the rest of Latin America, is unified by one trend: economic growth.

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Mexico is the single biggest contributor to Lloyd’s Latin America business. And there’s still plenty of room for growth in this underinsured market that’s worth $20bn in premium – with potential in aviation, energy, marine and property….
While property catastrophe risks will continue to loom large due to Mexico’s long history of earthquakes, increasingly sophisticated products are required.

LLOYD’S IN LATIN AMERICA: COUNTRIES TO WATCH
FROM NEW ECONOMIC ‘TIGER’ COLOMBIA TO AMBITIOUS PANAMA, LATIN AMERICA IS OPENING UP TO FOREIGN INSURERS

Total written premium has been growing in Latin America by an average of 14% a year for the past decade, according to market research company Latinia insurance. Swiss Re’s figures reveal total premium for the region is now $137.9bn. Yet insurance penetration is low, at just 2.8% of GDP.

The Mexican insurance market, worth $22.3bn in premium, is the biggest contributor to Lloyd’s in the region, bringing in $30.7bn a year. The second largest is Brazil, where the country’s $78.29bn total premium reflects its economic muscle. It contributes $29.8bn to Lloyd’s.

CHILE
Chile is the most developed market in the region. The $9.67bn premium country has the highest penetration in Latin America (excluding the Caribbean), at 4.1%. This maturity, coupled with a small population, means there’s less potential to grow in the long term. But in the near term, fuelled by a strong economy, business is thriving.

Lloyd’s mainy provides reinsurance here and writes $1.74bn in premiums annually. In the wake of the major Chilean earthquake in 2010, premiums have risen substantially, with demand for more sophisticated risks. Additionally, Chilean companies are investing in other countries in the region, which means there’s a need to offer some Chilean clients regional insurance programmes.

COLOMBIA
Colombia, meanwhile – where Lloyd’s writes $8.89bn in premium – has plenty of potential. With its larger population, penetration in this $7.62bn market is just 3.3%. And its economy is expanding rapidly. In 2012 GDP rose by 5.9%, leading to the country’s ‘tiger’ name tag, with growth of up to 4.9% forecast for the year.

With few exceptions, Lloyd’s underwriters are not licensed to write insurance in or from Colombia, while they can write reinsurance from Colombia on a cross-border basis. But with the implementation of the Financial Reform Bill, some risks – marine, aviation, transport and agriculture – will be open to non-resident insurers and offshore brokers.

PANAMA
Panama has its ‘tiger’ name tag thanks to improved contraception and changing attitudes to having children. The United Nations forecasts that the birth rate will dip to below two children per woman from 2020. At the same time, with improved healthcare, people are living longer.

The resulting ageing population and attendant economic strain in the pipeline means Mexico faces the challenge of maximising the benefits from its current population bonus. It must get this right in order to cope when its demographics become more challenging.

For now, Mexico’s current pace of economic growth is expected to continue, with the government forecasting GDP to increase annually by 3.9% for the next five years.

“We’re very optimistic about our country right now,” says Rafael Audelo Mendez, Chief Executive of Seguros Inbursa, the insurance arm of Mexican financial services company, Grupo Financiero Inbursa. “There’s huge growth potential. Economic growth means salary growth, and people with money in their pockets means more demand for insurance.”

Mexico’s healthy growth is being led primarily by the services sector, which accounted for around 65% of GDP last year, according to Mexico’s central bank. Other sectors driving the economy include energy, mining, tourism and agriculture. But it’s manufacturing that makes up some 80% of Mexico’s exports – in fact, Mexico exports more manufactured goods than the rest of Latin America combined.

ARGENTINA
Argentina is worth $12.8bn in premiums and Lloyd’s had $78.4m of business there in 2011. However, in 2011 Argentina introduced legislation making it tough for foreign players to operate there.

Lloyd’s, which only trades here in reinsurance, is affected by the stipulation that the first $50m of any reinsurance risk must be written by local reinsurers. Foreign organisations, including Lloyd’s, are only permitted to reinsure exceptional risks that can’t be covered locally, and retrocession business.

$78.4M
Tough legislation in Argentina will make it difficult for Lloyd’s to increase business above 2011 levels

$38M
Panama’s bid to be a regional reinsurance hub should bolster the value of Lloyd’s business there

5.9%
GDP growth in 2012 gave Colombia its ‘tiger’ name tag

4.1%
Chile has the highest insurance penetration in Latin America
A possible cloud on the horizon for foreign investors is that Mexico's economy is highly correlated with the US. Ingrid Carlou, Chief Executive at Aon Benfield Latin America, explains: “Aviation is a very big sector for us. We’re forecasting growth in the private middle market, regional airlines and helicopter services.” He also says property will grow in both the public and private sector, in line with the economy and driven by construction. In marine, “blue water marine will stay as is but ‘private’ cargo and in-land transit will grow”, again driven by the expanding economy.

A government drive to invest in infrastructure will create further opportunities for the Lloyd’s market. Under the National Infrastructure Plan for 2013–2018, the State will spend some $40bn on 1,138 projects in sectors including energy, tourism, transport, water and urban development. Rafael Audelo says: “Mexico needs to build highways, ports and dams. This will bring significant opportunities for foreign investors because these projects entail large risks and the capacity we have in Mexico is not enough.”

