WEDNESDAY 27 MAY 2020

insuranceday

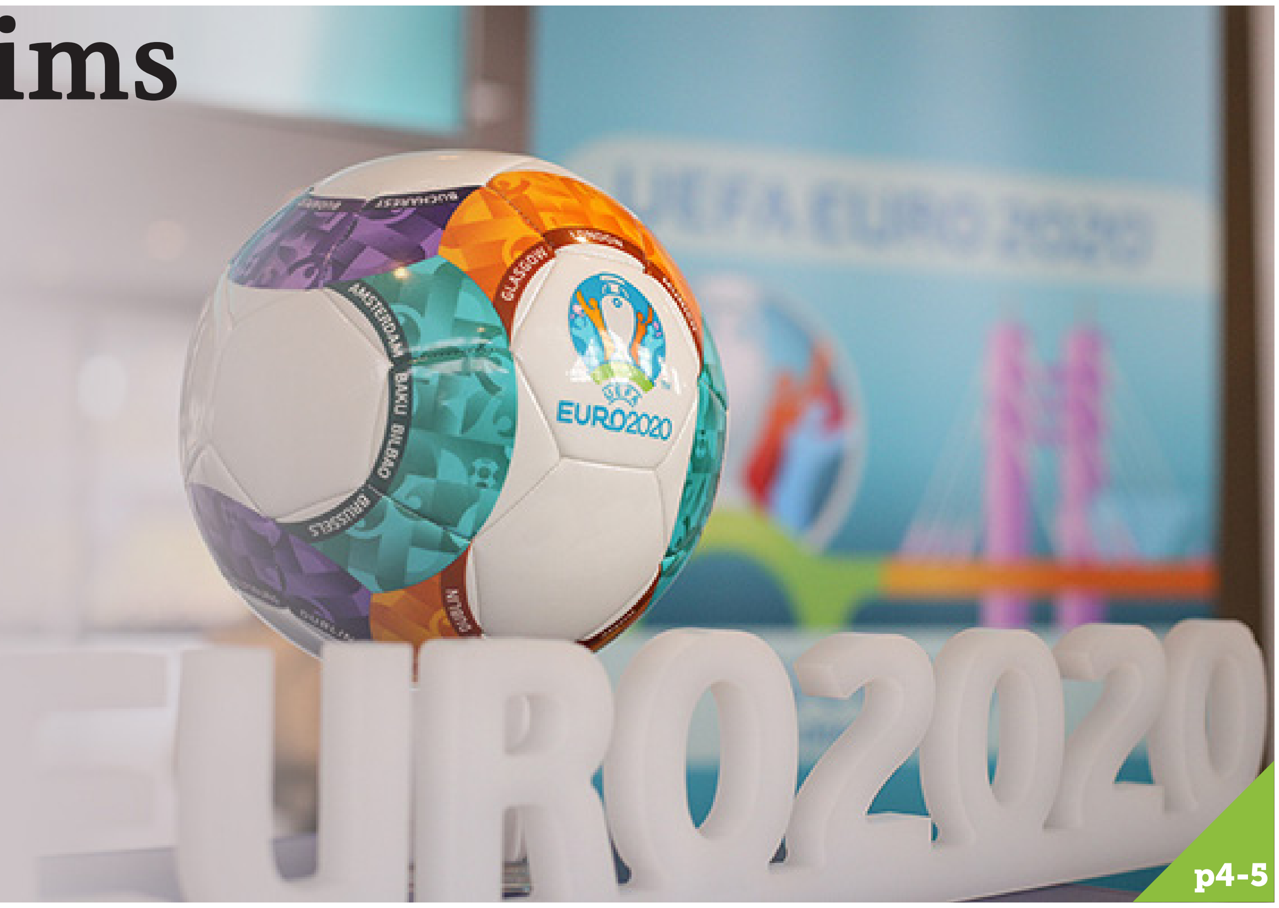
MARKET NEWS, DATA AND INSIGHT ALL DAY, EVERY DAY

ISSUE 5,600

Covid-19 claims

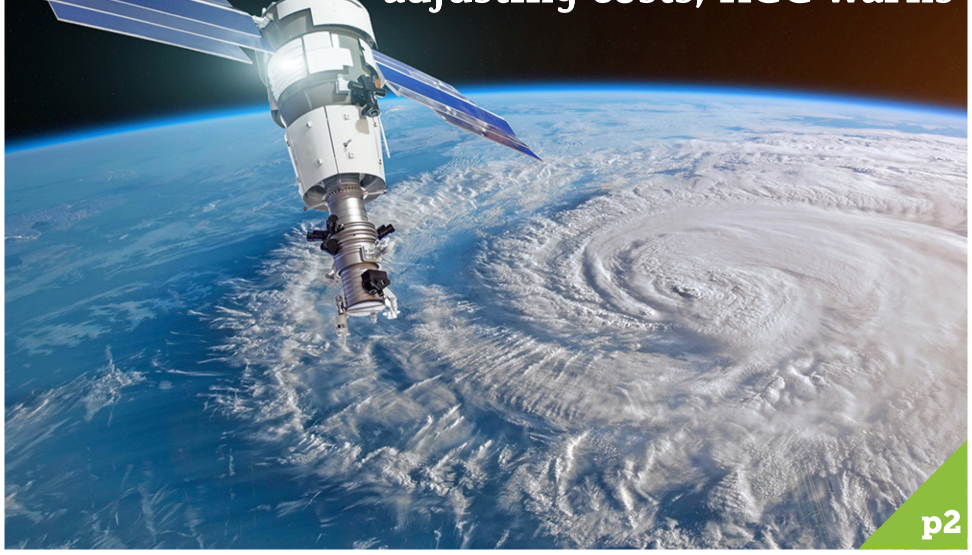
Re/insurers bolster reserves for 2020 events wipeout

