

Your Guide to Lloyd's Syndicate Results 2017

Another year and another set of Lloyd's syndicate results come into the world but after one of the worst years in the market's 330-year history, four fifths of syndicates posted a loss with 17 of those reporting a combined ratio in excess of 150 percent.

Last year was arguably the toughest since 2001 for underwriters who ply their trade on One Lime Street.

As the rest of the financial services world basked in the glare of a surging bull market, EC3's specialty (re)insurers had an inkling - even before the autumn catastrophes - that the full year results were unlikely to be pretty.

The Corporation's overall £2bn loss which it revealed last month only fuelled the anxiety that some syndicates had been mightily scarred by a plethora of losses from a trio of Atlantic hurricanes, wildfires in California and Mexican earthquakes among others - while it also became clear that carriers would be get no reprieve from the underlying attritional claims activity - or their expenses.

Re-Insurance.com has compiled the data, and found that of the 103 syndicates trading last year, 18 posted a combined ratio in excess of 150 percent, with a total of 82 reporting an overall loss for 2017.

Cat losses from the second half of last year clearly played an enormous role in this result, with 13 syndicates reporting a net claims bill that exceeded their total gross written premium (GWP) for the year.

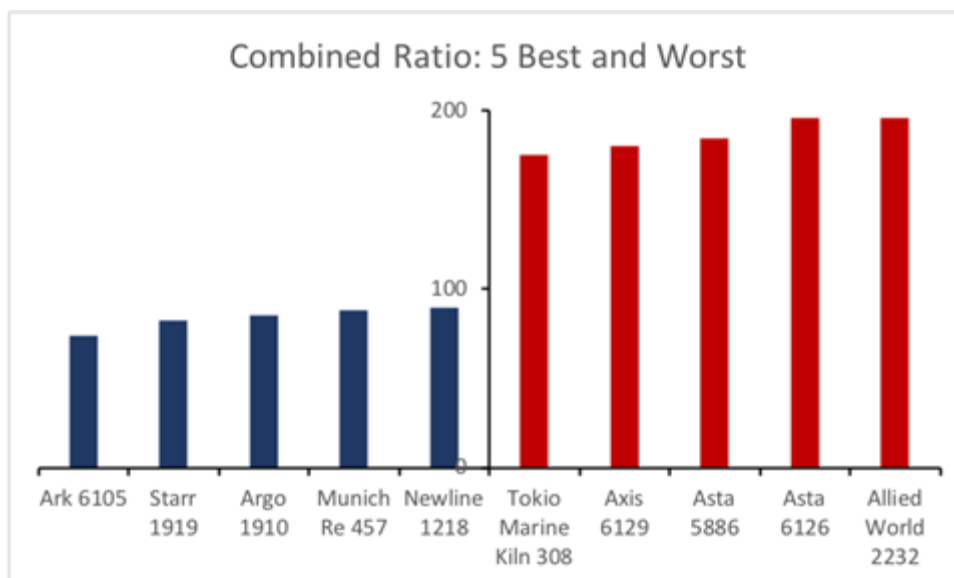
Some of the market's biggest players had over half of their annual premium wiped out by their bottom line catastrophe burden, including **XL Catlin** Syndicate 2003 which was hit with a net bill for the year of over \$1.7bn, while Boston-based **Liberty's** Syndicate 4472 endured \$1.18bn worth of claims.

When even the biggest beasts in the jungle are struggling under the weight of their claims you know it has been a hectic 12 months for everyone.

Combined Ratio

The combined ratio: The go-to measure for underwriting performance and, also, the only time in the financial year that (re)insurance professionals are desperate to keep their efforts below 100 percent.

And 2017 produced a few combined ratios to send chills down the spine of even the most-seasoned of Lloyd's underwriters.



At the wrong end of the scale, **Allied World** 2232 reported a result of 196 percent for the year, according to figures compiled by *re-Insurance.com*, with catastrophes in the second half of the year compounding prior-year under reserving issues.

Asta's syndicate 6126 - the special purpose syndicate (SPS) for Norwegian P&I club

Skuld - had a similarly torrid time, coming in a close second last with a combined ratio of 195.9.

Another of the third-party managing agent's syndicates, the SPS for **Blenheim** 5886, was the next worst performing, posting a combined ratio of 184.1 percent in its first year of operation after being founded by the former management of **Cathedral** last year.

