LONDON COMPANY MARKET

Statistics Report

October 2017

OF LONDON

INTERNATIONAL UNDERWRITING ASSOCIATION

Executive summary

- The London company market's gross premium income for 2016 was £16.034bn.
  In addition, a further £6.691bn has been identified as written in other offices outside London, but managed and overseen by operations in the City. Combining these two totals, the overall intellectual and economic premium is £22.725bn.

- Restated figures for 2015 show a London income of £16.031bn, plus a further £6.038bn of controlled business, giving an overall total of £22.068bn. These figures show, therefore, that over the past year the company market has seen a rise in income of £0.657bn (2.9%).

- The split between direct/facultative business and treaty placements remains at around 75% to 25%. Non-treaty business breaks down 65% direct placements and 35% facultative.

- Property business remains the largest sector of the company market. Over the past 12 months marine has continued to decline in significance and liability has continued to rise. Total liability premiums include public liability (£2.097bn), employer's liability (£0.781bn) and cyber (£0.075bn).

- Geographically, for business written in London, the picture is stable with UK and Ireland continuing to generate over half of all premium. For business written elsewhere, but overseen by London, there are two trends: continental European premium becoming more important than that from UK/Ireland and a convergence in the totals recorded by USA/Canada, Asia, Latin/South America and Australasia.

- Combining the IUA's total company market income figure of £22.725bn with Lloyd's of London's gross written premium of £29.862bn gives an overall total for the London Market of £52.587bn.

- Premium of £7.383bn is currently written in the London company market by branches that may require a change in their regulatory status post-Brexit.

- Premium of £1.554bn is currently earned from continental Europe by companies wither UK headquartered or subsidiaries of parent companies in a third country outside of Europe.

- Premium categorised outside the main classes of business as 'other' has risen from £1.045bn to £1.416bn over the past 12 months and almost doubled since 2013. Companies may be increasingly looking to grow their operations by participating in more specialist, non-traditional lines of business and the development of new products.

- Exchange rate fluctuations have been highlighted by a number of firms as a major factor in increasing premium volumes reported in pounds sterling for 2016.

Introduction

In the fall out from last year's referendum on UK membership of the EU we added a new chapter to the London Company Market Statistics Report seeking to quantify the potential impact of Brexit on our sector. Twelve months on this issue is no less critical and so we have again used our data to analyse the scope of premium income most directly affected by the forthcoming changes to business relationships in Europe.

On page 18 we detail the amount of premium written by London Market firms conducting business as branches of both parent companies and subsidiaries based in continental Europe. Also analysed is continental European premium currently written by London subsidiaries and head offices under the EU's financial services passporting regime.

Elsewhere, we have tried to give the figures in this report greater context by asking contributors to provide an additional commentary, explaining any significant variations in their data return from the previous year. These observations are summarised in the conclusion on page 22.

Other improvements include a more detailed breakdown of liability premiums and an assessment of premium written as delegated authority business.

I would like to take this opportunity to thank IUA members who have assisted us in the production of this report, which is now in its seventh year. Compiling the required data is a difficult and time-consuming task. The effort, however, is extremely worthwhile, enabling the production of statistics that are simply not available from any other source. Such is the diversity of business models in the London Market, with different companies reporting to different home state regulators, there is often no statutory requirement to identify London business as distinct from other global premium income.

The IUA's figures, therefore, are a unique and valuable asset that demonstrate the strength of the company market in London and help promote its contribution to the UK economy. Indeed, our data formed a significant part of the information issued by the London Market Group earlier this year in its London Matters Report 2017. This publication has been instrumental in raising our industry's profile within the government and driving market engagement in a series of initiatives to enhance London's position as a global insurance centre.

Our statistics have also been extensively used in wider London Market conversations with the UK government ahead of Brexit negotiations. With an up to date and comprehensive picture of our sector we have been able to illustrate clearly the economic necessity to both sides in the discussions of establishing an effective new trading relationship.

I hope you find this year's report useful and interesting.

Dave Matcham *Chief Executive*
International Underwriting Association

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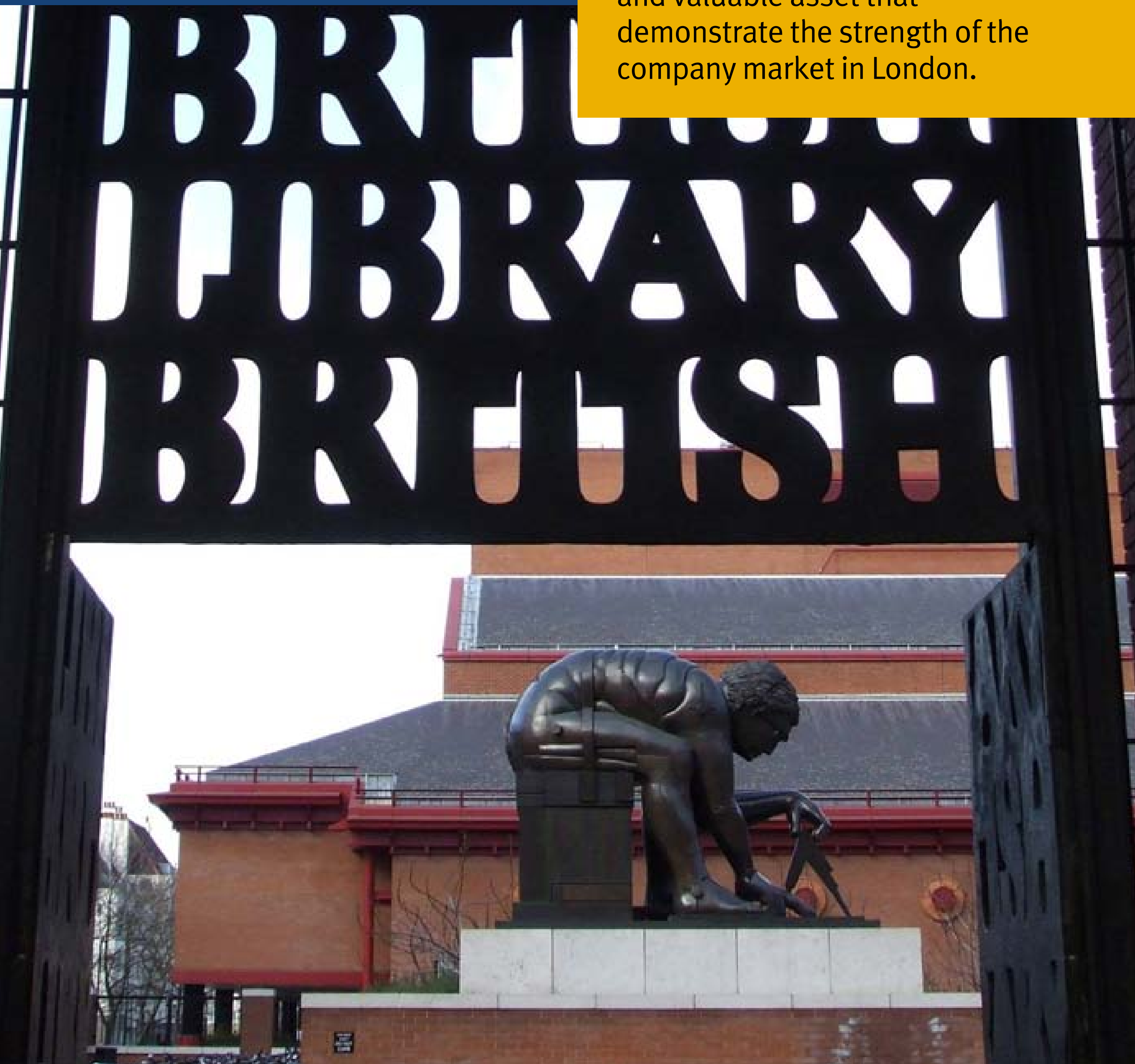


