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Munich Re cools on US casualty as it looks for 30% P&C reinsurance growth

p3

Re/insurers' Covid capital-raising set to reach $21bn

p3

M&A insurers eye post-Covid opportunity in Asia

p4-5

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NEWS

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First published in 1995, *Insurance Day* has become the favourite publication for the London market, which relies on its mix of news, analysis and data to keep in touch with this fast-moving and vitally important sector. Its experienced and highly skilled insurance writers are well known and respected in the market and their insight is both compelling and valuable.

Insurance Day also produces a number of must-attend annual events to complement its daily output, including the *Insurance Day* London Market Awards, which recognise and celebrate the very best in the industry.

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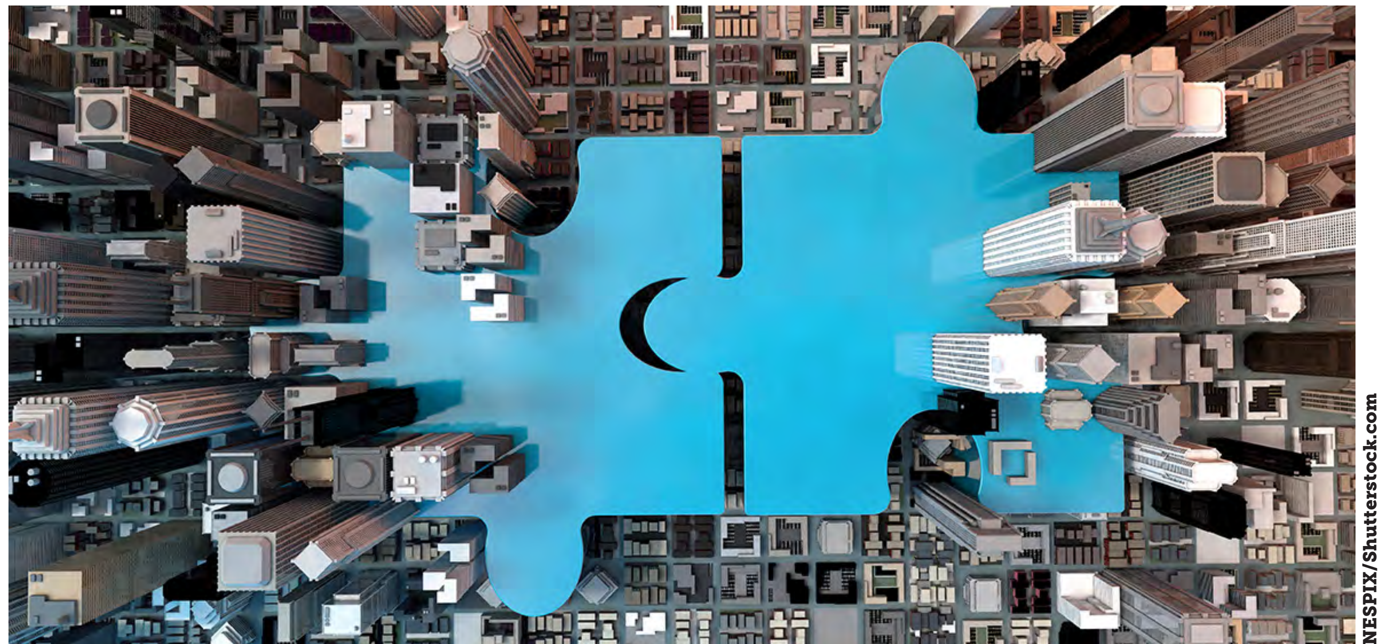

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Excess capital 'to drive London and European M&A activity'

Many listed insurers continue to trade at big discounts to their long-term averages

David Freitas
Reporter

Strong solvency levels and a desire to use excess capital could accelerate merger and acquisition (M&A) activity with the London and European markets, analysts said.

Many players have signalled their intention to put capital to work and take advantage of undervalued or distressed assets, making deal activity more likely for next year, analysts at Berenberg said.

