LONDON MARKET GROUP

London Matters 2024

The London Market remains a significant contributor to the UK economy, but regulatory support is key to maintaining primacy

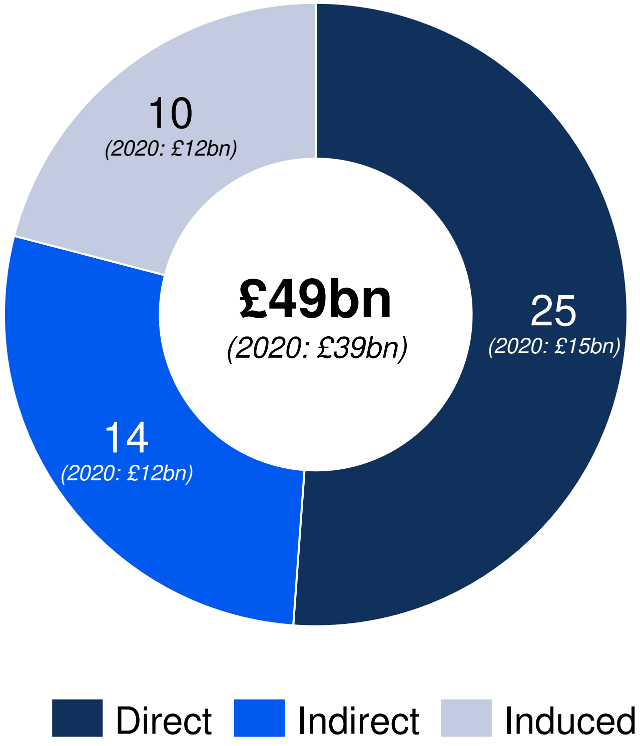
The London Market plays a fundamental role in supporting and stimulating global economic growth by de-risking economic activity, facilitating investment and rebuilding of lives, communities and businessess after disaster strikes.

- The London Market is an **important engine of growth** for the London and UK economy:
  - **It contributes £49bn to the UK GDP**, which is c.2% of the UK economy, 8.5% of London GDP and 32% of "the City" GDP – vs. £39bn GDP contribution in 2020
  - It creates high-value jobs - **59k FTE** in the UK, of which 74% are based in London and the remaining in other regions
- The London Market has maintained its overall share of the global (re)insurance market
  - Its share of the **overall global insurance market** grew from 7.6% in 2020 to 8.3% in 2022
  - This was driven by its **growing share in commercial insurance** from 6.2% in 2020 to 7% in 2022
  - **Reinsurance**, on the other hand, saw a marginal decline in share from 13.2% in 2020 to 13% in 2022
  - London remains the dominant market for **specialty insurance classes** (marine, aviation and energy), capturing c.43% of global market share
- Despite being a jewel in the City's crown, the market's position cannot be taken from granted – evidence suggests it is not without threat
  - The London Market grew by 32% vs. US E&S growth of 59% - the US E&S growth has been driven by increasing localisation of underwriting – with some syndicates opting to shift stamp **capacity away from London**
  - There is a need to create a regulatory environment that facilitates **UK domiciled captives**, which have the additional benefit of London capturing reinsurance fronted from captives
  - There are perceived challenges with the efficiency of issuing **London based alternative capital** instruments (**ILS** in particular), the London Bridge 2 offering needs further acceleration to increase capacity beyond its c.$2bn in 2024
- To retain its international competitiveness, the London Market requires **frictionless support from the government** at each stage of the participant company lifecycle
  - To support the start-up and launch of companies in London, **approval processes should be streamlined** (e.g. the Senior Managers Regime) and the UK's **insurance-related tax regime should be reviewed**
  - Increasing **awareness of the commercial implications of regulatory policies**, **minimising friction in creating new insurance solutions** and continuing to engage with industry to **widen capital markets access via ILS** are measures to support the growth of London firms
  - The **better facilitation of captives** in the UK and increased **clarity and flexibility of talent schemes** are relevant asks to sustain mature firms in the London Market

The London Market remains a significant contributor to the UK economy

London Market's Gross Domestic Product contribution, £bn

2022 GDP impact[1]



% of UK GDP
2.0%
(2020: 1.8%)

% of London GDP[3]
8.5%
(2020: 8.1%)

% of "the City" GDP[4]
32%
(2020: 24%)

Key takeaways

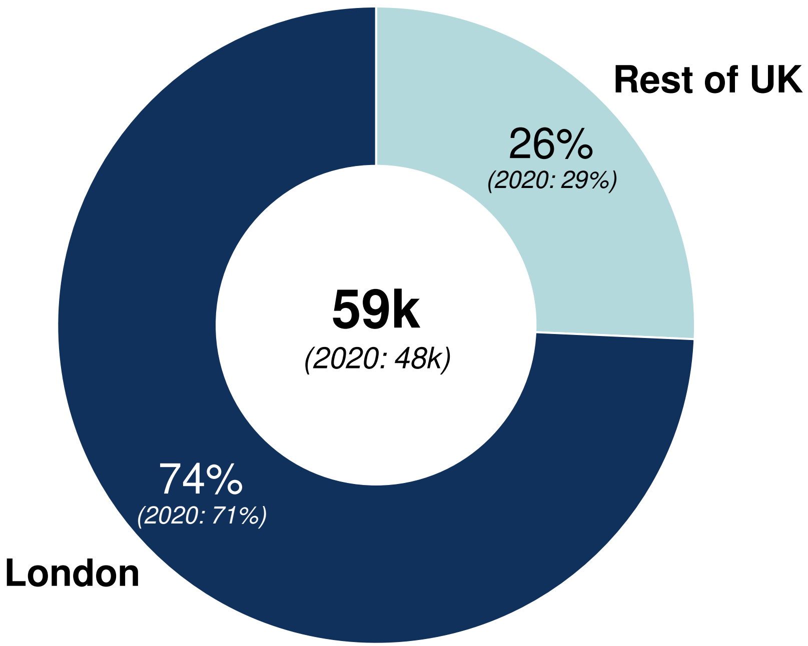
- The London Market plays **a key role in supporting economic growth** through risk transfer and advisory services globally – it is also a driver of economic growth in the UK[2]
- The impact of the London Market is demonstrated by looking at its **direct, indirect and induced** contributions to GDP
- The London Insurance Market contributed a **significant and growing share of UK GDP contribution** from 1.8% (2020) to 2.0% (2022)

Note: 1) 2022 update assumes a smooth effect of profit contribution to Gross Value Added based on the 5-year average loss ratio; 2) Current employment levels based on best estimates as per 2024 Market Policies and Practices Survey location data and IUA survey; 3) London GDP has been estimated based on growth in first 3 quarters of 2022.
Source: ONS, Lloyd's, Broker, Survey, Carrier Survey.

The London Market employs most of its workforce in London, yet continues to provide recruitment in other UK regions

Geography of London Market employment

Geographic breakdown of jobs supporting the London Market (2023)



Key takeaways

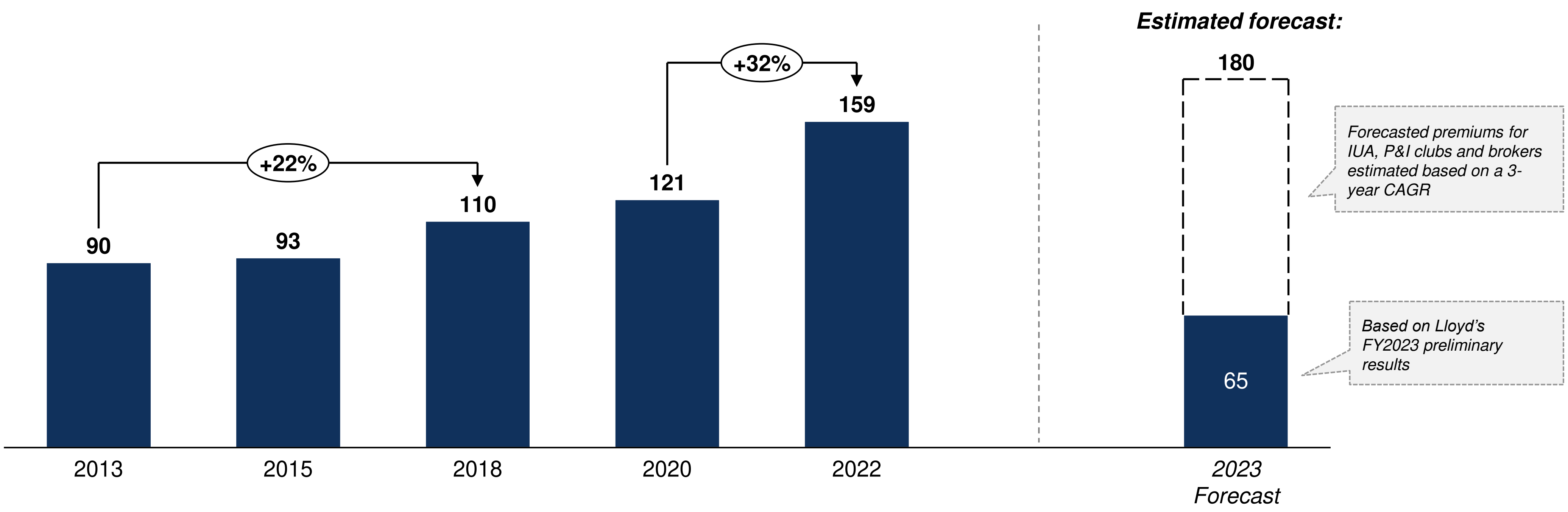
- c.74% of the 59k people employed by London Market firms are **based in London**, with the remainder based across the UK
- The London Market has employees in **regions** including Manchester, Birmingham, Leeds, Chelmsford, Norwich, Ipswich, Glasgow and Belfast
- Insurance hiring across the UK has seen an **upward trend from pre-pandemic levels**, particularly between 2020-21 where the North-East saw the greatest recruitment rise (200%), while London saw an 85% increase
- London's status as a **global financial centre** offers access to key markets, skilled talent with wide-ranging expertise and ease of inter-firm collaboration within a highly concentrated space

Source: Based on Lloyd's Market Policies and Practices 2024, weighted by company size