Happily for Lloyd's syndicates and brokers, a growing economy almost always means burgeoning demand for insurance and reinsurance. Patricia Re forecasts that insurance penetration in Mexico will climb to between 2.2% and 2.5% by 2016. Hence Mexico is a key target for Lloyd’s Vision 2025 international growth strategy.

An increasing number of foreign insurers and brokers are expanding in Mexico. For example, insurers from Ace to Zurich, alongside brokers from Aon Benfield and Willis, operate here. Lloyd’s underwriters are permitted to write reinsurance and, in exceptional cases, insurance in Mexico, where Lloyd’s is registered as a foreign reinsurer. The exceptional cases are when risks are declined by the local market and for imports owned by foreign exporters. The notion that government-related contracts, winnable only through tortuous procurement processes, dominate the Mexican opportunities for foreign players is not quite true, Anguiano says. Around half of Lloyd’s business in Mexico is government-related risks, with clients comprising regional and federal authorities as well as state-owned companies. However, key growth classes of business for Lloyd’s in Mexico are aviation, energy, marine and property, in both the public and private sector.

Mike Hughes, Chief Executive at Aon Benfield Latin America, explains: “Aviation is a very big sector for us. We're forecasting growth in the private middle market, regional airlines and helicopter services.” He also says property will grow in both the public and private sector, in line with the economy and driven by construction. In marine, “blue water marine will stay as is but ‘private’ cargo and in-land transit will grow”, again driven by the expanding economy.

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Energy is an important growth area. Mexico plans to invest $20bn per year in its oil industry up to 2025 through state oil company Petróleos Mexicanos. There will also be investments in renewable energy, including hydro and wind power. Says Anguiano: “There will be particular growth in offshore energy, which is where most of Mexico’s oil is. Production has fallen in the last decade because we have exhausted all the ‘low hanging fruit’ in shallow waters. Now we have to venture into deep waters.”

The widely held view that property catastrophe cover is the only form in demand is also not correct. According to Battman: “Increasingly sophisticated products are required – for instance Mexican companies are beginning to need warranty and indemnity insurance for acquiring foreign companies. There is also more demand for directors and officers’ coverage products as awareness grows of the exposures of management teams – not least when Mexican companies invest in the US economy.”

Anguiano concedes, though, that property catastrophe risks will continue to loom large because Mexico has a long history of major earthquakes and hurricanes. But he says insuring this risk is more manageable. “There is much better information on Mexican catastrophe risks now, so we have a better understanding of exposures and aggregations.”

Mexico is not without downsides. “We have huge competition,” admits Rafael Audelo. “There are around 100 insurers in the market, including about 40 doing property. And the competition is mainly around price.” As a consequence, rates are not as encouraging for insurers as in some other regional markets.

Ingrid Carlou says: “Mexico’s written premium only grew 58% in the last ten years, so its share of the Latin America market dropped from 32% to 15% over the same period.”

THE NOTION THAT GOVERNMENT-RELATED CONTRACTS DOMINATE OPPORTUNITIES FOR FOREIGN PLAYERS IS NOT QUITE TRUE. KEY GROWTH AREAS INCLUDE AVIATION, ENERGY, MARINE AND PROPERTY

This contrasts with Brazil, which has seen written premium grow more than 600% over the last 10 years and its share of the Latin American market rise from 27% to 50%.

Encouragingly for Lloyd’s managing agents and brokers, though, Patricia Re has found that on the reinsurance side, total ceded premium in both countries roughly doubled over the decade. And while Mexico’s overall share of the Latin American reinsurance premium may have declined by 4% to 25%, it nevertheless remains larger than that of Brazil (20%), with significant scope for growth – penetration relative to total direct premium is at just 1.9% of GDP.

Anguiano says: “Brazil has been getting more attention from reinsurers because it is not exposed to the same natural catastrophes as the US [which means it brings diversification], plus its insurance industry has grown much more quickly in the past decade. Meanwhile, there is a tendency to say that Mexico’s cat risks profile and economy are too closely correlated to the US.”

This has led some Lloyd’s syndicates writing US risks to argue that there would be no point growing their business in Mexico because it would not deliver anything different or better from their US books of business. But although Mexico will remain closely correlated with the US due to geographical proximity, there is a diversity of opportunities – and not all are based on Gulf of Mexico wind exposure or the Mexico City earthquake key zone.

For those ready to embrace Mexico, how can you develop an edge in this competitive market? A key strength Lloyd’s brings is the fact that its coverholders and service companies are allowed to set up onshore. Anguiano says: “No one is taking advantage of this yet so there’s a real opportunity to write medium–sized risks that don’t come to London.”

Uwe Fischer, General Manager at Chaucer Latin America, adds: “Being physically present gives you better access to the market. Doing business face–to–face is important here.”

So Mexico offers a range of exciting opportunities, fuelled by a growing, diversified economy. “It’s a more interesting market than people think,” concludes Anguiano.
“Local insurance champions don’t necessarily have an international network. I see this as an opportunity to bring them into Lloyd’s.”