Buyers could still benefit from attractive prices for M&A deals, the analysts said. Even though deal premiums above the share price in 2020 are up 56%, compared with 30% in 2018, valuation multiples are still below average.

Beazley and Hiscox are seen as potential targets in the London market with Scor and Helvetia possible targets in Europe.

The preference for property/casualty insurance, insurtech investments and the low interest rate environment will also supported deal activity.

"Despite the recent share price rallies for the sector, many listed insurers continue to trade at big discounts to their long-term averages, with some insurers struggling or disposing of assets," the Berenberg analysts said. "We continue to see plenty of opportunities for those insurers with excess capital."

London market broker Beach rebrands

London market broker Beach & Associates has been rebranded to Acrisure Re and Acrisure London Wholesale, *writes David Freitas*.

US broking group Acrisure acquired Beach in 2018, which was its first partnership outside of North America.

Aligning Beach with the Acrisure brand "will advance the company's efforts to capitalise on value chain opportunities and connect forward-thinking underwriting capital with large quantities of risk", the group said.

The US group has been investing in artificial intelligence (AI) and robotic processing, recently acquiring artificial intelligence company Tulco's insurance assets.

Greg Williams, co-founder, chief executive and president of Acrisure, said: "Rebranding Beach as Acrisure Re signifies how we intend to leverage the robust talent in our reinsurance division as it fully represents Acrisure in all markets."

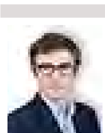
Jason Howard says the rebranded Acrisure Re's use of technology will 'completely change the game' for partners and clients

Jason Howard, chief executive of Acrisure Re, said the London market firm planned to use advanced underwriting algorithms with predictive modelling that will "completely change the game" for partners and clients.

NEWS

Munich Re cools on US casualty as it looks for 30% P&C reinsurance growth

Reinsurance giant to increase weighting of specialty division and will avoid aggressive expansion in 'problematic' lines, the head of its reinsurance business says



Lorenzo Spoerry
Deputy editor

Munich Re is targeting an annual return on equity (RoE) of between 12% and 14% by 2025, according to its newly unveiled business plan.

Growth will be supported by a rapidly improving rating environment. Torsten Jeworrek, who heads Munich Re's reinsurance business, said the focus will be on the best-performing lines such as catastrophe excess-of-loss and expanding its less cyclical Risk Solutions division.

The core reinsurance division has an identical target to the group.

Group earnings per share are expected to increase annually by 5% or more on average by 2025.

Munich Re will avoid going "aggressively" into US casualty or other "problematic" areas, Jeworrek said. US liability business has been hit by accelerating social inflation. Rate hardening is expected in reinsurance, as well as commercial and specialty lines, for "a couple of years", Jeworrek added.

Torsten Jeworrek says Munich Re expects rate hardening to continue for 'a couple of years' in reinsurance and other lines

Premiums in property/casualty reinsurance are expected to rise to about €31.5bn ($38.14bn) by 2025, compared to about €24bn for 2020, representing more than 30% growth over the five year period.

This will include a €4bn increase in traditional reinsurance business to €22bn. Growth in the traditional reinsurance business will rely heavily on emerging markets, where the anticipated growth rate will be about double that of mature markets.

The reinsurer's Risk Solutions division, which houses its Lloyd's and other specialty operations, will seek to add €3.5bn in premium increase over the next five years to reach €9.5bn – an increase of 10% a year.

Munich Re said the comparatively greater role of Risk Solutions (which by 2025 will make up slightly less than one-third of reinsurance premiums, up from about a quarter now) means the group's entire portfolio will be less cyclical in general.

Life and health reinsurance premium income is anticipated to grow by close to 4% a year on average, reaching close to €15bn by 2025.

Dividends per share are also expected to increase annually by 5% or more on average by 2025. In the past five years, dividends per share have increased at an average rate of 4.7% annually.

The company is also planning to continue its expansion in the burgeoning cyber insurance space and is set to grow premiums in this line from €700m to €1.4bn in 2025. This would put it largely in line with industry growth.