The London Market has seen accelerated growth in recent years

Growth of London Market gross written premium over time, $bn

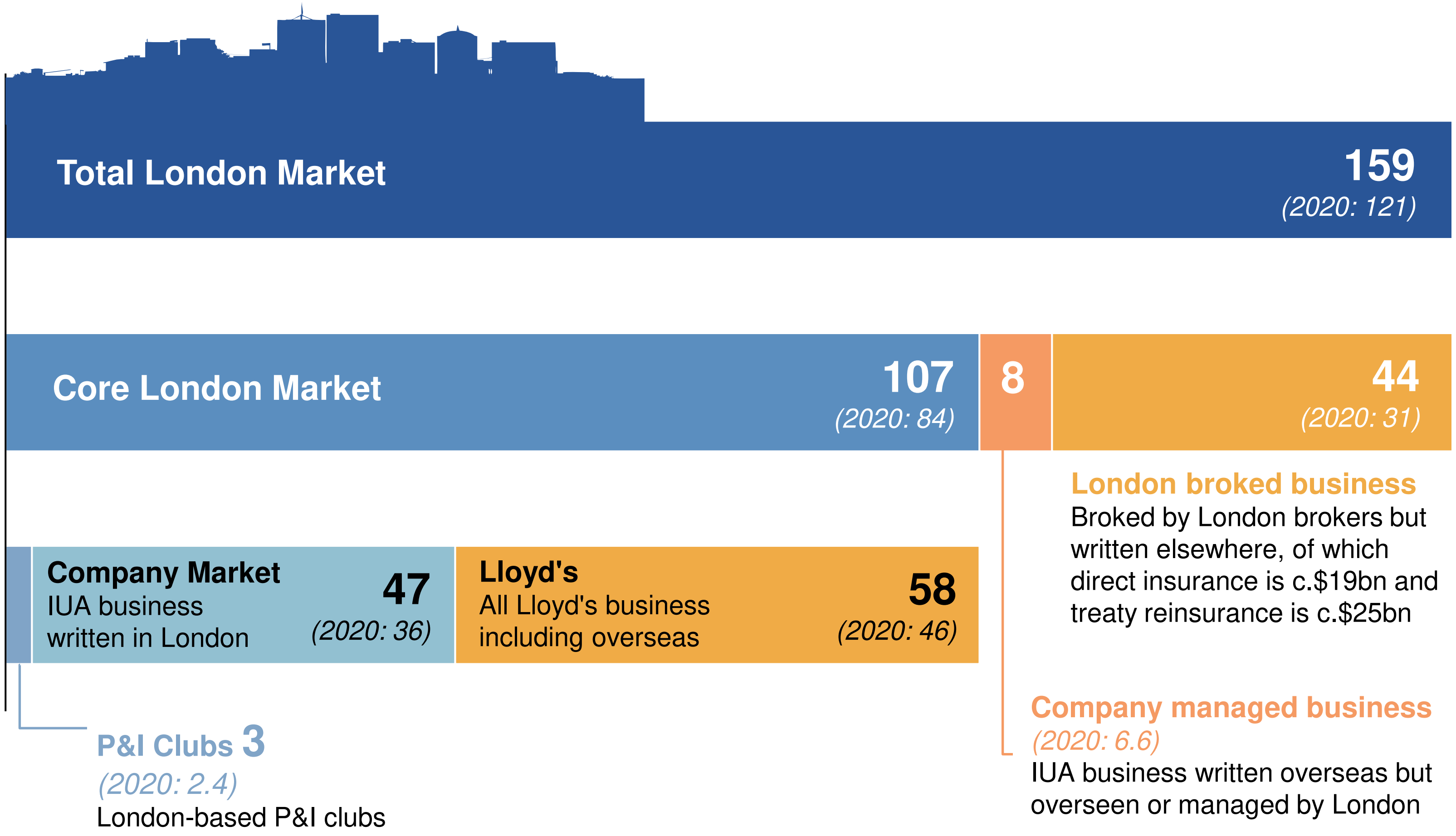
London Market gross written premium, $bn, (including written overseas but overseen, managed or broked by London-based teams)



Note: 1) London Market premium managed via brokers obtained via survey responses received from London Market brokers, grossed up to estimate premium from non-respondents; 2) 2023 Forecast based on Lloyd's FY23 preliminary results and estimated figures for IUA, brokers, and P&I clubs based on a 3-year CAGR.
Source: Lloyd's, IUA, Tysers P&I Report, Gallagher Marine P&I Pre-renewal Review.

The London Market grew to c.$159bn GWP in 2022, a 32% increase since 2020

London Market gross written premium in 2022, $bn



Key takeaways

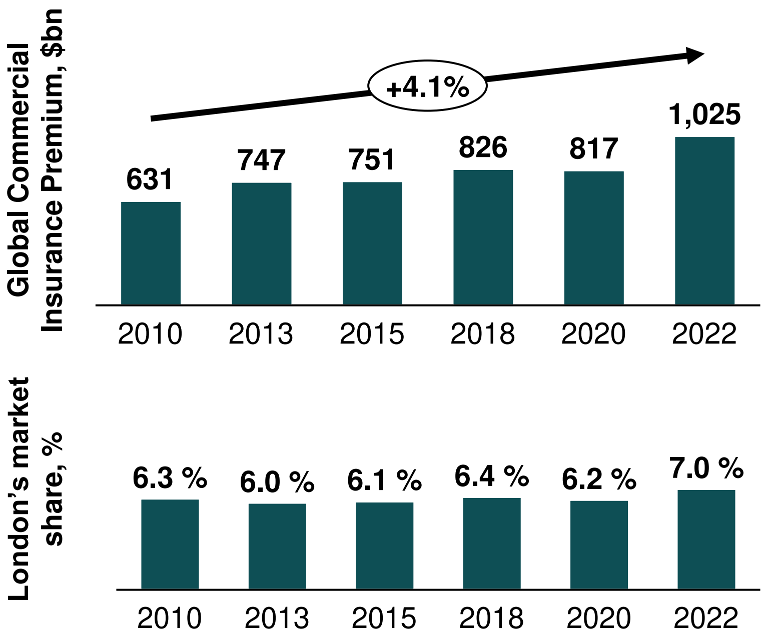
- The London Market **is sized at $159bn** as of 2022 – a 32% growth since 2020.
- **Price changes** contributed 2/3rd of this growth:
  - Post-covid **economic recovery in 2022 across major markets** (4.3% in UK and 1.9% in the US)
  - Rising premiums in response to market hardening to **offset inflation-induced claims costs**
- Subsequently, a 1/3 of this growth was attributed to **volume (organic) growth**:
  - Existing product lines such as property continue to grow, particularly with increasing instances of **natural disasters**
  - Continued growth of **cyber insurance products** with the markets outside of the US also expanding, indicating a maturing of cyber standards worldwide

Note: 1) London Market premium managed via brokers obtained via survey responses received from London Market brokers, grossed up to estimate premium from non-respondents, data subject to rounding errors.
Source: Lloyd's, IUA, Tysers P&I Report, Gallagher Marine P&I Pre-renewal Review.

London has grown its share of the insurance market and stagnated its reinsurance share

Size of the global (re)insurance market and London Market share, $bn

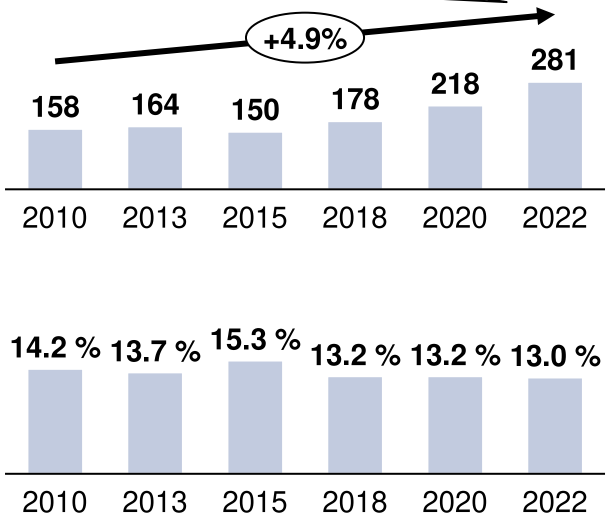
Commercial insurance



London is c.**$71bn out** of the global **$1,025bn global commercial insurance market** in 2022

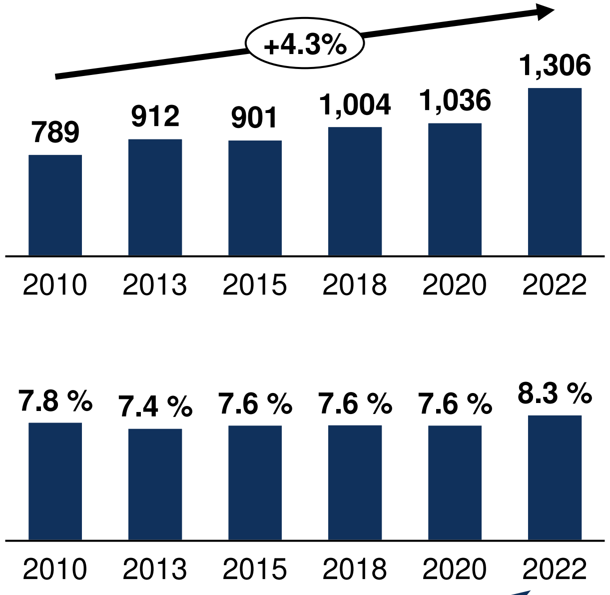
Reinsurance

"It is generally easier to place big reinsurance premiums outside of London" ***– Global reinsurer***



London is c.**$37bn out** of the global **$281bn global P&C reinsurance market** in 2022

Global market total



Core London Market is c.**$107bn out of the $1,306bn global (re)insurance market** in 2022

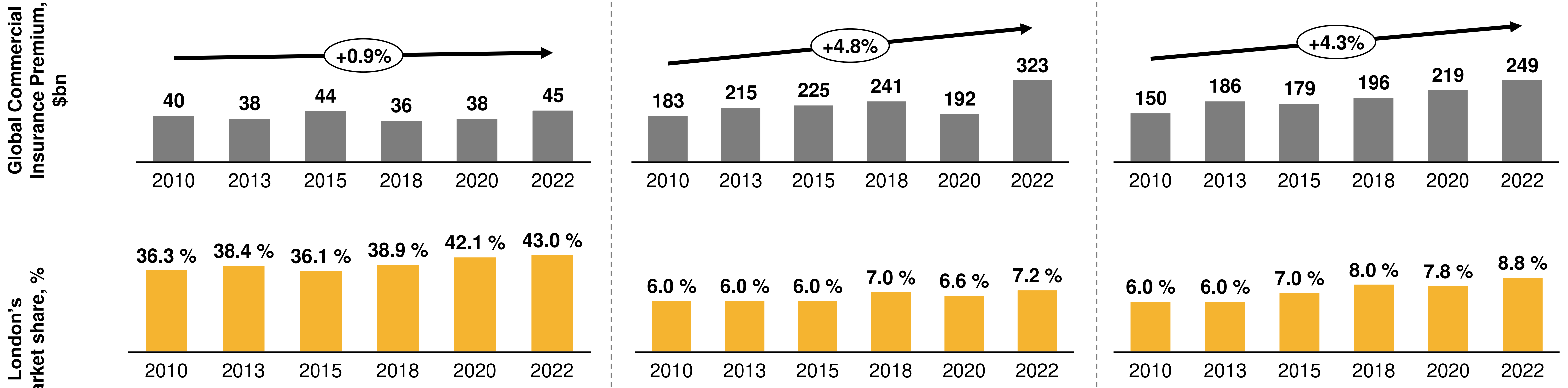
Note: 1) For London Market, Reinsurance includes all treaty reinsurance, and facultative reinsurance for casualty, motor, property, and other. For aviation, energy and marine, facultative insurance is included in commercial insurance as these business types share similar underlying risk characteristics. 2) Numbers may not sum due to rounding.

Source: London Market sizing: Lloyd's, IUA, Tysers P&I Report, Gallagher Marine P&I Pre-renewal Review Global Insurance sizing: Global data. The commercial insurance share for each country have been calculated by applying a split to the overall premium based upon the GDP levels. GDP levels obtained from World Bank. Global Reinsurance values: Approximated from AM Best and research.

Across all classes of business in (re)insurance, London has increased its market share in 2022

Size of the market by class of business, premiums, $bn

Speciality (Marine, Aviation, Energy)	Casualty & Financial Lines	Property



- The growth in the speciality market particularly the marine business is driven by post-pandemic rebound in global trade for hull, increased vessel values and upward adjacent in premiums
- The London Market has increased its share of the speciality market since 2020 and continues to be regarded as an industry leader in Marine

- Casualty was one of the largest drivers of premium growth in London of which general liability and professional lines are two of the major components
- Cyber has maintained positive pricing movement and has seen growth globally

- The London Market has increased its share of the global Property class of business – driven by inflationary pressures and climate uncertainties and catastrophes
- London Market's coverage includes specialist sectors such as terrorism, power generation, engineering and nuclear

Source: London Market Sizing Lloyd's, IUA, Tysers P&I Report, Gallagher Marine P&I Pre-renewal Review. Global Insurance sizing: Global data, Willis Global Energy Review, IUMI The commercial insurance share for each country have been calculated by applying a split to the overall premium based upon the GDP levels. GDP levels obtained from World Bank. All London Market excludes reinsurance premium.

