



An improving and more efficient A&H market

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The A&H wholesale market in London is relatively small at around USD2bn of GWP, mainly written in Lloyd's where it accounts for under 10% of premium. Characterised by a comparatively high level of MGA involvement while soft market conditions prevailed, the market has been subjected to a combination of rising acquisition costs, plus years of rate softening, over capacity and high loss levels.

Market on the turn

There are signs of optimism as the market is on the turn. However, more momentum is required to achieve market conditions that are sustainable for the long term. Increasing rates and lowering acquisition costs are always the first considerations to drive improvement along with better risk selection. Driving efficiency throughout the chain from customer to carrier resulting in lower expense ratios, acquisition and operational costs, will be key to the success of A&H business going forward.

Technology is a proven route to drive efficiency and the global pandemic and subsequent rise in remote working have certainly accelerated the shift the London wholesale market was already making. However, more needs to be done.

Recognising that handling high-volume, low-premium risk is becoming unsustainable using traditional, manual, high-touch quote and bind processes, Sompo International is harnessing technology to further improve efficiency.

Technology drives efficiency and better data

Initially working on a pilot basis with a German broker, VfA-International, representing expatriates requiring medical insurance to work in Germany, Sompo International built a portal to automatically quote and bind A&H business. Use of the portal has reduced the underwriting team's day-to-day involvement, freeing up time to focus on portfolio management and production.

Commenting on the portal Christopher Götze of VfA-International said: "The portal has simplified an inefficient process that was slow and expensive for the industry,

transforming the experience of placing and binding risk for our brokers and helping us deliver great service for our clients, without adding cost to ourselves."

Ekrampur Rahman, Sompo International's Head of IT, UK and International added: "We anticipate that the portal will have multiple applications across our business as we add more products and partners across a range of markets. Obviously, portals and quote and bind systems have been around for many years. However, it's the ability to work in tandem with our partners and tailor-make platforms for their specific needs that makes our approach distinctive."

Partner approach leads to relevant solutions

There isn't a one size fits all approach. As we move forward, we can consider using the advances in technology, such as AI, for our broker partners as has been adopted in other lines of business such as Political and Financial Risk within Sompo International.

Extracting data has historically been clunky and cumbersome, if the data is there at all. Utilising technology to help collect and extract data will improve performance management. Identifying trends in claims and production metrics will help support our business needs. Sharing these results with our partners will also strengthen relationships and allow us to pivot when necessary in an aligned way to create the best, most relevant solution.

Focused on the future

As we look ahead, we have the desire, skills and capital to support varying technology initiatives in collaboration with our partners that will drive more efficient processes and generate better outcomes for our producers and clients. The London wholesale market has been challenged with profitability for some time now, so the use of technology is an important step toward the building of a new market which is sustainable for the long term and capable of responding quickly and efficiently to meet our clients' evolving needs.