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TOP 50 INSURERS

In association with NIG

MASTER MINDS

WELCOME

The insurance market has survived another year of economic downturn. Rates are still in the doldrums across many lines of business, with some insurers quietly accepting that, despite their tough talk, now is not the time to hike prices. But how to reconcile this tension with the fact that reserves are beginning to run low, particularly in the private motor market? If insurers can't depend on either reserves or investment income, they will have to make an underwriting profit. In 2008, non-life insurers made a £165m underwriting loss with a combined net ratio of 100.7%. While these numbers are a slight improvement on 2007, clearly they are not sustainable.

Meanwhile, the unprecedented state response to the financial crisis means this list, static at the top for so long, may never look this way again. Will RBSI still be at number three next year, or will it have been swallowed up by another one of our major players?

The men and women running the UK's top 50 insurance companies will have to find an answer to these questions in the months ahead. This year we have redesigned our annual supplement to reflect the importance of the people pulling the strings, and the news stories that help shape companies' strategies. What will Mark Hodges do at Aviva? What's Richard Ward's number one aim? How does Lex Baugh keep going? And what's Adrian Brown really like?

Read on to find out.

Ellen Bennett

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LAST RESERVES OF STRENGTH

INSURERS MUST IMPROVE THEIR UNDERWRITING RESULTS, SAYS NIGEL BOND. BUT ARE THEY DOING ENOUGH?

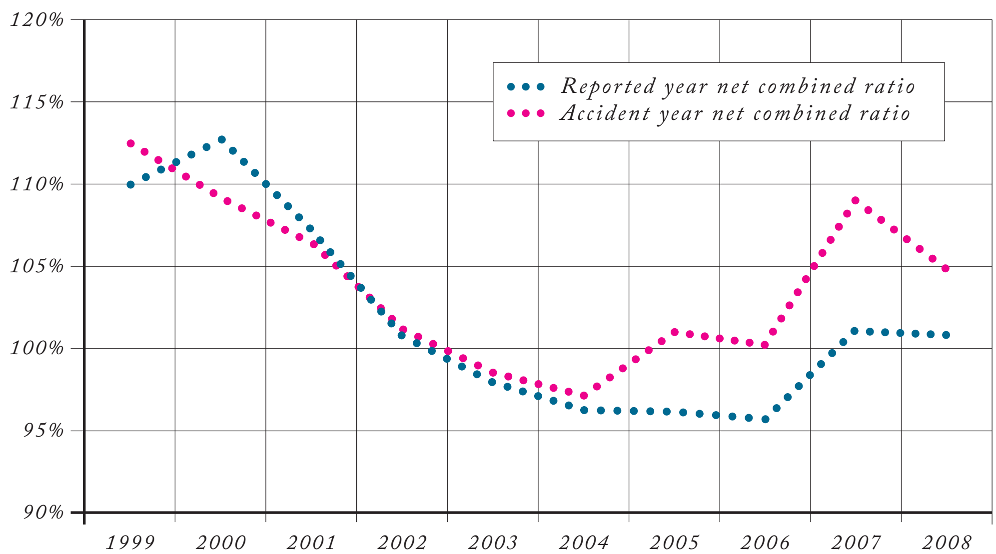
The non-life insurance industry's underwriting performance was disappointing last year. Although it reduced its underwriting loss to £165m compared with £315m in 2007, and lowered its net combined ratio to 100.7% from 101%, these minimal improvements were, in our opinion, unsatisfactory, given that flood losses had severely impacted performance in 2007 and the weak investment environment should have put a lot of pressure on the industry to underwrite profitably. On a more positive note, however, pre-tax profits grew to £5.8bn from £4.7bn, and the pre-tax return on equity rose to 15.8% from 13%.

Of more concern to us was the accident year performance. While the accident year net combined ratio fell 4.1 percentage points, it was still high at 104.9%. For the fifth successive year, the industry managed to supplement its accident year performance with prior years' claims reserves releases, albeit at a lower absolute and relative level in 2008 (£1.6bn) than in 2007 (£2.5bn). As the ability to release reserves from prior years' claims continues to diminish, as we believe it will, reported results will move closer to accident year results. Given the poor accident year performance in 2008, this is not a prospect to be relished.

So, is the industry improving? While there are signs of premium rate increases above the rate of claims inflation, they are not enough for us to feel confident that 2009 will be significantly better on an accident year basis. Furthermore, on a reported year basis, there may be no improvement if reserve releases decline, as we expect. All of which will confirm what we all know already – that the UK non-life insurance industry is a very competitive world indeed.

'RATE INCREASES ARE NOT ENOUGH TO BE CONFIDENT OF 2009 BEING MUCH BETTER ON AN ACCIDENT YEAR BASIS'

UK MARKET (AFTER EXCLUSIONS) NET COMBINED RATIO REPORTED YEAR V ACCIDENT YEAR BASIS



UNDERSTANDING THE LOSS RESERVES TO NET WRITTEN PREMIUM RATIO

Assessing the adequacy of a non-life insurer's loss reserves is a critical element in understanding its financial health. In the absence of an actuarial opinion, a simple tool available to financial analysts is to look at the scale of the loss reserves in relation to the net written premium. This gives an insight into the level of reserves established to meet past liabilities to which the insurer is exposed. In essence, all else being equal, a rise in the ratio over time suggests deterioration in the quality of the underwriting and vice versa.

The ratio must be used with care, however. It has validity for a particular insurer across time as long as the business mix has not changed materially – different lines of business will have different ratio levels.

Similarly, any material change in reserving accuracy or policy will distort the trend.

Comparisons between insurers are also best made with those that have similar books of business. As usual, the ratio is a means to an end, not an end in itself, and is just as useful for the questions it raises as for the questions it answers.

Furthermore, it is important to distinguish between premium growth that is purely volume driven and premium growth that reflects an increase in the price of the risks underwritten, as this can lead to misinterpretation of the ratio: for example, an increase in the volume, but not in the premium charged per unit of risk, will lead to a rise in the denominator, while the numerator's growth may lag behind, leaving the ratio temporarily at a misleadingly lower level. On the other hand, growth as a result of higher pricing will also lower the ratio, but on a more permanent basis.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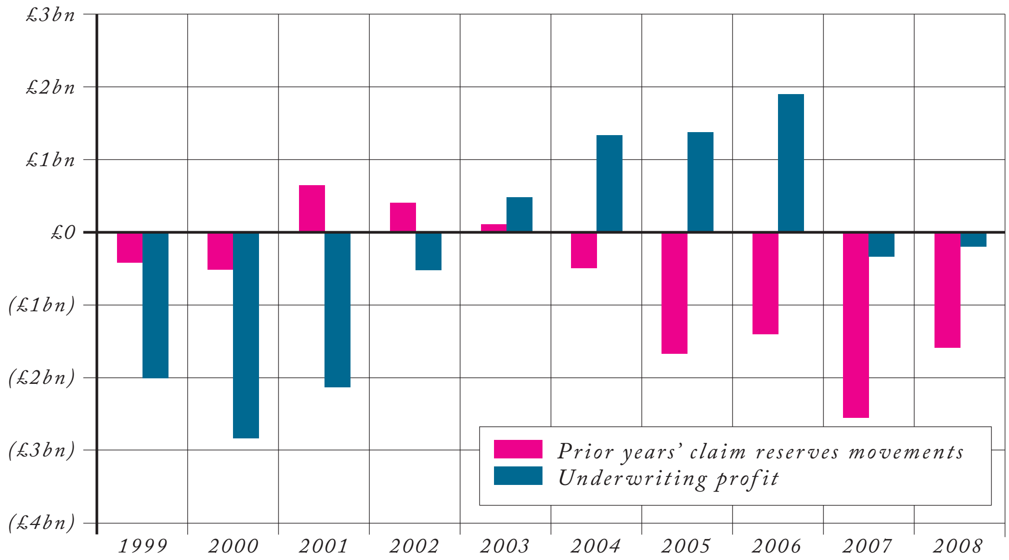
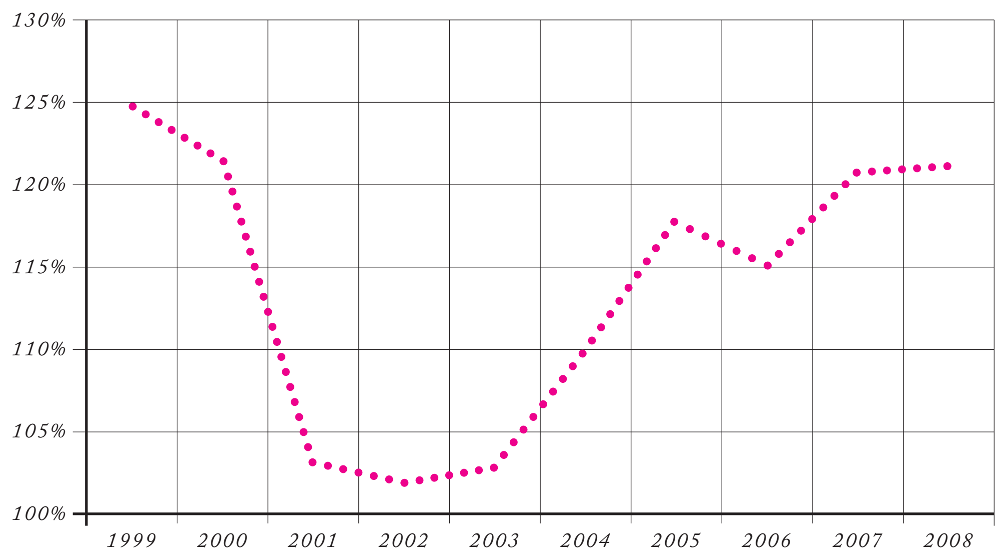
UK MARKET (AFTER EXCLUSIONS) UNDERWRITING PROFIT V PRIOR YEARS' CLAIMS RESERVES MOVEMENTS



UK MARKET (AFTER EXCLUSIONS) NET LOSS RESERVES / NET WRITTEN PREMIUM



UK MARKET (AFTER EXCLUSIONS) NWP V NET COMBINED RATIO (LH SCALE)

'THE EXPOSURE OF THE INDUSTRY TO MARKET RISK IN RELATION TO ITS CAPITAL BASE IS RELATIVELY LOW'

YEAR-OVER-YEAR PREMIUM RATE DEVELOPMENT

(%)	12/05	12/06	12/07	12/08	06/09
Personal motor					
Aviva	4	5	6	5	6
RSA	3	4	6	6	5
Personal property					
Aviva	6	3	7	9	5
RSA	5	6	5	5	4
Commercial motor					
Aviva	-1	-2	-1	3	N/A
RSA	-6	1	8	8	9
Commercial property					
Aviva	-1	-3	-2	3	N/A
RSA	-4	-4	3	7	6
Commercial liability					
Aviva	-1	-6	-4	2	N/A
RSA	-7	-9	-1	6	7

Source: Group news releases

Turning our attention briefly to the industry balance sheet, the good news is that it remains conservatively invested: cash accounted for 13% of total assets and bonds for 45% at year-end 2008, with equities and property accounting for just 9% and 1%, respectively. Moreover, as a percentage of adjusted shareholders' funds, property and equity investments fell to 31.7% from 35.8% a year earlier, which is its lowest level in the past 10 years. This means that the exposure of the industry to market risk in relation to its capital base is relatively low.

Nevertheless, while this has provided the industry with a degree of resilience in its solvency, the solvency ratio (net written premium as a percentage of adjusted shareholders' funds) deteriorated quite sharply in 2008 to 109.1% from 92.2% in 2007. We would view further deterioration in this ratio without evidence of improved underwriting performance negatively.

RUNNING ON EMPTY

AFTER SEVERAL YEARS OF RESERVE RELEASES PROPPING UP YEAR-END RESULTS, INSURERS MAY FIND THAT THE CUPBOARD IS BARE, WARNS **MICHAEL GLACKIN**

The party is over. Having spent the past couple of years tapping their reserves to boost profits, non-life insurers have to come to terms with the fact that the pot is now close to empty.