The London Market continues to attract international capital from a variety of investors

New entrants investing in the London Market

Mitsui Sumitomo to increase capacity in London to £3bn

“..there is so much history and expertise, experience, skills, knowhow that is fostered here in the UK”

“focus [of its] investment plans on the UK because of London’s primacy in analysing complex global risks

“We are now ready to... invest more into MS Amlin and use it as a driver to lead our international growth going forward”

Shinichiro Funabiki
President & CEO at Mitsui Sumitomo Insurance

Inigo targeting up to $1.5bn in London premium in 1st phase

"[Inigo has investors who would] happily increase their stakes going forwards" beyond an initial $800 million capitalisation in 2021.

This initial capitalisation "was [in line with] the growth plans [CEO Richard Watson] outlined going forward."

Stuart Bridges
CFO, Inigo

Convex raises $1bn additional capital into 2021

On Canadian PE fund Onex backing with a 10-year horizon, citing increased business flow into London:

"We are delighted to have additional capital as this will enable us to take full advantage of the hardening market."

Stephen Catlin
CEO, Convex

Fidelis opens state-of-the-art trading floor on Lime Street

On opening London hub in 2021:

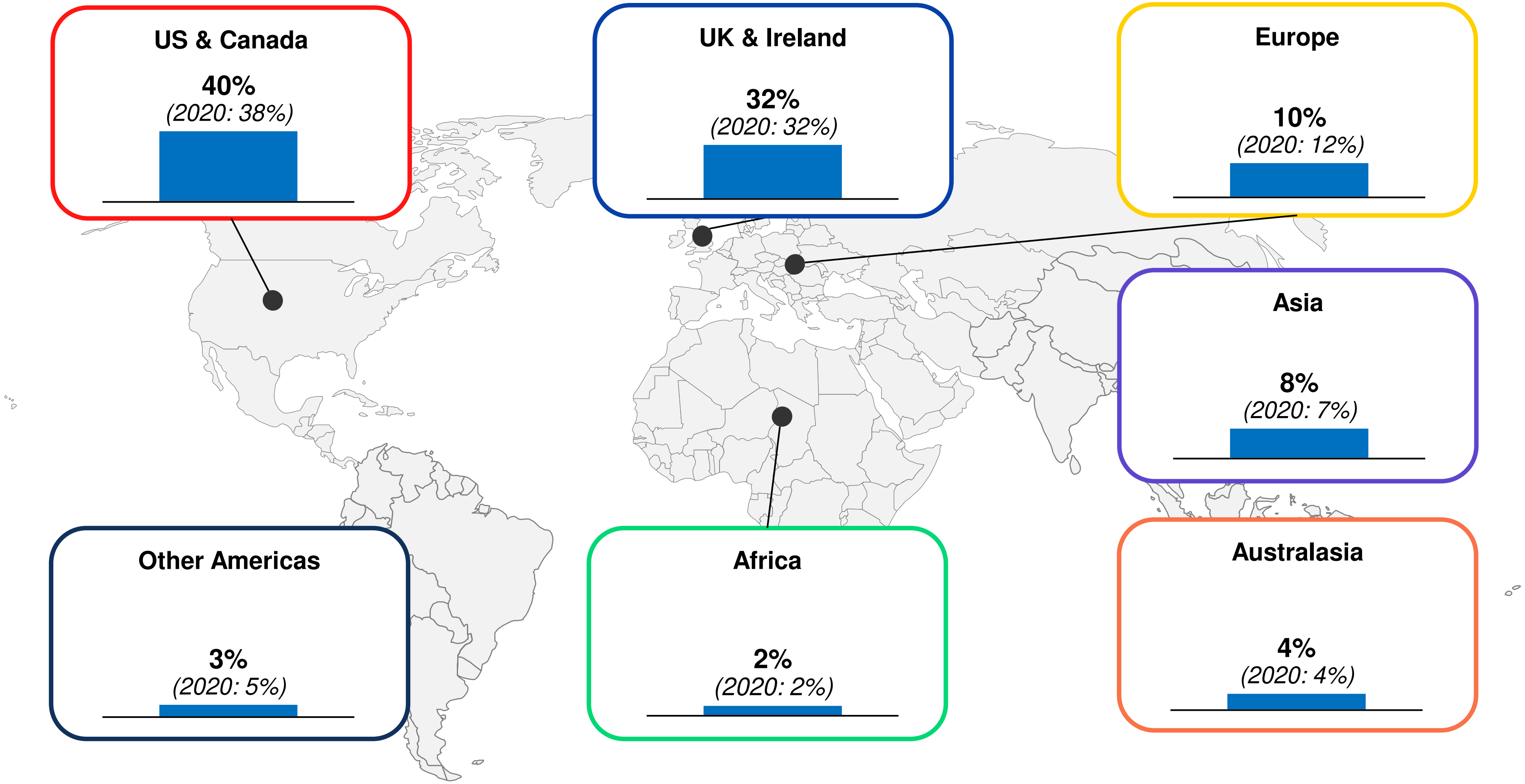
"The opening of our new trading floor highlights our absolute commitment to providing the face-to-face service and decision-making that our brokers and clients demand and deserve".

Richard Coulson
Deputy Group CUO, Fidelis Partnership

Source: Insurance Insider, S&P Global Intelligence; GIC and Fidelis Partnership press releases.

The London Market provides expertise and access to diverse capital to insure risks globally, with 68% of premium written outside UK&I

London Market GWP by insured location, 2022 (includes commercial insurance and reinsurance)



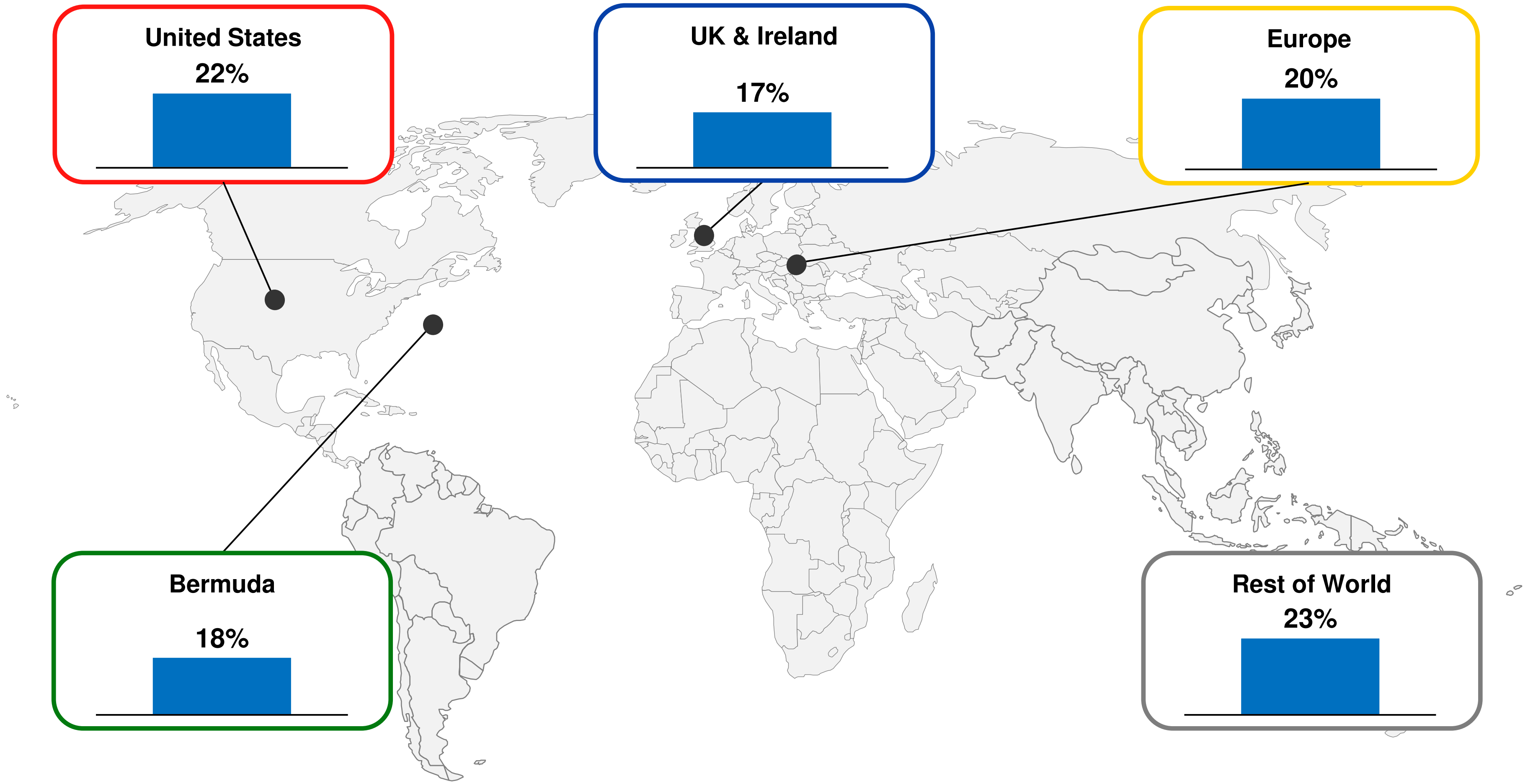
Key takeaways

- London maintains its competitive position in taking on international risks and **providing insurance services globally**
- London **continues to capture global risk** and can capitalise on global opportunities, e.g., over 14% of US E&S's rapid growth
- The share of GWP by location **remained steady** from 2021 to 2022, with the largest change of **c.1% relative growth in North America** (US & Canada) driven by extreme weather events

Note: 1) Includes Lloyd's and Company Market GWP.
Source: London Market Sizing: Lloyd's, IUA, Tysers P&I Report, Gallagher Marine P&I Pre-renewal Review.

Capital in the London Market continues to be supplied by a diverse range of global providers

London Market GWP by holding domicile, 2022



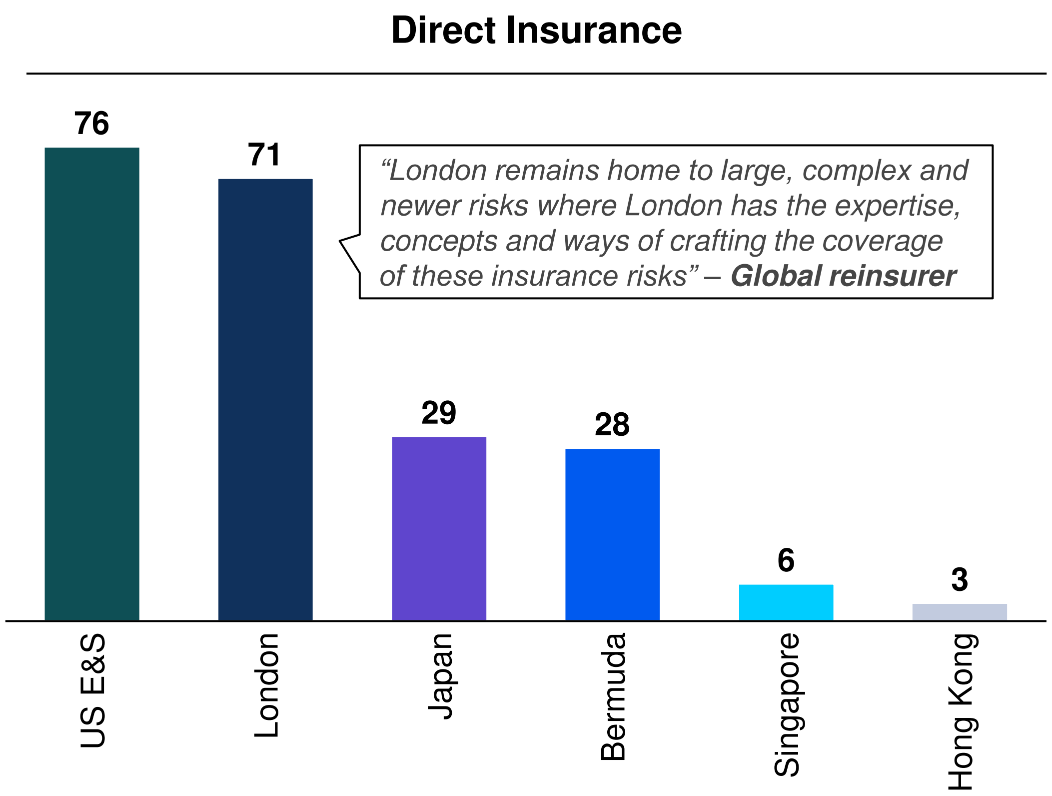
Key takeaways

- **23% of capital domiciled outside of core countries**
- The regional distribution of capital has **remained steady from 2021 to 2022** (all shares within 2% of 2021 figures)
- Global spread of capital provides London with the **local backing to underwrite domestic risk** across the globe, as well as **insulating against local economic effects** on available capacity
- **Insurers can access a diverse capital base** and a wide range of investors by bringing their premiums to London