Methodology

Each year the IUA seeks to improve and refine its data collection process in order to make the London Company Market Statistics Report as useful as possible. Perhaps the most frequently requested enhancement is a desire for more detailed analysis of premium by class of business. This year, therefore, we sought to identify four sub categories of general liability premiums. These new classifications were public liability, employer's liability, environmental liability and cyber.

For the first time, survey respondents were also asked to enter a figure for the total amount of business written by their company under delegated authorities. This total was to include both business written in London and premium controlled by London but written elsewhere.

The other major change to the data template in 2017 has been the addition of a comment box allowing respondents to enter any observations or explanations relating to their returns. For example, reasons that premium income has increased or decreased over the past 12 months.

The underlying methodology of the report, however, remains unchanged and our definition of London Market business is as follows:

London market slip business written through brokers or direct with clients and any other risks which could be categorised as large commercial/wholesale risks, eg global programme business or delegated authority business through coverholders or managing general agents.

This definition does not include income that is written in overseas offices that may be subject to a high degree of management or oversight by London operations. Therefore data is also, separately, requested for premium managed or overseen by London but written elsewhere. Such 'controlled' premium is an important part of the London company market's operation and its inclusion gives a more complete picture of the overall intellectual and economic premium earned by firms. It also makes our results more directly comparable with income figures published by Lloyd's of London.

Excluding the more detailed breakdown of liability, the class of business categories for the 2017 report are unchanged from last year and can be viewed in the box opposite detailing guidance notes provided to all respondents. A full split between direct/facultative and treaty premium was requested for each class, in addition to a simple overall breakdown of the percentage split between direct and facultative business for total premium.

Companies were asked to restate their returns for 2015 and we have used these restated figures as the definitive numbers in all cases throughout the report. The data templates were completed in either pounds sterling, US dollars or Euros according to each company's own reporting preference. Entries were then converted into pounds sterling using agreed exchange rates of \$1.36 = £1 and €1.22 = £1. Statistics for Lloyd's of London quoted in the report are from the Lloyd's Annual Report 2016.

It is the aim of this report to provide as accurate and complete a picture as possible of premium earned by the London company market. There is, however, no universal or definitive categorisation of such business. Many companies operate branch offices in London, reporting to home state regulators elsewhere and with no obligation to separately identify London Market premiums in statutory returns. Underwriters in London regularly cooperate with overseas colleagues to analyse complex risks and the ultimate classification of a particular policy as London Market may be an administrative judgement that varies from company to company. Where we have not received returns from a limited number of companies we have filled in the gap using either figures from Xchanging Ins-sure Services, the London Market's central processing provider or data from returns made in previous years. Data from a total of 62 companies has been used to compile this report.

The following guidance notes were provided to companies for assistance in completing the data submission breakdowns by class of business and geographical territory.

Class of business breakdown

Please allocate your premium to the class of business category that you feel it is best described by:

Property
Includes engineering, but not construction.

Construction
Construction (or builder's risk insurance) is not included under property, but identified as a separate class on the template.

Liability
Please enter a total figure for all liability business in this field (includes employers and public liability, medical malpractice etc).

In addition please, if possible, breakdown this total liability figure to identify the amount of business in four new sub categories: employer's liability, public liability, environmental liability and cyber.

NB: The total liability figure may be higher than the sum of four sub categories if your company is also writing other liability business which does not fit into these categories eg political risk.

Professional Lines
Includes directors and officers (D&O), professional indemnity (PI), errors and omissions (E&O).

Accident and Health
Accident and health is now identified as a separate class, rather than being included under the 'other' category as in previous IUA surveys.

Marine
All marine business including hull, cargo, energy, liability, specie and war risks.

Aviation
All aviation business including hull, public liability, passenger liability, aerospace.

Motor
Includes fleet and large single risks.

Other
If none of the six named classes above matches in any way then please allocate premium to the 'other' category.

Includes, for example, contingency, surety

Geographical breakdown

Please allocate your premium to the geographical region that you feel it is best described by. When making this allocation please use the appropriate identifier in accordance with your normal procedures, for example, address of the insured, location of the risk itself, location of the cedent and, for global programme business, location of the client's headquarters.