Munich Re previously said it expects to make a profit of €1.2bn in 2020, less than half of what it had expected at the start of the year as it booked €3.4bn in losses from Covid-19. Were it not for the pandemic, Munich Re would have met its original €2.8bn target.

Reinsurers' Covid-19 capital-raising set to reach $21bn

Capital raising by re/insurers in the wake of the coronavirus pandemic could reach $21bn, *writes David Freitas*.

Re/insurers have already raised $19bn in additional capital during the pandemic, with a further $3bn in progress or being considered, according to analysis by Willis Re.

The pandemic has exacerbated the need for insurance companies to bolster their balance sheets, prompting them to raise capital as protection against rising exposures. Reinsurers and commercial lines insurers have also been tempted to make use of the favourable pricing backdrop to raise capital in recent months.

Capital-raising activity has accelerated toward the end of the year, with some $6bn raised in the fourth quarter so far, Willis Re estimated.

> **'Looking ahead, we may see further required capital raises as pending legal rulings on Covid-19-related claims are reached'**
> **Willis Re**

"Looking ahead, we may see further required capital raises as pending legal rulings on Covid-19-related claims are reached," Willis Re said.

In the first nine months of 2020, global re/insurers booked some $20bn of Covid-19-related losses, less than the estimated $68bn midpoint of top-down loss estimates for the global non-life industry.

Further pandemic losses will be reported in the fourth quarter. Munich Re has already announced it will book an additional €1.1bn ($1.33bn) in losses.

The uncertainty stemming primarily from legal rulings on business interruption coverage from the coronavirus has also prompted re/insurers to include incurred but not reported losses, Willis Re said. In turn, carriers have introduced exclusionary policy wordings, aiming to reduce losses in the years to come.

"When we look at losses booked by individual companies, we again see the slow pace of Covid-19 loss emergence," Willis Re said, adding in the first three quarters of this year, around 80% of re/insurers it follows booked losses of less than 5% of 2019 shareholders' equity.

Willis Re also said third-quarter written premium bounced back from second-quarter declines, as lockdowns were lifted. But another dip is expected if the second wave of the pandemic induces renewed lockdowns, Willis Re said.

Positive rate momentum continues to provide a strong offset to low and volatile exposure growth, the broker added.

AmTrust hires Steve Ranzetta to lead A&H

AmTrust International has named Steve Ranzetta lead underwriter of its accident and health (A&H) team, *writes Michael Faulkner*.

Ranzetta has more than 30 years' experience in UK and international A&H markets.

He joins the UK and international arm of AmTrust Financial from Lloyd's managing agent Vibe syndicate 5678, where he was responsible for establishing and growing the syndicate's A&H division.

Before that, he was class underwriter, A&H at Mitsui Sumitomo Insurance Underwriting at Lloyd's syndicate 3210.

In his new role, Ranzetta will be responsible for managing the A&H portfolio in line with the specialty business's plans to grow a "sustainable, quality and customer-focused business".

ANALYSIS

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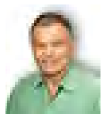
M&A insurers eye post-Covid opportunity in Asia

The rapid recovery of M&A activity in Asia and the rise in intellectual property rights litigation are encouraging carriers to reassess their risk appetite and product offerings


Rasaad Jamie
Global markets editor

There are many factors behind the sharp recovery in global merger and acquisition (M&A) activity during the third quarter of this year, after transaction value had dropped to a 10-year low as a result of the Covid-19 pandemic.

But the two developments that are whetting the appetites of insurers active in the transaction risk insurance market are the resilience of M&A activity in the Asia-Pacific region – where deal value in the third quarter reached $392bn, the highest third quarter on record for the region – and the global rise in disputes

'Coverage and pricing continues to be tailored on a transaction by transaction basis. The market is adopting a practical approach that considers pricing, exposure assessments, wordings and whether Covid-19-specific exclusions are required'

Killian McDermott
Fusion Specialty

and litigation relating to copyright and other corporate intellectual property (IP) assets.