Continuing falls in investment returns, fierce competition, low interest rates and the recession have left insurers unable to rely on bumper prior-year reserve releases to bolster their bottom line in the manner to which they have become accustomed. Although reserve releases are still likely to support profits again this year, it's extremely unlikely that the substantial releases witnessed in recent years – estimated to be at around £1bn annually since 2005 – will be seen again.

"It varies by insurer, of course," remarks PricewaterhouseCoopers insurance partner Paul Delbridge. "Some have a bit more in the larder than others, but by and large there isn't as much left to draw on as there was three years ago. The cupboard is pretty much bare now."

> *'RESERVE STRENGTH AMONG INSURERS IS ERODING RAPIDLY. WE WILL REACH A POINT WHERE RESERVES WILL NOT BE ADEQUATE'*
>
> *JEAN DROUFFE, AXA*

AXA finance director Jean Drouffe is even more forthright in his assessment of the state of prior-year reserves. "Reserve strength among insurers is eroding rapidly," he says. "I think there will still be a fair amount of reserve release this year, but it will be much less in 2010. I anticipate in the next couple of years that we will reach a point where reserves will not be adequate, and that situation will add to the problems already facing the industry."

The large draw on reserves over the past four years was driven initially by the sharp increase in claims in the wake of the flash floods that hit the

UK, followed during the last two years by the impact of the credit crunch-inspired recession.

Profits at insurers have been hard hit by the downturn, but earnings would have been worse if companies hadn't released billions of pounds from their reserves.

NO MORE GOOD NEWS

There is currently no legal minimum requirement on the amount of prior-year reserves that non-life insurers must retain or release. Reporting this money as income, essentially a management judgment based on estimates of future claims, has allowed the industry to paper over the alarming cracks that have appeared over the past four years, caused by cut-throat competition and increased claims.

Deloitte associate partner James Rakow says: "Reserve releases have always been a feature of the market, but there has been a huge surge over the past five years and I don't think the level of releases we've seen over that period are sustainable. There's less room for manoeuvre now, and less room to balance bad news in the current year with cash from better news from previous years."

Essentially, the industry has run out of good news. The boom years of growth and high prices have been replaced by stagnation and falling rates. And while both Rakow and Delbridge agree that prior-year reserve releases will remain a feature of this year's financial results, they too warn that the amounts released to buoy sagging profits will be substantially less than previous years.

Smaller reserve releases will bite hard into company earnings, and many firms are likely to post sharply reduced profits for this year, or in some cases, increased losses.

"In the motor industry, reserve releases mitigated losses in recent years," Rakow says. "This year, releases won't be as large, and so I expect losses in the motor industry to be worse. We think the headline operating ratio for the motor market will be 107.4% this year, against last year's figure of 105.3%." It's also worth bearing in mind that, in 2007, the operating ratio for the sector was 102%.

Smaller earnings will also increase the industry's vulnerability to other threats and not just large one-off catastrophes, such as floods or a Katrina-like disaster. There are also significant inflationary pressures on claims costs, in particular on bodily injury claims. Commitments on long-term liability policies agreed in the current low inflation market may prove far more costly later on and return to haunt company balance sheets.

THE PRICE ISN'T RIGHT

The industry isn't facing a perfect storm, but it is clear that the impact of smaller reserve releases will need to be offset by an improvement in underwriting performance. Drouffe points to recent improvements in investment returns on the back of improved returns on equities and corporate bonds, which are also bolstering earnings. But the bottom line is that insurers need to increase premiums to a level where they can make a profit.

This is already starting to happen in the personal motor insurance industry. The closely watched AA Insurance Premium Index revealed a 5.6% jump in the cost of premiums for personal comprehensive car insurance during the third quarter, the biggest single quarterly jump in 15 years, and one that pushes the annualised rate of increase to 14%.

"Motor industry premiums have risen this year at their fastest rate in six years," Rakow says. "In the absence of large reserve releases and lower investment returns, companies are clearly seeking to ensure premiums are adequate to cover claims."

The motor industry is perhaps a special case. Reserve releases totalling more than £3bn in recent years have concealed the true impact of increased competition, inadequate premiums and claims inflation on sector profits for some time. A correction in the £9bn-a-year sector is long overdue.

But Groupama managing director Laurent Matras believes the jury is still out on whether such increases will be enough. "Yes, premiums are going up," he says. "But motor insurance is still a highly competitive market, and it remains to be seen whether premium increases are capable of offsetting all the issues facing the industry."

Prices have increased in other sectors too this year, particularly in the £6.5bn household insurance market, albeit at a much slower annual rate of up to 5% at best. With that in mind, Matras's concerns remain pertinent, particularly against the backdrop of the recession and the increasing use of price comparison websites that provide consumers with easy access to bargain-basement premiums.

'NEW TAX RULES MEAN THERE WILL BE MORE OVERT DOWNWARD PRESSURE ON RESERVES'

JAMES RAKOW, DELOITTE

CUTTING BACK

The recession has also been the catalyst for a sharp increase in claims over the past two years, piling further pressure on under-siege insurers' shaky profits. "Yes, there has been an increase in claims, particularly theft claims on household insurance," AXA's Drouffe says. "We've also found a 30% increase in fraudulent claims in the past year."

His views are echoed by Matras. "Along with the increase in claims, there is more tension in terms of fraudulent claims on both the domestic and commercial side. But insurers are much more efficient at detecting and combating fraud today."

The recession has affected the industry in other ways too. Along with cancelled gym memberships and 'staycations', people are also taking out less insurance in a bid to reduce their outgoings.

Even compulsory insurance, such as motor cover, has been affected. "Some people are downgrading their insurance," Matras says. "What we're seeing is customers are choosing to increase their voluntary excess [the amount a customer agrees to cover themselves in the event of a claim] in order to pay a smaller premium. That's fine until they find themselves in difficulty when they have to make a claim."

How companies cope with depleted prior-year reserves depends principally on the future strength of both the insurance market and wider economic recovery. If the industry is to remain profitable, however, underwriting performance must improve, which will mean increased premiums for consumers.

Drouffe says: "Companies will have to replenish their reserves in the coming years, and ultimately we will be looking at increasing premiums to do this. It is either that or we will be watching the overall sector shrink."

But while premium levels are clearly increasing, it is worth pointing out that in the highly competitive insurance market, and against the backdrop of a prolonged economic downturn, many insurers may find it impossible to raise prices to a level that reduces their reliance on prior-year reserves without losing a large chunk of market share in the process.

But there may be something of an upside for the industry, in the short term at least, in the form of help from an unusual source: HM Revenue & Customs. Upcoming changes to the tax regime for non-life insurers are likely to encourage some companies to keep their prior-year reserves at as low a level as possible to avoid additional taxation. This will effectively allow them to continue to support their year-end profits, even on dwindling prior-year reserves.

"It's not quite a silver lining," Rakow says. "But the tax changes may lead some insurers to decide to hold lower prudential margins and reduce their prior-year reserve to comply with new tax rules. The new rules mean there will be more overt downward pressure on reserves, but the changes also mean that companies will lose some of the flexibility to top up reserves in better markets."

SOFTLY, SOFTLY

MUIREANN BOLGER *UNCOVERS THE TOP 10 OBSTACLES BLOCKING A HARD MARKET*

At the beginning of this year, many forecast that a hard market would finally emerge. But rates in many market segments have remained resolutely flat. Even Aviva, one of the most bullish proponents of a hard market, has been quietly dropping rates following half-year results that saw nearly £1bn wiped off its commercial premium.

Most agree the soft market will remain in commercial lines for the foreseeable future. "I see nothing happening … and that is very frustrating because the bottom line is going to be under serious pressure, this year and next," says Groupama's chief executive Francois-Xavier Boisseau.

Opinion is divided on personal lines, however, where rates, most noticeably in motor, have crept slowly upwards in the past two months. An optimistic Boisseau predicts that they will rise 10%-12% over the next year. But Fortis chief executive Barry Smith is less convinced, predicting an increase of just 3%-4%. He believes the current, and in some cases unprecedented, market conditions are defying the "logic" that governed in the past.

So, what factors are getting in the way of the rate increases that insurers so badly need?

1 THE ECONOMY

As the recession lingers, clients have become increasingly price conscious and are less likely to accept rate increases

"We have seen evidence of our clients downsizing, so their overall premiums are decreasing," says Towergate Risk Solutions' chief operating officer Jonathan Walker.

"That has led to an increasing number who are very focused on their own cost base, of which their insurance requirement is one aspect. They are looking harder than they may have done previously at their insurance premium. Clients are also engaging with other brokers with a view to finding cheaper premiums."

2 COMPETITION

Increased capacity has intensified competition among insurers, reducing the scope for a collective drive towards a hard market

"There are far too many players chasing SME business," Groupama's Boisseau says. "Five years ago there were four or five companies in the arena. Now you have newcomers such as Brit, QBE and AIG playing in the field.

"Clearly because they had a strong growth ambition, they didn't follow the rate increases pushed hard by Aviva, AXA and, to some extent, RSA. Because they have significant capacity the market is still in a very difficult place.

"Some of the chief executives were under pressure because they were losing top-line. Some who took a strong step forward seem to have taken a step back. It doesn't help when after four or five months of hard work people undo everything. I think some players have given up too early."

3 DUAL PRICING

Dual pricing – where insurers raise rates on renewals but suppress them on new business – has helped prevent a hard market

"Some insurance companies want to see rates move forward on the renewals side but when a piece of new business is presented to them, they are still very aggressive in their appetite to pick it up," says Lark Insurance Broking Group director Stephen Lark. "There is still a climate where an insurer will quote cheap deals to attract business in year one. That is indicative of the amount of competition in the marketplace."

4 LACK OF CONTROL

While insurers talk tough on rates, ground-level staff under pressure to retain business don't always follow the official line

"There is an element of a lack of control," says Broker Network's divisional sales and marketing director Nick Houghton. "There may be a diktat from on high but that doesn't actually filter through to the trading underwriter. Because of the economy, local insurers may be concerned about closures. Perhaps there is an element of self-preservation. They want to continue to write business locally to protect this position."

5 AGGREGATORS

Aggregators continue to lure consumers online, putting increasing pressure on brokers and insurers to match cut-throat pricing

"The impact of the aggregators and the internet is subduing the rates. To sell the volume needed by that particular model, you have got to make it cheap," says Ashbourne Insurance managing director Peter Smits.

"More and more people who are selling their products on the aggregators are finding ways to strip out commission, reduce earnings to keep the rates low. The trouble from our perspective is that we are not on the internet.

"The client will go on the internet and get a price for £250 and that sets the bar. They come to us and they expect £250. So if the market rates are £400, all of a sudden you are forced into a situation where you have to look at the premium to give the client a deal he or she believes is competitive."

6 CATASTROPHES

Major catastrophes used to affect all types of business, pushing up rates across the board. PricewaterhouseCoopers partner Paul Delbridge says the aftermath of Hurricanes Ike and Gustav in 2008 shows this is no longer the case

"After Hurricane Katrina in 2005, rates got a big push across all classes," he says. "In fairness, they were already rising. Insurers had damaged balance sheets after 9/11. There was much more onus on everybody to raise rates.

"After 2005 most insurers repaired their balance sheets to a quite large extent so people are not in as desperate need to raise rates … This time around we haven't seen as many people suffering because not as much catastrophe-exposed buinsess has been written and models have become more sophisticated."

> *'AGGREGATORS AND THE INTERNET ARE SUBDUING RATES. TO SELL THE VOLUME NEEDED YOU'VE GOT TO MAKE IT CHEAP'*
>
> PETER SMITS, ASHBOURNE INSURANCE

7 CAPTIVES

In a bid to save costs, multinationals are bypassing traditional commercial markets in favour of placing risks with captives in offshore locations

"FTSE 350 multinationals are putting more business through their captives rather than buying insurance in the conventional market. We are seeing more and more of that happening at the moment," Delbridge says. "It is probably due in part to the downturn and people trying to save money. And so while they are paying premiums to captive insurers, it is staying within the group."

8 PRUDENT BACK RESERVES

Insurers are using reserves to prop up balance sheets and this is relieving any pressure to raise rates

"Insurers have been able to release reserves to improve their underwriting results," Deloitte partner Ian Clarke says. "The balance sheets for most insurers are pretty strong. They are not being influenced by losses. The drive is not there to move prices up significantly."