**MARKET MEETS…**

**VINCENT VANDENDAEL**

**LLOYD’S NEW DIRECTOR, INTERNATIONAL MARKETS**

From the Benelux region to the Asia-Pacific, Vincent Vandendael arrives with a wealth of international experience and ideas – and the ambition to expand the market into exciting new territories…

**Market: Why join Lloyd’s? And why now?**

**Vincent Vandendael:** I’ve never worked in the UK, so being here is exciting. Of course, when you think of insurance, London is even more of an attraction. I believe it’s the centre of the world for insurance, and Lloyd’s is the centre of the centre. Intuitively there’s a wealth of capability and experience – more than 300 years. It’s a place where we take risks and innovate – both are critical. Lloyd’s is unique and we should remind people of that.

Financially it’s also robust. It’s had its troubles in the past but come through, and now it’s in an extremely strong position with A+ and A financial strength ratings. There’s a collegial atmosphere here too, which you don’t find everywhere. People want to help you be successful. Why now? There was a vacancy. Joking aside, I think that when you look at GDP growth, Asia, for example, is 7-8% compared to Europe and the USA at only 1-2% – this is pretty strong growth, so there’s a real opportunity there to bring more of Lloyd’s to those markets.

**How will your previous posts inform your role at Lloyd’s?**

Having been a CEO, I understand the range of priorities one faces – from capital management and competing priorities to people management. My skills are in leadership, building business and talent development. After all, you can be as good as you can, but it’s the team that makes the difference. I’ve also spent 20 years as a Chief Underwriter on the market frontline and I understand the pressures underwriters and brokers face on the floor.

**How will you seek to promote and further strengthen the market around the world?**

My first few weeks were about listening to the market and discovering what the various stakeholders want. Following that, I will start to think about how we can contribute to Vision 2025 and deliver in our priority countries: India, China, Mexico, Brazil and Turkey. But I would want to go beyond this as well. In many emerging markets, business is expanding beyond country borders, but local insurance champions don’t necessarily have an international network. I see this as an opportunity to bring them into Lloyd’s and leverage our worldwide expertise and licences.

I’m also a strong believer in segmentation. We can’t expect staff to be experts in all areas we promote, and you wouldn’t approach cedants in the same way you would coverholders, for example – it’s about adapting our approach to different stakeholders and different markets, better reflecting their specific needs.

**Are there learnings from the Asia-Pacific economies you can bring to the market?**

**Asia is so dynamic.** There’s a real ‘can do’ mentality. There are no boundaries to what can be achieved. I want to bring that to Lloyd’s. And of course, there are the real growth opportunities, which Lloyd’s is looking to exploit through Vision 2025.

**What else is so exciting about those economies?**

The population distribution offers huge potential. Look at Vietnam, where 70% of the population is under 30. They will be the insurance buyers and staff of the future. With wealth building in these countries, the amount of business opportunities and need for insurance can only grow, which is where Lloyd’s is ideally placed to provide the risk solutions and innovative products required.

**FURTHER INFORMATION**

For more about Lloyd’s plan to cement its position as the global centre for specialist insurance and reinsurance visit www.lloyds.com/vision2025.
As production networks and supply chains become increasingly globalised, localised incidents can have a number of major effects on every level of business at home and abroad - from manufacture to distribution to sales. Here, we can see how the 2011 flooding in Thailand had serious consequences for international industry, and provided considerable food for thought for the insurance sector.

**GLOBAL COST OF THE 2011 THAI FLOOD**

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**The Impact on Car Manufacture**

An estimated 80,000 to 100,000 cars were not built as a result of the floods, with far-reaching consequences elsewhere.

**Impact on Camera Manufacture**

The camera industry was not immune, with a number of significant launch delays and a considerable loss in profits.

**Impact on Hard Drive (HDD) Manufacture**

Computers and parts are one of Thailand’s leading industrial exports, with a surge in prices resulting from the flooding.

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**The World Bank estimated Thailand’s economic losses due to the floods were $45.7bn**

**660,000** Number of people left unemployed

**9,859** Number of factories that were forced to shut

Thailand was affected by 12 billion* cubic metres of floodwater during the disaster. At its worst, the water measured 10ft **deep**

*NYtimes.com **HUNTED PRESS INTERNATIONAL**

**45%** Percentage of the world’s hard drives made in Thailand prior to the flood

**2TB HDD**

iMacs suffered release delays due to a lack of 2TB hard drives

**$88.3M** The amount that Honda lost due to lost inventories

**$67.6M** Nissan’s recovery costs in relation to the flood’s impact on global supply chains

**$603.6M** The losses incurred by Canon due to reduced camera sales

**$107.2M** Sony’s losses in Q3 of 2011 due to repair and cleaning costs

**$786.2M** The estimated amount Nikon lost due to reduced net camera sales

**$67.6M** The number of units per day that car manufacturers cut output by

**$88.3M** The amount that Honda lost due to lost inventories

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**Impact on Hard Drive (HDD) Manufacture**

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**2TB HDD**

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Images of Japan’s tsunami in March 2011, then stagnant floodwater swamping Thai factories just a few months later, showed the enormous scale of nature’s destructive power. The impact locally was certainly devastating enough, but weeks of disruption to manufacturing and production created an economic crisis for businesses far removed from the region. The globalisation of supply chains and distribution meant that even seemingly disconnected companies were affected by the disaster.