Results

Figure 1. **2016 Gross premium written in London vs premium written elsewhere**

	London £bn	Elsewhere £bn	Total
2016	**16.03**	**6.69**	**22.72**

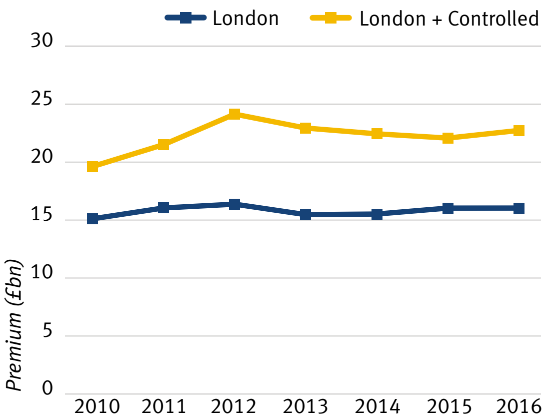
In 2016 the London company market's gross premium income was £16.034bn. In addition, a further £6.691bn has been identified as written in other offices outside London, but managed and overseen by operations in the City. Combining these two totals, the overall intellectual and economic premium is £22.725bn.

Restated figures for 2015 show a London income of £16.031bn, plus a further £6.038bn of controlled business, giving an overall total of £22.068bn. These figures show, therefore, that over the past year the company market has seen a rise in income of £0.657bn (2.9%). This increase is driven by a growth in business controlled by London but written elsewhere, which has gone up by £0.653bn (9.8%). Premium actually underwritten in the City is more or less unchanged, rising by just £0.003bn.

This year, for the first time, our survey sought to identify the amount of premium written by delegated authorities. Company returns (covering both London and controlled business) identify a total of £2.913bn written in this manner in 2016.

Figure 2 below plots premium income over time going back to 2010, when the IUA first began conducting its annual survey of London company market business. Except for the latest 2016, figures quoted are those restated by companies 12 months after their original data returns.

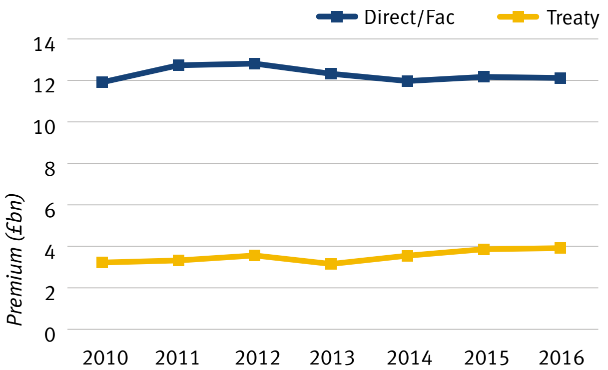
Figure 2. **London company market premium income over time**



	London £bn	*Controlled £bn*	*London+ Controlled £bn*
2010	15.110	4.510	19.620
2011	16.044	5.462	21.506
2012	16.370	7.762	24.132
2013	15.467	7.464	22.932
2014	15.518	6.917	22.435
2015	16.031	6.038	22.068
2016	**16.034**	**6.691**	**22.725**

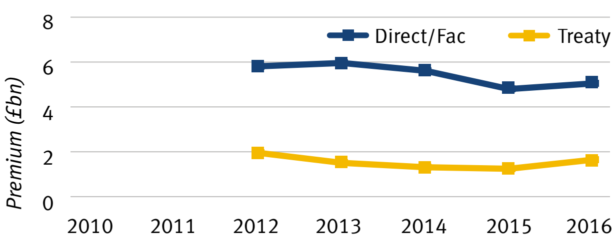
Analysis by Placement Type

Figure 3a. **London premium by placement type**



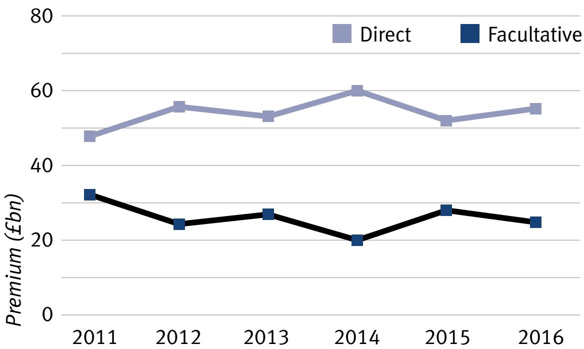
	Direct/Facultative		*Treaty*		*Total*
London	*£bn*	*%*	*£bn*	*%*	*£bn*
2010	11.911	79	3.216	21	15.127
2011	12.727	79	3.324	21	16.051
2012	12.812	78	3.557	22	16.370
2013	12.317	80	3.151	20	15.467
2014	11.969	77	3.549	23	15.518
2015	12.170	76	3.860	24	16.031
2016	**12.120**	**76**	**3.914**	**24**	**16.034**

Figure 3b. **Controlled premium by placement type**



	Direct/Facultative		*Treaty*		*Total*
Controlled	*£bn*	*%*	*£bn*	*%*	*£bn*
2012	5.809	75	1.952	25	7.762
2013	5.959	80	1.505	20	7.464
2014	5.606	81	1.310	19	6.917
2015	4.796	79	1.242	21	6.038
2016	**5.046**	**75**	**1.644**	**25**	**6.691**

Figure 3c. **Direct and facultative premium over time**



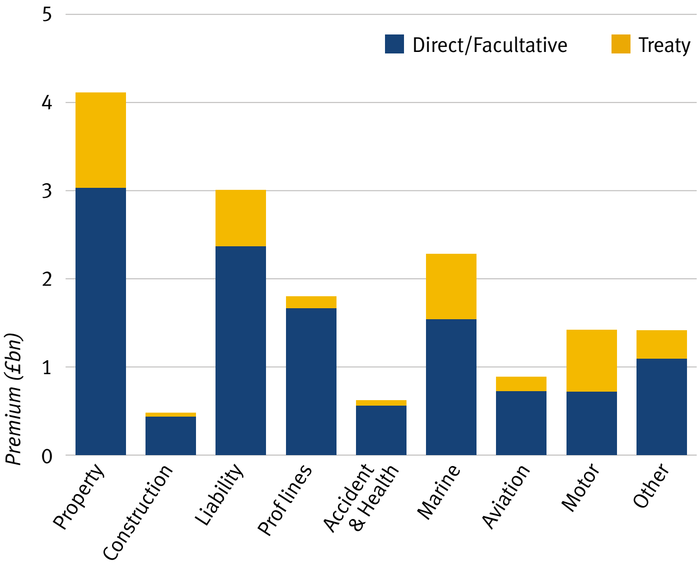
	Direct %	*Facultative* %
2011	58	42
2012	66	34
2013	63	37
2014	70	30
2015	62	38
2016	**65**	**35**

The split between direct/facultative business and treaty placements has not altered over the past year, as figures 3a and 3b demonstrate. The proportions for business written in London are 76% direct/ facultative and 24% treaty, while controlled premium breaks down 75% and 25% respectively.