Trade credit insurers braced for 'tsunami of claims'



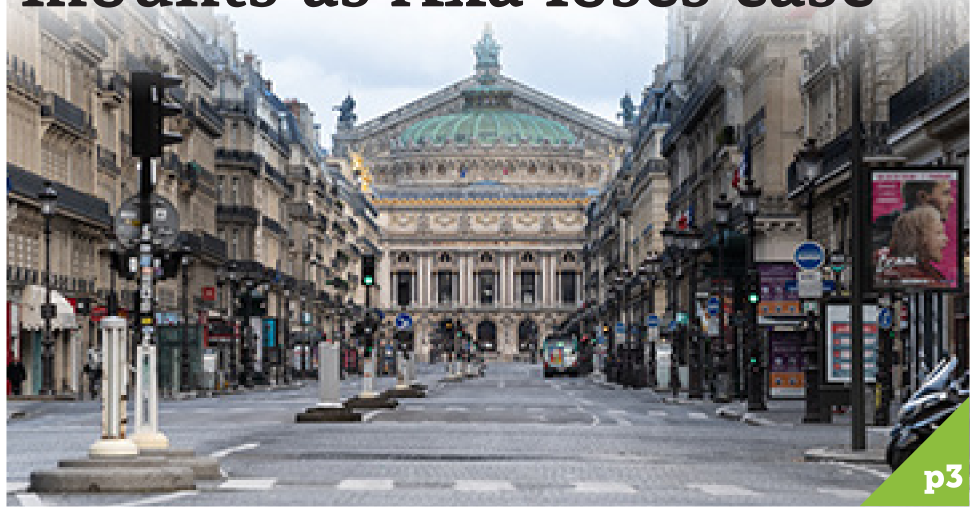
p4-5

Covid-19 to drive up hurricane adjusting costs, KCC warns



p2

Pressure to pay BI claims mounts as Axa loses case



p3

NEWS

insuranceday

Market news, data and insight all day, every day
Insurance Day is the world's only daily newspaper for the international insurance and reinsurance and risk industries. Its primary focus is on the London market and what affects it, concentrating on the key areas of catastrophe, property and marine, aviation and transportation. It is available in print, PDF, mobile and online versions and is read by more than 10,000 people in more than 70 countries worldwide.

First published in 1995, *Insurance Day* has become the favourite publication for the London market, which relies on its mix of news, analysis and data to keep in touch with this fast-moving and vitally important sector. Its experienced and highly skilled insurance writers are well known and respected in the market and their insight is both compelling and valuable.

Insurance Day also produces a number of must-attend annual events to complement its daily output, including the *Insurance Day* London Market Awards, which recognise and celebrate the very best in the industry.

For more detail on Insurance Day and how to subscribe or attend its events, go to subscribe.insuranceday.com

Insurance Day, Informa, Third Floor, Blue Fin Building, London SE1 0TA

Editor: Michael Faulkner
+44(0)20 7017 7084
michael.faulkner@informa.com

Deputy editor: Lorenzo Spoerry
+44 (0)20 7017 6340
lorenzo.spoerry@informa.com

Editor, news services: Scott Vincent
+44 (0)20 7017 4131
scott.vincent@informa.com

Global markets editor: Rasaad Jamie
+44 (0)20 7017 4103
rasaad.jamie@informa.com

Business development manager: Toby Nunn	+44 (0)20 7017 4997
Key account manager: Luke Perry	+44 (0)20 7551 9796
Advertising and sponsorship: Deborah Fish	+44 (0)20 7017 4702
Classified and legal notices: Maxwell Harvey	+44 (0)20 7017 5754
Head of production: Liz Lewis	+44 (0)20 7017 7389
Production editor: Toby Huntington	+44 (0)20 7017 5705
Subeditor: Jessica Sewell	+44 (0)20 7017 5161
Events manager: Natalia Kay	+44 (0)20 7017 5173

Editorial fax:	+44 (0)20 7017 4554
Display/classified advertising fax:	+44 (0)20 7017 4554
Subscriptions fax:	+44 (0)20 7017 4097

All staff email: firstname.lastname@informa.com

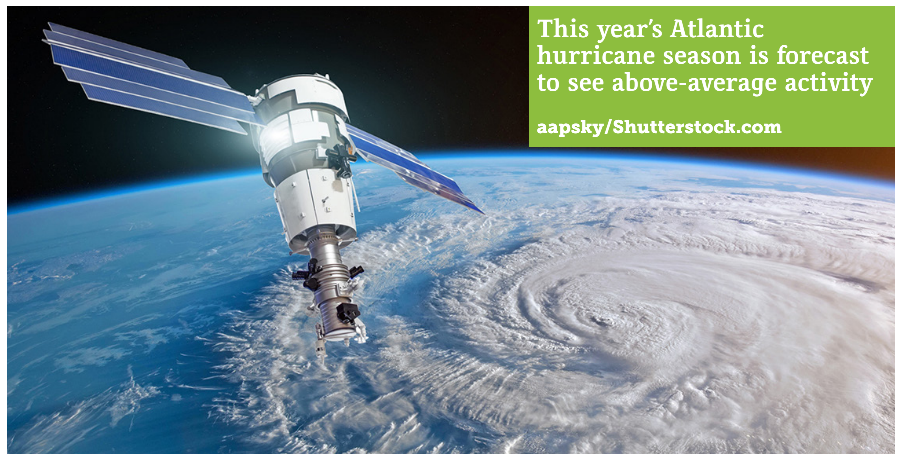
Insurance Day is an editorially independent newspaper and opinions expressed are not necessarily those of Informa UK Ltd. Informa UK Ltd does not guarantee the accuracy of the information contained in *Insurance Day*, nor does it accept responsibility for errors or omissions or their consequences. ISSN 1461-5541. Registered as a newspaper at the Post Office. Published in London by Informa UK Ltd, 5 Howick Place, London, SW1P 1WG.