Take computer chip manufacturer Intel. “Hard drive manufacturers with plants in Thailand couldn’t make any new hard drives or ship any of their stock,” says Professor Mohan Sodhi from the Cass Business School. “This meant computer manufacturers couldn’t make computers or ship the stock that was still waiting for hard drives. As a result, they stopped buying chips from Intel. “As part of the supply chain ecosystem, Intel were badly hurt.

It showed that the impact could come in unsuspected ways.” Insurers don’t like the word ‘unsuspected’. Many thought that events in Japan and Thailand would prompt substantial claims under contingent business interruption policies, not all of which were as costly as imagined. But the key to providing accurately priced insurance is having a clear perception of the risks, along with quantifiable costs of the potential losses involved. Armed with that data, underwriters can write policy wordings and price insurance policies.

Lloyd’s is looking at how supply chain risk can be better understood and therefore managed, working with experts from within and outside of the Lloyd’s market. A report on the issue is expected in 2013.

“The use of just-in-time manufacturing and outsourcing mean supply chains are increasingly brittle,” explains Neil Smith, Lloyd’s Emerging Risks and Research Manager. "There are questions around the extent of supply chain cover provided under (contingent) business..."
That interdependence of firms in the same line of business is a common theme. Puerto Rico produces a huge chunk of the world’s pharmaceuticals, but is served by just one airline, American Airlines. That reliance presents a significant risk to the distribution of pharmaceuticals.

Professor Sodhi says strike action at businesses far down a firm’s supply chain or distribution network can paralyse firms. A takeover of a supplier by a rival can be equally devastating. According to Professor Sodhi, Google bought Motorola’s handheld business, Motorola Mobility, for $12.5bn (£7.9bn) in May 2012 “not because it needed it, but because it couldn’t afford to have someone else buy it”.

Geopolitical issues raise another area of risk. The Arab Spring was important for supporters of democracy, but made the movement of parts and processes involved. Having several suppliers to keep them in business.

DIFFERENT COMPANIES MANAGE RISK DIFFERENTLY. APPLE’S IPHONE IS MANUFACTURED BY ONE SUPPLIER IN ONE LOCATION. SAMSUNG HAS A PRINCIPAL SUPPLIER, PLUS TWO OTHERS TO COVER TEMPORARY BLIPS

The manufacturing may go on but the company may not be able to use the profits while protracted court cases continue. Most drugs companies are making many high-volume products at low margins, but have one or two blockbuster drugs that make the bulk of their profits. Any interruption to the flow to market of these drugs or any restriction on the use of revenue from them – held up in legal processes over IP, for example – can be devastating.

JLT also brokers cover for cyber risks to networks or data, trade disruption, transport blockages and political risks.

There are lots of supply chain risks that haven’t been thought about, and products may not be entirely fit for purpose. With better data, insurers could offer more tailored cover.

The complex of risk

The risks are both complex and wide-ranging. Ford once reported that one of its major risks was the demise of its rival General Motors (GM), as they both sourced parts from the same suppliers. If GM folded, Ford would be unable to give enough work to the suppliers to keep them in business.

Three suppliers producing equal numbers – each capable of taking up the slack should another suffer a setback – may make sense in terms of risk, but it can be more expensive. Cheap, efficient supply chains often present greater risks. Safer supply chains can mean economic efficiencies are lost.

How industry type impacts

While some supply chain risks are universal, different industries face specific risks. Broker JLT has been proactive in marketing supply chain cover to high-value niche markets for the best part of a decade. It started in the big pharma sector with a suite of covers it markets as EPIC – Earnings and Product Integrity Cover.

According to JLT Partner Tim Cracknell, these firms are often forced to choose single-supplier contracts because of confidentiality over ingredients and manufacturing techniques, or the expensive processes involved. Having several suppliers manufacturing exactly the same product components to the same standards in different parts of the world is simply not commercially viable.

A specific risk they face is regulation. Drugs must meet regulatory requirements around the world, often made in a regulated way by a regulated provider. Any breach of regulation or change in approach by a regulator – sometimes on the other side of the world – could result in the closure of the manufacturing plant or the seizure of completed stock.

Another risk is an intellectual property (IP) challenge. “If someone claims that a particular drug or process is the product of someone else’s patent, the whole process can be slowed down,” says Cracknell.

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Market: What key risks have been identified by your business?

Clive Clarke: The outlook for the global economy and supply chain risks are very much on our agenda, as are cyber and reputational risks. Change impact is also a key concern. Companies are constantly changing and we need to ensure our skills are up to date. In the marine and energy industry, we have to change to survive; to stay lean and mean.

Sabine Desantoine: The financial and economic crisis is high on our agenda, with credit risk being a key issue that we monitor daily. To that I would also add increasing levels of regulation and the growing threat of cyber risks. We’re confident in our own security systems, but in the past few years there have been a number of hacker attacks targeting our clients’ systems.

Sabrina Hartusch: As a global manufacturer and multi-channel retailer, supply chain is one important risk we face. In the fashion industry it’s crucial to be quick to market, and we operate in so many countries. Quality control is another risk, as it can affect reputation. And we’ve seen an increasing problem with fake products.

SD: Competition is a key risk for the banking sector. At ING we have seen competition get tougher – you need the right product, quickly, and it has to be interesting. Reputation is also becoming more important – in banking you need the trust of your clients.

Chris McGloin: It’s interesting that the products made by Sabrina’s firm are very different to our engineering software for refineries, mines and nuclear plants etc, but we face similar risks, like supply chain, product quality and reputation.