Despite a strong overall performance, Bermudian carrier **Axis'** Syndicate 6129 had a combined ratio of 180.4 percent pushing it to an overall loss of £31.4mn under the strain of a £21mn claims bill.

On the other end of the scale, the market's top underwriting performer for the year was **Ark's** syndicate 6105, which writes quota share business for its 4020 platform, with a sterling combined ratio of 73.8 percent helping it to a profit of £3.45mn.

Starr's 1919 managed an impressive 82.2 percent for a profit of £19mn, closely followed by **Argo** Syndicate 1910 which remained in the black at 85.5 percent.

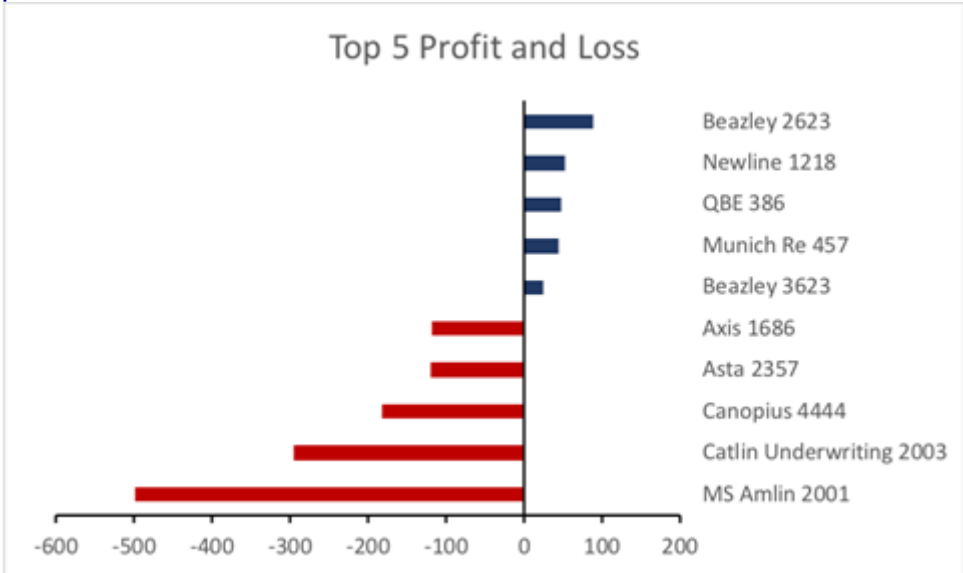
A notable but still impressive omission from the top performers is **Beazley** - whose syndicates 3623 and 3622 reported combined ratios of 90 and 91 percent respectively, while the London-listed company's 623 and 2623 businesses managed to escape the worst of the losses at around 100 percent.

Lancashire's catastrophe-heavy Lloyd's arm **Cathedral** also evaded significant pain, posting a combined ratio of 100.8 percent despite suffering net claims of over \$209mn.

The Bottom Line

After the claims are counted and the premiums set aside, all eyes turn to the bottom line.

As one might have expected, that paints a similarly grim picture of how the market performed in 2017.



MS Amlin’s Syndicate 2001 posted the second-worst ever recorded syndicate loss in Lloyd’s 330-year history with a £499.7mn deficit for the 2017 year.

The result – which came in the year that long-serving CEO Charles Philipps left the firm – has only been exceeded once before when **Tokio Marine Kiln’s** syndicate 1880 recorded an \$880mn loss from a group-wide reinsurance of the Japanese carrier’s Thai flood losses in 2001.

Syndicate 2001’s result was a quarter of the Lloyd’s market net loss of £2bn for 2017, and was more than twice-as-large as the second-worst performer, **XL Catlin’s** syndicate 2003, which posted a loss of £213.7mn (\$299.2mn).

MS Amlin syndicate 2001 and **XL Catlin** Syndicate 2003 are two of the largest syndicates trading on the Lloyd’s platform and wrote £2.08bn and £2.18bn in gross written premiums in 2017.

XL Catlin’s result could have been worse were it not for reinsurance it buys from other group entities. The syndicate ceded 8.7 percent of its whole account via quota share arrangements to group entities and also buys a whole account stop loss from XL Insurance in Bermuda.

In contrast, fellow Lloyd’s blue-chip insurers disclosed much better numbers despite the impact of Hurricanes Harvey, Irma and Maria and the California wildfires.