9 TOP PLAYERS ARE STILL GETTING GOOD RETURNS

Despite the credit crunch, some insurers are reaping healthy profits from past investments. This is helping them to keep rates low and to retain a sizeable market share

"In commercial lines there is still quite a lot of profit that is coming through from some insurers, even if it is not the super profits from commercial property in the past," Fortis's chief executive Barry Smith says.

"But it is still profitable and you can see the desire of many companies to invest more capital within the UK. If the top quartile of players are getting good returns, why should they move their rates up?"

10 CLAIMS ARE DOWN

A steady decline in the overall rate of claims has removed a traditional pressure point for rate increases

"Claims frequency has been a long downward trend," Clarke says. "You are getting fewer accidents on the road and fewer claims are being made. It is a pretty benign claims environment. This means there is no great incentive based on claims alone to put rates up."

WHO'S PULLING THE STRINGS?

AS WE REVEAL THIS YEAR'S TOP 50 LISTINGS, **KATIE PUCKETT** GETS UNDER THE SKIN OF THE CHIEF EXECUTIVES OF THE UK'S BIGGEST INSURERS

Richard Ward: 'We don't know what is going to happen in five to ten years' time'

No.1

LLOYD'S

www.lloyds.com

CHIEF EXECUTIVE ***RICHARD WARD***

While Lloyd's chairman Lord Levene travels the world as the ambassador for the 321-year-old market, chief executive Richard Ward is at home getting stuck into the business of persuading, cajoling and at times frogmarching it into the 21st century.

Ward is the younger of this formidable partnership, popular with the industry and respected as a great operational manager. He joined Levene at Lloyd's in 2006 after 10 years at the International Petroleum Exchange (now ICE Futures), where he made his name as a moderniser, dragging oil brokers from the traditional open-outcry pit into the electronic age.

In his three years at Lloyd's, Ward has succeeded where other chief executives have failed and has made impressive progress on the fight for electronic reform.

Longer term, he is focused on continuing the work of rehabilitating the market's battered reputation, though he prefers to play down the significance of the radical strategic review by accountant Deloitte, due to report in January. Since the Lloyd's Act opened the market to regional brokers last November, progress has been slow – Ward admitted in July that not a single one had yet signed up. "We don't know what is going to happen in five to ten years' time."

He's also involved in modernising insurance beyond the rarefied confines of One Lime Street, with a seat on the Insurance Industry Working Group that met with the Chancellor to produce the Vision 2020 report in July, seizing the national headlines by presenting a future in which the industry functioned as a sort of private welfare state.

IN THE NEWS

Lloyd's has weathered the credit crunch comparably well, and its popularity has soared. Earlier in the year, it said profits for 2008 had halved to £1.9bn in the wake of unprecedented trading conditions and Hurricanes Ike and Gustav. But in September, it triumphantly reported a near 40% leap in half-year profits to £1.32bn, and claimed its combined claims ratio was lower than all its competitors, at 91.6%.

There have been some significant personnel changes too – underwriting performance director Rolf Tolle retires at the end of the year. His replacement is Tom Bolt, formerly managing director of Marlborough Managing Agency and head of the European division of Berkshire Hathaway. But the most eagerly awaited news is the results of Deloitte's review.

BROKER VIEW

Lloyd's is still the first port of call for brokers trying to place difficult risks, and is generally regarded positively. The soft market doesn't favour the London market, but it's well positioned for when the upturn comes.

No.2
AVIVA

www.aviva.com

CHIEF EXECUTIVE ***MARK HODGES***

Mark Hodges doesn't officially become chief executive of Aviva's general insurance business until 1 January, but he's already made an impact, not least among the many brokers and consolidators who disagreed – in certain cases violently – with his predecessor Igal Mayer on the proper level of commissions. Mayer's two years at the GI have been stormy, marked by conflict with distributors and thwarted ambitions to put rates on an upward track, though some concede his legacy is a more sustainable power balance. His outreach efforts to independent brokers have gone down a little better, but there's no doubt the Canadian leaves many burned bridges as he jets back across the Atlantic to take over the North American business from retiring chief executive Tom Godlasky.

It will be Hodges' job to rebuild those relationships, a task he's well placed for. He has a reputation as a "good bloke" and is popular with brokers after a stint as managing director of the Norwich Union general insurance business, and seven years as its finance chief.

Hodges is one of Aviva's homegrown talents. He joined after qualifying as a chartered accountant in 1991, has played a key role in many of the mergers and acquisitions that have formed today's insurance giant and is now a board director reckoned as a natural successor to group chief executive Andrew Moss.

He became chief executive of the life business in April 2006, and for the past two years has formed the other half of a pincer movement with Mayer, stripping £450m of costs out of the insurance business by 2010. For all the bonhomie of this avid rugby and Norwich FC fan – he is rumoured to be a driving force behind the shirt sponsorship deal – he's had plenty of opportunity to show his ruthless side, sacking 100 senior managers and cutting the number of customer contact centres from 25 to nine.

Under his command, the general insurance and life businesses will be brought together. But that's not a job for just one man, so the industry's breath is bated in anticipation of promotions and senior appointments.

IN THE NEWS

If it feels like the all-new Aviva has barely been off our television screens this year, the multimillion-pound rebranding must be working. Financially things were less rosy, with underwriting profits showing a steady drop over the past three years when bad weather and market conditions were taken out of the equation, and rows with consolidators knocking £1bn off its commercial premium, leading to attempts at rapprochement with brokers.

A series of high-level personnel changes have inevitably been linked to rows with the abrasive Mayer, with the brokers' favourite, sales and marketing director John Kitson, announcing his retirement next March. He claims he wants to spend more time fishing, but that hasn't stopped rumours that he'll soon resurface. Most recently, of course, there's been über-chief Andrew Moss's affair with colleague Deidre Galvin, wife of European HR head Andrew Moffat, which hit the national headlines, prompting a statement of support from chairman Lord Sharman.

BROKER VIEW

Aviva's relationships with the broking community have undoubtedly suffered in recent years, and it may struggle to regain lost market share as opportunistic competitors have rushed to fill the gaps. But it can still draw on a great store of goodwill in the market, something that its broker-focused television campaign will help.

Mark Hodges: officially takes the helm on 1 January

No.3 THE ROYAL BANK OF SCOTLAND

www.rbs.com

CHIEF EXECUTIVE **PAUL GEDDES**

Paul Geddes may preside over some of the most well-known brands in the market, with Direct Line, Churchill, Privilege and NIG, but he is a relatively mysterious figure, arriving this summer from the retail banking division of RBS. He took over from Chris Sullivan, who now runs RBS's corporate banking division after a shake-up prompted by the clear-out of all the top brass who presided over the failure of the nationalised bank under Sir Fred Goodwin.

It may be the star of the pariah bank, but government ownership means RSBI is back on the market in the interests of competition. RBS has up to four years to sell or float the business.

Geddes will have to inject fresh energy – or at least keep the business ticking over until the sale or IPO. So far, he has restructured operations into two divisions handling claims and sales.

Oxford-educated Geddes is a marketing man, who was poached by RBS in 2004 after senior positions at a series of high-street names including Argos, Comet and Superdrug.

He has an able, no-nonsense reputation among marketers, steely in negotiations but also a gossipy regular at industry dinners. He always features in marketing "power lists", steadily rising up the ranks. In 2007, he told *Campaign* magazine that his greatest achievement was losing four stone that year, his favourite album was ELO's *Out of the Blue* and that the principle that defined his working life was: "There is always a solution."

IN THE NEWS

The fate of RBS's general insurance arm is one of the biggest guessing games in the industry. Earlier this month, the forced sale was announced and the bidders began to line up. Meanwhile, it's not been a good year financially for the insurance business. In August, it announced that operating profits for the first six months of the year fell 28% to £217m after an even larger drop in investment income, a rise in claims due to bad weather and the loss of the Tesco Personal Finance contract last December after 11 years.

BROKER VIEW

Brokers have little to do with the Direct Line and Churchill brands, but they do like NIG. However, all the sale rumours have created a great deal of uncertainty and many are still unsure that it's a long-term bet.

Paul Geddes: 'There is always a solution'

Lex Baugh: 'a bit of an adrenalin junkie'

No.4
AIG

www.aig.co.uk

CHIEF EXECUTIVE ***LEX BAUGH***

Lex Baugh won the admiration of the industry for his steadfast handling of the fallout of the AIG collapse in the States and the way he has piloted the UK general insurance business into much calmer waters. When the US government stepped in to shore up the giant in September 2008, the UK arm found itself in jeopardy as clients wondered whether to continue placing business – customer retention dropped from a percentage in the mid-90s to the mid-80s. Baugh has spent the past year tirelessly attempting to reassure the market of his company's financial stability, abandoning its former closed-door policy to take the stage at conferences to answer tough questions and make the case again and again for the strength of the business.

It's paid off: analysts at UBS have revised their predictions of lost market share from 25%-30% to just 17%-22%. That's not bad for a business that has received $180bn (£110.3bn) in US state aid, has lost 10,000 staff (8.6% of the total) and half its senior management, and continues to labour under the heavy demands of government scrutiny.

Baugh, an unflappable American, has been with AIG for 26 years. He joined the property and casualty division of American International Underwriters (AIU) in 1983 as a financial lines underwriter and has worked for the company in New York, London and Paris. He describes his year-long journey out of corporate hell as a "purge" and "rebirth" that has allowed him to make some tough decisions. He's become, he says, "a bit of an adrenalin junkie".

Now all the general insurance businesses are being extracted from their complex ownership structures and brought into Chartis, a special purpose vehicle, and a dedicated GI firm with its own management. A stock market flotation is planned before the end of next year to pay back the US government's investment. According to AIG's latest results, its fortunes may be on the turn already. In August, it posted its first quarterly profit since 2007: a net income of $1.82bn. The industry at large believes this is down in no small part to Baugh's management, his dignity and reputation if anything enhanced by the crisis.

IN THE NEWS

AIG was the most high-profile insurance firm to be hit by the financial crisis, the one blot on the industry's copy book and perhaps the exception that proves the rule, as its troubles came from a single subsidiary that was heavily embroiled in derivatives. Under greatest scrutiny has been its pay and bonus structure, with President Obama's pay tsar Kenneth Feinberg finally okaying £12.1m worth of payments in October.

BROKER VIEW

There is a great deal of admiration for the way AIG has pulled back from the brink, but it still has a lot of work to do to restore credibility among clients. The rebrand may help but there is still some uncertainty over its long-term future.

No.5
RSA

www.rsagroup.com

CHIEF EXECUTIVE ***ADRIAN BROWN***

Among its competitors, RSA maintains a dignified, if sometimes lofty, silence on its plans, eschewing bold statements on commissions and rates that might create tension with distributors. But Brown himself is a much more voluble presence; chatty, fast-talking and rarely still. He took over as chief executive in September last year after 19 years with the company, two as chief operating officer and seven on the board. He headed up the formation of More Th>n in 2001.

RSA has recovered considerably from its basket-case reputation in the past seven years, taking a slow-but-steady approach to cost-cutting and improving efficiency under group chief Andy Haste that has stood it in good stead in recent, troubled months.

Brown has not really deviated from previous form – RSA has had a quiet year, apart from the announcement of 1,200 job cuts, 14% of its 8,700-strong workforce, by the middle of 2010 as part of a strategy to save £70m a year. The company's cautious outlook has yielded better-than-average results under the circumstances and, contrary to what you might think from its silence, it has been raising rates longer than its competitors. When in the first six months of the year premiums were down 3% to £1.3bn and profits had dropped 24% to £301m, Brown promised action would continue.

He restructured the broker, retail and affinity businesses into two divisions, focusing on commercial and personal lines, and slimmed his management team. He's also put a charm offensive to brokers on the to-do list in his ever-present little black book. To this end, RSA is to cut the 2,000-strong membership of its somewhat neglected Broker First network to get closer to favoured firms, and has promised to respond to brokers within three hours. It also made a multimillion-pound loan to Oval in September.

