

# Measuring daily value creation of global specialty (re)insurance

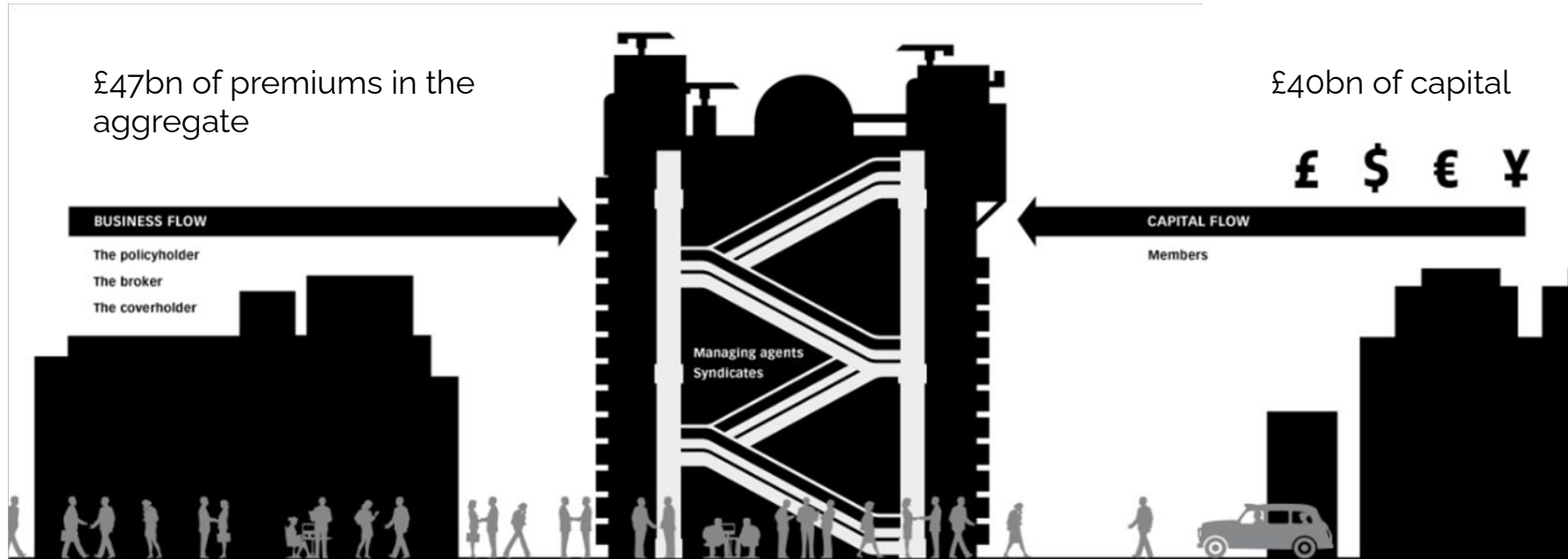
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Insurance Capital Markets Research

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Innovate - Differentiate - Scale

# Centre of specialty (re)insurance: **Lloyd's market**



Source: Lloyd's. All figures at 2022 year end

# Imagine Lloyd's were a publicly listed company

- Capital markets view on Lloyd's could be observed daily
- The value creation of Lloyd's central decision making could be measured
- Investments in Lloyd's would have a transparent daily benchmark



Pro-forma annual report:  
As if view if Lloyd's were a  
single company

# Lloyd's capital providers: Public & private

## Public companies that own Lloyd's businesses

- |                    |                          |
|--------------------|--------------------------|
| 1. Beazley         | 16. Chubb                |
| 2. Fairfax         | 17. White Mountains      |
| 3. QBE             | 18. Berkshire Hathaway   |
| 4. AIG             | 19. QIC                  |
| 5. Tokio Marine    | 20. Lancashire Re        |
| 6. Hiscox          | 21. Travelers            |
| 7. China Re        | 22. The Hartford         |
| 8. Mitsui Sumitomo | 23. WR Berkley           |
| 9. Axa             | 24. CNA                  |
| 10. Axis           | 25. SCOR                 |
| 11. Munich Re      | 26. Everest Group        |
| 12. Markel         | 27. Cincinnati Financial |
| 13. RenaissanceRe  | 28. Enstar               |
| 14. Hannover Re    | 29. SiriusPoint          |
| 15. Arch           |                          |