While M&A activity is expected to grow in the US, Europe and Asia-Pacific markets over the coming months to coincide with the emergence of Covid-19 vaccines and the recovery of local economies, this process of recovery has already begun in earnest in Asia.

Insurers and brokers also see IP infringement litigation increasing in momentum as technology businesses become more in demand and their IP assets become more risk-exposed.

The risk of IP infringement affects companies operating in every industry sector but some industries are more exposed than others and the type of infringement varies depending on the industry. In addition to companies in the technology sector, life sciences companies are constantly exposed to patent infringement allegations, whereas the gaming and entertainment industries tend to be subject to a higher frequency of copyright and trademark disputes than other industries.

Infringement exposures

According to Kristian Kolsaker, IP underwriter at CFC Underwriting, the specialist London market underwriting business, global patent and trademark applications have grown substantially in recent years, and this reflects the increasing popularity and success of IP licensing as a business model (*see box*).

Tantalisingly for those M&A transaction insurers with their sights set on Asia, the industry sectors in the region that have experienced growth in deal activity in the first nine months of 2020 year-on-year include some of those most exposed to IP infringement risks, including telecommunications, life sciences and power and utilities. Indeed, technology continues to be among the most active sectors in terms of M&A deal volume within Asia-Pacific

"Notably, technology was one of the first sectors to rebound in Asia-Pacific, with deal volume returning to 2019 levels, and it continues to drive M&A as part of the transformation agenda across industries," Yew-Poh Mak, Asia-Pacific strategy and transactions leader at EY, says.

For example, even during the Covid-hit months of 2020, warranty and indemnity (W&I) insurance submissions in Asia maintained their growth trajectory and even recorded an increase in growth over 2019 in terms of the number of deals covered, according to Killian McDermott, co-founder and executive partner at Fusion Specialty, a specialist transaction risk managing general agent (MGA) focused on the region.

"Even Australia and New Zealand, which saw a material decrease in deal activity from March through July, started to pick up again from August onwards," McDermott says.

McDermott expects the Asia-Pacific M&A insurance market to continue to grow and reach new levels every year, and he is not alone in this belief. Over the past 18 months, Fusion has entered into capacity agreements with Ping An, Zurich Insurance, Markel's Lloyd's syndicate 3000, HDI Global Specialty and Allianz Global Corporate & Specialty, with the last three struck during the pandemic.

> **'IP is quickly changing and accumulating, and it is not inconceivable a company should infringe a new intellectual property right. This is an exposure that can be covered by standalone IP insurance'**
>
> **Kristian Kolsaker**
> **CFC Underwriting**

All of these deals, according to McDermott, are based on Fusion's M&A insurance expertise, experience, niche positioning, local solutions and its relationships across the Asia-Pacific M&A insurance ecosystem.

Post-Covid acceleration

While W&I insurance is already well established in the Asia-Pacific region, McDermott anticipates a post-Covid acceleration in the development of the market over the next year and beyond. A temporary growth in cover for distressed assets transactions is expected, while Australia, Hong Kong and Singapore will continue to grow as centres for the market, he says. In addition, a demand for tax liability insurance is also likely to develop in the region and, to a lesser degree, contingent risk covers.

"We also predict strong growth in China, Japan, South Korea, India and across south-east Asia, in particular, and we expect to see an increase in local/domestic transactions, in addition to inbound and outbound M&A transactions," McDermott says.

A key factor driving the growth of the M&A insurance market in Asia-Pacific, is the increased awareness of the benefits of M&A insurance products among private equity firms and corporates, driven by advisers, brokers, MGAs and insurers. This predicted growth is based on Asia's projected economic development and increased share of world GDP relative to other regions of the world.

This development, McDermott says, will be accompanied by the increase in the local Asian pool of experience and expertise in terms of the new brokers, MGAs and insurers entering into the Asian market.