IN THE NEWS

RSA's management team is generally well regarded by the stock market, although its normally well-performing share price fluctuated at speculation in the autumn that it would raise up to £600m to go on the acquisition trail. Other than that, it's been a quiet year as Brown's restructuring changes work their way through. The most drastic news was the planned redundancy of 14% of its staff.

BROKER VIEW

Not an easy firm to do business with of late, RSA has lost out to competitors as it tried to lead a charge on higher rates to improve profitability. But it remains a solid and dependable insurer.

Adrian Brown: chatty, fast-talking and rarely still

NIG

No.6
AXA

www.axa.com

CHIEF EXECUTIVE ***PHILIPPE MASO***

When Philippe Maso y Guell Rivet – to give him his full name – took over as chief executive from Peter Hubbard in April last year, the rest of the market didn't expect him to be around for long. But 18 months on, he has become not only a force to be reckoned with but also a leading proponent of the campaign to increase rates.

Maso joined AXA in 1995. He spent five years as group finance director before his promotion to the top job and is seen as a company man and cost-cutter. The market expected him to take some tough decisions but his stomach for drastic action has still been a shock.

His priorities have been to improve AXA's dire record on customer service and to streamline its distribution channels. To that end, he reviewed all contracts with brokers and renegotiated terms, cancelling agencies with some and making clear his intention to drive commission percentages down to the mid 20s within three years. Alongside Aviva, he has led the charge away from managing general agents, pulling capacity on Primary in April.

He's admitted to *Insurance Times* that he would not have bought broker subsidiary Bluefin in the current market and would consider selling, though the price of the £700m GWP business would be "very, very expensive".

Following a 4% fall in revenues in the first half of 2009 to £1.06bn, Maso vowed that the company would no longer write unprofitable commercial business. Every part of the firm had taken a hit, with the exception of household, up 12% following a deal with Marks & Spencer to provide travel and home insurance. "We are no longer prepared to write business at any price," he says.

French-born Maso has won the respect of the industry, and any slightly xenophobic jokes are usually tempered with affection. He's known for his fondness for The Walbrook private members' club, and displays a self-deprecating humour. He is a frank interviewee, pausing at length before the difficult questions – but answering them nonetheless.

IN THE NEWS

This year began with the rebranding of broker business Venture Preference as Bluefin and continued with difficult discussions with brokers across the market. It's been a year of tough talk on rates and commissions, and some bold moves away from distribution business-as-usual. Maso's no-stone-unturned review continued with an announcement of 560 job cuts in June, which he is at pains to point out are the result of streamlining rather than recession.

BROKER VIEW

AXA doesn't have a massive presence in the UK market – one broker describes them as an "odourless, colourless non-entity". There are signs its outreach efforts to brokers are improving, and service levels have improved.

Philippe Maso: 'we are no longer prepared to write business at any price'

No.7 ZURICH

www.zurich.co.uk

CHIEF EXECUTIVE **STEPHEN LEWIS**

Stephen Lewis is the new man in the hot seat after the shock departure of action man Guy Munnoch earlier this year. But he's hardly a new face at the company, having been with Zurich for 20 years, most recently as head of group operations, planning and performance management.

After considerable upheaval in 2008 when the company lost one in five of its staff – a total of 870 – 2009 has been all about continuity. It would not launch new lines, Munnoch said, instead focusing on expanding existing products and, in particular, on the SME sector in which it hopes to become a top-three player. The staid but profitable Zurich of today is quite different to the company of 10 years ago, when it rarely made a profit on its insurance activities and relied instead on investment gambles to pay claims and dividends. Its 2008 results were solid, given the economic backdrop, with an operating profit of £295m and a GWP of £2.097bn, an increase of 2% on the previous year.

Zurich tends to keep a low profile in the UK. Munnoch was rarely as outspoken as his peers on the most-talked-about issues of the year: commissions and relationships with distributors.

Stephen Lewis: 20-year stint with Zurich

The company did pull out of broker network Westinsure but that was a one-off, and it remained neutral on managing general agents, signing a deal with Oval's new MGA in May. But this reticence does perhaps mean it misses out on credit for its willingness to stand up for the industry – it has been one of the leaders in lobbying the English and Scottish governments over compensation for suffers of pleural plaques, for example. It has also made laudable attempts to explain price increases to brokers and their clients.

IN THE NEWS

It has been a quiet year after the job losses of 2008, with an emphasis on consistency and few pronouncements to ruffle feathers. Nevertheless, in the summer it announced it would be redomiciling to the Republic of Ireland, though Munnoch was adamant that its commitment to the UK would not waver.

BROKER VIEW

A well-regarded, solid and consistent business – if consistently picky. But brokers report that they can trade with Zurich and expect it to be around for the foreseeable future in much the same form. Also seen as something of a dark horse: one to watch that could do quite a bit of damage to its rivals.

No.8 ACE

www.aceeurope.co.uk

UK PRESIDENT **RICHARD PRYCE**

Richard Pryce isn't a well-known face in the UK insurance industry, but he could be if his ambitious growth plans for ACE work out. Though it's still regarded as a specialist, the insurer is fast expanding its product range with some innovative launches aimed at, for example, the EU's complex Environmental Liability Directive. As part of a wide-ranging restructure, in September it set up two new business units focusing on major risks and corporate. Pryce is also trying to make ACE's products more accessible, both for brokers, with a new regional senior management structure, and with an expanded online offering for SMEs and corporate clients. He also promised a series of multi-line products aimed at industry sectors from retail to construction.

In July 2008, ACE redomiciled from the Cayman Islands to Zurich to take advantage of Switzerland's "stability, predictability… and sophisticated regulatory structure" for a fast-growing company that now employs 15,000 people in 53 countries. Last year, its European businesses made just under $4bn (£2.45bn), 19% of its parent's $19.2bn gross written premium.

Pryce joined the company in 1998 as a casualty underwriter. In 2003 he was appointed president of ACE Global Markets, its international and specialty business, as well as active underwriter of ACE's Lloyd's syndicate, Syndicate 2488. He took on his current role in 2007, when Global Markets was brought under the ACE Europe umbrella with its UK property and casualty business.

IN THE NEWS

ACE's restructure, announced in September, has been one of the most eagerly read stories on the *Insurance Times* website, with the market keeping a close eye on its manoeuvres and bids for territory. The group's parent, ACE Ltd, reported better-than-expected underwriting profits in its third-quarter results, $494m compared with $54m for the same period last year, helped by declining payouts linked to US hurricanes.

BROKER VIEW

As a relative newcomer, ACE has yet to really establish itself as a major player; many brokers' dealings with the company are limited to specialist lines. But it's generally regarded as a good outfit with a good set of products. Prospects are seen as good, even if it will never unseat the market giants.

Richard Pryce: ambitious growth plans for ACE

No.9 BUPA

www.bupa.co.uk

CHIEF EXECUTIVE **RAY KING**

Bupa already has an extremely tight grip on the private medical insurance market, holding an effective duopoly with AXA PPP. It's one of the most well-known insurers in the UK, its acronym becoming such a household name that few would now know that it was called British United Provident Association when it was established in 1947.

Ray King took over as chief executive in May last year from Val Gooding, who retired after 10 years presiding over rapid growth. He has had a rather different job from the rampant expansion she oversaw. Private medical insurance has remained surprisingly popular despite the recession, but rising unemployment contributed to a 0.3% overall loss in the number of policyholders in the first half of the year to 10.3 million. The surplus from its UK private medical insurance business rose by only 1% to £163.8m but overall revenues climbed by 26% to £3.38bn. The group now derives only a third of its revenues from its UK and North American unit. As a mutual, it can make lavish and sometimes idiosyncratic decisions to see off its competitors without worrying about shareholders' objections, something that frustrates rivals.

Ulster-born King joined Bupa as finance director in 2001, after a career as an accountant for a number of well-known names: ICI, Southern Water, Guinness, Diageo and then a stint as deputy chief executive at IT group Parity. He studied applied chemistry at university in Belfast, but decided against a PhD after meeting his future wife. Instead, he joined PriceWaterhouse and became a chartered accountant.

IN THE NEWS

In April, ABI figures showed a 2.7% rise in the number of PMI policyholders to 7.3 million, which prompted to call on the government to offer financial incentives to employers to provide cover for their workers.

But while the company is regularly in the national news raising its profile with pronouncements on health matters, it plays a much lower profile role in the industry itself.

BROKER VIEW

Brokers find Bupa's service and product range generally good and management progressive. But there is some frustration with its stranglehold on the private medical insurance market and many would welcome a shake-up – even if they don't expect one any time soon.

No.10 LLOYDS BANKING GROUP

www.lloydsbankinggroup.com

GROUP EXECUTIVE DIRECTOR, INSURANCE ***ARCHIE KANE***

Lloyds' most well-known general insurance brand may be Esure – "calm down dear!" – but it was its other subsidiary, St Andrews, that got it into trouble this year, as the government cracked down on payment protection insurance. The hit to Lloyds' income was reported to be £300m. In September, it was named the most complained-about vendor of general insurance. Figures from the Financial Ombudsman Service show that 3,466 complaints were made in the first six months of the year, many relating to PPI.

The group's name was changed from Lloyds TSB in January this year. Archie Kane, the executive director responsible for its insurance operations and chief executive of the Scottish Widows life business, joined the group in 1986, was appointed to the board in 2000 in charge of IT and operations, and took on his current responsibilities in October 2003.

He's been chairman of the ABI since July 2007, lobbying the government on issues from regulation to flooding, and his two-year term has been extended until spring 2010 to see through the recession. He's also a member of the Chancellor's Financial Services Global Competitiveness Group, the Takeover Panel and the Insurance Industry Working Group. Most recently, he's spoken out on the dangers of a regulatory knee-jerk reaction towards insurers. At the ABI conference in June, he said: "There is a real danger, in the current environment, of supervision turning into a parent/child relationship, resulting in individual supervisors and individual firms feeling unable to make their own judgments based on experience."

IN THE NEWS

Lloyds is rarely out of the news but, as Kane would no doubt point out, it is rarely its insurance business that causes all the trouble. In August, it announced that 200 general insurance jobs would go as back-office work was combined after the acquisition of HBOS. It denied rumours of an Esure flotation.

Andrew Torrance: chair of ClimateWise and trying to cut Allianz's own energy use and waste

BROKER VIEW

This Lloyds has made little impression on brokers – apart, perhaps, from those extremely annoying television ads for Esure.

No.11 ALLIANZ

www.allianz.co.uk

There may be a few raised eyebrows that Allianz has slipped out of the top 10. While its gross written premium increased 2.9% for the first six months of 2009 compared with 2008, the retail business – which includes the Cornhill and Petplan brands – continues to struggle, with GWP down 20% to £292.1m. UK chief executive Andrew Torrance says it will continue to fall as corrective action to bring it back into profit continues. He also says insurers have to keep up the pressure on rates if they are to make acceptable profits in 2010, and has harsh words for the credit hire operators driving claims inflation. The firm did see healthy growth in its broker household book, which jumped 50% to £33.5m. Torrance puts the increase down to two new distribution relationships and the launch of the Clear range.

Torrance has been in the top role since 2003, and with the German firm since 1999, after rising through the ranks to become chief executive at London & Edinburgh during the 1990s. After a physics degree at Cambridge, the Liverpudlian went into management consulting where, he has said, he developed a fascination for the insurance industry. More recently, he's taken on the chairmanship of ClimateWise, a group of insurers pressing for urgent action on climate change, and tried to cut Allianz's own energy use and waste.

No.12 EVEREST RE

www.everestre.com

Joe Taranto is not a man who seeks the limelight, but he's recognised as a powerful force in the reinsurance market. Everest Re is a world leader in property and casualty reinsurance and insurance, the highest-placed resinsurer in this year's table. Taranto's quiet hard work has paid off, helping the Bermuda-based firm to overcome a hit to its stock price and take advantage of market conditions to build up its revenues. In August, it announced a record set of results for the second quarter, with a net income of $272.6m (£167.3m), a rise of 78% on the same period last year, and its third-quarter results beat analysts' predictions, with a profit of $228.6m compared with a loss of $233.1m this time last year.