Notable results include **Beazley** Syndicate 623 and **Hiscox** Syndicate 33, which both managed to eke out small profits of £8.9mn and £5mn respectively.

Other sizeable losses from syndicates trading on the Lloyd's platform included:

- **Argo** 1200 - £112.3mn
- **Axis** 1686 - \$118.95mn
- **Apollo** 1969 - \$87.2mn
- **Faraday** 435 - £111.29mn
- **Tokio Marine Kiln** - 510 £98.8mn

The verdict

As expected, the figures borne out in the individual syndicate numbers for last year are not pretty.

A lot of carriers have been hit with massive claims bill that have dealt a severe shock to the system, with the comeback of catastrophes revealing just how dependent the market had become on benign loss activity to mask wider issues.

While there have been hopes expressed in some corners that the scale of last year's losses should prompt a hardening, or at least flattening, rate environment for 2018, that does not seem to have materialised in the first quarter, with flat to slightly up the best deal going for many underwriters.

This year will be the real acid test for Lloyd's mettle. The Corporation touts the market resilience in heavy catastrophe years, but with a £2bn loss and questions emerging over the sustainability of the status quo, syndicates will be under pressure to show in the next nine months that they can handle the heat even if another set of catastrophes hits this autumn.

Company	Syndicate No.	Combined Ratio (%)	GWP (£mn)	Profit Loss (£mn)	/ Claims (net of reinsurance, £mn)
Hiscox	33	102	1,156.50	5	395.91
AmTrust	44	98.3	17.73	0.25	7.6
ERS	218	104.9	376.12	12.17	277.9
Tokio Marine Kiln	308	175.1	39.4	-23.3	22.17
Hardy	382	116.3	319.6	-34.2	205.98
QBE	386	92.2	357.42	46.56	212.88
Faraday	435	137.3	378.05	-111.29	198.08
Munich Re	457	88	423	44	130.18
Tokio Marine Kiln	510	110.6	1,416.90	-98.8	723.49
Tokio Marine Kiln	557	171.3	17.7	-10.5	17.3
Atrium	609	99	467.2	11.7	211.7
Beazley Furlonge*	623	100	308.4	8.9	27.1
S A Meacock	727	118.6	63.1	-8.2	52.9
AmTrust	779	128.4	5.9	-0.9	0.08
Advent *	780	100.4	271.2	20.4	149.8
Canopus	958	196.7	0.1	-8.4	15.68

Company	Syndicate No.	Combined Ratio (%)	GWP (£mn)	Profit Loss (£mn)	/ Claims (net of reinsurance, £mn)
Chaucer	1084	105.6	950.3	-16.9	421.3
Coverys	1110	111	22.5	-5.67	27.6
Chaucer	1176	33.8	31.45	20.5	2.3
Talbot*	1183	111.2	921.1	-68.1	505.7
Argo	1200	131.8	552.6	-112.3	346.2
AmTrust	1206	143.7	212.2	-64.7	165.79
Catlin Underwriting	1209	56.4	2.4	23.1	6.3
Newline	1218	89.8	135.7	51.9	48.9
Navigators	1221	106	366.77	-7.8	138.76
Aegis	1225	99.4	462	4.1	191.2
Antares	1274	108.4	539.6	-19.5	316.6
Starstone	1301	134.6	235.6	-43	107.85
Ascot	1414	106.8	680.7	-28.9	295.42
RenRe	1458	119.1	495	-50.2	225.6
Capita/Probitas	1492	116.7	88.3	-27.8	50.3
Axis	1686	158.2	397.8	-118.95	234.8
Asta	1729		75	-5.8	
Barbican	1856	111.7	91	-7.6	56.6
AmTrust	1861	116.7	284.4	-29.2	140.2
Tokio Marine Kiln	1880	114	246.5	-24.5	144.5
Chubb (in run off renewed into 2488)	1882	129.7	9.3	-8.6	35.4
Charles Taylor	1884	156.5	89.3	-22.8	63.4
Asta	1897	115.6	138	-9.3	63
Argo	1910	85.5	341.1	23.8	86.3
Starr	1919	82.2	283.9	19	52.1
Sirius	1945	151	110.8	-48.7	109.1
Barbican	1955	110.1	444.5	-28.3	232.3
WR Berkley	1967	150.9	222.4	-69.8	135.4
Apollo	1969	140	301.5	-87.2	156.7
Coverys	1991	110	125	-9.9	65.8
MS Amlin	2001	137	2,082.20	-499.7	883.6
Catlin Underwriting	2003	118.1	3050	-295.2	1717.98
Novae (Axis)	2007	105.9	843.4	-18.6	391
StarStone	2008		2.9	12.5	27.87
Cathedral	2010	148.9	271.7	-87.8	209.1
Arch	2012	116.1	199.9	-26.9	107.1
Pembroke	2014	117.1	185.57	-21.1	106.44
Channel (Asta)	2015	127	262.49	-46.9	128.1
Catlin (China Re)	2088	131	155.2	-29.66	95.77