Printed by Stroma, Unit 17, 142 Johnson Street, Southall, Middlesex UB2 5FD.

Print managed by Paragon Customer Communications.

Covid-19 to drive up hurricane adjusting costs, KCC warns

Social distancing and need for PPE will have an impact on hurricane preparedness and response, firm says



This year's Atlantic hurricane season is forecast to see above-average activity

aapsky/Shutterstock.com

Scott Vincent
Editor, news services

Adjusting costs will increase during this year's Atlantic hurricane season as a result of restrictions driven by Covid-19, Karen Clark & Company (KCC) has warned in a new report.

Days ahead of the official start of the season on June 1, KCC has warned factors such as the need for social distancing and personal protection equipment (PPE) will prompt insurers to "implement a judicious use of adjusters" in the event of hurricane-related claims.

Instead, the report said insurers will look to rely on technology where possible to settle claims.

While this could reduce the cost of administering smaller claims, the increased cost of lodging and potential reluctance among adjusters to travel and work in the ongoing pandemic environment could contribute to an increased cost of larger claims.

Challenges around sourcing alternative accommodation that complies with social distancing requirements may lead more people to shelter in place rather than evacuate as storms approach this year, potentially reducing claims costs from additional living expenses.

However, preparatory activities are likely to be reduced due to social distancing and relatively low inventories within premises. If people take fewer steps to mitigate damage, KCC said there was potential for claims severity to increase.

The report said calculating business interruption losses will be challenging for all types of businesses this season due to the uncertain impacts of Covid-19 on revenues and income.

Repairs to damaged property are expected to cost more with material supply shortages and PPE increasing contractor costs, with social distancing limiting the number of workers on construction sites at any one time, increasing the time taken to carry out repairs and rebuilding.

However, high unemployment will mean a larger pool of potential workers. KCC said cancelled projects that have affected the construction sector could help offset the demand surge typically experienced after a major loss, which can inflate total event losses by 30% or more.

This year's Atlantic hurricane season is forecast to see above-average activity, with forecasters almost unanimous in expectations for a busy period.

Across public and private forecasting entities, the average expectation is for eight hurricanes to form during the season.

The official forecast from the US National Oceanic and Atmospheric Administration (NOAA) has indicated a 60% chance of an above average season, with the forecast calling for 13 to 19 named storms and six to 10 hurricanes. Three to six of these are forecast to become major hurricanes of category three or greater intensity.

The UK Met Office has predicted 13 named tropical storms, seven hurricanes and three major hurricanes will form during the 2020 Atlantic hurricane season.

This forecast does not include Tropical Storm Arthur, which became the first named storm of the season last week, ahead of the official start of the season.

Canopius swoops on Axa XL for Asia-Pacific casualty hire

Canopius has appointed Craig Elliott as a casualty underwriter for the Asia-Pacific region, *writes Lorenzo Spoerry*.

Elliott will be based in the company's Sydney office, which was established last June as part of Canopius's expansion across the region.

He joins from Axa XL, where he served most recently as a senior casualty underwriter. He previously held similar roles at Allianz Insurance Australia and AIG.

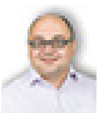
Claudio Saita, head of Australia and Pacific at Canopius, said Elliott's experience and "innovative approach" to writing public and products liability insurance "will be hugely beneficial as we continue to expand in Australia and the Pacific region".

"Craig has a proven track record of creating lasting relationships with coverholders and brokers through binder and open-market business," Saita added.

NEWS

Pressure to pay BI claims mounts as Axa loses case

Further group actions planned in the UK over rejection of BI claims



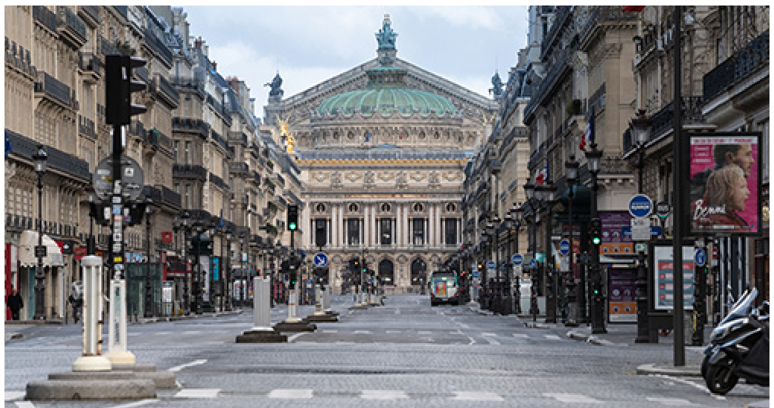
Scott Vincent
Editor, news services

Pressure to pay out on business interruption claims is continuing to mount with a French court telling Axa it must pay losses to a Paris restaurant chain.

The ruling comes amid the launch of further action groups seeking business interruption payouts in the UK as disputes continue over insurer decisions to deny cover.

Axa said it will appeal against the ruling of a French court, which said the insurer must pay two months'-worth of coronavirus-related revenue losses to Stephane Manigold, owner of four restaurants in Paris, whose businesses were ordered to close by the government as part of measures to stem the spread of the virus.

Axa has previously said around 4,000 of its customers would qualify for business interruption payouts but substantially more do not have valid cover for Covid-19 claims.