Under Taranto's leadership, Everest has used its stability and "A+" AM Best rating to lure new customers and encourage existing clients to do more business. Best has praised the firm's stable management, geographical spread, traditional risk management and long-term performance. Taranto has held his current role since October 2004 and his contract runs until the end of 2010. He joined AIG in 1975 and was a director and president of Transatlantic Holdings.

No.13
QBE

www.qbeeurope.com

John Neal succeeded Peter Grove as chief underwriting officer in June, but he had been chief operating officer since 2007, taking a hands-on role, working quietly and determinedly to make Australian-owned QBE a major player in the UK.

Neal, who reports to European chief executive Steven Burns, has worked in insurance for more than two decades and, until 2004, was owner and chief executive of the Lloyd's managing agency, Ensign, before its acquisition by QBE. In his columns for *Insurance Times*, he has taken a firm line on the need to cut costs and for insurers to respond better to their customers' needs.

The commercial lines specialist announced a management restructure in June, with a greater focus on risk management, corporate governance and compliance, and a beefed-up board role of chief risk officer. Neal will take on responsibility for business development, including the leadership of its eight-product underwriting divisions and two distribution divisions. QBE also plans to outsource its IT operations, resulting in significant redundancies.

No.14
XL CAPITAL

www.xlcapital.com

Mike McGavick inherited a mess when he took over as chief executive in May last year, but he's used his experience of turning around Safeco, the Seattle-based insurance giant, to restore order to the Bermuda-based insurer and reinsurer. Relentlessly upbeat with ferocious drive and energy, he has taken a de-risking and cost-cutting strategy to restore confidence and return the company to profitability. His vision is of XL returning to its core values, especially skilled traditional underwriting.

In its third-quarter results announced in October, income was still lower than last year, but its net loss has been cut from $1.6bn (£98m) to $11.4m (£7m). McGavick says solid underwriting, expense management and prudent reserving has given it a 93.2% combined ratio from property and casualty operations. But he concedes there is still "room for improvement".

Seattle-born McGavick is the son of a local politician and knocked on doors from the age of 10 to help with his father's campaigns. He himself ran unsuccessfully as a Republican for the US Senate in 2006, pledging to bring a "Northwestern voice of civility" to Washington politics.

John Neal: set on expanding QBE in the UK

No.15
NFU MUTUAL

www.nfumutual.co.uk

It's just over 100 years since the Stratford and District Farmers Union was formed in April 1909; now NFU Mutual has 870,000 customers and 300 local branches.

Group chief executive Lindsay Sinclair, a New Zealander, was the first to be appointed from outside the business. His predecessor Ian Geden spent more than 40 years – his entire career – at the company.

Sinclair, who joined from ING Direct in November 2008, has also run retail businesses around the world for Barclays, ING, and Standard Chartered. He has taken over a five-year, £60m-plus upgrade of NFU's systems, with a target of a 40% improvement in productivity in customer services, and an ongoing programme to expand its agency network.

In the 1980s NFU Mutual started offering policies outside farming; now more than half of its policyholders are from the commercial and consumer sectors. Nevertheless, with such a specialist concern, it still must worry about economic factors that are generally outside the remit of other insurers, such as the rising trend for livestock rustling as meat prices rise and rural areas are hit by the downturn. In 2008, although general insurance premiums grew by 4.8% to £989m, higher claims and stock market falls contributed to a net loss of £453m. But the company remains one of the more solid, if low-key, presences in the top 50, with a solvency ratio of 225%.

No.16
ASPEN INSURANCE HOLDINGS

www.aspen.bm

Chris O'Kane is the founder and chief executive of Bermuda-based Aspen Holdings, which provides insurance and reinsurance mainly for the marine, energy and aviation sectors. The London business is the


Barry Smith: on the lookout for 550 new staff for Fortis

largest part of the group, trading under Aspen Insurance and Aspen Re.

O'Kane attended Trinity College in Dublin before taking an MA in politics at Lancaster University. He began his insurance career as a Lloyd's broker in 1979. Before establishing Aspen in 2002, he worked at Wellington Underwriting (now part of Catlin) from 1993, where he was a director and chief underwriting officer.

O'Kane has a persuasive turn of phrase, and describes his management style as focusing on risk and opportunity in equal measure, and being creative to expand where market conditions are right. In August, he warned insurers against falling into the same trap as banks by over-relying on risk management models rather than common sense. "In the reinsurance business you can sometimes see blind faith in models. But anyone that prices solely on models is going to get in trouble. You need to trust your underwriters to make decisions too. Few insurance businesses are prepared to give their underwriters enough freedom and trust."

No.17

FORTIS

www.fortisinsurance.co.uk

Fortis is this year's comeback kid. It was caught in the eye of the financial storm when its parent, the Belgian-Dutch Fortis Bank, was felled by its ill-fated investment in ABN AMRO. Its general insurance operation recorded a £6m net profit for 2008, but this was dwarfed by the parent company's overall loss of £28m.

There were doubts that the UK insurer could emerge unscathed, but it made a triumphant comeback to seize one of the biggest affinity deals in the marketplace. Wresting control of Tesco's financial services from RBSI means the insurer will write £500m GWP and boost its customer base by 1.5 million.

UK chief executive Barry Smith says it is to recruit 550 people to cope with the new demand, just as a £20m GWP deal with Toyota cements its market-leading position in the private car insurance market. Now Smith has set his sights on making inroads into the commercial market, and is leading the revival in MGAs. He has recruited managing director Mark Cliff from AXA to oversee its expansion and develop a new brand name for the group. It has also been, in Smith's words, "promoted" within the Fortis Group to one of only four operating divisions rather than part of the European business. Rugby fan Smith has been chief executive since 2001, and is this year's president of the CII.

No.18

BRIT

www.britinsurance.com

Brit may be in the public consciousness mainly for its sponsorship of the Oval Cricket Ground – the site of the clinching match in England's surprise Ashes win this summer – but there's no place for sentimental patriotism in this firm's business dealings.

By the end of the year, its redomicile to the Netherlands will be complete; a move that chief executive Dane Douetil says will save about £30m on its tax bill.

He also says the insurer would "come back tomorrow" if the UK's corporation tax rate were lowered from 28% to 10%-15%.

Douetil is a third-generation insurance man: the son of a Lloyd's broker, and grandson of the man who famously refused to insure the Titanic. He began his career at Willis Faber in 1982 as a broker and in what was then an emerging area of political risk: kidnap and ransom. He worked as a consultant between 1994 and 1998, which was when he was brought in to advise on the formation of Brit.

He became chief executive of Brit in 2005 after six years on the board.

Perhaps following in his grandfather's footsteps, Douetil has built up a reputation for spotting risks early, in particular the catastrophic losses associated with Hurricane Katrina and the subprime lending crisis. He was awarded a CBE in 2007.

No.19

LV=

www.lv.com

LV='s general insurance top brass featured on one of *Insurance Times*'s most memorable front covers this year – dressed up as the characters in *Reservoir Dogs* and gamely posing, poker-faced, in front of their Croydon office. But if it looked tongue-in-cheek, there was a serious point: chief executive John O'Roarke and his team mean business.

Barnsley-born O'Roarke was chief operations officer at RBSI, joining the company after it acquired Churchill in 2003, where he was group managing director. But the former punk rocker didn't like the rigid corporate culture within the bank – or the overbearing attention of Fred Goodwin – so he joined four fellow directors at general insurance start-up ABC Insurance Solutions.

After it was acquired by LV= in 2006, he and his senior management team moved en masse in what he calls a "management walk-in", and brought their entrepreneurial spirit to overhauling LV='s motor and household business, and developing the SME side. Unsurprisingly they're recreating the RBSI model, which has included poaching 150 of RBSI frontline staff and management – as well as some of the same clients.

So far, it appears to be going pretty well. Its 2008 results showed GWP up by £141m to £491m, with 952,000 motor policies in force and a motor loss ratio of 82.5%. LV= is well on track to meet its target to become a top-five motor insurer by 2012, helped in part by the acquisition of Highway in August last year.

No.20
FM INSURANCE

www.fmglobal.com

FM Insurance has been established in the UK since 1963, managing from its Windsor office all of parent FM Global's business across Europe, Asia, Australia and Africa. Though it's pretty low profile, it provides insurance and risk management services to a fifth of the FTSE 100.

FM Global is one of the world's largest commercial and property insurers – the "FM" in its name stood for Factory Mutual in the distant past – and something of an analysts' darling. AM Best reaffirmed the mutual's A+ rating in October, praising its strong capitalisation, solid operating performance, and loss-prevention technology.

Shivan Subramaniam has been chief executive since 1999 and chairman since 2002, having previously been chairman and chief executive of Allendale Insurance, one of FM Global's predecessor companies, which he joined in 1974.

Though he is little known in the UK, Subramaniam makes regular pronouncements in the USA. He recently said justified higher premiums were the "silver lining" of hurricane losses this year.

"The most effective risk managers look at things from a preventive point of view," he said. "If the existing US democratic processes focused more on prevention, perhaps the country might be in a better position …Time and time again we see corporations that initially practise good risk management, but once the money starts coming in, things just slide off the rails. For example, it seems that every time the insurance industry makes money off investments, its underwriting discipline falls off."

No.21
GROUPAMA

www.groupama.co.uk

No.22
GENWORTH FINANCIAL

www.genworth.co.uk

No.23
CO-OPERATIVE

www.cfs.co.uk *(financial services group)*
www.co-operativeinsurance.co.uk *(consumer insurance)*

No.24
LIBERTY MUTUAL

www.libertymutual.com

No.25
ONEX CORP

www.onex.com

No.26
TOKIO MARINE HOLDINGS

www.tokiomarinehd.com

No.27
SIMPLYHEALTH

www.simplyhealth.co.uk

No.28
HISCOX
www.hiscox.co.uk

Robert Hiscox is one of the elder statesmen of insurance, impeccably tailored and well spoken. But beneath his easy charm lies a steely businessman who, at 28, famously seized the reins of Hiscox from his late father's partner and built it into one of the country's foremost insurers.

As deputy chief executive of Lloyd's in the early 1990s, he was charged with transforming the market for the 21st century after asbestos claims brought it to its knees. He is remarkably willing to share his opinions and has been outspoken about the damage bankers have done to the economy. But he'd much rather talk about modern art or hunting. "Walking in Africa with a gun in my hand is probably the greatest pleasure I can think of."

No.29
ALLCHURCHES
www.allchurches.co.uk

No.30
POOL RE
www.poolre.co.uk

No.31
TRAVELERS
www.travelers.com

IN THE NEWS

Travelers showed a strong return to profit when its third-quarter results switched from a 2008 underwriting loss of $288m (£176.8m) to a $524m (£321.8m) profit for the same period this year. The reason, it says, is tighter underwriting with an improvement in its combined loss ratio from 104.7% to 89.7%. The insurer is the second largest in the US; in the UK it operates through a Lloyd's syndicate and the Travelers UK business. In September, European chief executive Martin Hudson (pictured above) stepped down after nearly 30 years, to be replaced on an interim basis by president of international Kevin Smith.

No.32
LEGAL & GENERAL
www.legalandgeneral.com

Martin Hudson: stepped down from Travelers after nearly 30 years

No.33
STANDARD LIFE
www.standardlife.co.uk

No.34
ARCH CAPITAL GROUP
www.archcapgroup.com

No.35
CATLIN INSURANCE
www.catlin.com

No.36
LANCASHIRE HOLDINGS
www.lancashiregroup.com

No.37
FIM HOLDINGS
www.fimgroup.com

No.38
MMA IARD
www.mma-insurance.com

No.39
HDI HAFTPFLICHT
www.hdi.de


Warren Buffett: the world's most successful investor who's in love with insurance

No.40
SCOR SE
www.scor.com

No.41
BERKSHIRE HATHAWAY
www.berkshirehathaway.com

Few people would be so sanguine about losing $25bn (£15.3bn) in one year, but then few have as much money as Warren Buffett, chairman and chief executive of Berkshire Hathaway. Even after shares dropped 32% last year, his estimated fortune still stood at $40bn. It's not just his enormous wealth, though – the world's most successful investor has always stuck rigidly to his principle of taking a long-term view.

