

Market Bulletin

Ref: Y5299

Title Decision to Strengthen Focus on US Surplus Lines & Reinsurance Business and Relinquish US Admitted Licences

Purpose To inform the market of the decision to relinquish the US licences

Type Event

From Peter Montanaro, Head of Syndicate Capability Oversight

Date 10th July 2020

Lloyd's has today announced that it will strengthen its focus on the US reinsurance and excess and surplus (E&S) insurance market, where it is the market leader. As part of this strategy to focus on its core markets, Lloyd's will relinquish its admitted licences in the US Virgin Islands (US VI), Kentucky and Illinois, which together represent US\$215 million or 1% of Lloyd's annual US premium income.

This decision was not related to the local markets or the business we write under the licences, rather it was a recognition that E&S business is a better fit for our underwriters given the market's innovative nature and expertise in emerging risks. Lloyd's believes that the product flexibility of the E&S space is key to realizing Lloyd's strategic vision.

Lloyd's understands that the market and our key stakeholders will need time to make changes to their commercial plans. We are therefore providing a window of 12 months during which new business will continue to be allowed. After 1st July 2021 no new business or programs will be accepted on the US licensed platforms. Regarding existing and renewal business, Lloyd's will be working with the regulators in the licensed territories to develop plans to non-renew this business with as little disruption to the local markets and policyholders as possible. We will issue further and more detailed guidance in due course once arrangements with the regulators have been agreed.

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