This analysis reflects general London Market practice which tends to group direct and facultative placements together. More detail is provided in figure 3c which details an overall percentage split between these two methods of premium placement for both London and controlled business combined. Here direct business can be seen to account for 65% of non-treaty placements against 35% for facultative. This split represents a significant rise in the importance of facultative business over the past year and reverses the trend seen in recent years.

Figure 4 illustrates how the split between direct/facultative and treaty placements varies between different classes of business written in London (no data is available for controlled premium). This shows that treaty contracts are relatively much more important for motor, marine, property and liability business. Direct and facultative placements still account for the majority of premium in each of these classes, but treaty makes up a significant proportion, ranging from 21% (liability) to 49% (motor). For construction, professional lines, accident and health and aviation, direct and facultative placements are noticeably more dominant, ranging from 82% to 92% of total premium.

Figure 4. **2016 Gross premium volume by placement type**



2016	*Direct/Fac £bn Gross*	*Treaty £bn Gross*	*Total £bn Gross*
Property	3.027	1.086	4.113
Construction	0.433	0.051	0.484
Liability	2.366	0.646	3.012
Prof Lines	1.664	0.135	1.798
Accident & Health	0.556	0.064	0.620
Marine	1.539	0.744	2.282
Aviation	0.724	0.163	0.887
Motor	0.719	0.703	1.422
Other	1.093	0.323	1.416
Total	**12.120**	**3.914**	**16.034**

The overall intellectual and economic premium total for 2016 is £22.725bn

Analysis by Class of Business

Figure 5a. **2016 Gross premium totals by class of business**

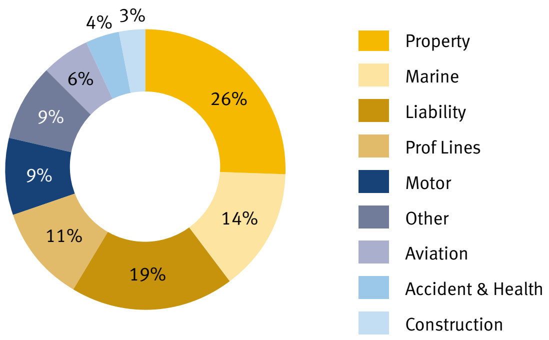
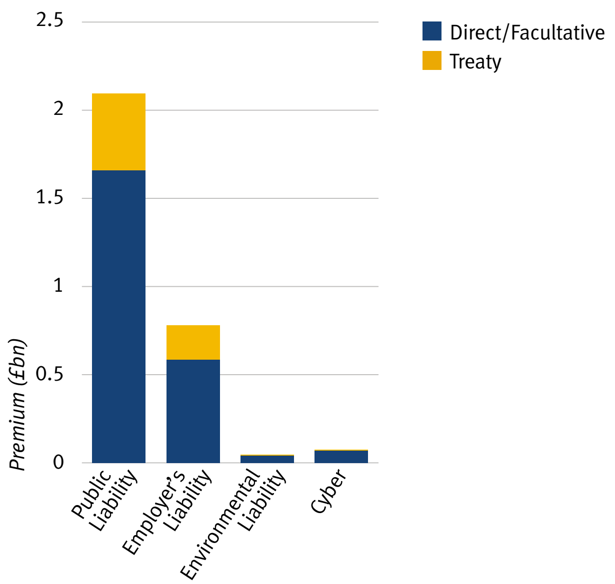


Figure 5b. **2016 Liability premium volume by placement type**



Our survey identifies eight major classes of business, plus a ninth category of 'other' to capture any premium not covered by the main classifications. As described in the methodology section of this report, the survey also now includes a more detailed breakdown of the liability class.

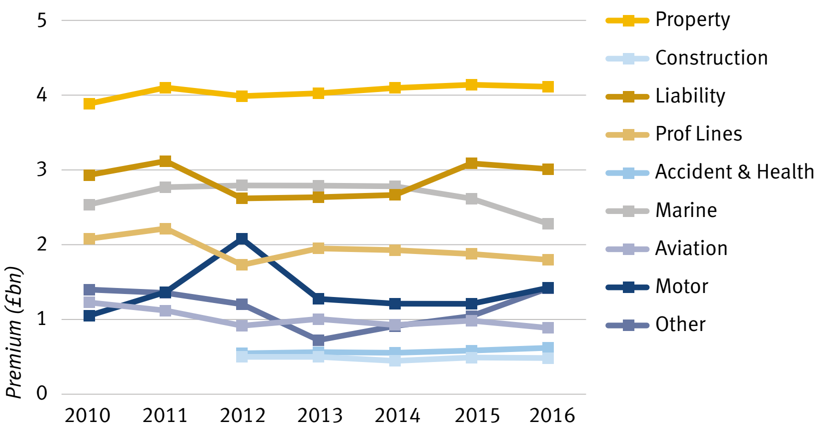
The latest data for 2016 shows some interesting variations in the significance of individual business classes over the past 12 months. Marine premium has accelerated a decline observed in last year's report, recording a total of £2.282bn, down from £2.616bn in 2015 and £2.781bn in 2014. It now accounts for 14% of total income, falling further behind liability which again grew in importance and recorded premium of £3.012bn in 2016, 19% of the overall market.

Other classes of business were relatively stable over the past year. Property remains comfortably the largest sector for London companies, generating just over £1 of every £4 of premium earned - £4.113bn in 2016.

A new feature of our survey this year is a more detailed breakdown of liability premium (see figure 5b). The data here shows public liability to be the most dominant category, generating income of £2.097bn in 2016. Employer's liability, meanwhile, totals £0.781bn, environmental liability £0.047bn and cyber £0.075bn.