Berkshire Hathaway was a small textile firm when he started buying up its stock in 1962; now it is a vast holding company covering everything from sweets to private jets. But one of Buffett's greatest loves, and the core of Berkshire Hathaway, is insurance. In the UK, he owns Equitas, the Lloyd's run-off vehicle, and 20% of Swiss Re's property and casualty business. In the States, his businesses include Geico, General Re, Berkshire Re and National Indemnity.

No.42
HSBC HOLDINGS
www.hsbc.com

IN THE NEWS

In September, after months of speculation, HSBC put its motor underwriting business into run-off; a major embarrassment for one of the world's largest banking groups. The surprise decision ended a saga that had seen it plunge £110m into the business to plug holes in its pension fund and reserves, two failed takeover bids from high-profile industry figures, and UK chief executive Martyn Capewell leave under a cloud in June. The business, bought in 1996, never really fit with the bank and a sale was considered long before HSBC began looking for a buyer towards the end of last year.

No.43
MARKEL CORP
www.markeluk.com

No.44
LOEWS CORP
www.loews.com

No.45
DOMESTIC & GENERAL
www.domgen.com

No. 46
HCC INSURANCE
www.hccint.com

No.47
AIOI INSURANCE
www.aioi.co.uk

No.48
MITSUI SUMITOMO
www.msilm.com

No.49
BNP PARIBAS
www.bnpparibas.co.uk

IN THE NEWS:

BNP Paribas is set to become a much better known player in the UK insurance market, following its acquisition of 75% of Belgian-Dutch Fortis Bank, parent of Fortis UK, in May. Fortis UK is undergoing a rebrand and will be known by a different name after 2011. The UK insurer (Fortis) is also set for expansion of both its commercial and personal lines, with a €1.3bn war chest to fund investments, and it's already unveiled ambitious plans to take on market giants AXA and Aviva by building its commercial business from 10% to 35% of the total.

No.50
WESTERN PROVIDENT ASSOCIATION
www.wpa.org.uk

TOP 50 TABLES

THE KEY FINANCIAL INFORMATION FROM THE LEADING INSURERS, RANKING BY GWP

#	Parent	Company	Standard & Poor's financial strength rating at 15 October 2009	2008 figures: Gross written premium (GWP) £000s	Net written premium (NWP) £000s	NWP/GWP	Prior-year loss reserve movement £000s
1	Lloyd's		A+/Stable/--	17,985,000	14,217,000	79.0%	(1,300,000)
2	Aviva plc	Aviva International Insurance plc	AA-/Negative/--	4,194,952	4,000,710	95.4%	141,730
		Aviva Insurance UK Ltd	AA-/Negative/--	3,361,303	1,035,456	30.8%	(41,664)
		Gresham Insurance Co Ltd	-	269,148	2,169	0.8%	1,337
	Total			7,825,403	5,038,335	64.4%	101,403
3	The Royal Bank of Scotland plc	Direct Line Insurance plc	NR	1,714,019	1,685,945	98.4%	20,694
		UK Insurance Ltd	NR	1,196,437	1,155,437	96.6%	(87,771)
		Churchill Insurance Co Ltd	NR	1,122,696	1,090,997	97.2%	(8,197)
		National Insurance and Guarantee Corp (The) Ltd	BBBpi/--/--	748,696	713,840	95.3%	(87,690)
	Total			4,781,848	4,646,219	97.2%	(162,964)
4	AIG	AIG UK Ltd	A+/Negative/--	4,372,891	2,312,399	52.9%	20,496
		HSB Engineering Insurance Ltd	NR	53,576	32,505	60.7%	3,709
	Total			4,433,667	2,351,235	53.0%	24,093
5	RSA Group	Royal & Sun Alliance Insurance plc	A/Stable/--	3,937,615	3,245,727	82.4%	(258,543)
	Total			3,937,615	3,245,727	82.4%	(258,543)
6	AXA	AXA Insurance Group *		3,035,825	2,922,695	96.3%	(138,234)
		AXA Art Insurance Ltd	Api/--/--	22,227	16,814	75.6%	(725)
	Total			3,058,052	2,939,509	96.1%	(138,959)
7	Zurich Financial Services	Zurich Insurance Company	-	2,312,196	2,140,012	92.6%	(105,073)
	Total			2,323,056	2,143,056	92.3%	(94,566)
8	ACE	ACE European Group Ltd	A+/Positive/--	1,962,746	787,566	40.1%	(89,055)
	Total			1,962,746	787,566	40.1%	(89,055)
9	Bupa	Bupa Insurance Ltd	-	1,934,303	1,927,439	99.6%	(33,651)
	Total			1,934,303	1,927,439	99.6%	(33,651)
10	Lloyds Banking Group	St Andrews Insurance plc	-	709,286	488,932	68.9%	(39,022)
		Lloyds TSB General Insurance Ltd	Api/--/--	651,101	628,090	96.5%	(2,182)
		Esure Insurance Ltd	-	518,568	490,605	94.6%	(36,009)
	Total			1,878,955	1,607,627	85.6%	(77,213)
11	Allianz	Allianz Insurance plc	AA-/Stable/--	1,469,725	1,345,761	91.6%	(161,887)
		Euler Hermes UK plc	AA-/Stable/--	142,848	91,889	64.3%	(6,545)
		British Reserve Insurance Co Ltd	Api/--/--	23,212	6,553	28.2%	(1,213)
		Euler Hermes Guarantee plc	AA-/Stable/--	15,895	6,101	38.4%	(974)
	Total			1,651,680	1,450,304	87.8%	(170,619)
12	Everest RE	Everest Reinsurance (Bermuda) Ltd	-	1,640,534	1,554,844	94.8%	(111,981)
	Total			1,640,534	1,554,844	94.8%	(111,981)
13	QBE Insurance Group	QBE Insurance (Europe) Ltd	A+/Stable/--	941,292	747,255	79.4%	(65,463)
	Total			941,430	747,395	79.4%	(64,200)
14	XL Capital	XL Insurance Co Ltd	A/Negative/--	924,091	104,614	11.3%	(10,390)
	Total			924,131	104,652	11.3%	(10,390)
15	National Farmers Union Mutual	National Farmers Union Mutual Insurance Society Ltd	NR	864,762	809,347	93.6%	(152,657)
		Avon Insurance plc	NR	44,372	25,775	58.1%	(822)
	Total			909,134	835,122	91.9%	(153,479)
16	Aspen Insurance Holdings	Aspen Insurance UK Ltd	A/Stable/--	846,371	423,655	50.1%	233,957
	Total			846,371	423,655	50.1%	233,957
17	Fortis NV	Fortis Insurance Ltd	BBBpi/--/--	759,553	728,628	95.9%	(47,692)
	Total			759,553	728,628	95.9%	(47,692)
18	Brit Insurance Holdings	Brit Insurance Ltd	NR	674,191	523,051	77.6%	(58,069)
	Total			674,191	523,051	77.6%	(58,069)
19	Liverpool Victoria Friendly Society	Liverpool Victoria Insurance Company Ltd	NR	410,774	397,776	96.8%	(106,566)
		Highway Insurance Company Ltd	NR	236,116	197,916	83.8%	1,945
	Total			646,890	595,692	92.1%	(104,621)
20	Factory Mutual Insurance Co	FM Insurance Co Ltd	BBBpi/--/--	629,593	132,677	21.1%	(10,690)
	Total			629,593	132,677	21.1%	(10,690)
21	Groupama	Groupama Insurance Co Ltd	A/Negative/--	433,250	406,153	93.7%	(28,249)
	Total			433,250	406,153	93.7%	(28,249)
22	Genworth Financial Inc	Financial Insurance Co Ltd	A-/Stable/--	408,577	299,922	73.4%	(7,362)
	Total			408,577	299,922	73.4%	(7,362)

Underwriting profit £000s	Adjusted shareholders' funds (ASF) £000s	NWP / ASF	Reported loss ratio	Reported combined ratio	Accident year loss ratio	Accident year combined ratio	(Property + equities) / ASF	Technical reserves / liquid assets	Technical reserves / NWP	Loss reserves / NWP
1,198,000	14,182,000	100.2%	61.4%	90.4%	70.8%	100.0%	32.0%	76.3%	237.2%	196.4%
(421,690)	1,937,047	206.5%	70.7%	110.8%	67.7%	107.9%	37.4%	159.6%	127.7%	97.9%
(65,068)	1,005,239	103.0%	69.9%	114.3%	72.8%	108.3%	9.8%	145.5%	142.3%	122.3%
832	81,674	2.7%	61.6%	61.6%	0.0%	0.0%	0.0%	(99.2%)	(1031.9%)	528.2%
(485,926)	3,023,960	166.6%	70.5%	111.5%	68.9%	107.9%	27.2%	154.8%	130.2%	103.1%
139,536	669,001	252.0%	73.0%	91.6%	71.8%	90.5%	104.6%	94.2%	126.1%	82.9%
(11,127)	623,245	185.4%	70.7%	102.3%	78.0%	108.2%	0.1%	81.1%	153.4%	102.8%
46,426	780,743	139.7%	64.4%	95.3%	65.2%	96.4%	0.2%	70.6%	118.6%	78.9%
(41,043)	564,132	126.5%	71.3%	108.3%	82.5%	116.1%	0.0%	75.1%	181.2%	145.7%
133,792	2,637,121	176.2%	70.2%	97.7%	73.6%	100.5%	26.6%	81.1%	139.6%	96.5%
(54,977)	1,111,586	208.0%	77.1%	98.4%	76.8%	102.8%	2.1%	69.1%	85.5%	69.8%
(2,406)	88,156	36.9%	67.9%	109.2%	57.1%	96.2%	7.2%	46.1%	170.5%	111.4%
(53,374)	1,622,427	144.9%	76.8%	98.3%	76.2%	102.4%	1.8%	61.6%	86.5%	70.2%
8,264	2,694,838	120.4%	65.7%	101.0%	74.0%	108.3%	38.6%	121.7%	216.2%	167.6%
8,264	2,694,838	120.4%	65.7%	101.0%	74.0%	108.3%	38.6%	121.7%	216.2%	167.6%
(11,845)	988,500	295.7%	65.1%	101.7%	69.9%	106.3%	63.5%	104.9%	132.7%	98.2%
2,493	14,439	116.4%	28.8%	80.7%	33.4%	88.7%	0.0%	46.5%	67.5%	32.5%
(9,352)	1,002,939	293.1%	64.9%	101.6%	69.7%	106.2%	62.6%	104.5%	132.3%	97.8%
5,623	572,744	373.6%	73.3%	101.7%	77.5%	105.4%	117.2%	85.9%	251.1%	210.6%
(37,287)	1,242,239	172.5%	73.7%	103.6%	77.4%	105.3%	65.0%	80.1%	254.9%	214.4%
(11,540)	689,245	114.3%	66.7%	101.4%	80.6%	114.1%	2.6%	78.7%	233.0%	197.3%
(11,540)	689,245	114.3%	66.7%	101.4%	80.6%	114.1%	2.6%	78.7%	233.0%	197.3%
124,929	464,462	415.0%	80.3%	93.1%	82.1%	95.3%	50.5%	91.0%	54.0%	12.2%
124,929	464,462	415.0%	80.3%	93.1%	82.1%	95.3%	50.5%	91.0%	54.0%	12.2%
142,319	235,022	208.0%	23.9%	72.8%	31.7%	78.9%	71.4%	53.1%	73.8%	28.0%
132,768	302,354	207.7%	35.8%	77.3%	36.2%	78.4%	71.2%	69.8%	78.6%	28.4%
(38,372)	169,870	288.8%	83.8%	105.6%	92.2%	117.5%	103.3%	90.0%	119.8%	74.2%
236,715	707,246	227.3%	45.1%	82.9%	50.2%	89.4%	79.0%	70.7%	89.7%	42.2%
27,185	535,359	251.4%	59.1%	98.0%	71.1%	110.0%	16.2%	108.0%	143.0%	106.4%
(31,328)	68,056	135.0%	95.9%	134.1%	106.5%	147.3%	0.0%	74.6%	114.8%	85.7%
2,134	18,637	35.2%	32.3%	67.3%	50.8%	79.0%	0.0%	20.0%	100.4%	60.0%
3,978	11,596	52.6%	67.7%	45.3%	79.8%	62.8%	0.0%	18.5%	102.2%	62.3%
1,969	633,648	228.9%	61.2%	99.8%	73.1%	111.8%	13.7%	102.7%	140.8%	104.7%
168,483	1,525,646	101.9%	69.0%	89.2%	77.8%	95.3%	13.6%	72.5%	180.1%	155.4%
168,483	1,525,646	101.9%	69.0%	89.2%	77.8%	95.3%	13.6%	72.5%	180.1%	155.4%
(129)	669,652	111.6%	65.1%	100.0%	80.6%	114.7%	14.5%	82.1%	243.7%	199.0%
(1,247)	685,350	109.1%	65.3%	100.2%	80.6%	114.7%	14.5%	81.7%	248.5%	203.8%
(62,230)	565,797	18.5%	151.1%	189.6%	159.7%	201.1%	3.3%	37.6%	377.6%	337.8%
(62,487)	567,356	18.4%	151.1%	189.8%	159.7%	201.1%	3.3%	37.5%	377.8%	338.0%
(66,206)	2,341,051	34.6%	89.5%	109.3%	108.7%	128.8%	96.1%	55.8%	229.3%	183.1%
8,720	179,712	14.3%	11.3%	66.2%	14.5%	68.7%	0.0%	3.2%	20.0%	20.0%
(57,486)	2,520,763	33.1%	87.0%	107.9%	105.7%	126.9%	89.3%	53.4%	222.9%	178.1%
(104,846)	1,053,823	40.2%	89.9%	124.5%	33.5%	68.9%	15.3%	62.1%	327.6%	256.6%
(104,846)	1,053,823	40.2%	89.9%	124.5%	33.5%	68.9%	15.3%	62.1%	327.6%	256.6%
(5,237)	337,935	215.6%	76.1%	100.3%	82.8%	107.6%	0.1%	77.2%	126.8%	88.1%
(5,237)	337,935	215.6%	76.1%	100.3%	82.8%	107.6%	0.1%	77.2%	126.8%	88.1%
2,260	479,031	109.2%	67.0%	98.6%	85.2%	116.4%	27.7%	80.2%	241.4%	195.9%
2,260	479,031	109.2%	67.0%	98.6%	85.2%	116.4%	27.7%	80.2%	241.4%	195.9%
(31,460)	254,491	156.3%	66.7%	105.6%	95.5%	137.3%	0.0%	77.1%	137.7%	93.4%
(52,685)	80,450	246.0%	99.1%	127.0%	97.6%	124.3%	79.7%	82.3%	148.0%	109.4%
(84,145)	334,941	177.8%	78.1%	113.3%	96.3%	132.7%	19.2%	78.8%	141.1%	98.7%
(2,329)	283,682	46.8%	97.8%	106.1%	107.1%	115.5%	58.3%	39.4%	133.3%	95.1%
(2,329)	283,682	46.8%	97.8%	106.1%	107.1%	115.5%	58.3%	39.4%	133.3%	95.1%
(11,760)	133,111	305.1%	70.5%	102.0%	78.0%	110.5%	8.7%	85.5%	130.8%	93.2%
(11,760)	133,111	305.1%	70.5%	102.0%	78.0%	110.5%	8.7%	85.5%	130.8%	93.2%
11,564	205,061	146.3%	18.2%	106.5%	20.4%	99.7%	7.3%	48.7%	66.1%	22.6%
11,564	205,061	146.3%	18.2%	106.5%	20.4%	99.7%	7.3%	48.7%	66.1%	22.6%