Have the risks changed over the past year?

CM: It’s not so much that the risks have changed, but the way they manifest themselves. Increasingly we see customers putting risk back on to us.
“RISK AND INSURANCE MANAGEMENT IS BEING FORMALISED – IT IS BECOMING PART OF THE DNA OF THE COMPANY”

SABRINA HARTUSCH

KEY TAKE-OUTS

- Insurers should understand disparate businesses and develop client-sector-specific expertise - client discussion forums could help
- Insurers could help businesses to better understand emerging and developing risks globally
- Insurers could simplify the information gathering requirements – plus they could respond more quickly in the event of damage to a business

SH: Risk and insurance management is also being formalised - it is becoming part of the DNA of the company. We see the board delegate risk accountability further down the management chain, encouraging more responsibility and accountability in the business.

CC: Not only are risks being identified, but boards are assigning ownership of risk, and making responsibilities clear in the risk register and reports. And if there is a change in a risk that requires mitigation, the Risk Committee wants to be able to see the outcome – if the risks persist they will ask why measures are not working. So we’re seeing far more visibility of risk in an organisation.

SH: Insurers are good at understanding the risks faced by sectors like pharmaceuticals and Petrochemical, but I don’t feel they understand every industry quite so well. For example, I don’t think they understand the textile industry, how it works and how it’s all connected. Insurers need to develop their sector-specific expertise and be more open.

SD: Information gathering is another area where insurers could make life easier. They require a lot of information that can be incredibly difficult to collect in the real world of business. We would like to see insurers understand our business more and think of different ways to help assess risk, rather than just keep asking the same questions in proposal forms that tick their compliance boxes. I would prefer them to think more laterally.

CM: There’s a huge amount of data collected by insurers that could be played back to us to understand emerging and developing risks around the world. I think the industry is missing a trick in not doing that. And there’s also an awful lot insurers can do in the area of certification and legislation – by putting their heads together they could help us with a lot of the issues we have, which they do seem to recognise that they can do, and do well.

SH: What can insurers and brokers do to help?

SD: I would like to see them be more proactive, understand our business and come to us with new ideas and products. For example, we would like to see greater use of risk mapping, but we don’t see that capability from many insurance brokers. I recently attended a broker presentation where they talked about risk mapping and scenarios for cyber risk. This is the type of service risk managers really want – we need to hear the different views of brokers and insurers.

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SD: What about product innovation?

CM: Cyber risk is a hot topic and we’ve seen some new products developed. But I don’t see as much product innovation in insurance as I’d like. Innovation of risk management has come from the individual risk manager – if they have the right personality they can drive change.

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“WE SEE THE BOARD DELEGATE RISK ACCOUNTABILITY FURTHER DOWN THE MANAGEMENT CHAIN, ENCOURAGING MORE RESPONSIBILITY AND ACCOUNTABILITY IN THE BUSINESS.”

SABRINA HARTUSCH

MEET THE PANEL

Our experts from around the world bring vast experience to the discussion on corporate risk management

SABRINA HARTUSCH

is Global Head of Insurance at Triumph International, one of the world’s largest multinational intimate apparel companies. She is responsible for the international and local insurance, and developing the group’s risk management function. She is also a board member of SIRM, the Swiss Insurance and Risk Management Association.

SD: In banking, risk management is well established by regulation – but what we are seeing now is the desire to match identifiable risks with insurance. So the board asks if there is a response from insurers to risks in the Risk Register. For me, the challenge comes when I am faced with the risk analysis and the scenarios developed by my colleagues. I have to check the insurance contract with the broker to see if we are covered, and that’s not an easy answer to give.

CM: There’s more engagement and interest in risk from the top level – from both executive and non-executive board members. We now even have senior executives asking to join our risk committee. I have to compile a report for the risk committee and board on the top risks, how they’re changing and which ones are emerging – and develop a process to track and respond.

SH: Companies are not necessarily more averse, but they are certainly more literate and conscious of risk.

CM: There’s more engagement and interest in risk from the top level – from both executive and non-executive board members. There’s a huge amount of data collected by insurers that could be played back to us to understand emerging and developing risks around the world. I think the industry is missing a trick in not doing that. And there’s also an awful lot insurers can do in the area of certification and legislation – by putting their heads together they could help us with a lot of the issues we have, which they do seem to recognise that they can do, and do well.

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CM: Information gathering is another area where insurers could make life easier. They require a lot of information that can be incredibly difficult to collect in the real world of business. We would like to see insurers understand our business more and think of different ways to help assess risk, rather than just keep asking the same questions in proposal forms that tick their compliance boxes. I would prefer them to think more laterally.

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the small print or the complexity of the insurance structure. The amounts at stake are huge. When there’s enough money on the table, insurers sometimes look to wriggle and this devalues the product.

**SH:** I’ve had very good experiences on straightforward claims, but I’ve also had similar experiences to Clive and Chris. Insurers emphasise partnerships, but at the end of the day I’m a client and I want to be treated as a client of a service company and not mistrusted. Insurers should be clearer, stick to their word and believe the client—it’s in both our interests to get back up and running as quickly as possible following a loss.