Figure 6 illustrates how premium income across the different business classes has fluctuated since the IUA first published its London Company Market Statistics Report in 2010. Accident and health and construction were added as separate classes in 2012.

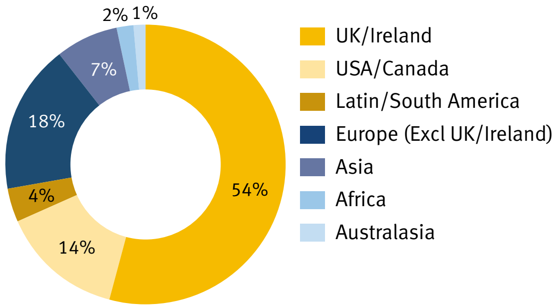
Figure 6. **Gross premium totals by class of business over time**



	2010 £bn	2011 £bn	2012 £bn	2013 £bn	2014 £bn	2015 £bn	2016 £bn	Total £bn
Property	3.886	4.101	3.987	4.025	4.096	4.139	4.113	28.346
Construction			0.500	0.500	0.446	0.491	0.484	2.421
Liability	2.932	3.118	2.619	2.635	2.665	3.087	3.012	20.068
Prof Lines	2.079	2.216	1.729	1.950	1.927	1.876	1.798	13.574
Accident & Health			0.547	0.563	0.554	0.584	0.620	2.868
Marine	2.537	2.769	2.792	2.790	2.781	2.616	2.282	18.567
Aviation	1.227	1.119	0.916	1.006	0.926	0.984	0.887	7.065
Motor	1.051	1.366	2.077	1.275	1.211	1.209	1.422	9.610
Other	1.399	1.355	1.203	0.723	0.912	1.045	1.416	8.054
Total	**15.110**	**16.044**	**16.370**	**15.467**	**15.518**	**16.031**	**16.034**	**110.574**

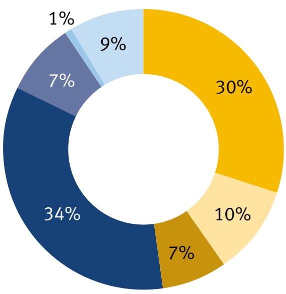
Geographical Analysis

Figure 7a. **2016 London gross premium by territory**



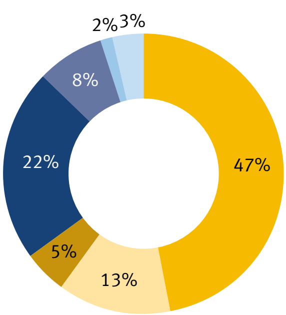
2016	*Total £bn*	*%*
UK/Ireland	8.700	54
USA/Canada	2.284	14
Latin/South America	0.613	4
Europe (excl UK/Ireland)	2.775	18
Asia	1.167	7
Africa	0.291	2
Australasia	0.204	1
Total	**16.034**	**100**

Figure 7b. **2016 Controlled gross premium by territory**



2016	*Total £bn*	*%*
UK/Ireland	2.013	30
USA/Canada	0.697	10
Latin/South America	0.490	7
Europe (excl UK/Ireland)	2.306	34
Asia	0.566	9
Africa	0.050	1
Australasia	0.569	9
Total	**6.691**	**100**

Figure 7c. **2016 Overall gross premium by territory (London + controlled)**



2016	*Gross £bn*	*%*
UK/Ireland	10.713	47
USA/Canada	2.981	13
Latin/South America	1.103	5
Europe (excl UK/Ireland)	5.080	22
Asia	1.734	8
Africa	0.341	2
Australasia	0.773	3
Total	**22.725**	**100**

Both premium written in London and that written elsewhere, but overseen by London operations, is analysed by territory. These geographical categorisations are determined by companies own allocations of business origin, for example by location of risk or address of insured (see methodology on page 4 for further information).

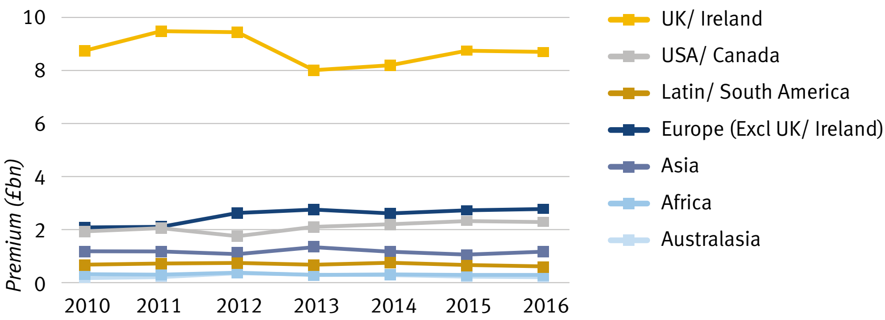
For business written in London (figure 7a), the UK and Ireland remains easily the most important source of income accounting for more than half of all premiums. The overall picture is little changed from 2015 with continental Europe and the USA/Canada the next two most important markets, representing 18% and 14% of total business respectively. Elsewhere Asia continues to contribute around 7% of London company market earnings, while Latin/South America, Africa and Australasia account for 4%, 2% and 1% respectively.

Figure 7b provides a geographical breakdown of business controlled by London operations and illustrates the importance of premium written in regional offices across the British Isles. This accounts for 30% of all controlled business, but the largest proportion of premium here, at 35%, is from continental Europe. The US and Canada contribute another 10% and Asia 9%.