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#	Parent	Company	Standard & Poor's financial strength rating at 15 October 2009	2008 figures: Gross written premium (GWP) £000s	Net written premium (NWP) £000s	NWP/GWP	Prior-year loss reserve movement £000s
23	Co-operative Insurance Society	CIS General Insurance Ltd	-	394,369	375,066	95.1%	(52,404)
	Total			394,369	375,066	95.1%	(52,404)
24	Liberty Mutual	Liberty Mutual Insurance Europe Ltd	A-/Stable/--	368,868	246,518	66.8%	(34,510)
	Total			368,868	246,518	66.8%	(34,510)
25	Onex Corp	London General Insurance Co Ltd	NR	341,589	207,747	60.8%	(9,480)
	Total			341,589	207,747	60.8%	(9,480)
26	Tokio Marine Holdings	Tokio Marine Europe Insurance Ltd	AA/Stable/--	225,883	108,813	48.2%	669
		Tokio Marine Global Ltd	AA/Stable/--	109,016	108,867	99.9%	(14,183)
	Total			334,899	217,680	65.0%	(13,514)
27	Simplyhealth Group	Simplyhealth Access	-	334,799	334,799	100.0%	(3,356)
	Total			334,799	334,799	100.0%	(3,356)
28	Hiscox Ltd	Hiscox Insurance Co Ltd	A/Stable/--	324,942	224,725	69.2%	(36,079)
	Total			324,942	224,725	69.2%	(36,079)
29	Allchurches Trust Ltd	Ecclesiastical Insurance Office plc	A-/Stable/--	302,490	198,544	65.6%	(34,957)
		Ansvar Insurance Co Ltd	BBBpi/--/--	22,391	12,596	56.3%	(2,780)
	Total			324,881	211,140	65.0%	(37,737)
30	Pool RE	Pool Reinsurance Co Ltd	-	320,793	225,319	70.2%	(196)
	Total			324,116	228,007	70.3%	(196)
31	The Travelers Companies Inc	Travelers Insurance Co Ltd	AA-/Positive/--	315,868	265,477	84.0%	(79,770)
	Total			315,961	327,641	103.7%	50,323
32	Legal & General Group	Legal & General Insurance Ltd	BBBpi/--/--	295,802	274,466	92.8%	(9,757)
	Total			299,771	278,435	92.9%	(9,408)
33	Standard Life plc	Standard Life Healthcare Ltd	-	273,698	273,430	99.9%	(3,780)
	Total			273,698	273,430	99.9%	(3,780)
34	Arch Capital Group	Arch Insurance Company (Europe) Ltd	A/Positive/--	265,098	22,180	8.4%	(553)
	Total			265,098	22,180	8.4%	(553)
35	Catlin Insurance	Catlin Insurance Company (UK) Ltd	A-/Positive/--	262,978	124,029	47.2%	15,414
	Total			262,978	124,029	47.2%	15,414
36	Lancashire Holdings	Lancashire Insurance Company (UK) Ltd	-	262,190	42,205	16.1%	925
	Total			262,190	42,205	16.1%	925
37	FIM Holdings	Provident Insurance plc	BB+/Stable/--	188,195	176,862	94.0%	(14,897)
		Motors Insurance Co Ltd	-	62,391	62,003	99.4%	(6,610)
	Total			250,586	238,865	95.3%	(21,507)
38	MMA IARD	MMA Insurance plc	A/Stable/--	250,502	241,046	96.2%	(8,277)
	Total			250,502	241,046	96.2%	(8,277)
39	HDI Haftpflichtverband	International Insurance Co of Hannover Ltd	AA-/Negative/--	248,612	46,757	18.8%	28,568
	Total			248,612	46,757	18.8%	28,568
40	SCOR SE	SCOR UK Co Ltd	A/Stable/--	135,252	66,380	49.1%	(4,554)
		SCOR Insurance (UK) Ltd	A/Stable/--	79,600	15,489	19.5%	2,927
	Total			214,852	81,869	38.1%	(1,627)
41	Berkshire Hathaway Inc	Berkshire Hathaway International Insurance Ltd	AAA/Negative/--	79,409	17,256	21.7%	3,698
		General Reinsurance UK Ltd	AAA/Negative/--	66,023	64,311	97.4%	(31,040)
		Faraday Reinsurance Co Ltd	AAA/Negative/--	62,736	61,236	97.6%	(22,032)
	Total			208,231	142,814	68.6%	(48,019)
42	HSBC Holdings	HSBC Insurance UK Ltd	-	206,508	192,821	93.4%	5,651
	Total			206,508	192,821	93.4%	5,651
43	Markel Corp	Markel International Insurance Co Ltd	-	185,616	159,333	85.8%	(10,642)
	Total			185,616	159,333	85.8%	(10,642)
44	Loews Corp	CNA Insurance Co Ltd	A-/Stable/--	169,333	140,887	83.2%	(30,710)
	Total			169,333	140,887	83.2%	(30,710)
45	Domestic & General Group	Domestic & General Insurance plc	NR	167,798	167,522	99.8%	(2,161)
	Total			167,798	167,522	99.8%	(2,161)
46	HCC Ins Holdings Inc	HCC International Insurance Company	AA/Stable/--	126,589	99,806	78.8%	(6,848)
		Houston Casualty Company (UK branch)	-	40,916	22,613	55.3%	(44,558)
	Total			167,505	122,419	73.1%	(51,406)
47	Aioi Ins Co	Aioi Motor & General Insurance Company of Europe	A+/Positive/--	136,296	102,175	75.0%	(3,452)
	Total			136,296	102,175	75.0%	(3,452)
48	Mitsui Sumitomo	Mitsui Sumitomo Insurance Co (Europe)	AA/Negative/--	114,344	41,260	36.1%	(1,810)
	Total			114,344	41,260	36.1%	(1,810)
49	BNP Paribas	Pinnacle Insurance	A-/Negative/--	108,645	102,658	94.5%	716
	Total			108,645	102,658	94.5%	716
50	Western Provident Association	Western Provident Association	-	107,599	106,291	98.8%	16
	Total			107,599	106,291	98.8%	16

Notes

- The Top 50 table shows the main operating entities within each group. Included in the aggregate but excluded from display are those companies with less than £10m gross written premium in 2008.
- Data has been extracted from Standard & Poor's SynThesys Non-Life 2008 database (as at 20 July 2009), which utilises UK non-life regulatory return data from the FSA.
- Lloyd's data has been taken from Standard & Poor's ClassicDirect and reflects an aggregation of all syndicates participating at Lloyd's.
- Excluded from the analysis are global reinsurers and companies where gross or net written premium in 2008 is less than zero.

* AXA Insurance Group reflects AXA Insurance plc and its wholly owned subsidiary companies: AXA General Insurance Ltd, AXA Insurance UK plc (AA/Negative/--), AXA PPP Healthcare Ltd and The Royal Exchange Assurance.

