

Beazley and Ryan agree deal following defections

Fresh from acquiring up-for-sale Lloyd's insurer Jubilee Group, the expansive US underwriter and wholesaler Ryan Specialty Group (RSG) has agreed a new partnership with Beazley Group.

The launch of a new long-term care facility – trading under the name Sapphire Blue – will see the quoted Lloyd's insurer provide the paper for a programme underwritten by RSG.

The move comes four years after Beazley acquired the Chicago MGA Sapphire Blue in a deal signed off by head of underwriting Johnny Rowell, who now heads up Ryan's ambitious London operations.

The Insurance Insider understands the principals behind Sapphire Blue moved across to Chicago-headquartered RSG earlier this year after completing their earn-outs under the 2007 agreement.

But if there was any rancour in the recent moves then no one was showing it.

RSG founder Pat Ryan remarked: "This new partnership is an important step in our goal of enhancing our specialty underwriting operations in the London markets and throughout the US."

Beazley's specialty lines head Adrian Cox added that the Lloyd's insurer would also

look to build new partnerships with Ryan following this venture.

"We look forward to expanding our long-term care product offerings through Sapphire Blue as part of our growing healthcare professional liability insurance business, as well as developing other opportunities with RSG."

Other recent initiatives by Beazley include the acquisition last month of two Australian accident and health MGAs, Australian Income Protection and Blue-GUM Special Risks. According to Beazley, the two underwriters add to its "already growing Australian business and presence".

But in contrast to the optimism of some (re)insurers during the recent first quarter reporting season, Beazley continues to maintain a cautious outlook on trading prospects. The group said its premium income fell by 3 percent in the first three months of 2011 while rates were down by 1 percent on average.

Despite \$75bn of cat losses in the past 16 months, Beazley warned that "general trading conditions remain challenging and we do not believe these events alone will be sufficient to turn the overall market."

Key Hannover underwriter departs

Ross Hood, one of the architects of Hannover Re's aggressive play in the UK solicitors' Professional Indemnity (PI) market, has left the company, *The Insurance Insider* can reveal.

Inter Hannover rapidly expanded its UK solicitors' PI book since entering the market in 2008, increasing its market share from 4.53 percent to 14.41 percent via an exclusive arrangement with market-leading broker Lockton.

Hood was a senior casualty underwriter and according to sources he was the main quoting underwriter for Hannover.

The Solicitors Regulation Authority (SRA) has it that Chartis is the biggest single writer with 18.05 percent of the market, however these market share figures relate entirely to the portion of premium which is assigned to the mandatory cover purchased by solicitors.

Insureds are able to buy below this limit or above it with the associated premium

ignored by the SRA for the purpose of the levy calculation.

The solicitors' PI market, which has traditionally renewed on 1 October, was the subject of controversy in 2010.

UK solicitors are prohibited from practising unless they have purchased PI insurance. Due to the difficulty that some practitioners have had in purchasing cover, the Law Society established the Assigned Risk Pool (ARP) as an insurer of last resort, backed by the insurers that cover the commercial market.

In recent years the ARP has been a burden to the UK solicitors' PI market. For example, in 2008/09 it paid out around £40mn of claims on earned premium of just £1.7mn.

Around renewal time last year there were widespread allocations that premium was being misallocated to non-mandatory layers to artificially reduce the market share proportion on which the ARP levy was based.

Petrobras accident to cost market \$147mn

An accident involving a Petrobras-owned oil and gas vessel in the Gulf of Mexico looks set to land the offshore energy market with a new \$147mn bill amid a series of bruising losses, *The Insurance Insider* can reveal.

Willis is understood to broker the insurance cover for the BW Pioneer, with Munich Re's Lloyd's insurer Watkins leading the affected cover.

Reports say that in early May a buoyancy can broke off one of the tubes connecting the oil and gas wells on the ocean floor with the floating production storage and offloading vessel (FPSO).

According to underwriting sources, the energy markets involved in the placement have been told to expect a \$147mn loss.

In a recent interim management statement Chaucer referred to it as one of "three major market losses in the first quarter of 2011".

The energy market has had to struggle with a heavy claims record in recent months.

In February an accident with Maersk's Travelers syndicate-led and Aon-brokered Gryphon FPSO led to a combined physical damage and business interruption (BI) claim that sources estimate will comfortably top \$800mn.

Then in April the Jupiter accommodation vessel sank to land the market with another significant bill.

The programme, led by QBE's Syndicate 1036, will have to pay a physical damage claim of \$160mn and a further \$60mn-\$80mn for wreck removal, according to underwriting sources.

These offshore disasters came on top of the fire at the Canadian Natural Resources oil sands processing facility in Northern Alberta. The plant has been out of action since January. It is expected to result in physical damage claims of up to \$450mn and BI claims that could take the total towards \$1.1bn.