The development of premium income by geographical territory over time is illustrated in figures 8a and 8b. For business written in London, the data is quite stable. The data for controlled business, however, indicates two trends: continental European premium becoming more important than that from UK/Ireland and a convergence in the totals recorded by USA/Canada, Asia, Latin/South America and Australasia

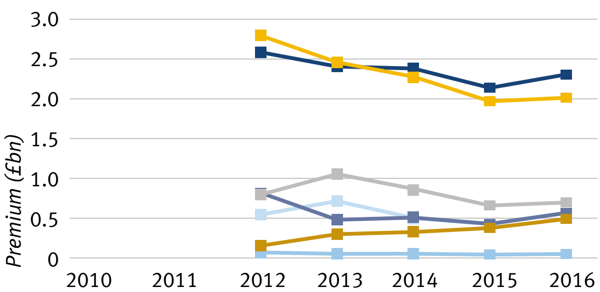
Geographical Timeline Analysis

Figure 8a. **London gross premium by territory over time**



London	2010 £bn	2011 £bn	2012 £bn	2013 £bn	2014 £bn	2015 £bn	2016 £bn	Total £bn
UK/Ireland	8.745	9.482	9.442	8.011	8.196	8.745	8.700	61.321
USA/Canada	1.933	2.054	1.752	2.103	2.202	2.321	2.284	14.649
Latin/South America	0.678	0.721	0.743	0.675	0.750	0.665	0.613	4.846
Europe (excl UK/Ireland)	2.082	2.104	2.627	2.754	2.611	2.727	2.775	17.679
Asia	1.182	1.176	1.075	1.336	1.166	1.057	1.167	8.160
Africa	0.319	0.301	0.376	0.290	0.311	0.291	0.291	2.179
Australasia	0.170	0.207	0.354	0.299	0.283	0.224	0.204	1.740
Total	**15.110**	**16.044**	**16.370**	**15.467**	**15.518**	**16.031**	**16.034**	**110.575**

Figure 8b. **Controlled gross premium by territory over time**



Controlled	2012 £bn	2013 £bn	2014 £bn	2015 £bn	2016 £bn	Total £bn
UK/Ireland	2.795	2.459	2.278	1.969	2.013	11.514
USA/Canada	0.796	1.054	0.869	0.659	0.697	4.074
Latin/South America	0.154	0.299	0.326	0.376	0.490	1.644
Europe (excl UK/Ireland)	2.585	2.406	2.381	2.138	2.306	11.815
Asia	0.819	0.480	0.507	0.429	0.566	2.802
Africa	0.069	0.052	0.053	0.042	0.050	0.266
Australasia	0.545	0.714	0.502	0.425	0.569	2.755
Total	**7.762**	**7.464**	**6.917**	**6.038**	**6.691**	**34.871**

Comparison with the Lloyd's Market

2016	IUA Direct/ Facultative £bn	Lloyd's Direct £bn
IUA Property + Construction Lloyd's Property	3.459	7.988
IUA Liability + Professional Lines + Accident & Health Lloyd's Casualty	4.586	7.131
IUA Marine Lloyd's Marine + Energy	1.539	3.58
Aviation	0.724	0.627
Motor	0.719	1.047

All Lloyd's figures exclude reinsurance business

All IUA figures exclude company market business controlled by London but written elsewhere

Lloyd's of London in its annual report has reported a gross written premium income of £29.862bn for 2016. Combining this figure with the IUA's amount of £22.725bn for company earnings gives an overall total for the London Market of £52.587bn.

A more detailed examination of the company and Lloyd's markets is available in the table above. It should be noted that exact comparisons are not possible because Lloyd's, in its annual report, identifies direct business only, separating out all reinsurance (except for aviation) into a separate category. The IUA's figures, meanwhile, cover both direct and facultative business together, separating out only treaty reinsurance. Furthermore, IUA totals by class of business – unlike those published by Lloyd's – include only premium written in London and not business controlled by London operations but written elsewhere.

Nevertheless, some general conclusion can be drawn from the figures in the above table. Lloyd's writes significantly more property business that the company market: £7.988bn against £3.459bn, a difference of £4.529bn. For liability business, however, the gap is narrower at £2.545bn with Lloyd's recording £7.131bn and companies £4.586bn.

In the marine sector Lloyd's is again dominant. With a traditionally large energy book, it wrote premium of £3.58bn in 2016 compared to £1.539bn for the company market. For aviation, however, the company total of £0.724bn is greater than that of Lloyd's at £0.627bn. Company premiums for motor business are £0.719bn compared to £1.047bn for Lloyd's.

The London Company Market and Brexit

Ever since the UK voted last June to leave the European Union companies within the London Market have been working hard to assess the impact this decision will have on their business. Contingency plans have been drawn up to ensure continued client coverage and the IUA has outlined to the government its members' objectives for any new trading arrangement.

In last year's statistics report we considered the amount of business potentially affected by Brexit by calculating 2015 premium written in the London company market under the EU's financial services passport regime. This analysis identified £0.267bn of continental European premium written by companies headquartered in the UK and £1.094bn written by firms with a parent company headquartered in a third country and using their London office to access EU business. In addition, global premium of £5.976bn was written in London by companies with a parent headquartered elsewhere in the EU and using passporting rights to access the London Market. Our conclusion, therefore, was that in total premium of £7.337bn could be impacted by a change in the rules governing the UK's access to the EU single market.

Since then many companies have announced plans to continue serving EU clients by establishing new underwriting hubs in one of the remaining 27 member states. No single location has emerged as a firm favourite and instead firms have opted for different centres depending on their individual client base and existing multinational corporate structure. Dublin, Paris, Munich, Luxembourg and Brussels have all been chosen by IUA members as cities for either new or enhanced continental European operations.

One of the most important outstanding Brexit questions for the London company market concerns the status of operations currently conducting business in the City under branch status. This is a popular business model. Of the IUA's 48 member companies just five are headquartered in the UK, 17 have parent companies elsewhere in Europe and the remainder are in third countries spread across the rest of the world.

Some of the many non-UK members already have fully fledged subsidiary operations in London, but most do not. Many are operating either a branch of a parent company in the EU27/EEA member states or a branch of a subsidiary based in the EU27/EEA/Switzerland and a parent company in a third country. For these businesses, post Brexit, in the absence of any transitional arrangement and/or new trading arrangement, the status of their operation must change. The UK regulator, the Prudential Regulation Authority, will need to supervise them either as a subsidiary or a third country branch from March 2019. The adjustment to a new framework will, of course, occupy time and resources and should be resolved as soon as possible.

In order to highlight the importance of this issue, therefore, we have assessed the data collected for this year's statistics report to identify business currently written by branch operations in London. Figure 10 below identifies premium recorded by the two different groups of firms branching into London from Europe. It can be seen that those from an EU27/EEA parent are responsible for income totalling £2.917bn, while those branching from a European subsidiary generate £4.466bn.

In conclusion, therefore, it may be said that premium of £7.383bn (£2.917bn + £4.466bn) is currently written in the London company market by branches that may require a change in their regulatory status post-Brexit.