"The development of data and technology-enabled insurance solutions will be catalyst for additional growth of the market, and the efficiency in which the product is delivered, in particular for the small to medium-sized enterprise segment," he adds.

Needless to say, Covid-19 has had implications across the M&A process for all parties in the Asia-Pacific region and continues to be keenly addressed during due diligence and deal negotiations. M&A insurers, especially, are particularly attentive to each stage of the transaction. This includes underwriters clearly setting out policy terms and conditions in their initial quotes, maintaining tight control over the underwriting and the negotiation of coverage positions.

Nevertheless, M&A insurance coverage and pricing continues to be tailored on a transaction-by-transaction basis. The market, according to McDermott is adopting a practical approach that considers pricing, exposure assessments, wordings and whether Covid-19 specific exclusions are required. "There isn't currently a blanket market exclusion for Covid-19 exposures," he adds. ■

Increase in patents and trademarks drive up infringement costs

IP licensing permits another business to use a company's technology, brands and know-how in exchange for fees and royalties. "An increase in licensing creates additional affirmative IP infringement exposures arising in these contracts, all of which is driving a greater awareness of IP infringement exposure," CFC Underwriting's Kolsaker says. London-based CFC has just launched a new standalone IP infringement risk product.

CFC has been selling standalone IP insurance to small businesses worldwide since 2014. IP policies typically cover legal expenses incurred and compensatory payments made to third parties in defending and resolving IP infringement disputes.

The new initiative, according to Kolsaker, makes IP insurance easy to access for companies undergoing a transaction. Ahead of a projected increase in M&A transactions in the small to mid-market company sector, CFC believes now is the right time to make clients aware of the material additional benefits of standalone IP insurance, which, unlike other IP products in the market, entails a simple, streamlined underwriting process using information already prepared by the client for their acquisition.

New patents and trademarks granted after an acquisition closes are new infringement exposures that did not exist at the time the acquisition occurred, Kolsaker says. "A seller's warranty detailing the extent to which the acquired company infringes on a third party's IP could not relate to these new intellectual property rights," he adds.

This is particularly important because more than one million new patents are granted every year worldwide and more than 10 million new trademarks are filed. "IP is quickly changing and accumulating, and it is not inconceivable a company should infringe a new intellectual property right. This is an exposure that can be covered by standalone IP insurance," Kolsaker says.

After an acquisition, it is common for the acquired business to scale up its operations to fulfil its growth projections. This can often translate into launching new products and services or amending existing products. "From an exposure perspective, new products launched after closing are not protected by seller warranties because these products did not form part of the acquisition. Therefore there would no coverage for these new products on an existing W&I insurance policy," Kolsaker says.

Rolling out an existing product line into a new country can be complicated from an IP perspective. This is because IP rights are granted nationally and managed by each country's respective intellectual property office. It is perfectly possible, according to Kolsaker, to sell a product and not infringe anyone's intellectual property in one country, but as soon as exactly the same product is launched in a new country an IP infringement allegation can occur.

"The coverage from a W&I insurance perspective is uncertain in this example, as the precise wording and intent of a seller's warranty will determine whether such an infringement allegation is insured. Standalone IP insurance, on the other hand, will cover existing product lines in new territories," he adds. ■

VIEWPOINT

As the market continues to harden, firms are seeking to access capital trapped in books of business that are no longer live

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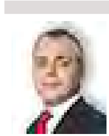
Legacy sector can reduce pressure of loss-making portfolios on live market

The legacy sector is extending its scope of activity to the freeing up capital trapped in portfolios of non-core or poor-performing business



Robert Dewen
Davies Group

The fundamental shift in market conditions over the past 12 months has changed the face of how the industry views the issue of legacy business.

Five years ago, the run-off sector was seen to be drinking at the last-chance saloon. Few had a positive view of the sector and its long-term survival; indeed, many believed it was facing extinction.

However, as the market continues to harden, driven by rising losses and, in some areas, a withdrawal of capacity, firms are seeking to access capital that is trapped in books of business that are no longer live.