Empty streets in Paris during France's coronavirus lockdown

Frederic Legrand - COMEO/Shutterstock.com

Rating agency Moody's has previously said insurers in France and the UK are likely to see only a moderate impact from Covid-19 business interruption claims as most policies will not include cover.

Uncertainty over wordings and an absence of clear exclusions has since led several companies to pursue legal action against their insurers in both countries.

In the UK, law firm Edwin Coe has revealed it had established action groups to pursue claims against insurers RSA and Hiscox.

As of last week, the law firm said it had 250 to 300 claimants in the RSA action group, with 62 in the Hiscox group.

Hiscox is already facing claims challenges from the Hiscox Action Group, which now represents more than 400 of the insurer's policyholders.

Mishcon de Reya, the law firm representing the Hiscox Action Group, is also representing the Hospitality Insurance Group Action, which is seeking action against QBE and Aviva.

QBE has said its business interruption wordings will, typically, not provide cover for pandemic and said reinsurance will limit any UK business interruption claims impact to $75m.

Law firm Michelmores said it was also considering Covid-19 group actions and said it had identified a number of insurer policies it believed could respond to business interruption claims. These again included Hiscox, RSA, QBE and Aviva.

Edwin Coe has previously launched an action group against insurer Allianz.

On May 1, the Financial Conduct Authority announced it was submitting a number of disputed claims to the courts to obtain legal guidance.

According to the FCA, the result of the test case will be "legally binding" on the insurers that are parties to the test case, as well as provide guidance for the interpretation of similar policy wordings and claims.

Chubb's chief executive, Evan Greenberg, said the insurer had received "tens of thousands" of pandemic-related claims and added it was already paying out on valid business interruption claims. He said those payments will be "quite visible" in Chubb's next quarterly results.

Greenberg told *The New York Times* insured losses across all classes from Covid-19 are likely to total $100bn.

Nordic Capital intends to expand Stockholm-based Max Matthiessen's products

Oleksiy Mark/Shutterstock.com

Willis Towers Watson sells Swedish broker Max Matthiessen

Willis Towers Watson has agreed to sell Swedish insurance brokerage Max Matthiessen to Nordic Capital for an undisclosed sum, *writes Stuart Collins*.

Founded in 1889, Max Matthiessen is an insurance and pensions adviser in the Nordic region.

Nordic Capital says it intends to expand the Stockholm-based adviser's product offering and support sustainable growth and innovation.

With revenues of €148m ($162.2m) in 2019, Max Matthiessen offers non-life insurance, occupational pensions and asset management to 13,000 Swedish corporate clients.

Willis Towers Watson is being acquired by Aon in an all-share swap.

Lloyd's receives High Court approval for Part VII transfer

Lloyd's has received High Court approval for the Part VII transfer that will allow the market to continue to service legacy EU contracts when the Brexit transition period finishes at the end of 2020, *writes Scott Vincent*.

Lloyd's said it would now work with market participants to notify customers about the Part VII transfer from the middle of next month.

An online resource will provide details of the scheme and assurance about the validity of contracts transferred to the market's Brussels hub through the arrangement.

Customers have until the Part VII transfer's sanctions hearing on October 1 to raise questions or objections.

Lloyd's has previously targeted an end-of-2020 completion date for the Part VII transfer. December 2020 will mark the end of the Brexit transition period and will see UK carriers lose the passporting rights that allow them to service contracts in the EU.

Once the Part VII transfer has taken place, the business will then be reinsured back to the syndicates.

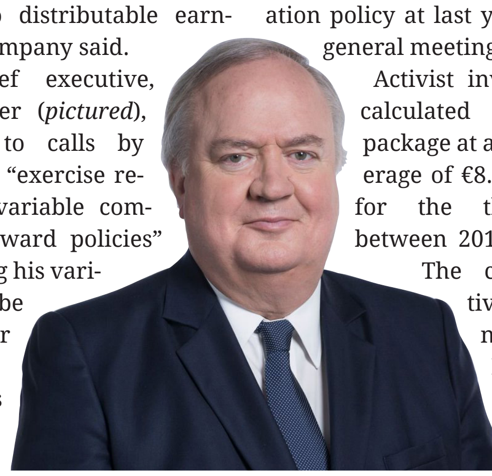
Scor cuts dividend and reduces chief executive compensation

Scor has proposed no annual dividend should be distributed for the 2019 financial year and cut its chief executive's variable compensation 30% for the year, *writes Lorenzo Spoerry*.

Scor had earlier proposed an annual dividend of €1.80 ($1.97) a share. Since then, the European Insurance and Occupational Pensions Authority (Eiopa), along with France's financial regulator, the Autorité de Contrôle Prudentiel et de Résolution (ACPR), have said carriers must refrain from paying dividends in light of the Covid-19 pandemic.

"In view of these factors... Scor has decided to propose to the shareholders' meeting of June 16, 2020, that no dividend be distributed for the 2019 fiscal year and the entire income for that year be allocated to distributable earnings," the company said.

Scor chief executive, Denis Kessler (*pictured*), responded to calls by the ACPR to "exercise restraint on variable compensation award policies" by proposing his variable pay be cut 30% for the year.



Kessler's high levels of pay have been a source of discontent for shareholders. Only 55% of participating shareholders voted in favour of the company's remuneration policy at last year's annual general meeting.

Activist investor CIAM calculated Kessler's package at an annual average of €8.97m ($9.9m) for the three years between 2015 and 2017.