Figure 10. **Premium written in London by branch operations**

	Uk/Ireland	Europe (Excl Uk/Ireland)	Rest Of World	Totals Overall Total
	£bn	*£bn*	*£bn*	*£bn*
London branches of parent companies in EEA/remaining 27 EU states	1.328	0.409	1.180	2.917
London branches of subsidiary in EEA/EU27/ Switzerland and parent in third country outside Europe	2.541	0.812	1.114	4.466
Total	**3.868**	**1.221**	**2.294**	**7.383**

Figure 10 illustrates that an overall total of £1.221bn continental European premium is written by London branches. Further analysis of our data shows an additional £1.554bn of income from Europe earned by other London Market companies. These firms are either UK headquartered or subsidiaries of parent companies in a third country outside Europe. In both cases they are using the status of their London office to benefit from the EU's financial services passport regime and write such business.

After the UK's exit from the EU, of course, this arrangement may no longer be possible. London Market companies will not be able to utilise passporting rights unless a new trade agreement and/or transitional arrangements determine otherwise. As previously stated, new underwriting hubs are being prepared in a variety of locations to provide alternative mechanisms, should they be necessary, for continuing to serve European clients. Our survey clearly demonstrates the interconnected and mutually supportive nature of insurance business across the UK and other EU member states.

The IUA, cooperating with other industry groups and with Lloyd's and brokers as the London Market Group, is promoting a comprehensive new trade agreement between the UK and EU as by far the best outcome to Brexit for both sides of the negotiation. The LMG's Brexit roadmap calls for regulatory equivalence under Solvency II and reciprocal market access rights to be established. UK insurers and reinsurers should have an unimpeded path to the EU market and EU firms should be able to do business in the London Market via home state prudential supervision and without any additional capital requirements.

It is also important to minimise business disruption by reaching an early agreement on an implementation period to move to a new deal. Without any such arrangement there will be uncertainty about the legality of claims being paid on existing/renewal policies, some of which have long tail liabilities.

Results Tables

2015	Property £bn	%	Construction £bn	%	Liability £bn	%	Prof Lines £bn	%	Accident & Health £bn	%	Marine £bn	%
UK/Ireland	2.188	53	0.211	5	1.988	64	1.220	65	0.362	62	1.032	39
USA/Canada	0.730	18	0.078	2	0.415	13	0.140	7	0.113	19	0.508	19
Latin/South America	0.201	5	0.030	1	0.090	3	0.062	3	0.005	1	0.166	6
Europe (excl UK/Ireland)	0.607	15	0.100	2	0.435	14	0.329	18	0.085	15	0.483	18
Asia	0.265	6	0.046	1	0.092	3	0.076	4	0.015	3	0.299	11
Africa	0.096	2	0.014	0	0.029	1	0.015	1	0.002	0	0.084	3
Australasia	0.052	1	0.012	0	0.039	1	0.035	2	0.002	0	0.043	2
Total	**4.139**		**0.491**		**3.087**		**1.876**		**0.584**		**2.616**	
% of total	26		3		19		12		4		16	

2016	Property £bn	%	Construction £bn	%	Liability £bn	%	Prof Lines £bn	%	Accident & Health £bn	%	Marine £bn	%
UK/Ireland	2.275	55	0.262	54	1.798	60	1.150	64	0.340	55	0.919	40
USA/Canada	0.658	16	0.062	13	0.486	16	0.177	10	0.128	21	0.391	17
Latin/South America	0.180	4	0.027	6	0.083	3	0.056	3	0.006	1	0.172	8
Europe (excl UK/Ireland)	0.595	14	0.062	13	0.474	16	0.295	16	0.129	21	0.413	18
Asia	0.268	7	0.049	10	0.116	4	0.069	4	0.013	2	0.277	12
Africa	0.087	2	0.012	2	0.026	1	0.015	1	0.002	0	0.072	3
Australasia	0.051	1	0.011	2	0.029	1	0.036	2	0.002	0	0.037	2
Total	**4.113**		**0.484**		**3.012**		**1.798**		**0.620**		**2.282**	
% of total	26		3		19		11		4		14	

Aviation £bn	%	Motor £bn	%	Other £bn	%	Total £bn	%	2015
0.294	30	0.869	72	0.582	56	8.745	55	*UK/Ireland*
0.136	14	0.086	7	0.116	11	2.321	14	*USA/Canada*
0.086	9	0.011	1	0.014	1	0.665	4	*Latin/South America*
0.225	23	0.207	17	0.257	25	2.727	17	*Europe (excl UK/Ireland)*
0.189	19	0.022	2	0.053	5	1.057	7	*Asia*
0.031	3	0.005	0	0.014	1	0.291	2	*Africa*
0.023	2	0.009	1	0.010	1	0.224	1	*Australasia*
0.984		**1.209**		**1.045**		**16.031**		*Total*
6		8		7			100	*% of total*