In the past month, ILS Capital announced it has been able to release $57m of trapped reinsurance capital in a deal that is set to be replicated by many others. The estimates of just how much capital is trapped within the industry are as high as $15bn, with some saying even that figure is on the conservative side.

At Davies Group, we can attest to the size of the opportunity. We have initiated the return of more than £600m to the market to date, often from unknown or unidentified premiums that have been trapped in legacy portfolios.

The same can be said for loss funds, where we have been involved in the full or partial return of £150m. It is our view, having reviewed the London market, that there is likely to be a further £700m across the legacy years that is due for return and is waiting to be unlocked.

Accessing capital

Market hardening has seen underwriters increasingly looking to find ways they can access capital, either via the sale of legacy portfolios or by more efficiently managing their legacy operations in an effort to release the value trapped within them.

Both options, while delivering considerable benefits, require a high degree of expertise and while firms may be keen to handle the process in-house, they often discover they do not have the staff and, more importantly, the staff with the necessary expertise to carry out the tasks that are required to complete the sale or undertake effective legacy management. Instead, many companies continue to devote their attentions to active years of account, leaving funds tied up in legacy business that could be far better deployed elsewhere.

In terms of premium credit control on active years, the changing dynamics of the market have created greater focus in terms of the payment of premiums.

There is now a greater emphasis on brokers to speed the movement of premiums from their clients with managing agents keen to collect premiums in a timelier fashion.

It has created new challenges for brokers, and we have found our consolidated approach, which has been operating for some time, has delivered tangible efficiencies and has been welcomed by brokers and underwriters alike.

Disposal of live portfolios

The legacy and run-off sector has now reached a point where there is every possibility it could see an end to closed years' business. Underwriters will operate a portfolio for, say, five years and then simply dispose of the portfolio and free up the capital to be used in other areas.

The market is clearly becoming far more sophisticated about how it deploys capital and will focus not only on the loss ratio of a given portfolio but also the operational costs of managing the business.

Technology has delivered the ability for firms to better understand portfolios. We have seen a move from XML spreadsheets, which required significant investigation to create a full understanding of costs and performance, to online management, where the information can be extracted at the touch of a button.

Poorly performing portfolios require management and staff dedicated to their operation. The disposal of portfolios can often come alongside a reduction in staffing costs. As we are all aware, Lloyd's has been increasingly prescriptive as to the performance of the risks it wishes its syndicates to underwrite. This situation has left some managing agents disheartened by the difficulties they face and challenged by the need to manage the business that is no longer acceptable within the market.

Increasing numbers of firms are talking to us about how best to free their trapped capital. We are being asked either to review the portfolio, its operating costs and the potential future performance in preparation for sale or to use our expertise to efficiently manage the portfolio on our clients' behalf and speed up the release of trapped premiums.

As the amount of trapped capital released continues to grow, the demand for support for solutions is likely to match that growth. While it will breathe further life into the run-off sector, the complexity of the process is likely to see live underwriters increasingly look to divest portfolios faster, as market conditions adapt to the changing face of risk. ■

Robert Dewen is managing director of insurer and market services at Davies Group

VIEWPOINT

Maritime sector must respond to the shift in cyber threat

The shift in focus of marine cyber attacks away from vessels to shore-based GPS and other monitoring systems is an issue of concern for shipping companies and their insurers

Suki Basi
Russell Group

The fallout from the Covid-19 pandemic has hit the maritime industry hard, with the World Trade Organization predicting global merchandise trade this year is likely to be down 9.2% on 2019 levels.

With this fall in trade, many marine re/insurers could be forgiven for thinking the risk to their portfolios has fallen significantly. However, as the International Union of Marine Insurance (Iumi) recently pointed out, the industry has still suffered significant losses this year, including the explosion at the port of Beirut.

Fundamentally, what the pandemic has done is exacerbate an ongoing trend that has been developing over the past few years: the transference of risk from the physical to the virtual world.