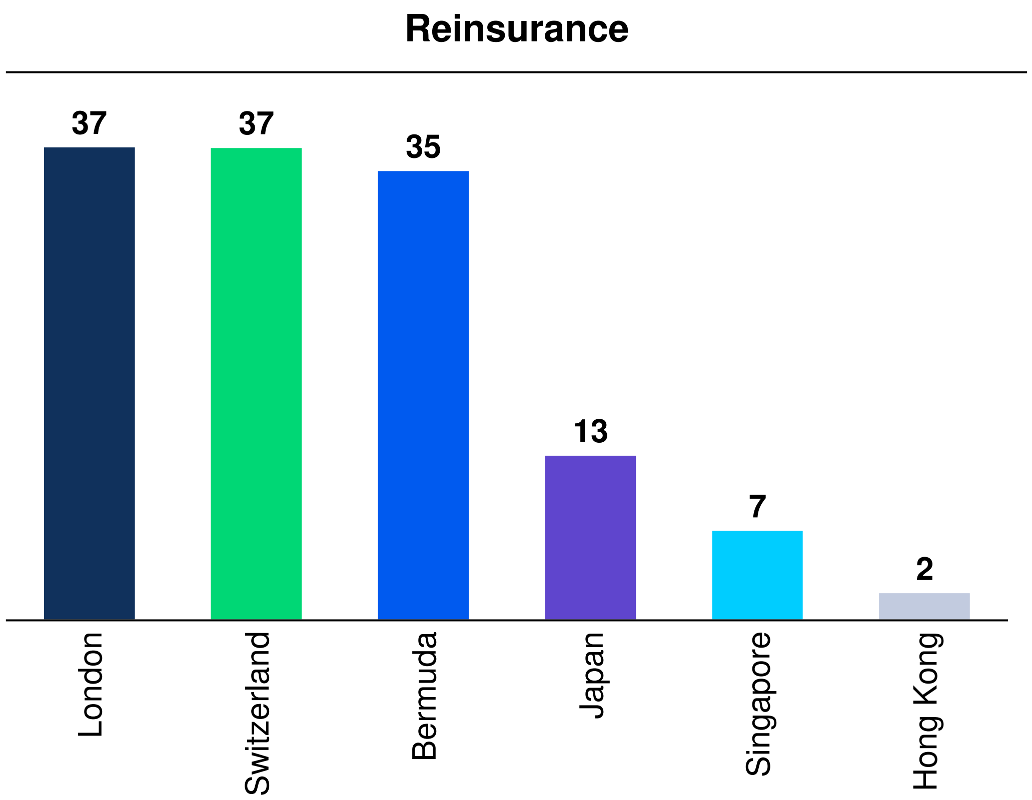
Note: 1) IUA GWP distribution compiled from IUA single-platform UK entity company reports where available which together amount to c.70% of IUA single-platform (re)insurers; 2) We have assumed that 100% of IUA single-platform UK entity GWP is recorded as IUA GWP (the holding domicile is taken to be the domicile of the UK entity's parent where applicable).
Source: London Market Sizing: Lloyd's, IUA, Tysers P&I Report, Gallagher Marine P&I Pre-renewal Review.

London Market remains the largest hub of direct insurance and reinsurance when compared to other centres in 2022

Global hubs gross premium, $bn, 2022



*"London remains home to large, complex and newer risks where London has the expertise, concepts and ways of crafting the coverage of these insurance risks" – **Global reinsurer***

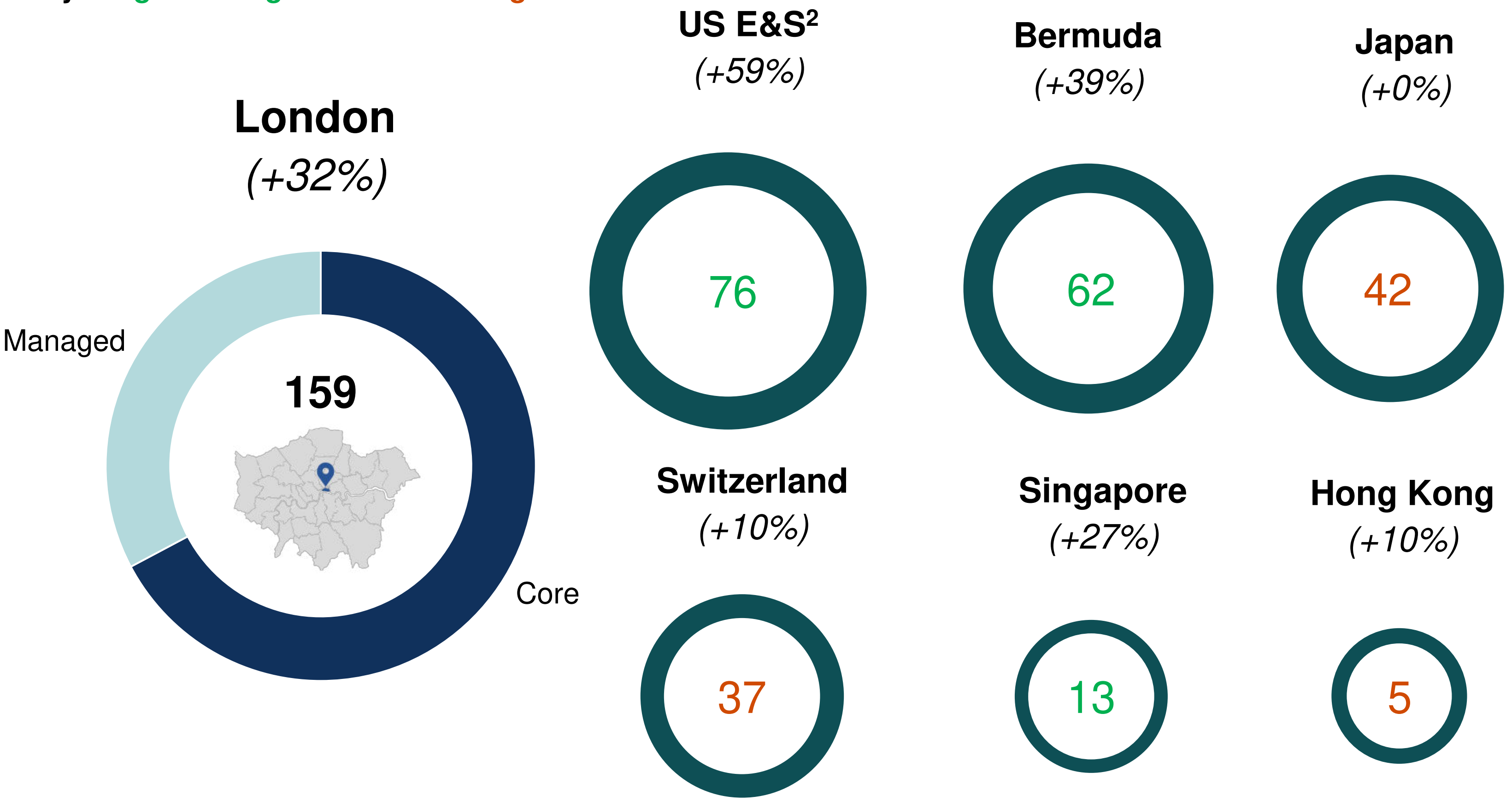


Note: 1) Some 2020 figures updated since last report relate to replacing forecasted data with actual figures; Excludes E&S premiums written through Lloyd's of London.
Source: London Market sizing: Lloyd's, IUA, Tysers P&I Report, Gallagher Marine P&I Pre-renewal Review; Bermuda: BMA, Class 4 insurance and reinsurance. Switzerland: FINMA, Swiss Inwards reinsurance, Singapore: MAS, offshore premium and onshore commercial premium. Hong Kong: Insurance Authority of Hong Kong. US: Direct written premiums S&P; Wholesale & Specialty Insurance Association. Bermuda 2022 figure is estimation based on 2020/21 results. Industry interviews taken place during March-April 2024

The London Market's growth is behind US E&S and Bermuda

Global hubs gross premiums in 2022, $bn (% absolute growth since 2020[1])

Key: Significant growth Limited growth



Key takeaways

- Strong US E&S growth has been driven by a combination of **higher prices and increasing localisation** of underwriting
- Strong Bermuda growth driven by **higher reinsurance rates**, increased property and speciality risks, and movement of capital from group entities to Bermuda
- Bermuda growth is also supported by the **increased presence of captives**

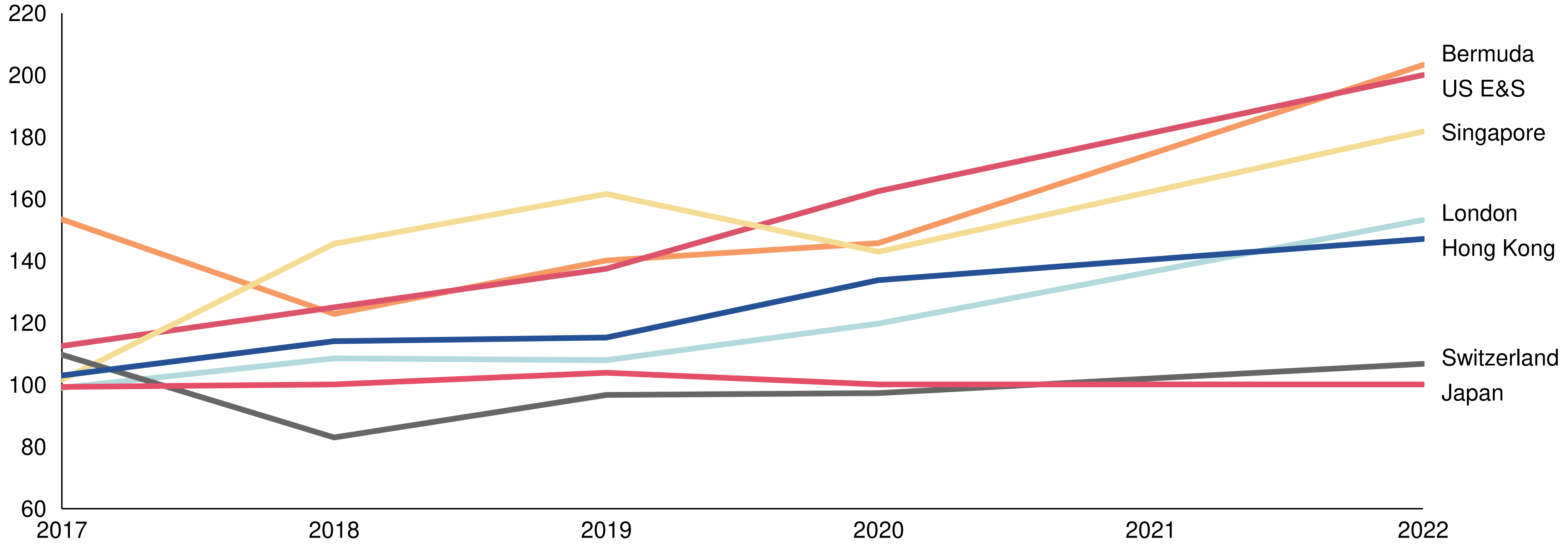
Refer to US E&S, Bermuda deep-dives

Note: 1) Some 2020 figures updated since last report relate to replacing forecasted data with actual figures; 2) Excludes E&S premiums written through Lloyd's of London.
Source: London Market Sizing Lloyd's, IUA, Tysers P&I Report, Gallagher Marine P&I Pre-renewal Review. Bermuda: BMA, Class 4 insurance and reinsurance. Switzerland: FINMA, Swiss Inwards reinsurance, Singapore: MAS, offshore premium and onshore commercial premium. Hong Kong: Insurance Authority of Hong Kong. US: Direct written premiums S&P; Wholesale & Specialty Insurance Association. Bermuda 2022 figure is estimation based on 2020/21 results.