Company	Syndicate No.	Combined Ratio (%)	GWP (£mn)	Profit Loss (£mn)	Claims (net of reinsurance, £mn)
Argenta	2121	96	346	14	125.12
Allied (Capita)	World 2232	196	204	-98.7	168.44
Faraday	2255			3.56	0.6
Asta (Nephila)	2357	167	330.54	-120.56	271.68
Neon	2468	105	225.67	-1.66	62.97
Chubb	2488	106.5	495.5	13.4	241.12
Asta (Dale)	2525	98.3	54.78	0.75	25.01
AmTrust	2526		4.05	17.3	32.65
Beazley	2623	100	1,971.00	88.6	905.6
Asta (Verto)	2689	152	77.4	-20.8	43.27
Asta (Everest)	2786	125.1	114.35	-16.05	46.81
Managing Agency Partners (MAP)	2791	111.7	179.1	-6.7	100.8
Brit	2987	110.8	2,057.00	-45.8	853.4
Brit	2988	172.9	59.93	-21.42	39.47
QBE	2999	111.2	1,169.17	-12.1	566.01
Markel	3000	121.7	564.6	-80.5	380.9
Catlin	3002	90.5	34.4	1.88	11.8
Cathedral*	3010	100.8	53.98	-2.55	19.18
MS Amlin	3210				
Coverys	3330		0.1	1	0.67
Hamilton	3334	161.9	109.36	-38.9	62.29
Riverstone	3500				
Beazley	3622	91	17.72	12.97	9.11
Beazley*	3623	90	281.1	34.9	122.4
Hiscox	3624	111	408.8	-45.4	294.76
Ark	3902	118.6	75.72	-4.8	15.77
Pembroke	4000	111.5	414.34	-28.85	200.86
HCC Underwriting	4141	105.4	139.7	-2.6	68.56
Asta*	4242	138.4	202.61	-40.24	88.56
Canopus	4444	119.8	1,138.00	-182.3	760.58
Liberty*	4472	116	2,135.80	-118.7	1,178.10
Aspen	4711	105.1	396.6	-13.6	126.65
Travelers	5000	130.1	361.75	-81.96	270.44
Endurance Lloyd's	at 5151	130.8	318.7	-33.5	93.44
Vibe	5678	152	127.3	-32.2	65.83
AmTrust	5820	109.1	231.3	-17.54	82.53
Asta (Blenheim)	5886	184.1	100.33	-38.78	65.34

Company	Syndicate No.	Combined Ratio (%)	GWP (£mn)	Profit Loss (£mn)	/ Claims (net of reinsurance, £mn)
Beazley*	6050	105	20.41	-0.08	10.32
Hiscox	6104	141	42.2	-14.6	
Ark	6105	73.8	0.9	3.45	1.75
Beazley*	6107	114	60.2	-8.75	41.44
Catlin	6111	116.2	53.7	-11.1	71.06
Catlin*	6112	110.9	7.4	1.6	16.45
Barbican	6118	117	133.12	-12.87	78.89
Catlin	6119	111.6	3.3	-0.8	7.46
Barbican	6120	124.3	1.24	-0.74	3.68
Catlin	6121	111	4.9	-1	10.8
Asta (ICAT)*	6123	170.5	17.66	-8.49	14.46
Chaucer	6124		0		9.6
Pembroke	6125	139.1	16.51	-5	5.07
Asta (Skuld)	6126	195.9	42.5	-21.47	38.22
Axis	6129	180.4	63.1	-31.4	21
Chaucer*	6130	113	25.82	-0.93	4.6