## Private Equity, e.g.

- Apollo
- CVC
- Aqualine
- Pelican Ventures

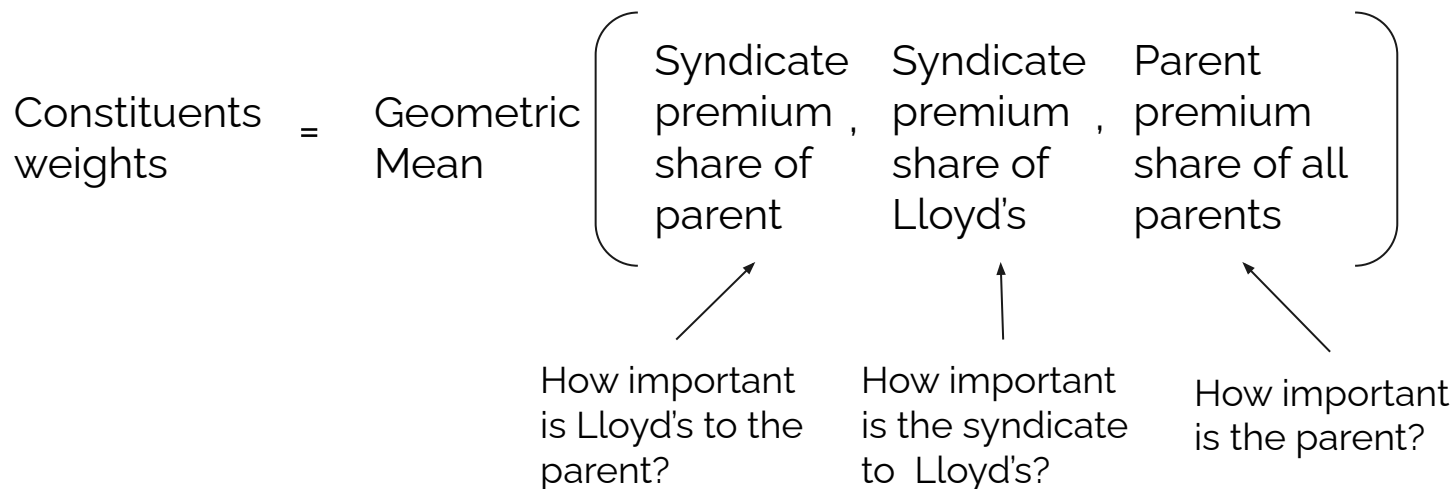
## Pension Funds, e.g.

- OTTP
- CPP

## Individual Names via Members' Agencies

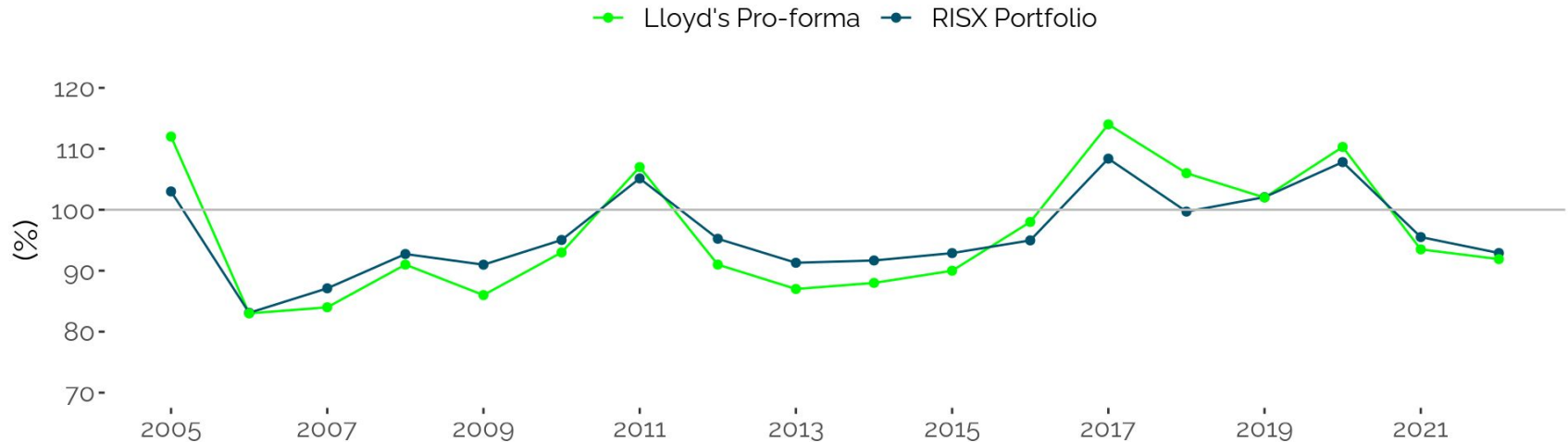
- Hampden
- Argenta
- Alpha

Task: Weight the public owners of Lloyd's, such that an index mimics Lloyd's risk profile, i.e. its combined ratio