**SD:** I agree. The question I’m usually asked first by senior management is whether we’re covered by insurance and the amount of indemnity. The board wants to see the results of risk analysis borne out by reality and get the indemnity we expected. It’s important if you have a claim that you have a quick answer to the question: are we covered? We need fast confirmation of coverage and indemnity.

**CM:** What a lot of clients want is certainty of claims payment. If we have a big loss we want to be able to book that as recoverable and take the benefit of the claim without having to wait three or four years for a lawyer or an adjuster to make a decision.

**CM:** Chris has a valid point. It can break a risk manager’s career if cover does not result in a claim being paid due to the small print or the complexity of the insurance structure. The amounts at stake are huge. When there’s enough money on the table, insurers sometimes look to wriggle and this devalues the product.

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**CC:** Insurers are partners that take insurance risk off the balance sheet. So if a storm, flood or fire causes damage to my business, we expect the contract to stand up and help get us back into business. If insurers wrote simpler policies, but charged a bit more money, that would make me happier.

How can insurers help you demonstrate the value of a product to the board?

**SH:** Insurance helps to support business activities and is an enabler of business—for example, it can provide some comfort when entering a new market. It gives peace of mind that everything has been looked at from a risk perspective.

**CC:** The value of insurance is proven when there’s a claim—that’s the ultimate test. The board wants assurance that what seems like a simple concept works in practice. We’ve all had bad experiences of personal lines insurance, so there’s a built-in suspicion of the insurance industry. The product should do what it says on the tin.

**CM:** Insurers and underwriters are good at sitting with clients to carry out scenario analysis. But they could do more to provide clarity of intention and help us demonstrate that certain scenarios are covered under the contract.

**FURTHER INFORMATION**

Read the Lloyd’s Risk Index 2011 at www.lloyd.com/riskindex
The increase in catastrophic flood events around the world is forcing the insurance industry to re-examine how it assesses flood risk.

It’s hardly the stuff of Waterworld or the apocalyptic 2012. We probably won’t be consigned to roaming the high seas on vast arks anytime soon. But the world over we are clearly seeing an increase in the number of catastrophic flood events, with both human and economic consequences. For the insurance industry, this global deluge and the accompanying exposures are forcing a re-examination of how flood risk is assessed – requiring access to more and better data, and cheaper, faster, more refined predictive modelling. Fortunately, thanks to the links being forged between the market and leading academics, through initiatives like the annual Lloyd’s Science of Risk prize, these leaps forward are already taking place.

The Tide Rises

Anecdotally, it appears the world is getting wetter. Witness Superstorm Sandy, which battered the eastern seaboard of the US and dominated newspaper headlines for weeks — or the recent UK floods. Then factor in the science. According to findings published in the journal Nature in February 2011, greenhouse gas emissions and the steady increase in temperatures they cause are making extreme rainfall events in the northern hemisphere more common. This man-made climate change may have almost doubled the risk of the wet weather that saw the Hampshire village of Hambledon submerged for six weeks in 2000 and cost the UK £1bn.

Sea levels are also rising at an increasing rate — faster, in fact, than the projections released by the UN Intergovernmental Panel on Climate Change in 2007. Studies show that, whether through loss of land-based ice or thermal expansion caused by the warming of the oceans, levels have been rising at a rate of around 3mm annually since 1992, versus the 1mm to 2.5mm per year from 1900.

Lloyd’s 2012 report, Arctic Opening: Opportunity and Risk in the High North, reveals that in September 2011, the month when Arctic sea ice is typically at its lowest, ice coverage fell to a low of 4.33 million square kilometres — some 2.38 million square kilometres less than the 1979–2000 average. According to a new paper in Science, A Reconciled Estimate Of Ice-sheet Mass Balance, the melting of polar sea ice alone has added 11mm to global sea levels over the past two decades. And don’t forget the myriad of other atmospheric and geological events that come into play — from storm surges, high-intensity winds and El Nino Southern Oscillation Cycles to earthquakes and local factors, including river flow.

Whatever the cause, the disasters that ensue tend to affect similar types of geographies. Coastal and low-lying regions are particularly at risk of flooding, as are areas where vast numbers of people and their economic activities are located. Research carried out in 2000 by the International Institute for Environment and Development calculated that low elevation coastal zones fewer than ten metres above sea level contain 2% of the world’s land, but around 10% of its population.

Feeling Exposed

The effects of flooding can be devastating. Beyond the horrific human toll, 2011 was, says Swiss Re, an unprecedented year in which “natural catastrophes cost the global insurance industry roughly US$110bn”. And flood loss potential, it points out in its report, Natural Catastrophes and Manmade Disasters, “can be just as high as that of earthquakes and storms” — traditionally the major sources of exposure. The flooding in Thailand that triggered US$12bn in claims, it concludes, is “a painful reminder that given the high risk of flooding in many countries, other parts of the globe could be prone to similarly high losses.”
FLOOD RISK... IN NUMBERS

8,000 YEARS
The time elapsed since the extent of Arctic sea ice was last as low as it was on 9 September 2011. (Lloyd's 2012 Arctic report)

150 MILLION
The number of people that could be exposed to a one-in-100-year coastal flood event by 2100. (Lloyd’s)

US$108BN – US$125BN
The estimated economic losses associated with Hurricane Katrina in 2005. (Lloyd’s)