Underwriting profit £000s	Adjusted shareholders' funds (ASF) £000s	NWP / ASF	Reported loss ratio	Reported combined ratio	Accident year loss ratio	Accident year combined ratio	(Property + equities) / ASF	Technical reserves / liquid assets	Technical reserves / NWP	Loss reserves / NWP
(51,100)	333,608	112.4%	69.2%	113.8%	82.8%	126.4%	0.0%	79.8%	217.0%	174.0%
(51,100)	333,608	112.4%	69.2%	113.8%	82.8%	126.4%	0.0%	79.8%	217.0%	174.0%
37,537	430,803	57.2%	53.1%	84.8%	70.1%	103.3%	0.0%	63.6%	253.3%	208.4%
37,537	430,803	57.2%	53.1%	84.8%	70.1%	103.3%	0.0%	63.6%	253.3%	208.4%
12,739	93,858	221.3%	28.4%	94.5%	33.4%	96.9%	20.9%	64.3%	96.3%	22.9%
12,739	93,858	221.3%	28.4%	94.5%	33.4%	96.9%	20.9%	64.3%	96.3%	22.9%
1,544	90,668	120.0%	60.1%	96.5%	59.4%	97.0%	0.0%	71.2%	168.6%	151.1%
6,915	108,150	100.7%	60.8%	93.6%	71.7%	102.9%	0.0%	92.3%	180.9%	118.9%
8,459	198,818	109.5%	60.4%	95.1%	65.8%	100.1%	0.0%	80.8%	174.7%	135.0%
(11,581)	92,318	362.7%	82.8%	103.3%	83.8%	104.4%	52.5%	45.1%	21.9%	10.7%
(11,581)	92,318	362.7%	82.8%	103.3%	83.8%	104.4%	52.5%	45.1%	21.9%	10.7%
42,600	159,854	140.6%	56.2%	81.0%	71.4%	96.3%	33.6%	74.0%	122.5%	95.8%
42,600	159,854	140.6%	56.2%	81.0%	71.4%	96.3%	33.6%	74.0%	122.5%	95.8%
(1,945)	262,775	75.6%	64.1%	101.1%	78.4%	113.4%	68.1%	71.2%	199.2%	161.0%
2,627	18,427	68.4%	38.9%	76.0%	62.2%	101.3%	1.5%	48.4%	151.9%	101.5%
682	281,202	75.1%	62.7%	99.7%	77.5%	112.7%	63.7%	69.7%	196.3%	157.4%
224,573	3,004,822	7.5%	(0.1%)	1.3%	0.0%	1.1%	11.9%	4.5%	63.6%	4.7%
226,878	3,023,173	7.5%	(0.1%)	1.5%	0.0%	1.2%	12.5%	4.5%	63.2%	4.7%
59,164	503,150	52.8%	50.0%	77.6%	80.0%	107.5%	0.0%	62.8%	303.7%	261.2%
(15,876)	621,610	52.7%	80.3%	104.8%	80.0%	107.5%	0.0%	70.4%	407.9%	373.4%
(23,208)	94,203	291.4%	68.9%	108.8%	72.4%	111.9%	0.0%	77.4%	72.5%	44.2%
(26,388)	1,988,003	14.0%	68.7%	109.8%	72.1%	111.0%	65.5%	12.6%	72.9%	44.2%
6,168	63,174	432.8%	71.0%	97.7%	72.3%	98.9%	0.0%	112.4%	51.2%	10.0%
6,168	63,174	432.8%	71.0%	97.7%	72.3%	98.9%	0.0%	112.4%	51.2%	10.0%
(8,989)	49,474	44.8%	85.8%	140.5%	100.6%	108.4%	0.0%	42.7%	195.9%	264.4%
(8,989)	49,474	44.8%	85.8%	140.5%	100.6%	108.4%	0.0%	42.7%	195.9%	264.4%
2,850	125,991	98.4%	66.7%	97.7%	59.3%	88.4%	71.2%	63.9%	134.4%	107.6%
2,850	125,991	98.4%	66.7%	97.7%	59.3%	88.4%	71.2%	63.9%	134.4%	107.6%
(10,151)	125,092	33.7%	81.3%	118.3%	78.1%	131.6%	11.6%	18.3%	68.7%	59.3%
(10,151)	125,092	33.7%	81.3%	118.3%	78.1%	131.6%	11.6%	18.3%	68.7%	59.3%
(8,649)	67,205	263.2%	83.6%	103.7%	93.2%	115.8%	3.4%	83.4%	156.4%	106.7%
8,854	45,218	137.1%	44.4%	104.6%	54.1%	98.3%	0.0%	48.7%	84.7%	11.5%
205	112,423	212.5%	70.0%	100.5%	79.9%	109.9%	2.1%	74.9%	137.8%	82.0%
(15,779)	93,829	256.9%	74.6%	105.4%	78.3%	112.0%	56.4%	88.0%	122.2%	82.1%
(15,779)	93,829	256.9%	74.6%	105.4%	78.3%	112.0%	56.4%	88.0%	122.2%	82.1%
(26,697)	135,458	34.5%	145.5%	157.1%	113.8%	98.0%	0.2%	60.9%	381.3%	372.8%
(26,697)	135,458	34.5%	145.5%	157.1%	113.8%	98.0%	0.2%	60.9%	381.3%	372.8%
(12,943)	64,340	103.2%	98.9%	119.5%	106.9%	126.8%	106.7%	88.0%	341.0%	288.1%
(2,584)	62,531	24.8%	123.4%	116.7%	103.9%	113.4%	13.7%	65.4%	667.9%	629.0%
(15,527)	126,871	64.5%	103.5%	119.0%	106.3%	124.3%	60.9%	79.4%	402.8%	352.6%
(4,200)	53,279	32.4%	99.1%	119.4%	77.9%	97.7%	6.5%	61.3%	518.8%	415.4%
34,953	304,709	21.1%	16.1%	40.6%	70.5%	97.6%	0.0%	73.5%	667.0%	639.4%
4,034	202,080	30.3%	65.2%	93.4%	102.7%	127.0%	0.0%	68.2%	686.0%	662.1%
33,469	577,822	24.7%	49.1%	74.6%	85.7%	110.7%	0.8%	70.7%	703.0%	667.9%
(40,684)	77,663	248.3%	101.3%	121.7%	97.0%	118.0%	0.0%	86.8%	151.9%	101.8%
(40,684)	77,663	248.3%	101.3%	121.7%	97.0%	118.0%	0.0%	86.8%	151.9%	101.8%
9,610	182,634	87.2%	57.5%	94.0%	71.7%	105.1%	56.5%	77.5%	328.8%	303.2%
9,610	182,634	87.2%	57.5%	94.0%	71.7%	105.1%	56.5%	77.5%	328.8%	303.2%
5,304	229,067	61.5%	65.4%	96.1%	90.9%	122.2%	1.8%	69.2%	282.5%	248.5%
5,304	229,067	61.5%	65.4%	96.1%	90.9%	122.2%	1.8%	69.2%	282.5%	248.5%
18,816	65,252	256.7%	46.9%	80.9%	48.4%	88.3%	79.9%	83.3%	89.3%	4.7%
18,816	65,252	256.7%	46.9%	80.9%	48.4%	88.3%	79.9%	83.3%	89.3%	4.7%
4,300	138,230	72.2%	51.6%	87.7%	60.8%	98.5%	13.9%	64.4%	141.2%	85.7%
17,161	128,148	17.6%	(99.2%)	(53.2%)	85.8%	122.2%	0.2%	49.9%	599.7%	531.5%
21,461	266,378	46.0%	20.3%	58.3%	65.7%	103.2%	7.3%	56.4%	225.9%	168.1%
(18,205)	50,603	201.9%	80.1%	117.2%	84.1%	125.7%	74.4%	74.1%	77.3%	55.5%
(18,205)	50,603	201.9%	80.1%	117.2%	84.1%	125.7%	74.4%	74.1%	77.3%	55.5%
(23,772)	42,448	97.2%	91.0%	157.6%	114.9%	194.2%	0.0%	56.7%	146.3%	126.0%
(23,772)	42,448	97.2%	91.0%	157.6%	114.9%	194.2%	0.0%	56.7%	146.3%	126.0%
(21,617)	132,998	77.2%	23.1%	209.0%	22.8%	109.2%	0.9%	37.9%	98.9%	46.5%
(21,617)	132,998	77.2%	23.1%	209.0%	22.8%	109.2%	0.9%	37.9%	98.9%	46.5%
3,427	139,306	76.3%	80.0%	96.8%	80.0%	96.8%	23.0%	32.7%	49.0%	9.4%
3,427	139,306	76.3%	80.0%	96.8%	80.0%	96.8%	23.0%	32.7%	49.0%	9.4%

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OPPORTUNITY KNOCKS

TOO OFTEN IN A RECESSION, TALK TURNS TO GLOOM AND DOOM. WHY NOT OPPORTUNITIES, ASKS **STEPHEN HADDRILL**. *SEEK THEM OUT AND BE READY TO PUT THEM INTO PRACTICE WHEN PEOPLE START SPENDING AGAIN. BECAUSE, HE SAYS, THEY WILL. THEY ALWAYS DO*

We talk too often about challenges at present, too little about opportunities. No doubt that reflects expectations of a flat consumer demand; of people saving, not spending. The consensus is that the recovery will be slow, but nobody really knows. The safest bet is that the next quarter will be the same as the last.

Instead, remember a few facts. The government is raising about £200bn in extra debt per year and there are nearly 60 bond auctions a year. Interest rates can only go up, so new debt will be more expensive and taxes will rise to pay for it.

Gloomy enough? But markets will recover and people will start spending – they always do. The big challenge is to be ready; ready to grow again, with innovation strategies in place and your reputation high with customers.

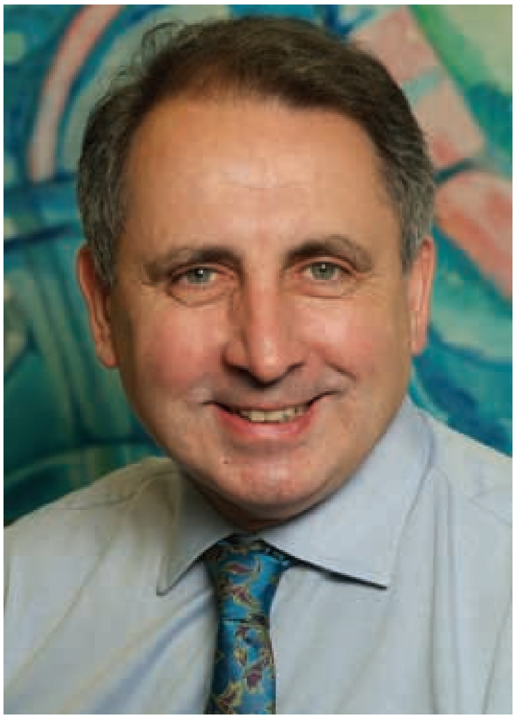
The constant focus on cost in a recession can damage customer satisfaction. Fraud is increasing and the industry is rightly bearing down on those it suspects. The challenge, however, is not to alienate the honest customer in doing so.

Plus, the search for new customers in a stagnant market makes existing customers wonder what is going on. The word on the street is that it is always better to switch as that creates a challenging market. Why, I am asked, does the industry not put as much effort into loyalty and retention as into switching? I know that many do, but that is not how it often seems out there.

The growth of price comparison sites has also intensified the focus on price. The FSA is asking more and more questions about these sites and, as always, their concern focuses on customer expectations. The internet policy and the policy sold over the phone by the same firm are not always identical. Why should they be if one is cheaper? Because the customer expects them to be.

We have come a long way in improving customer outcomes. But we have further to go and we must make sure that our great innovations – new ways to tackle fraud, new uses of the internet – do not carry the seeds of new problems.

Perhaps here it is worth offering a few words of



farewell to the FSA. The Conservatives will dissolve the authority and the Bank of England will take on prudential regulation. A new Consumer Protection Agency (CPA) will be formed. Its sole focus will be what it says on the tin: consumer protection. We must ensure that it focuses on the real consumer interest, not just on making the consumer 'safe', and that it understands that more regulation pushes up prices and leads to fewer people protecting themselves.

The regulatory challenge lies also on capital requirements. Solvency II is a good piece of work. But the proposals for implementing the regulations are bizarre, requiring a huge increase in capital on both the life and general sides.

I have been asked many times by regulators in Europe why insurance should not require more capital. Bankers need it. Why not insurance? Because insurance is not banking. It does not leverage capital. It puts capital behind risk. And over the past year its model has been stress-tested – not in theory, but in practice – and it held up strongly. We must get this message over.

If we fail, the UK and Europe will become less competitive internationally. Any firm based in the EU must apply EU standards when doing business in the US. So EU-based firms would become uncompetitive in the largest market in the world.

Competitiveness also rests on the tax regime. The UK tax system is in danger of driving insurance businesses away. In an ABI survey of chief executives and finance directors, more than two-thirds said that if the UK's corporate tax regime remained unchanged, the number of insurance companies domiciled here would drop. Likewise on personal taxes. More than two-thirds felt the uncompetitive regime made it more likely that they would look to work abroad.

These are some of the challenges of our current circumstances: economic context; keeping close to consumers and raising customer outcomes; maintaining our competitiveness in a difficult fiscal and regulatory environment.

But there is one respect in which the difficulties faced by the government could give rise to opportunity. All the political parties are looking again at how far the private sector can manage the risks they currently control. The Conservatives have proposed that long-term care should be provided through a new type of insurance. Are there other areas where the private sector risk managers of society – the insurance sector – could develop markets where state provision has traditionally held sway?

We are indeed in challenging times. But in challenging times, those who see most clearly through the mist will be best prepared to take advantage when the upturn comes – as it will.

STEPHEN HADDRILL IS DIRECTOR-GENERAL OF THE ABI. THIS IS PART OF A SPEECH HE MADE TO LAST MONTH'S INSURANCE TIMES LEADERS FORUM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