London’s overall growth is losing out to other hubs

Growth comparison with other hubs

Size of (re)insurance hubs, indexed to 2014=100

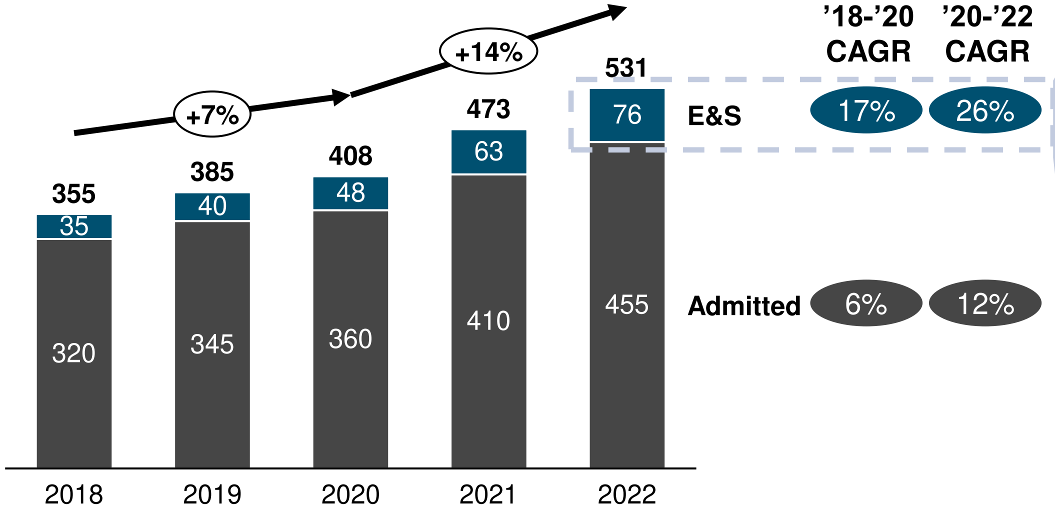


Note: 1) ‘London’ refers to Core London Market 2) Some 2020 figures updated since last report relate to replacing forecasted data with actual figures; 3) Excludes E&S premiums written through Lloyd’s of London.
Source: London Market Sizing Lloyd's, IUA, Tysers P&I Report, Gallagher Marine P&I Pre-renewal Review. Bermuda: BMA, Class 4 insurance and reinsurance. Switzerland: FINMA, Swiss Inwards reinsurance, Singapore: MAS, offshore premium and onshore commercial premium. Hong Kong: Insurance Authority of Hong Kong. US E&S: Direct written premiums S&P; Wholesale & Specialty Insurance Association. Bermuda 2022 figure is estimation based on 2020/21 results. Compared to the previous edition, 2020 figures are updated from forecasts to actuals.

The US E&S market has shown strong growth, attracting global attention, including London Market players

US E&S growth estimates

US commercial P&C DWP by type *($bn, 2018-2022)*

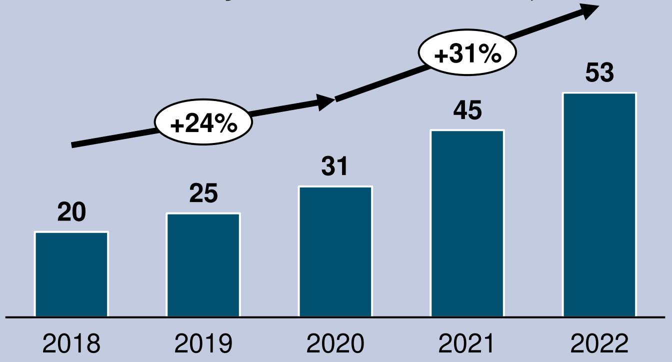


E&S share (%)

2018	2019	2020	2021	2022
11%	12%	13%	15%	17%

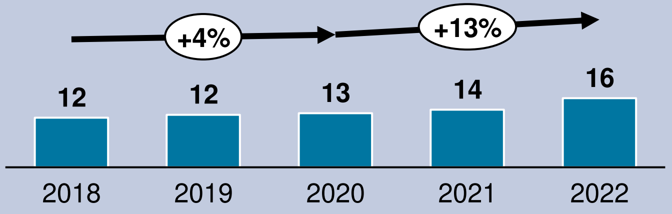
- **US E&S is increasing market share** at an accelerated 26% CAGR between 2020-2022 making up **c.$76bn DWP in 2022**
- US E&S growth attributed to **strong demand** (E&S adapts to complexity faster than admitted market) and **favourable pricing** environments (i.e. hardened market) caused by increased severe weather exposures

US E&S DWP by domestic carriers *($bn, 2018-2022)*



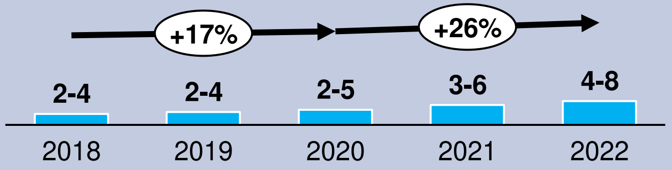
Majority of US E&S growth goes to **domestic carriers**, boasting a **CAGR of 27%** between 2018-2022

US E&S DWP by Lloyd's *($bn, 2018-2022)*



Several Lloyd's syndicates have **grown into the US E&S market** (shifting >$1.9bn stamp capacity), reasons include simplification of distribution process and costs

US E&S DWP by international (excl. Lloyd’s) carriers² *($bn, 2018-2022)*



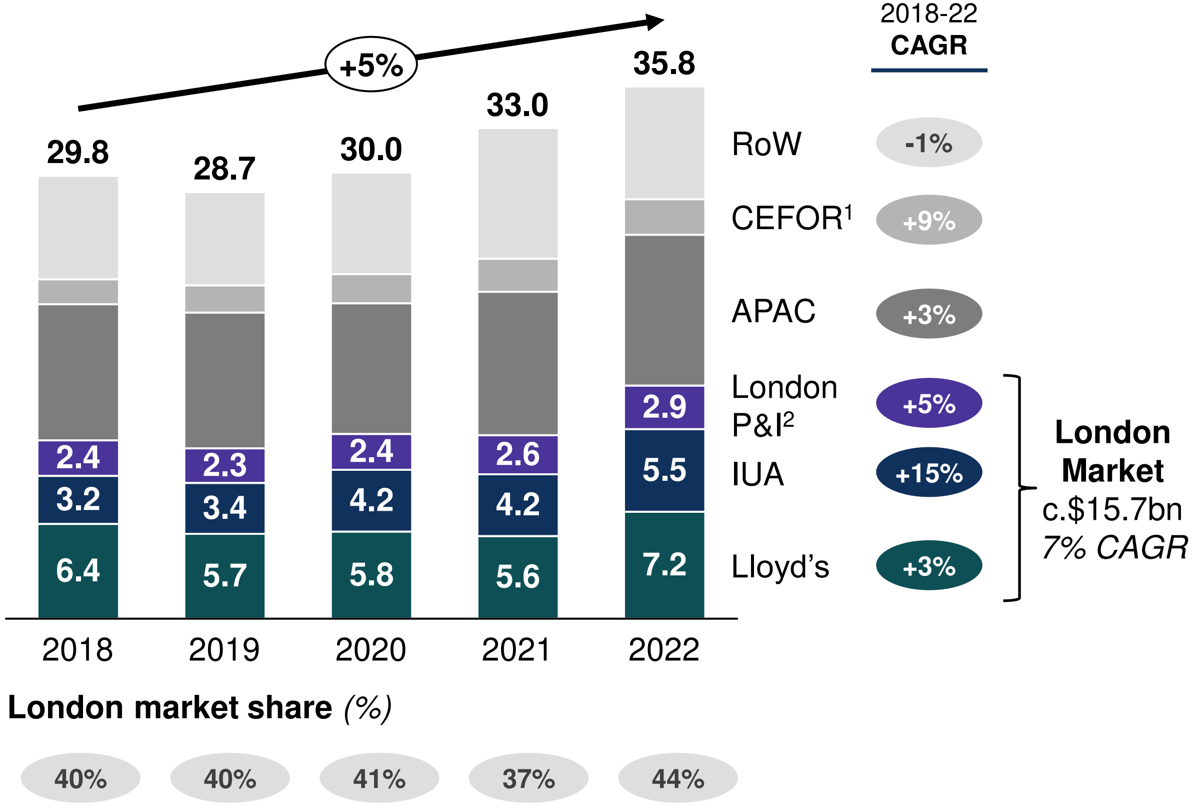
US E&S growth have **attracted international attention**, with international carriers (excl. Lloyd’s) growing at a CAGR of 21% between 2018-2022

Note: 1) 2022 state segmentation assumed from Wholesale & Specialty Insurance Association data; 2) Estimated 5-10% international share from sampling key Captive states’ breakdown.
Source: S&P Global; Wholesale & Specialty Insurance Association, UK Parliament, The Insurer, Insurance Insider; AM Best.