US$12BN
The value of insured claims triggered by floods in Thailand in 2011. “More than three times the size of any other insured loss of its kind in history.” (Swiss Re)

1.69 MILLION
The number of people displaced by the December 2004 Indian Ocean tsunami, triggered by an undersea earthquake off the coast of Sumatra. It is estimated to have killed 230,000 people in 14 countries. (US Geological Survey)

NEW RESEARCH ENABLES A VARIETY OF FLOOD SCENARIOS TO BE COMPARED QUANTITATIVELY FOR THE FIRST TIME. IN TERMS OF CHANGES IN EXPECTED ANNUAL DAMAGE

Meanwhile, one of Dawson’s fellow Science of Risk prize winners, Professor Paul Bates of the University of Bristol, has developed algorithms that increase the accuracy of flood risk models. His work has enabled risk analysts such as RMS, Ambient, HR Wallingford and Willis Re to produce models down to the accuracy of single buildings in a given location and run flood scenarios 1,000 times faster than previous models could. “You can view the benefits of our research on a number of levels,” explains Bates. “There’s a benefit to flood risk analysts because it will enable them to produce more accurate models and save a great deal of time and money. There is a benefit to the insurers in terms of better risk management for insurance and reinsurer companies. The general public will be able to buy the correct amount of flood insurance. Government maps will be better, so property purchase decisions can be improved. And finally, if a flood does take place, then the emergency services will have better, more accurate tools at their disposal to address the problem.”

LLOYD’S SCIENCE OF RISK PRIZE

Launched in 2010, the annual Lloyd’s Science of Risk prize reflects the need to understand, reduce and manage risk that has always been the lifeblood of the Lloyd’s market. This year’s two prize categories were climate change and natural hazards. In the climate change category, Professor Richard Dawson, Chair of Earth Systems Engineering at Newcastle University and a co-leader of the Tyndall Centre’s Cities & Coasts, won for his pioneering work in the complex analysis of the risks flood is linked to flooding and cliff erosion. The natural hazards prize was won by Professor Paul Bates, Professor of Hydrology and Director of the Cabot Institute at the University of Bristol. His work on algorithms used to power flood risk catastrophe models enables analysts to make more accurate flood predictions quicker and more cheaply.

The benefits that such scientific research can bring to the Lloyd’s market and the reinsurance markets are considerable. If, for example, the research of this year’s prize winners can enable improved preparation for and responses to catastrophic flood events, then the costs in terms of human suffering and economic and insured losses may be significantly reduced. Harnessing the latest scientific techniques and tools is in the interest of all who use and work in our market. And the Science of Risk prize is a small encouragement to those who can help us do so.

Which is perhaps why insurers are increasing the amount of flood cover they are writing throughout the world, due to the more detailed and emerging markets.” Because we are insuring in more places, the insured population and insured property is far greater than 20 years ago,” explains Mohammad Hasse, Chief Property Underwriting Officer at Munich Re’s Corporate Insurance Partner. “For insurers, the issue is knowing what your exposure truly is.” He refers to the Thai floods, where many of the insured losses stemmed from Thai risk that had been covered in policies written for Japanese multinationals with manufacturing operations in the Bangkok area. “This experience clearly shows that globalisation and internationalisation lead to a higher degree of complexity in the world economy,” writes Claudia Haase, Chief Property Underwriting Officer at Munich Re’s Corporate Insurance Partner. “Supply chains are often global and increasingly difficult to keep track of. For the insurance industry, this means a major lack of transparency in terms of risk exposure, thus increasing the challenges for accumulation management.”

THE SUPER MODELS

This is far from the only problem confronting insurers, however. Although modelling flood behaviour is nothing new, the models themselves can be inadequate – though they are getting much better. Research by Professor Richard Dawson of Newcastle University, one of this year’s winners of Lloyd’s Science of Risk prize, has demonstrated how a wide range of factors can influence the analysis of the risks associated with flooding and cliff erosion – in the context of threats from rising sea levels, and increases in the frequency and intensity of storms. Together with colleagues from the Tyndall Centre for Climate Change Research, Dawson developed an integrated assessment system that couples simulations of climate change projections, coastal hydrodynamics, coastal morphology, flood defence reliability, inundation and land use change – which in turn enables a variety of flood scenarios to be compared quantitatively for the first time, in terms of changes in expected annual damage. Although the research focused on the Happisburgh area of Norfolk in the UK, it is applicable to any flood risk area in the world. And with increasingly rigorous data collection and analysis in high-risk areas, such as those in low-lying and high population coastal centres in emerging markets, Dawson’s work can enable better management of flood risk, preservation of life and property, and limitation of related insurance losses. “By understanding some of the interconnected processes,” says Dawson, “we start to appreciate that flood protection is not just about building the biggest dyke possible. There are other ways of working more subtly with nature and natural processes rather than trying to tackle nature head on and fighting it with a wall.”

As data becomes more detailed and widely sourced, the ability to model and predict extreme flood events at a much lower cost will be greatly enhanced.