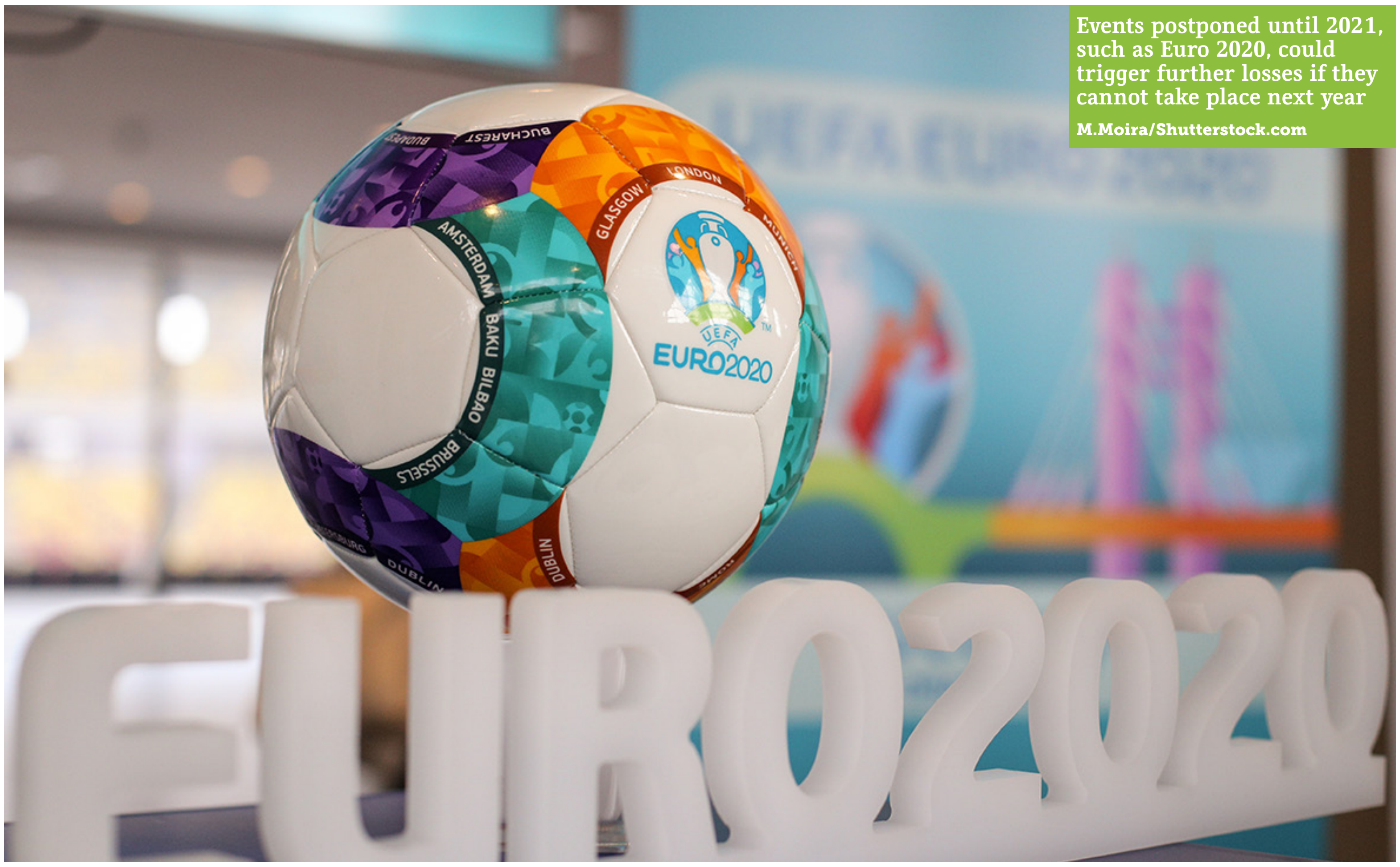
The chief executives of Munich Re, Swiss Re and Hannover Re are each paid less.

COVID-19 CLAIMS

Re/insurers bolster reserves for 2020 events wipeout

More than $2bn of contingency reserves have already been established for Covid-19 event-based claims

Scott Vincent
Editor, news services



Events postponed until 2021, such as Euro 2020, could trigger further losses if they cannot take place next year
M.Moira/Shutterstock.com

Covid-19 has curtailed global social and economic activity to an extent not seen since the Second World War. Major international events have been cancelled on an unprecedented scale, with large-scale sporting events such as the Tokyo Olympic Games and Uefa's Euro 2020 postponed until 2021.

These will translate into a record loss for the contingency and event cancellation market, stretching to several billion dollars. UBS has estimated the cost to the event cancellation market at $5bn to $7bn and considerable reserves have already been established against losses in contingency lines of business.

Around $4bn of this is expected to be absorbed by reinsurers.

Unlike in several other classes, re/insurers have been able to reserve for Covid-19 contingency losses with a degree of certainty.

While the duration of lockdown and social distancing measures cannot yet be determined, there is a good degree of certainty that Covid-19 will lead to the cancellation of most major events scheduled for 2020.

This has enabled re/insurers to reserve for these expected losses as incurred but not reported, (IBNR) in the first quarter. In several cases, re/insurers have said they have accounted for all or most of their expected 2020 event cancellation losses in the first quarter. This is one class where the worst of the claims impacts can already be felt.

Across the Lloyd's market, contingency claims are expected to total between $775m and $1.1bn during the first half of the year. This represents close to one-third of the market's expected Covid-19 claims bill for the six-month period.

Reinsurers report claims

Europe's two largest reinsurers have already announced substantial contingency claims reserving during first-quarter earnings. Munich Re said cancellations and postponements had driven most of its €800m ($861.7m) of Covid-19-related losses during the first quarter.

In an earlier disclosure, the reinsurer had estimated its full-year event cancellation impact at more than €500m in the event of all of its portfolio suffering cancellations. The German reinsurer is a market leader in the class, with UBS estimating it holds a 15% market share.