London remains the centre of marine risk

Global marine and offshore energy

Global marine and offshore energy est. GWP by market *($bn)*



Key takeaways

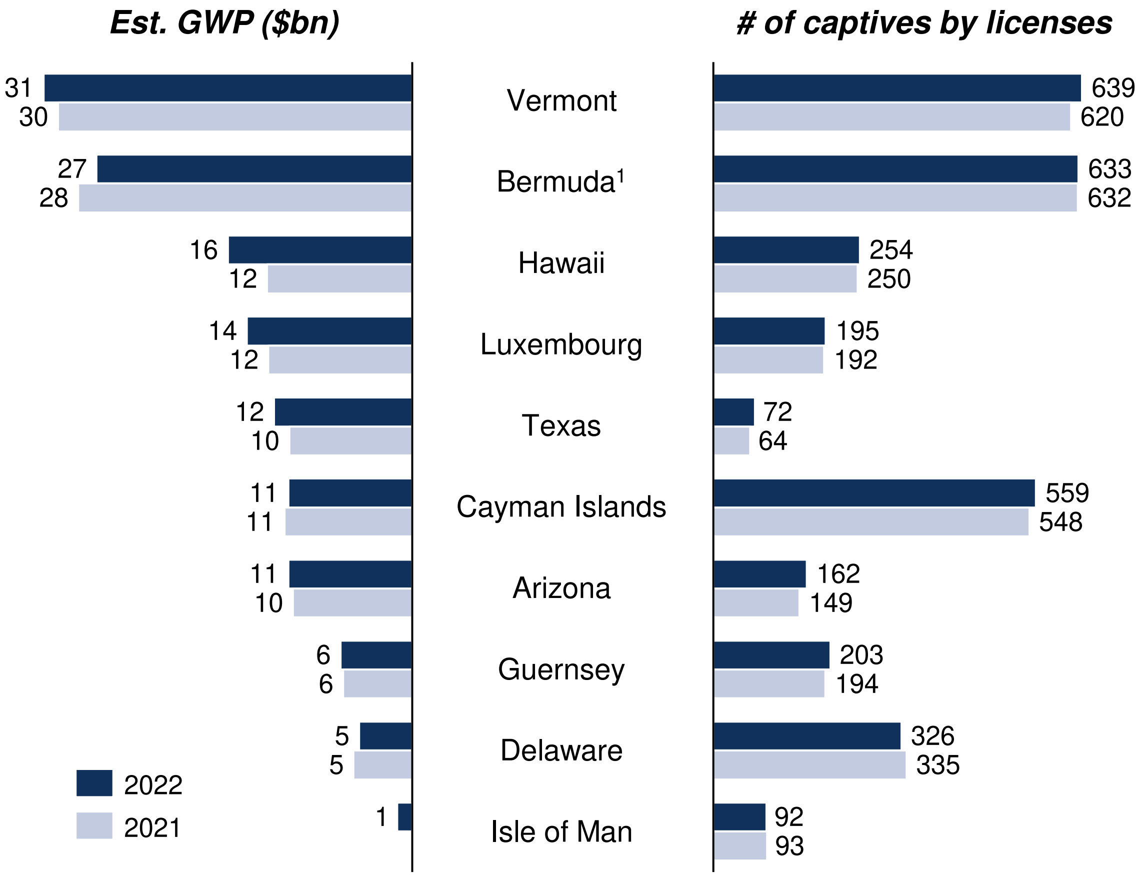
- London has generally seen increased risk selectivity and Lloyd's syndicate-level focus on profitability since 2018; as a result, there were **c.20 fewer hull insurers operating in the London Market into 2019**
- Nordic marine insurance's growth of **c.9% CAGR marginally outpaces London's of c.7%** from 2018-2022
  - As well as capturing flow that otherwise would have gone to London, shipowners **prefer** the "**higher service levels** of dedicated [Nordic] providers that mostly operate on a mutual basis"
  - CEFOR hull premium has **doubled from $600mn to $1.2bn from 2018 to 2022** to 16% of global hull premium
- Almost 60% of global maritime trade passes through Asia – **trends towards domestic insurance and localised policies** have the potential to draw share from London should local players continue to grow capacity
  - Singapore is seeing an increase in capacity after several years of supply curve changes and rising prices – premiums have soared by **17% in just one year to 2022**, outpacing APAC as a whole
  - **12 of 13 International Group P&I clubs** have a presence in Hong Kong, the largest cluster outside of London
  - Japan direct marine premiums have jumped by nearly **40% to c.$1.9bn** in just two years from 2020 to 2022

Note: 1) The Nordic Association of Marine Insurers; London Market data excludes an assumed c. 40% of energy premiums are offshore; 2) Includes London-based P&I clubs only, while non-London P&I GWP are included in respective markets.
Source: CEFOR Facts 2023 – 2019, IUMI Global Marine Insurance Reports, West P&I, London Market Premium Model, Tysers P&I Report, Gallagher P&I Pre-renewal Review.

Captives continue to grow globally, with opportunities to widen UK market participation amongst brokers, financial services and reinsurers

Captives deep-dive

Selected 10 large global captive domiciles and est. GWP



Key takeaways

- Captives have **sustained relevance over a long period**, growing from c.5,800 in 2012 to c.6,650 in 2017 (15% growth) when prices have reduced by 12%
- Selected **10 large captives account for c.$100bn[2] (72%)** of global c.**$176bn GWP in 2022** (5% growth from $167bn in 2021)
- US states, e.g. Vermont and Hawaii, are increasingly seen as **attractive captive domiciles** as state legislations are supportive of captives while foreign regulations are increasingly onerous, e.g. Solvency II and AML requirements
- Europe lags in captives however this is expected to **change as jurisdictions** change their stances:
  - **Luxembourg** remains primary European location (excl. Guernsey), with 40-50% share[3]
  - France's new captive regime in 2023 has increased captive domiciliation from 10 to 14 with potential to grow to 25-30 captives by 2024
- While captives may affect share of carriers in the UK, **wider market participation** amongst brokers, financial services and reinsurers may outweigh the drawbacks
- It is estimated that adjusted regulations could bring **c.700 captives onshore delivering £153m of economic value**

Note: 1) Estimated GWP from Class 1-3 entities; 2) Assumes Bermuda retains 2019 GWP of £23bn; 3) Based on sample of captives assessed by SCOR.
Source: Business Insurance 2019 Captive Managers & Domiciles Rankings & Directory, SCOR "European Captives – Analytical review of Solvency II reports", Financial Times, London Market Group, Business Insurance Managers and Domiciles March 2023, Captive Review, Marsh, Commercial Risk.

The subscription model enables the London Market to be one of the leading places to underwrite and purchase large and complex risks

London Market's subscription model

The London Market provides access to the largest subscription market in the world – **where multiple insurers collaborate to underwrite (subscribe) to large and complex risks.** Insured parties benefit from the expertise and capacity of multiple insurers, resulting in **comprehensive coverage** and **competitive pricing**

Risk sharing

- Subscription model enables **risks to be divided among multiple insurers**, each taking a portion of the exposure
- Insurers can **spread their risk and limit exposure** to any sing claim *(50% of London's business is shared between multiple insurers)*
- This also creates **financial protection for the customers** by automatically reducing the risk of (re)insurance failure

Consortium Underwriting

- The subscription market facilitates collaboration by having a **consortium of insurers**
- Each underwriting entity may have its own expertise and risk appetite, facilitating a **diverse range of insurers to collaborate** to underwrite a risk and promotes innovation in offerings

"The subscription market has been stronger that it has ever been, with more desire from commercial insurers to diversify and not be exposed to big one-off events… anecdotally primary insurers have been reducing their lead coverages by half" – ***Global reinsurer***

Lead-follow underwriting model

- The **lead underwriter** typically takes responsibility for coordinating the underwriting process, negotiating terms, and allocating risk to participants
- This model leverages the **capital strength** of the lead underwriter and the **speciality expertise** of following insurers
- **Smart follow** technologies leverages data, allowing insurers to automatically accept syndicated policies based on curated risk criteria

Strong contractual basis

- The London Market uses a **Market Reform Contract** to document insurance contracts – this streamlines and standardises the underwriting and policy issuance process
- Additionally, **a line slip document outlines** the terms and conditions, in particular the risks assumed by each participating insurer

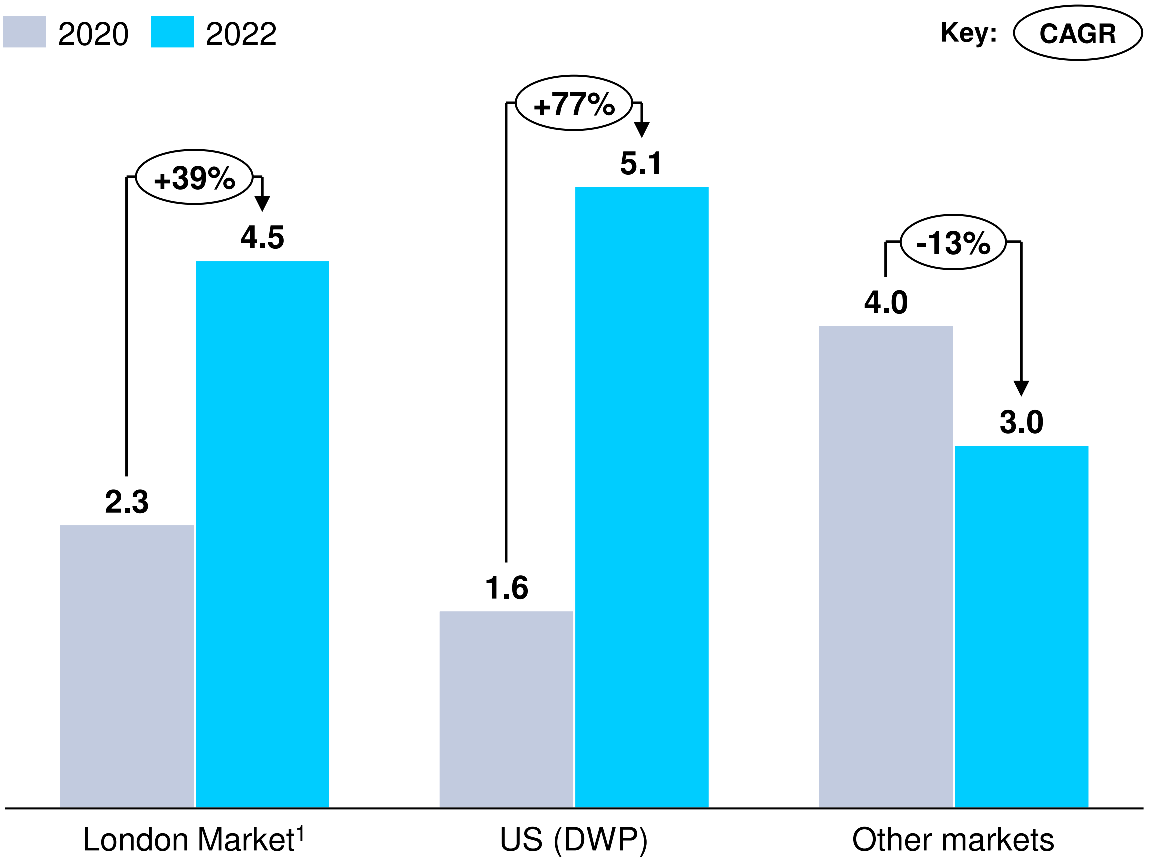
"London Market (subscription) has demonstrated its relevance again… responding well in cyber, D&O and property in recent years... Key innovation in broker facilities and auto open market have address previous structural weaknesses" – ***An insurer***

Source: London Market Group ('No Insurance, No Sustainable Future' report), Industry interviews taken place during March-April 2024.

London has a unique concentration of cybersecurity and underwriting expertise which makes it a natural hub for cyber risk

London Market and cyber (re)insurance

Global cyber (re)insurance GWP *($bn, 2020-2022)*



What makes London a natural hub for cyber risk?

- **London has a strong concentration of relevant expertise**, with nearly **600 cybersecurity product and service providers** within London alone
  - Other major hubs (e.g., Bermuda) lack cyber expertise, which limits involvement to a narrow part of the value chain – **London can provide risk mitigation, incident response** and more
  - London insurers are **partnering with IT security companies** to assess customer coverage gaps and develop new products
- The London Market is experienced in **writing complex risks across geographies and innovating on coverages**
  - **Cyber risk is inherently global** – London is the largest cyber market in Europe (£10bn in revenues) and well positioned to support companies with global dependence, e.g., involving supply chains
  - The industry's **first cyber parametric policy** was launched by a London-based MGA in 2023
- London is supporting alternative capital sources at a **key transition point for cyber risk transfer**
  - **$415mn of cyber limit has been placed into the cat bond market**, with headroom to grow into the overall $40bn+ cat bond market size
  - Lloyd's London Bridge 2 ILS platform saw **first-in-kind** ($100mn) **cat bond issuance via London Market** in 2024

Note: 1) London Market includes Lloyd's and Company Market (reported via IUA Annual Reports); Lloyd's GWP estimated as c.25% of global cyber GWP as reported in 2017 and 2022
Source: S&P Global Market Intelligence, S&P Capital IQ, Howden, The Global City/Accenture, Marsh, Lloyd's, IUA, Press releases.

The London Market provides insurance at every stage of green project lifecycles

London Market and green projects

Green projects are initiatives, technologies, and infrastructures that reduce carbon emissions and promote renewable energy

What makes the London Market well-placed to insure green projects?