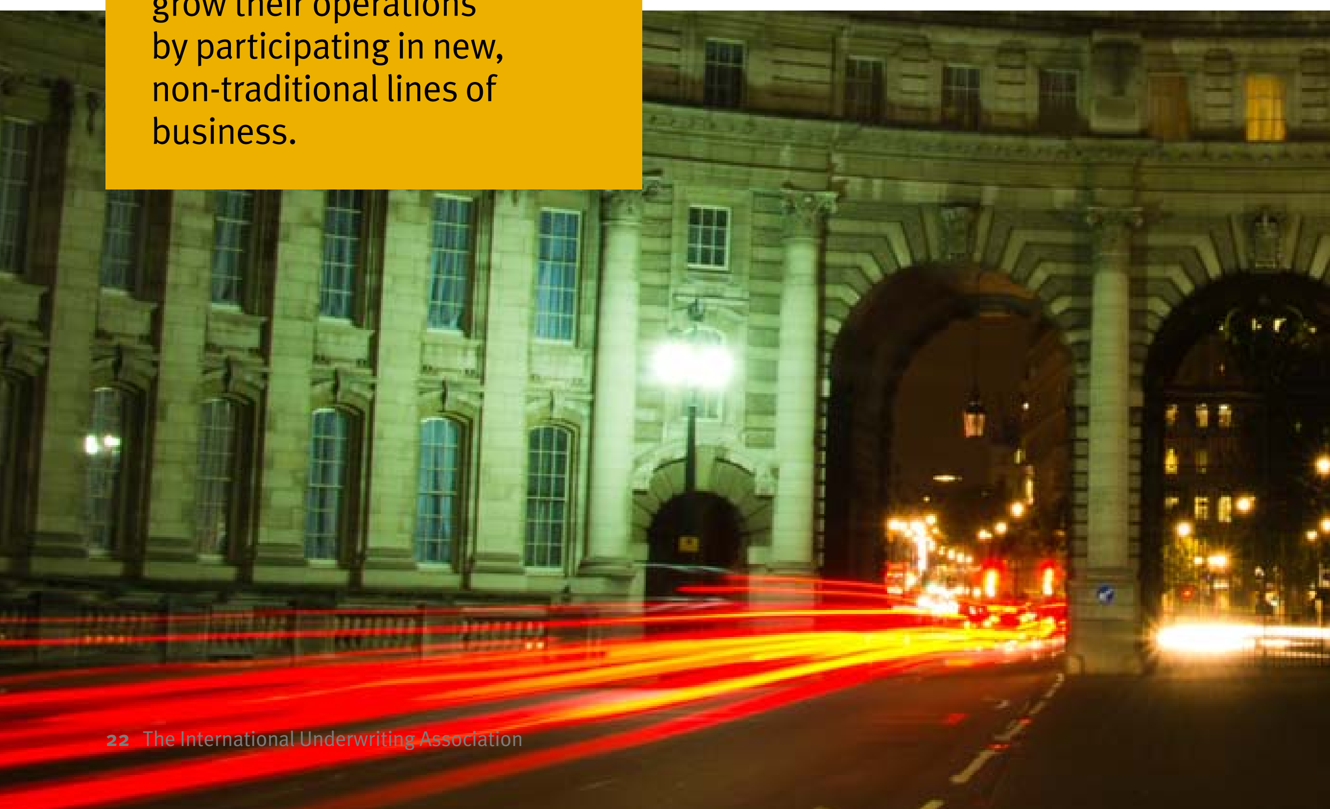
Aviation £bn	%	Motor £bn	%	Other £bn	%	Total £bn	%	2014
0.283	32	1.076	76	0.598	42	8.700	54	*UK/Ireland*
0.134	15	0.088	6	0.161	11	2.284	14	*USA/Canada*
0.056	6	0.013	1	0.019	1	0.613	4	*Latin/South America*
0.214	24	0.209	15	0.383	27	2.775	17	*Europe (excl UK/Ireland)*
0.164	18	0.022	2	0.190	13	1.167	7	*Asia*
0.020	2	0.006	0	0.050	4	0.291	2	*Africa*
0.017	2	0.008	1	0.014	1	0.204	1	*Australasia*
0.887		**1.422**		**1.416**		**16.034**		*Total*
6		9		9			100	*% of total*

Conclusion

The results from this year's London Company Market Statistics Report are not significantly different from those recorded 12 months ago. In particular, business underwritten in London is at a very similar level, indicating a largely stable market. Whilst there has been some increase in the amount of premium underwritten outside the City, but overseen and managed by London operations, we believe that this is largely due to better data gathering in this year's report. At least one company has returned a significant amount of controlled business that we believe was not identified in previous surveys.

A new feature in this year's survey, however, was the addition of a comment box which allowed respondents to include a commentary on their return. We encouraged members to make observations on any significant changes in their business over the past year. This invitation elicited a number of responses which have enabled us to better understand trends in the London company market.

Companies are increasingly looking to grow their operations by participating in new, non-traditional lines of business.



New Business Lines

One noticeable change in the class of business breakdown in this year's report (see page 12) was an increase in the amount of premium recorded as 'other' rather than in any of the main classifications. This rose from £1.045bn to £1.416bn over the past 12 months and has almost doubled since 2013. Premium totals of around £1.3bn were recorded for 'other' business in the early years of our survey, but at this time the category likely included some construction and accident and health contracts which were only identified as separate classes from 2012 onwards.

Thus, it appears that companies are increasingly looking to grow their operations by participating in new non-traditional lines of business. Premium is being earned in a number of more specialist classes and possibly through the development of innovative new products. This conclusion is borne out by a number of comments accompanying this year's survey returns.

One respondent stated that new business lines written in the last year have generated considerable additional premium income, whilst another identified 'other' as a particular area of growth for their company, alongside property and accident and health. A detailed breakdown of 'other' business was provided by one member who stated the premium for their firm consisted of risk finance, environmental, personal lines excluding auto, political risk, surety and trade credit.

Meanwhile, other companies reported some new business opportunities in traditional lines including, property, liability and motor, but premium reductions were also reported, for example in marine due to business transfer.

Exchange Rates

In last year's report we noted how significant variations in sterling exchange rates following the EU referendum vote could well have an impact on London Market income figures for 2016. Twelve months on and member comments indicate that this is indeed the case.

When collecting data, we accept returns in pounds sterling, US dollars or Euros, according to each company's own preference. Any returns not in pounds sterling are subsequently converted using the average annual exchange rate detailed in our methodology.

Most firms provide returns in pounds sterling, indicating that business processed in alternative currencies has already been converted. As the pound fell in value against over currencies during the second half of 2016, this conversion process has, therefore, raised premium levels when reported in sterling.

A number of different companies highlighted this factor in their returns, identifying it, for example, as playing "a big role" or, indeed, being "the largest single factor" in overall premium increase.

Whilst the above observations point towards some clear market trends, each company's own individual experience is, of course, unique and may well be driven by other factors. In recent years the IUA has attracted a number of new member companies and this year's statistics report, for example, includes returns from two companies for whom 2016 was the first full year of writing business.

Overall, however, this year's London Company Market Statistics Report clearly illustrates the continuing importance of the company sector contribution to the wider London Market. Data from our report was used to produce the influential London Matters 2017 report earlier this year, examining the competitive position of London as a global insurance hub. In order to support future editions of this publication by the London Market Group we will be seeking to further enhance our report in 2018.

A number of companies identified exchange rate changes as a significant factor in overall premium increase.

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