The rise of cyber risk in the maritime industry is a prime example of this. There has been a 400% increase in attempted cyber attacks on the maritime sector since the Covid-19 pandemic started, according to Naval Dome, an Israeli cyber security specialist. This is part of a trend that has been affecting the wider economy, with McAfee reporting attacks on cloud-based businesses increased 630% between January and April of this year.

There has been a 400% increase in attempted cyber attacks on the maritime sector since the Covid-19 pandemic started, according to Naval Dome

With many workers now working from home on their own computers and laptops, this increases the opportunity for a hacker to penetrate and bring down an entire network, Ital Sela, Naval Dome chief executive, says.

Cyber security

Furthermore, Sela says, the economic downturn created by Covid-19 (and, in the case of the energy industry, falling crude oil prices) means many companies are seeing their budgets stretched thin and cyber security is not considered a priority.

However, the maritime industry, as a whole, is not dealing with cyber risk. Over the past three years, all four of the biggest maritime shipping companies have been hit by a cyber attack. Maersk was hit by NotPetya ransomware in 2017. This was followed by Cosco, which suffered a ransomware attack in 2018.

MSC was hit earlier this year by an unnamed malware attack. More recently, CMA CGM took its worldwide shipping container booking system offline after being hit by Ragnar Locker (a data-encryption ransomware attack).

Interestingly, the shifting focus of all these cyber attacks away from ships is what is concerning many experts. While there have been attacks on ships themselves, with GPS spoofing attacks on ships travelling through the Middle East and China, the target of the hackers has, increasingly, been shore-based systems.

Such systems, located in offices, ports, business offices and data centres, are responsible for managing personnel, receiving and sending emails, managing ships and booking container transports, according to ZDNet.

Multiple entry points

Many experts say shipping companies need to step up their cyber security efforts to protect themselves against these shore-based attacks. Rather than viewing cyber security as one large entity with a single point of entry, they need to view it as a network with multiple entry points. A hacker could just as easily take a company down by attacking multiple ships as they could by targeting the accounting software of a regional company office.

As the ports sector becomes ever more digitalised, for example, there is an increasing requirement for it to employ effective cyber security measures.

Cyber security is part and parcel of the safe and efficient running of any port today. More and more cyber attacks on ports are occurring, with ports facing attacks on their operational technology (OT) systems and networks as well as their IT networks.

OT is defined as technology that interfaces with the physical world and includes industrial control systems, supervisory control and data acquisition and distributed control systems: IT deals with information, OT deals with machines; the former manages the flow of digital information, while the latter manages the operation of physical processes and the machinery used to carry them out.

In today's networked environment, it would be easy to make the mistake of focusing efforts on protecting IT networks. However, to mitigate the threat of cyber attacks, it is important to protect the OT system and OT network as well as the IT.

Without this radical overhaul of cyber security, many shipping companies, ports and other partners in the supply chain are likely to suffer the same fate as their peers – at a large financial cost.

With the rise of cyber attacks targeting the maritime industry, all the major players are suffering the consequences of a new, connected world, where the risks are not just physical but virtual, too.

In other words, as Iumi put it in a statement about the impact of the Covid-19 pandemic: "The changes taking place are not about 'going backwards' but rather finding a sound way forward in the 'new normal' and to contribute to making our business better and sustainable." ■

Suki Basi is managing director at Russell Group

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insuranceday

Conduit Re assigned A- rating

Neil Eckert's start-up set to launch with $1.1bn initial market capitalisation

Lorenzo Spoerry
Deputy editor

Neil Eckert will lead Conduit Re as executive chairman

AM Best has assigned an A- (excellent) financial strength rating and "a-" long-term issuer credit rating to start-up property/casualty re/insurer Conduit Re.

Conduit Re, which is led by industry veterans Neil Eckert as executive chairman and Trevor Carvey as chief executive, is expected to launch with around $1.1bn in initial market capitalisation from last week's initial public offering.

AM Best said its balance sheet assessment was underpinned by the expectation that Conduit Re will maintain the strongest level of risk-adjusted capitalisation over its five-year start-up phase.