Scale

73% of market participants anticipate premiums from environmentally focused insurance products will triple over the next five years.

- **Depth of capital** to deal with the large sums required
- **History of sharing risk** brings greater capacity

Expertise

A deep understanding of sustainable tech is needed to underwrite in these new areas.

- Unrivalled **breath of expertise** and concentration of knowledge to offer support for cutting-edge green tech

Innovation and flexibility

The novel nature of green projects involves untested technology and new regulatory developments.

- Innovative culture – **90% are planning to introduce new insurance products in the green projects space** by end of 2024

How does the London Market currently support green projects?

Project stages	Invention & conception	Securing financing	Construction	Operation & maintenance	Dismantling & repurposing
% of LM participants insuring projects	53%	80%	73%	80%	47%

London Market insurance products supporting green projects:

Intellectual Property insurance

Reduces legal fees for protecting patents on green project ideas

Construction insurance

Tailored products addressing diverse risks from e.g. building offshore wind farms

Energy price guarantee

Triggers payouts when energy prices dip below production costs e.g. in solar projects

Political risk cover

For instance, to secure financing for cross-border renewable energy projects

Credit risk insurance

Protects against the risk of developers being unable to fulfil financial guarantees to lenders on big projects

Tech performance insurance

Covers risk of unproven technology not performing e.g. novel waste-to-biofuel tech

Source: London Market Group ('No Insurance, No Sustainable Future' report).

The London Market consistently leads the way for insuring emerging risks from geopolitical uncertainty

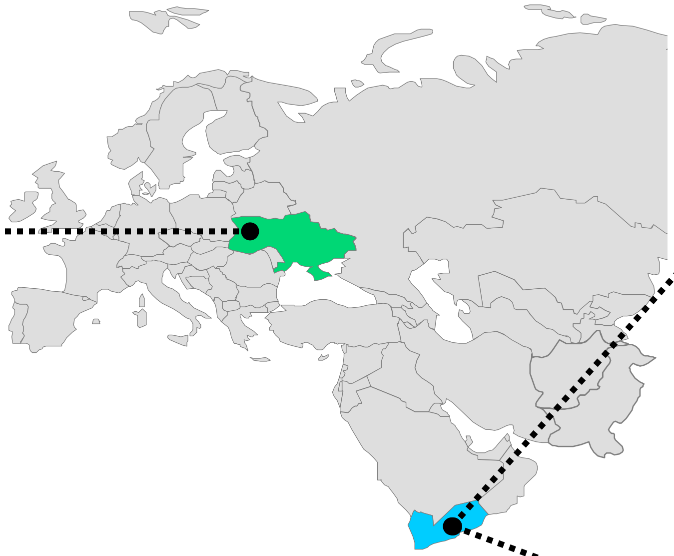
London Market and geopolitical risks

Geopolitical conflicts cause significant business disruption, including transportation challenges and commodity and raw material shortages. The dynamic nature of these cases leads to **quickly emerging and changing risks**. London has the **scale, knowledge and experience** to take the lead insuring these risks and providing support where others cannot.

Case study: Ukraine and the Black Sea

- **Russia withdrew from a UN-brokered grain deal**, forcing ships to follow an alternative Black Sea corridor with high security risks

- **London Market firms collaborated with the Ukrainian government** aiming to cut the price by two thirds of insuring ships and crew transporting grain
- The programme was then expanded to cover all shipping to and from Ukrainian ports, including **key Ukrainian exports like iron ore, steel, electrical equipment, and animal fodder**



Case study: Yemen and the Red Sea

- In Dec 2023, Yemen-based Houthis stepped up attacks on vessels in the Red Sea, **increasing ships' war risk premiums by ten-fold**

- While some insurers withdrew their cover, **London Market marine insurers confirmed they would maintain theirs**

Case study: Environmental risk from decaying ship

- A large ship had not been maintained since the start of the Yemeni civil war, despite carrying 1m+ barrels of crude oil

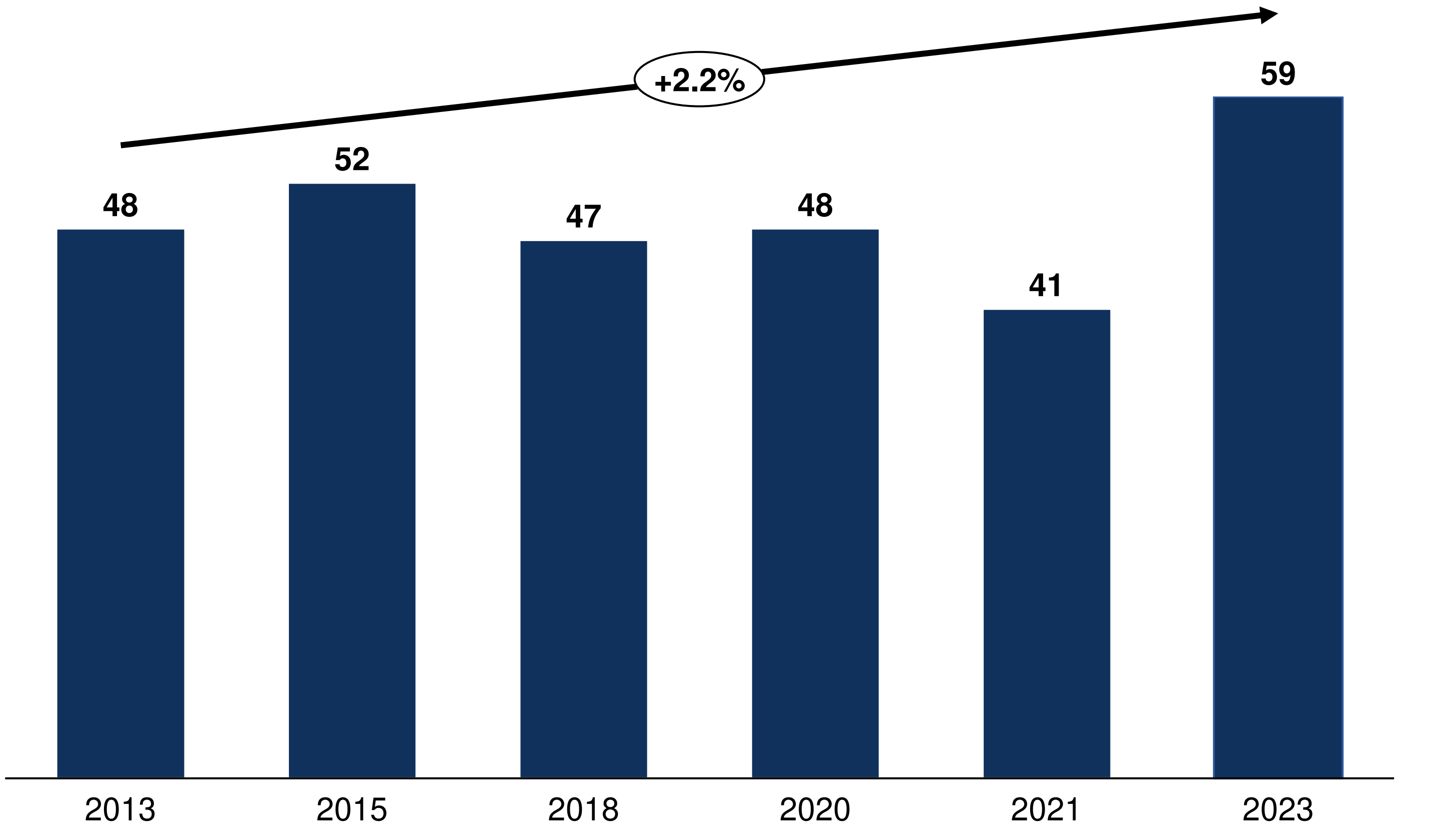
- London Market firms provided **coverage for the high-risk ship-to-ship transfer** of the barrels

Source: Reuters, Financial Times, The Insurer, Insurance Insider, AP News.

London continues to grow its headcount, with c.60k directly employed

Jobs supporting the London Market

London Market headcount[1] in the UK *('000 employees, 2013-2023)*



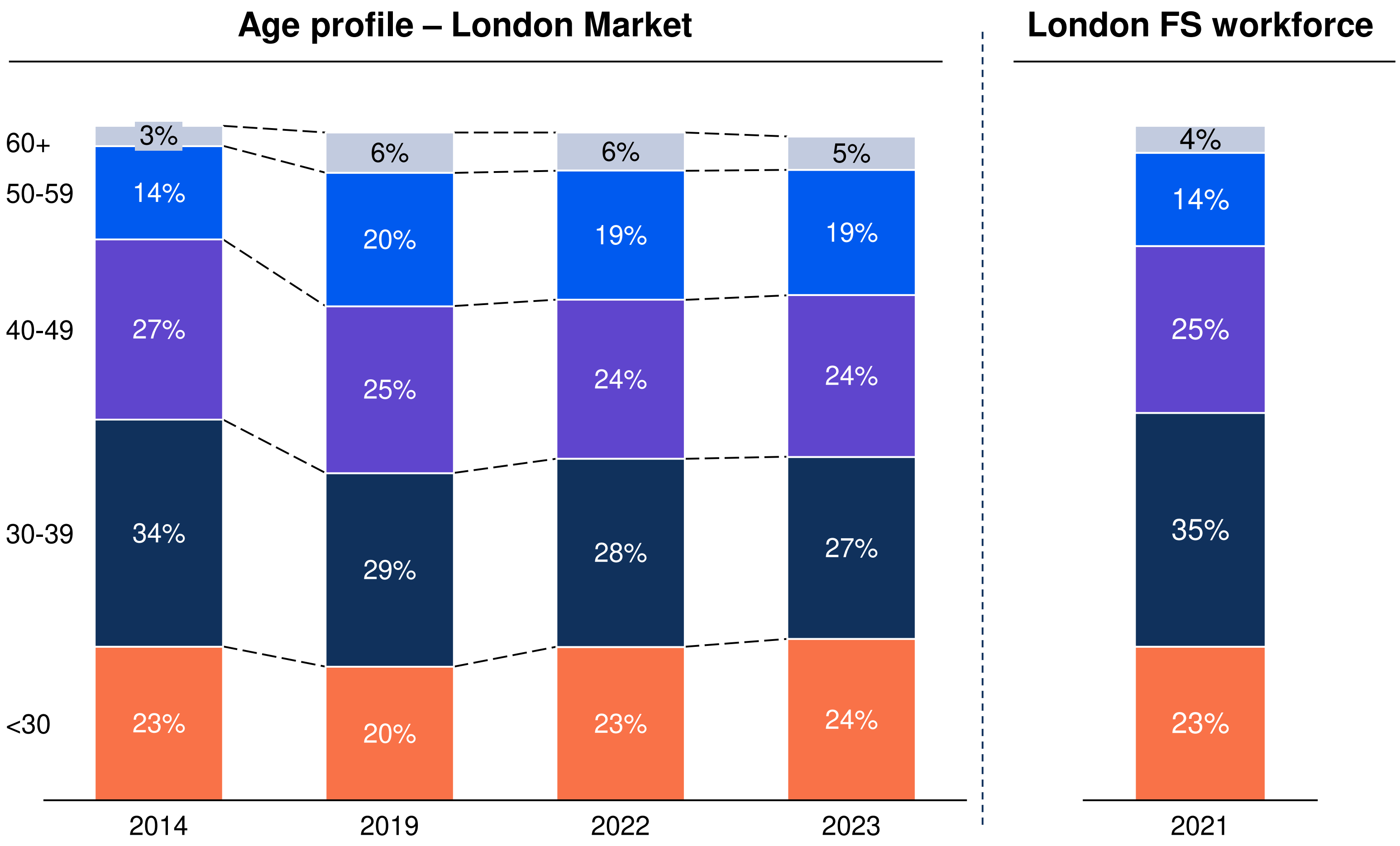
Key takeaways

- In the last decade, the **total London Market employment has grown at a CAGR of 2.2%**
- **London Market employment fell by 15% in 2021**, akin to Insurance employment as well as a reduction in 2020 vacancies in wider Financial and Insurance
- Since 2021, post-covid recovery has ushered a significant increase in London Market employment:
  - This **follows global trends** that >33% of global insurers expected to increase headcount in 2022 to manage rising workload in preparation for a boost in business volume
  - This was in part driven by a projected **30% growth in claims vacancies** as insurers were found liable in post-covid legal settlements
  - **UK vacancy figures in the FS and Insurance[2]** market peaked at 51k in 2022 – which is a leading indicator for jobs that would be filled in 2023
- In 2023, **c.900 graduates and apprentices[1]** were recruited, of which 3 large brokers hired 390 (43%) while only 21 companies hired 10 or more

Note: 1) Includes Managing agents, Brokers, and single-platform IUA employees, 2) Includes employees within and outside of London. 3) 820 by Lloyd's and 84 by IUA members.
4) Excludes 2022 due to lack of Lloyd's Market Policies and Practices data.
Source: Lloyd's Market Policies and Practices 2024, IUA data, VacancySoft, ONS; Global Insurance Survey.