Swiss Re also expects a pronounced Covid-19 impact on its event cancellation book, reserving for losses of around $368m during the quarter, of which approximately $178m was incurred through its Corporate Solutions unit.

Swiss Re has said its full-year event cancellation exposure could total in the "mid- to high triple-digit million" range, with most losses expected to be booked in the first two quarters.

Jefferies analysts said they expect Swiss Re to incur an additional $500m of event cancellation claims this year, most of which will be reported in the second quarter.

With combined reserves in excess of $2bn, Lloyd's and Europe's two biggest reinsurers accounted for the bulk of the industry's first-quarter event cancellation charges, reflecting the strong role these entities play in underwriting this line of business.

Large European insurers also announced substantial reserving. Axa, the parent company of Axa XL, has said it expects incur a triple-digit euro million claims bill for event cancellation claims as a result of Covid-19, while Allianz Global Corporate & Specialty accounted for €200m of "entertainment"-related losses in its first-quarter reserves and said the figure was expected to double before year-end.

Several Bermudian and US re/insurers have also disclosed their likely claims impacts from event cancellation.

RenaissanceRe said the group's event cancellation reinsurance book was responsible for much of its $104m first quarter Covid-19 reserves.

RenRe said the reserving charge had been calculated by assuming all events in its portfolio cancelled until January 2021, effectively booking a full limit loss for 2020.

The reinsurer took a similar approach for its casualty clash book where it reserved for most of its event-based limit.

TransRe, part of US holding company Alleghany, reported $153m of Covid-19 losses in the quarter, predominantly related to event postponement and cancellation coverages.

Trans Re said total exposed limits on this portfolio are $180m for 2020 and $40m for 2021, with losses to be determined by the extent of the lockdown.

PartnerRe ($18m) and Third Point Re ($9.5m) also reserved for event cancellation claims during the quarter, while Axis Capital and Everest Re both said their portfolios contained a limited amount of event cancellation exposure to the event.

In most cases, the reserving has been for IBNR against events scheduled to take place during the remainder of 2020 where postponement or cancellation is likely.

Additional losses

While some firms have reserved for a full limit loss in 2020, additional losses could incur in 2021 in the event of further lockdown measures causing the postponement of events held over from this year.

Events that have seen postponement until 2021, such as the Tokyo Olympics and Euro 2020 international football tournament, could trigger further losses if they are not able to take place next year.

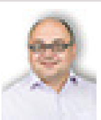
Alongside claims impacts, the premium base for contingency business will vastly reduce until a time when social distancing measures can be sufficiently relaxed to let major events take place.

But unlike several other classes, event cancellation impacts will be largely short tail for the industry and contained within near-term reporting periods. ■

COVID-19 CLAIMS

Trade credit insurers braced for ‘tsunami of claims’

Provisional estimates suggest trade credit insured losses could total between $8bn and $16bn



Scott Vincent
Editor, news services

Credit and political risk classes are expected to record some of the most substantial claims impacts from Covid-19, with losses expected to total billions of dollars.

UBS said it expects industry-wide credit insurance losses from the pandemic to total between $8bn and $16bn, second only to business interruption in terms of total cost to the industry.

Only a limited portion of these claims will have been received and reserved for to date. Most of the claims will emerge over the coming months and years as recessionary impacts cause insolvencies to soar in the wake of Covid-19’s economic disruption.

Lloyd’s said it expected claims for political risk, credit and financial guarantees to total between $275m and $385m for the first half of the year. This represents 11% of the market’s total expected Covid-19 claims bill for the six-month period.

Several factors will help determine the extent of trade credit losses across the industry. The extent of economic recession as economies emerge from Covid-19 will play an important role in shaping where total industry credit claims fall within UBS’s $8bn to $16bn range.

Government intervention through fiscal support schemes could help to moderate the level of insolvencies, which in turn will reduce the total number of trade credit claims.

Government backstops

The UK is one of several countries to have set up reinsurance-type schemes that will see governments provide backing for insurers to ensure cover remains available to businesses.

This will increase the number of claims paid out by insurers, although these losses will, ultimately, be covered by the government reinsurance backstop.

Allianz, which operates in the trade credit sector through its subsidiary Euler Hermes and is participating in such schemes, said the likely impact will be an elevated combined ratio for its credit insurance business.

However, the insurer said its trade credit business should still break even, as most of the risk will be reinsured back to participating governments.

Allianz is one of a limited number of re/insurers to quantify its expected trade credit losses in the first quarter, with the German insurer reserving for a €100m ($108m) bill. This figure also includes losses in its travel business.

Certain companies have provided disclosures that indicate the extent to which they expect their trade credit books to be hit.

CNA Financial, for example, said its first quarter Covid-19 reserving of $13m had largely been driven by the trade credit book at its Lloyd’s syndicate, which although in run-off is still expected to have some exposure to the event as a result of the reduction in commodity prices driven by the pandemic.

In contrast, Axis Capital said it does not expect its Lloyd’s credit and political risk book to incur notable losses, as much of the book is concentrated in energy and sovereign risks, where it does not expect there to be significant impacts, with the remainder of the book focused on metals, defence and infrastructure.

Additional firms that have said they expect trade credit losses but have not yet been able to quantify the impacts include Axa, Chubb, Markel and TransRe.

Reinsurance impact

From a reinsurance perspective, Swiss Re is likely to be affected as recessionary impacts take hold. The reinsurer holds a 10% market share for credit and surety reinsurance.

Trade credit and surety business accounts for around 3% of Swiss Re’s property/casualty (P&C) reinsurance premiums and 11% of those at Corporate Solutions, some of which is reinsured back into Swiss Re’s P&C reinsurance unit.

