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Global risk capital intelligence

BREAKING NEWS

Sompo's Julian James: Growth on Lloyd's platform "wasn't possible"

Sompo International's ambition to grow the business "simply wasn't possible" on the Lloyd's platform and that drove the company's decision to exit One Lime Street, Julian James, CEO of international insurance at Sompo International, has told *The Insurer*.



In the latest edition of *The Best Policy podcast*, James provided further insight into the company's decision to cease underwriting via its Endurance at Lloyd's managing agency and Syndicate 5151, which had capacity of £400mn, from January 2021.

At the time, the carrier's chairman John Charman said the move would allow Sompo International to be a more streamlined and efficient provider of risk solutions, while continuing to maintain its trading relationship with Lloyd's.

"The decision was always about us and not them," said James. "It was about what's right for Sompo as we want to build out and develop the company. We've got a strong ambition to grow the business and we looked at Lloyd's and felt that growth simply wasn't possible on the Lloyd's platform."

Personally, James added that he remains "incredibly supportive of Lloyd's" given his deep ties with the Corporation and of what CEO John Neal is doing.

"I also think it's important to remind everybody about what we said," he continued. "We said we were going to stop underwriting business through the Lloyd's syndicate at the end of this calendar year, but absolutely we will continue to be a significant provider of reinsurance to Lloyd's businesses."

"We provide capital to certain Lloyd's businesses, so it's not a hard and fast exit from Lloyd's and it's not like we're never going to have any involvement again in the market."

Commenting on the appeal of Lloyd's, James said the attraction of the Corporation centres around three main areas: access to its licences; access to its rating; and the use of the Lloyd's brand.

"If I look at the licences, for us we have our own global licences as Sompo. We also have a similar financial security rating as Lloyd's does and we want to develop and build our own brand. So we really felt it was in our best interests with our ambitions as a company to utilise one single platform in London and we felt the company market was best for that," said James.

While not a primary driver, the cost of doing business at Lloyd's was also a consideration for Sompo, but James is enthused by the work Lloyd's CEO Neal has implemented to try and rectify some of these challenging operating factors.

"John is absolutely right; you can't continue operating in a market with the level of frictional cost that exists," said James. "Customers shouldn't be paying that level of wastage on their risk premium to pay for the costs of doing business through the London market and through Lloyd's."

The focus on clients, including both customers and brokers, is at the forefront of James' strategy for the international division and the idea is to make this happen on one platform.

"For us, when we look forward, the key thing for us is to build out our international presence outside of Japan and if I look at growth, it was one of the areas that we felt Lloyd's couldn't offer us."

"And if you go a bit further and you think about what is the right and the most efficient way to build an underwriting business, it's very easy to make a case that it's better to do that through one platform. You don't have the distraction of running multiple boards, multiple sets of reporting. But probably most

importantly, it's clearer to all of our customers, whether they be brokers or clients, that we're operating through one mechanism," he said.

In terms of expansion, "nothing is off the table", according to James, who sees the company growing both organically and via acquisition.

"Quite how things evolve is sometimes a matter for what's happening externally and opportunities with businesses getting sold and bought for different reasons.

"But absolutely, as I said before, we have strong ambitions for growth. Some of that is going to be organic, some of it might be acquisition-based. Some of it might be using the products that we have in other jurisdictions and making them available to other parts of Sampo International.

"But all of that is going to be underpinned by a relentless focus on trying to build out a customer-centric business," he added.