While the predominant age group in the London Market is 30-39, a significant portion are near retirement age

Workforce breakdown by age



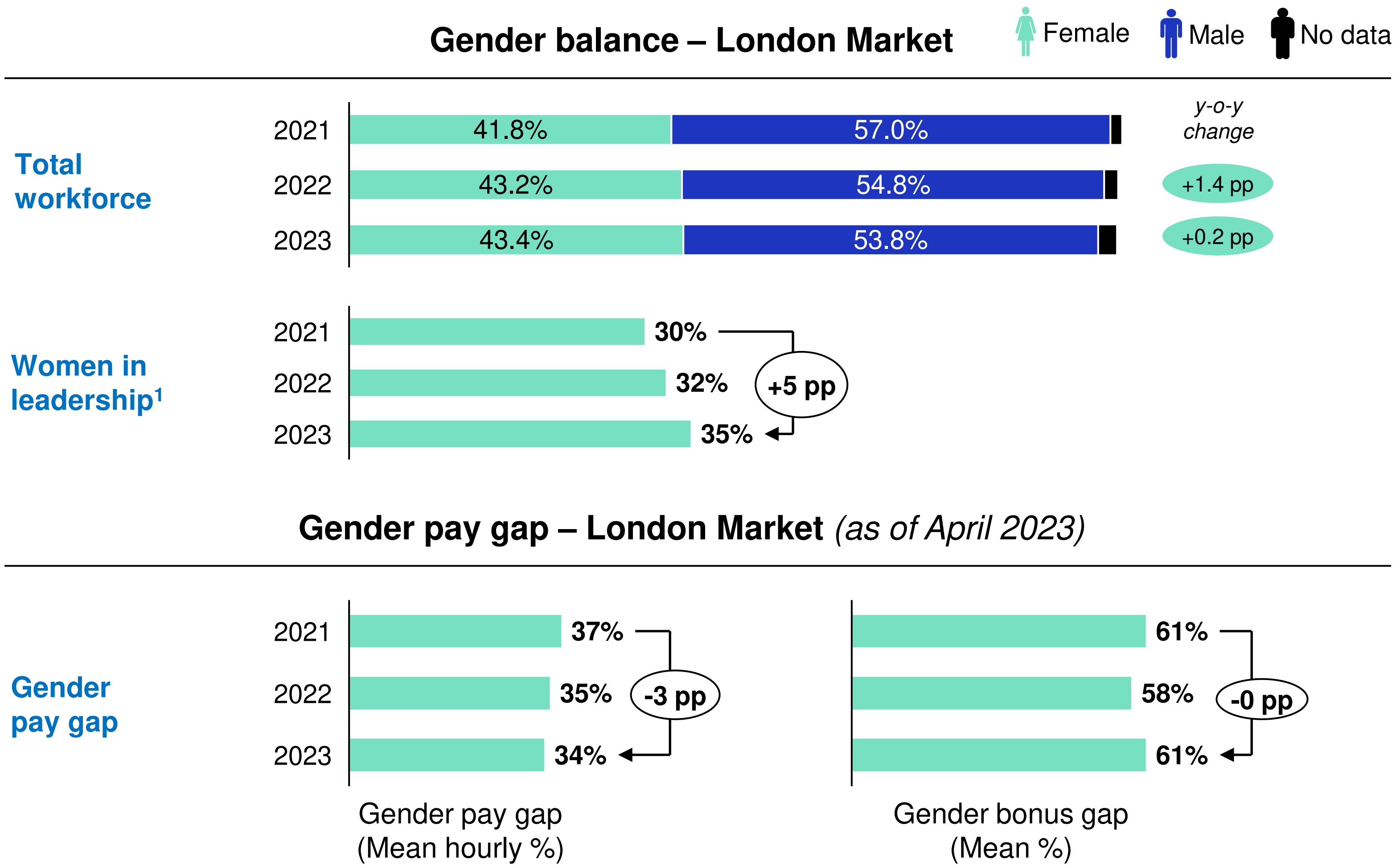
Key takeaways

- London Matters 2014 recognised the need to attract a younger workforce – to ensure a ready **pipeline of talent** to address the loss of experience and knowledge due to retirement
- Since 2014, the levels to recruitment under 30 years of age **remain steady**, as 24% of the market workforce are under 30 years and 51% are under 40 years of age
- In 2023, **graduate and apprenticeship hires increased to 904 vs. 848 in 2022** – this was largely driven by the top 3 brokers – highlighting the need from smaller players to accelerate hiring of young talent
- To address the challenge of ageing demographics, **a sustainable talent pipeline** is required – *see next slide*

Note: 1) Figures may not add up to 100% due to rounding; 2) A reduction in the 'prefer not to say' responses has shifted age profile in 2023, increasing the proportion across age brackets; 3) Source for UK workforce: ONS, Oct-Dec 2023; 4) 2021 Census by employment in 'Financial and insurance activities'.
Source: ONS, Lloyd's Market Policies and Practices 2024

London Market has progressed in ensuring a more gender diverse leadership, however overall gender representation remains stagnant

Workforce breakdown by gender



Key takeaways

- Overall, the gender balance in the London Market **remained steady** at 43% of the total workforce
- The representation of **women in leadership** roles increased to 35%, with 25% of roles on Board being held by women – however, this is largely driven through Non-Executive Director roles
- There was a downward trend on the **gender pay gap** at 34% in 2023, 3pp lower than 2021
- However, **the bonus gap** remained stagnant at 61% in 2023 compared to 2021, reflecting relatively fewer women in roles with higher discretionary pay

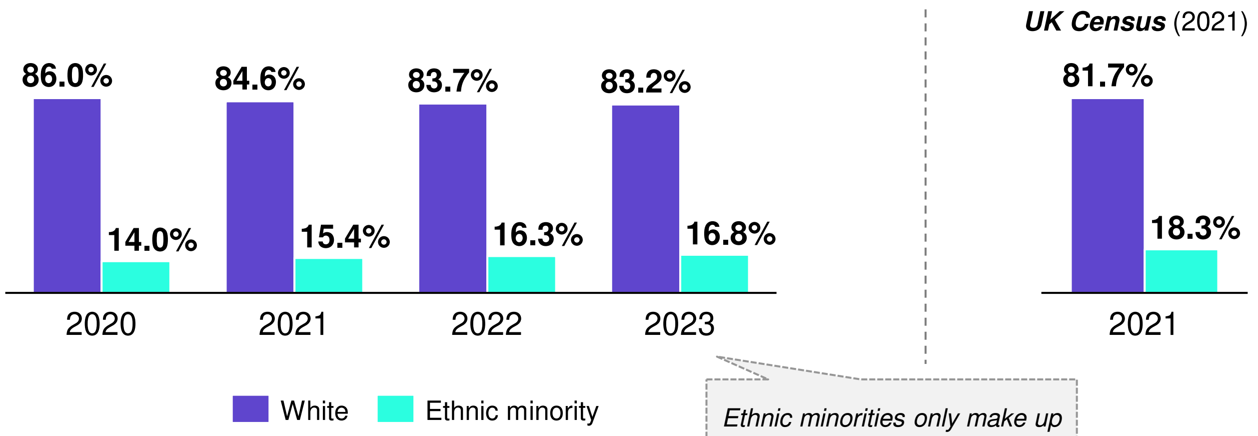
Note: 1) Leadership positions includes participation in Board, Executive Committee and Direct Report, excluding Committee also on the Board.
Source: Lloyd's 2024 Market Policies and Practices

Efforts to widen ethnic diversity in the London Market are making slow headway in the last 4 years

Workforce breakdown by ethnicity

Ethnicity representation in the workforce – London Market

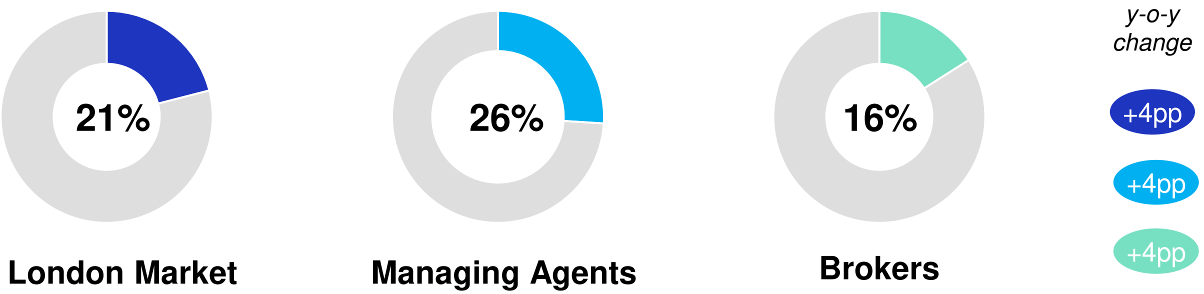
Total London Market workforce



Ethnic minorities only make up 9% of leadership roles

Ethnicity representation in hiring *(Based on 11,221 hires in 2023 of which 21% disclosed ethnicity)*

Ethnic minority representation in new hires



Key takeaways

- London Market **increased ethnicity representation** to 17% of the total workforce and 9% in leadership position – however, this still trails behind national averages when compared to the **2021 Census for England and Wales**
- Additionally, **data collection on ethnicity** in 2023:
  - 99% firms collected ethnicity data
  - Disclosure of ethnicity increased to 81%
- While 21% of new hires in 2023 had an ethnic minority background, there is **considerable work that needs to be done to improve representation across the market**, as only 16% of new hires in brokers were from ethnic minority groups

Note: 1) Ethnicity representation normalised to exclude “Prefer not to say” and “No data”; 2) Ethnic minority representation includes Asian/Asian British, Black/Africa/Caribbean/Black British, Mixed/multiple ethnic groups and other ethnic groups 3) Leadership positions includes participation in Board, Executive Committee and Direct Report, excluding Committee also on the Board, 4) Census data based on 2021 England and Wales Census; 5) UK workforce data averaged across 4 Qs from ONS (released Feb 2024) . Source: ONS, Lloyd's 2024 Market Policies and Practices.

Contributors

Authors

LONDON MARKET GROUP

Sean McGovern, Chair of the London Market Group

Caroline Wagstaff, Chief Executive, London Market Group

Graham Walsh, Campaigns Director, London Market Group

Industry Insights and analysis supported by

strategy&
Part of the PwC network

Christine Korwin-Szymanowska, Partner

Andy Moore, Partner

Robert Mattai, Director

Henrico Yuwono, Consultant

Sara Rahim, Consultant

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