Jefferies’ analyst Philip Kett has warned Hannover Re may also have notable exposure to trade credit claims from Covid-19.

Kett has estimated the reinsurer will incur an additional €100m of trade credit and surety claims through its P&C book during the second quarter of 2020.

“Unlike the rest of Hannover Re’s P&C book, there does not appear to be any retrocession protection for either trade credit or surety lines.

“This leaves the book uncharacteristically exposed to this key peril at the height of the recession,” Kett said.

The full impact of Covid-19 on trade credit insurance will take some time to emerge, but Scott Ettien, global head of trade credit for Willis Towers Watson, has suggested this could be a “black swan” event for the industry, with a potential “tsunami of claims” to follow.

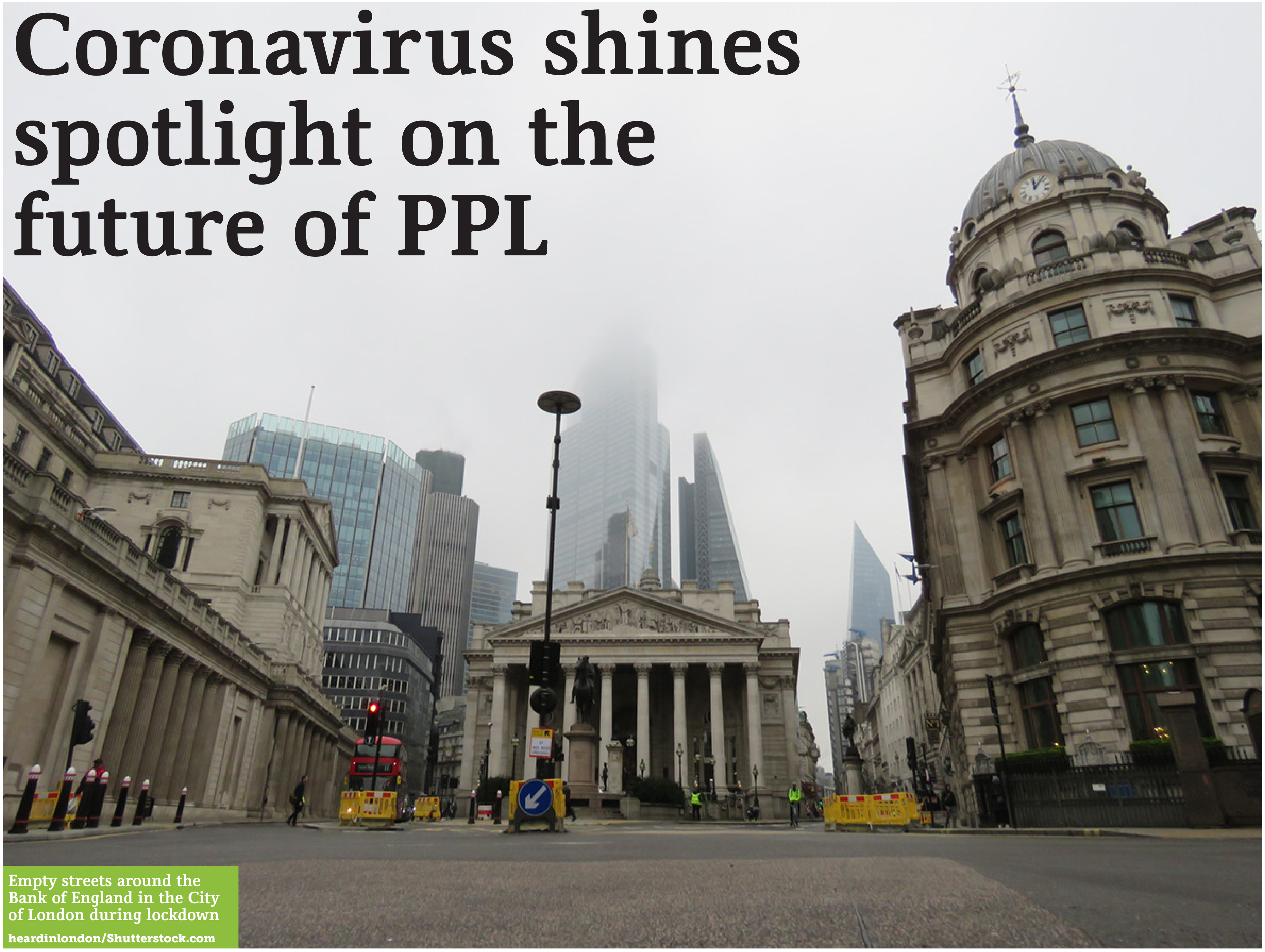
With claims expected from across the world, trade credit is seen as being likely to become one of the biggest drivers of Covid-19 losses during the coming quarters. ■

UBS expects industry-wide Covid-19 credit insurance losses of $8bn to $16bn

Andrii Vodolazhskyi/Shutterstock.com

ANALYSIS

Coronavirus shines spotlight on the future of PPL



Empty streets around the Bank of England in the City of London during lockdown
heardinlondon/Shutterstock.com

The pandemic has significantly sped up the drive towards electronic trading, raising for Lloyd's the critical question of what to do about PPL


Rasaad Jamie
Global markets editor

By all accounts PPL – the London market's mandated electronic risk placing system – has had a good pandemic, with the system experiencing a record volume of trades since the beginning of lockdown.

Trading figures for the first week of April saw 5,600 risks placed using PPL – around 2,000 higher than the previous weekly high. Towards the end of April, the number of unique users on the platform had risen 40% since the middle of March (just before lockdown), with 102 broking firms having placed business on the system in March.