FURTHER INFORMATION

To find out about the annual Lloyd’s Science of Risk prize or to enter visit www.lloyds.com/scienceofrisk.
after nine hours when her coach believed she was in distress and went to help her. Ederle was resting, but the intervention saw her disqualified. By 1926 she was back, this time with new coach Tom Burgess – the second person to have swum the Channel. So, what were her chances? On the one hand, the Channel had defeated many great distance swimmers, and her coach Burgess had tried 15 times before succeeding. On the other, Ederle had set a strong, fast pace the year before. Judging these factors was brought into perspective for Lloyd’s when Ederle’s father, Henry, decided to back his daughter. Once known for taking the odd gamble, even in the first quarter of the 20th century, Lloyd’s set Ederle a premium of £293,000. In the event her daughter swam the Channel before 31 December 1926, he would get a return of £1,863 on her Lloyd’s premium.

### GERTRUDE EDERLE

**THE GIRL WHO SWAM AGAINST THE TIDE**

In 1926, a young American woman swam the English Channel and beat the existing men’s record by nearly two hours – securing a princely return of £1,863 on her Lloyd’s premium.

 Shortly after 7am on 6 August 1926, Gertrude Ederle, smeared with grease and lanolin, headed for England. Having swum from Gris-Nez, France, she dived into the water and waded into the English Channel at Cape Griz-Niz, France, at 7am. Her father, Henry, decided to back his daughter. Once known for taking the odd gamble, even in the first quarter of the 20th century, Lloyd’s set Ederle a premium of £293,000. In the event her daughter swam the Channel before 31 December 1926, he would get a return of £1,863 on his Lloyd’s premium.

**In 1926, a young American woman swam the English Channel and beat the existing men’s record by nearly two hours – securing a princely return of £1,863 on her Lloyd’s premium.**

Born in New York in 1905, Ederle was well equipped for the energy-sapping challenge. One of the greatest swimmers of the 20th century, Lloyd’s set Ederle a premium of £293,000. In the event her daughter swam the Channel before 31 December 1926, he would get a return of £1,863 on her Lloyd’s premium.

Despite an arduous crossing, in which she had to swim an indirect path, Ederle arrived in Kingsdown, England in 14 hours 31 minutes, beating the men’s record by nearly two hours. Remarkably, she swam more than 35 miles due to the winds and currents.

Ederle’s crossing challenged the perception of female athletes and inspired generations of women to take up sport. In an era when female athletes were only just starting to be taken seriously, her achievement was a significant milestone that captured the public imagination. On her return to New York, she was greeted by a two million-strong parade, starred in a film and toured as a professional swimmer.

### MARKET MOVES

**Robert Hiscox**
Chairman, Hiscox Ltd.
Bob Hiscox stepped down as Chairman of Hiscox Ltd. in February. He led the company since 1970, during which time it grew from a London underwriting agency to become a global insurance group. Robert Hiscox, who has worked at Hiscox since the mid-1980s and was formerly in Chief Underwriting Officer, succeeds him as Chairman.

**Nick Moss**
Finance Director, RFIB Holdings
International Lloyd’s broker RFIB Holdings has appointed CMC Markets Chief Financial Officer, Nick Moss, as Finance Director. Prior to his four years at CMC Markets, Nick gained experience in the insurance broking sector from his six years as Head of Group Finance for the Benfield Group. He has also held senior positions at Old Mutual and PwC.

**Mike Reid**
Head of International Property
Lloyd’s has appointed Mike Reid as Head of International Property. Reid previously led the Lloyd’s Property division for seven years, taking a change of leadership at Lloyd’s to grow its open market property portfolio.

### EVENTS

**STEADFAST 2013, AUSTRALIA 6-9 APRIL, SYDNEY**

Lloyd’s will be jointly hosting a stand with Arch, Newline and Markel International at Steadfast this year. Steadfast is Australia’s largest broker cluster group facilitating over 8bn of premium per annum, the majority being SME business. This annual event typically attracts over 90 exhibitors and 2,500 attendees.

### GLOBAL CONTACTS

**AUSTRALIA**
Adrian Humphreys
General Representative, Australia
+61 (02) 9221 1443
adrian.humphreys@lloydys.com

**BRAZIL**
Enrico Bertagna
Head of Southern, Eastern Europe & Africa
enrico.bertagna@lloyds.com

**CHINA**
Zeri Gu
General Representative, China
+86 21 6862 8200
eric.gu@lloyds.com

**HONG KONG**
Kam Tran
General Representative, Hong Kong
+852 2918 9911
kim.swan@lloyds.com

**JAPAN**
James Cameron
Representative & Chief Operating Officer, Japan
+81 (0)3 5655 6692
james.cameron@lloyds.com

**NORTHERN EUROPE**
Benno Reischel
Head of Northern Europe
+44 (0)20 7327 5327
benno.reischel@lloyds.com

**SINGAPORE**
Kent Chaplin
Head of Asia Pacific, Lloyd’s Asia
+65 6318 7008
kent.chaplin@lloyds.com

**SOUTHERN & EASTERN EUROPE & AFRICA**
Enrico Bertagna
Head of Southern, Eastern Europe & Africa
+39.02.378.8280
enrico.bertagna@lloyds.com

**UK/IRELAND**
Keith Stern
U.K. & Ireland Regional Manager
+44 (0)20 7327 5813
keith.stern@lloyds.com

**USA**
Sean Murphy
President of Lloyd’s America
+1 416 360 1512
sean.murphy@lloyds.com

**WWW.LLOYDS.COM/LLOYDS/OFFICES**