The assessment of operating performance is based on the group's well-defined business plan, taking into account the competitive environment and heightened execution risk during the start-up phase.

While a lack of competitive position and established distribution network limit Conduit Re's business profile, the likelihood of its acceptance in the market is raised by the experience of senior management and underwriters in targeted classes of business, the rating agency said.

Conduit Re will write excess-of-loss and quota-share treaty reinsurance business, targeting property, specialty and casualty classes, as a Class 4 Bermudian reinsurer.

The company is one of several re/insurers to launch this year amid significant rate hardening.

BMS strengthens US marine unit with triple appointment

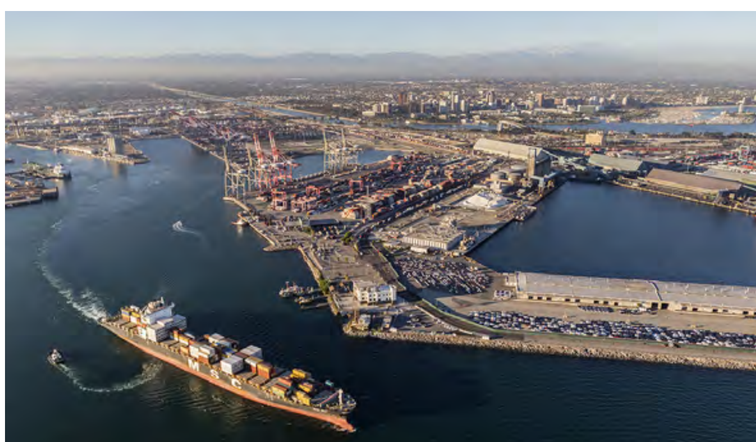
Wholesale broker BMS Group has made a trio of senior hires to build out its US marine operations, *writes David Freitas*.

Nick Hocking, Tony Cuthbertson and Josh Robertson will join the broker's subsidiary BMS Harris & Dixon Marine as directors from Price Forbes.

The trio, who will join in February 2021, will be responsible for developing BMS's marine wholesale capabilities across the US, including hull and machinery, protection and indemnity, charterers' liability and other specialist covers.

The three were executive directors at Price Forbes.

"The marine wholesale insurance situation is evolving rapidly," Ian Gormley, managing director of BMS's global risks division, said. "We have identified exciting opportunities due to the hardening market conditions, where we believe our reinsurance expertise will come into play."



AGCS makes leadership appointments

Allianz Global Corporate & Specialty (AGCS) has appointed Jeremy Sharpe to lead its global distribution unit, *writes Stuart Collins*.

He succeeds Patrick Thiels, who is to head the insurer's recently expanded Mediterranean and Africa region.

Sharpe is head of broker engagement, international at AIG, having previously been global head of insurable risk management at HSBC Group.

Based in London, Sharpe will join AGCS on March 1, 2021. Until then, Thiels will hold dual responsibility for the Mediterranean and Africa region and global distribution.

Thiels replaces the incumbent regional managing director for AGCS's Mediterranean and Africa region, Corinne Cipière, who will take on a board of management role as chief customer officer at Allianz France from January 1, 2021.

Australian insurers to appeal in BI test case

The Insurance Council of Australia (ICA) is to appeal against the Covid-19 business interruption test case ruling, which found insurers liable for certain pandemic-related losses, *writes Stuart Collins*.

Acting on behalf of insurers, the ICA is to apply to the High Court of Australia to appeal against the original decision of the New South Wales Court of Appeal regarding the application of certain exclusions to business interruption policies.

In November, the New South Wales court ruled policy exclusions related to the repealed Quarantine Act 1908 were not enforceable by insurers.

"While the insurance industry is sympathetic to businesses… it remains of the view that pandemics were not contemplated for coverage under most business interruption policies and the Quarantine Act exclusion excludes Covid-19-related claims," the ICA said.

The ICA confirmed it is to file a further test case to explore other business interruption policy issues.