Usage statistics are also showing significant changes. According to PPL, which celebrates its fourth birthday in July, users are active earlier in the day and later into the evening – there are no longer spikes of activity around box hours. At present, this is driven by people adjusting their day to support the needs of home and family, but the broader trend is very clearly towards a 24/7 electronic trading environment.

Covid-19 has also encouraged new companies – both underwriters and brokers – to sign up to the platform. According to PPL, two new contracts were agreed in March and another 16 are in the process of being finalised. The number of new users coming on to the system is also increasing, the company says. Over the final two weeks of March, 550 new users were set up and 214 users were registered for training sessions. By way of comparison, in 2019, the system averaged 336 new users a month, with 136 users accessing training.

PPL and its critics

Some of these new users may be in for a disappointment: many existing users describe the processes and technology of the system as outdated, inflexible and far from user-friendly, particularly for brokers and underwriters engaged in the placement and transaction of complex risks in the London market.

At the beginning of lockdown in March, Aegis London, one of the most technology-savvy carriers in the London market, moved all of its underwriters to Whitespace, a rival digital trading platform, although it continues to trade through PPL for brokers that only make use of that system.

In an article written for *Insurance Day* in April last year, Nigel Roberts, head of distribution at Aegis London, said while executives at PPL and the Lloyd's Market Association argue PPL is the answer for complex risks, that

'Down at the underwriting box, tears will not be shed for PPL. What we need to do is be brave enough to admit we tried and lessons need to be learned'

Nigel Roberts
Aegis London

ANALYSIS

view is not shared by those working at the coal face.

This, according to Roberts, ultimately means PPL will fail. “Down at the underwriting box, tears will not be shed for PPL. What we need to do is be brave enough to admit we tried and lessons need to be learned,” he said.

Roberts understands keenly the difficulties involved in modernising the market. In the late 1990s, he was involved in the formulation of the London Market Principles, arguably the first concerted attempt to dig up the “Victorian pipework” of the world’s oldest insurance market. Since then, Roberts has continued to argue the case for market modernisation during spells on the boards of the London & International Insurance Brokers’ Association and the Market Reform Group and, in more recent years, in articles written for *Insurance Day*.

Problems

The problems with PPL, which many brokers see as a hasty solution to meet the market’s modernisation quotas, are several.

On a purely practical level, to amend anything uploaded on to the system involves the broker or underwriter having to resubmit the item, meaning the same item can be submitted several times for a given transaction. All the documents uploaded on to the system are digital images, so they cannot be edited.

Furthermore, the way in which the contracts are agreed on the system does not meet a lot of the requirements of the overseas markets in which London market brokers trade. For example, a lot overseas markets require each page is signed and agreed by the underwriters, a function that is not accommodated by PPL. Also, endorsements cannot be listed unless the contract has been processed through PPL.

According to Robert Iremonger of Abingdon Risk Consulting, a marine claims advisory firm that advises port authorities and marine businesses, part of the problem for the market is Lloyd’s, in an attempt to enforce the transition to an electronic trading platform, has set minimum volumes of risks that are required to be processed electronically.

Given PPL’s lack of user-friendliness and the pressure on underwriters to meet their required targets, many underwriters simply use PPL as a back-up facility to the existing paper-based trading system, Iremonger says. “This is clearly not helping with market modernisation, as it acts to defeat the object of the intended progression towards an electronic platform. It should be noted should underwriters not meet the required target levels, they are subject to financial penalties,” he adds.

‘The end result [using Whitespace] is a slip that almost totally replicates the previous paper-based system. As a platform, it is much more user-friendly and also time-efficient relative to the processing of risks’

Robert Iremonger
Abingdon Risk Consultancy

According to a London market marine broker who prefers not to be named, a good 75% of their firm’s key marine markets now use and prefer Whitespace. Many London market companies are said to be investigating its potential use, not least because its front end is potentially accessible via mobile devices. This is made possible because the company codes the majority of its software in Apple’s open-source language Swift. The company also generated a lot of interest recently when it was reported McGill & Partners placed the most complex risk to be transacted electronically in the London market using Whitespace.

Ironically, given the cutting edge nature of its technology, the Whitespace platform follows many of the proven operating procedures derived from the previous paper-based systems and thereby alleviates many of the problems associated with PPL.

Importantly, Whitespace does not negate the need for face-to-face broking and interaction in the London market. One London market broker said, on the contrary, it ensure the way face-to-face negotiations are conducted “is more productive, efficient and environmentally friendly”.

Iremonger says Whitespace allows underwriters to alter any slip, without the need for updating a document repository. “The end result is a slip that almost totally replicates the previous paper-based system. As a platform, it is much more user-friendly and also time-efficient relative to the processing of risks,” he says.

However, Iremonger points out that having two different risk placement systems operating side by side in the market incurs extra cost and, in terms of the processing duplications, can only result in a poorer service to the market’s clients. A decision will have to be made on the future development of PPL which will entail making the system more intuitive and user friendly. Any decision to simply abandon PPL, Iremonger says, will face significant resistance on two fronts: the sponsors of the system losing face and the significant investment that went into setting up the system having to be written off, to which many of the companies in the market invested in the PPL will object.

Whatever the relative merits of PPL and Whitespace, everybody agrees Covid-19 has radically changed the way the market views electronic trading. “The crisis has sped up this process and shown the older generations of the market the merits of embracing technology and not seeing it as a challenge to the previous order,” one broker says. “In hindsight, the drive to PPL and Whitespace has saved the market at this time and it is something we should all be thankful for.” ■

One of the advantages Whitespace offers over PPL is the ability to access the platform’s front end using mobile devices

TippaPatt/Shutterstock.com