# RISX: Premium weighted index of Lloyd's owners

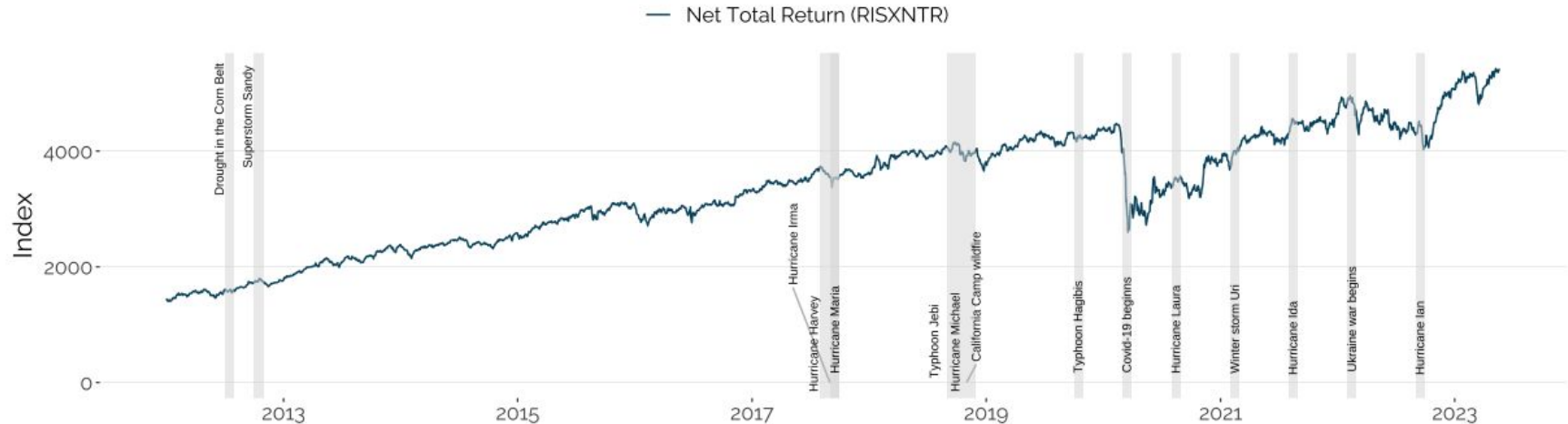
Combined Ratio 2005 - 2022



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Source: ICMR analysis of companies' financial statements

# RISX: Equity index of Lloyd's owners

Months with reported insurance industry losses in excess of \$10bn highlighted in grey



Calendar year returns (%) at close 2023-05-19

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
RISX	3.9	-33.5	19.6	12.9	-8.6	20.6	31.7	5.6	16.4	5.9	7.1	3.2	12.6	-14.2	18.5	6.4
RISXNTR	6.9	-30.8	24.7	17.3	-5.3	24.4	34.9	8.2	19.0	8.2	9.4	5.1	14.9	-12.2	20.9	8.8

# RISX Opportunities

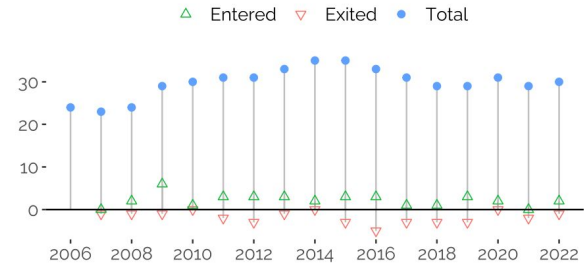
Measuring daily value creation of global specialty (re)insurance sector

Opportunity for mark-to-model pricing for less liquid specialty (re)insurance assets

Proxy for Lloyd's-like risk profile via equities, i.e. an investment benchmark

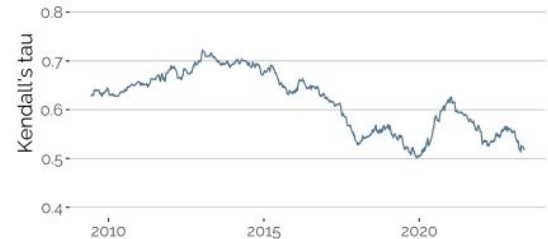
Potential for new (re)insurance hedging strategies and investment products

Index constituent count at year end



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Source: ICMR analysis of 'RISX' constituents

RISXNTR to MSCI World Net Return  
Rolling 3-year correlation of weekly log-returns



Source: ICMR analysis



# Contact



Markus has spent 20 years in both insurance and capital markets. He is the former head of analysis at Lloyd's, where he set up a market wide analytical performance and price monitoring framework. Markus was head of pricing at an ILS joint venture with Lehman Brothers and Vario Partners, structuring innovative risk transfer solutions into capital markets.

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