

# LMA Underwriting Director Q1 2025 Report

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Supporting, representing, engaging with and finding solutions for Lloyd's underwriters.



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# Underwriting Director Elizabeth Wooliston

Another quarter has flown by. There are changes at the top of Lloyd's with Sir Charles Roxburgh KCB taking up the position of Chair of Lloyd's on 01 May 2025, succeeding Bruce Carnegie-Brown after his eight-year term. Patrick Tiernan has also been appointed as CEO.

Following the publication of the 2024 results, Lloyd's also released its estimate for the California wildfires: a best estimate figure of US\$2.3 billion net. This gives Lloyd's a market share of between 3% and 5%. Notably, 85% of the loss is contained within the property class and 72% of losses are from the 2024 year of account (YoA).

The reinsurance contract between LIC and syndicates remains at 100% and LIC has maintained a dialogue with the Belgian regulator (NBB) over the last couple of years regarding how it should mitigate the risk of not being able to recover the sums from Lloyd's reinsurers. To mitigate regulatory risk, LIC has proposed a range of options to the LMA Finance Committee, seeking to avoid cliff-edge trigger points while also minimising the trapping of significant funds in Belgium, which would increase liquidity constraints. The current proposal involves establishing a working fund in Belgium where LIC retains premium retained up to the level of claims reserves (excluding IBNR). This would apply prospectively from the 2026 YoA to claims arising after that date. A working group of market representatives from the treasury, investment, legal and regulatory communities has been formed to collaborate with Lloyd's on ensuring that the proposal works from a legal and regulatory point of view, including proposed changes to the wording of the quota share and operational processes and fund investment options. Final recommendations will be presented to the LMA Finance Committee for approval before implementation.

In February, members of the LMA leadership team visited LIC to discuss over 120 pieces of detailed market feedback on operations, underwriting and regulation. On underwriting matters, David Jackson and I covered timetabling, secondee allocation, the need to review the LIC Playbook and a SharePoint 'spring clean'. All initiatives are underway and are expected to be completed by the end of June. David Jackson will present the improvements at the June CUO Committee meeting.

Broker commissions, with a focus on SMB, remain a key concern for many managing agents. The CUO Committee had asked the LMA to clarify the legal framework around granting certain commissions. In response, guidance was issued towards the end of 2024 and in January two

lawyers and a KC were invited to present their views and answer questions at the Old Library. A recording of this session is available [here](#) and has been widely accessed. Since then, work has continued on drafting SMB legal advice and considering additional clauses and we aim to issue guidance on potential 'accessory liability' risks by the end of the month.

A survey was circulated to gauge interest in opening a Lloyd's service branch in GIFT City, India. Broadly, there was insufficient support to justify Lloyd's opening there at this time so the conversation will be revisited in 12 months. Staying with India, we recently hosted a well-attended webinar with Lloyd's on reinsurance collateralisation, attracting over 400 participants and followed up with new LMA clauses to assist members having to collateralise their reinsurance contracts with Indian insurers. The webinar slides are available on request.

Recognising the rapid evolution of data and technology, the LMA Academy has launched work on a new programme, CUO of the Future. Developed in collaboration with a panel of existing CUOs, it will identify the skills likely to be essential over the next 5 to 10 years. The programme is due to launch in January 2026.

Florida-based law firm CSK ran two highly subscribed sessions on litigation funding and abuse - a topic of significant and ongoing concern. Slides from these sessions are available on request.

At the CUO Committee, we held discussions with Rachel Turk on the ongoing underwriting strategy, Patrick Davison on the evolving oversight of high-risk classes and Peter Montenaro on his reflections regarding business planning.

We also recently hosted Louisiana Insurance Commissioner Tim Temple, along with a panel of market representatives, to provide input on legislative priorities. Recommendations submitted included clarifying proof of loss requirements and removing one-way attorney fee provisions.

Improving our presence in North America remains a priority for 2025. We have established new dialogue with WSIA, ELANY, Lloyd's US and the NAIC to better understand roles and responsibilities and to identify how the LMA can complement existing efforts. Members of the LMA underwriting team have also recently attended RIMS RISKWORLD, where we hosted two sessions in the Lloyd's Lounge: Cyber Physical Damage: Perspectives and Opportunities and Litigation Funding in the US and Implications for Insurers.





## WORDINGS

Seven model clauses were published in Q1, including:

- Two clauses to assist with the Lloyd's requirement to clearly set out lead syndicate security in all contracts.
- Two minor updates to territorial exclusions for the terrorism & political violence market.
- Two clauses to assist with compliance with Indian reinsurance collateralisation/funds withheld requirements.

In Q1, the LMA wordings team worked with LMA members on around 25 projects, covering a range of activities, including:

- A suite of wordings for the Contingency Committee, to address cyber risk and strike, riot and civil commotion.
- Drafting new model policies for UK SME property & business interruption, contingency event cancellation (UK consumer) and group personal accident (UK SME).
- Updates to clauses addressing US service of suit requirements.
- Updates to model policies for US/International property.

The LMA wordings team is also working on a 'spring clean' of the Lloyd's Wordings Repository (LWR); reviewing a suite of around 1,600 LMA-owned wordings with our committees and market contacts, to check if older wordings are still in use and fit for purpose.

All LMA model wordings are available on the LWR. Please feel free to contact the LMA wordings team with any queries.



## LMA ACADEMY

The first quarter of 2025 saw the LMA Academy deliver the first four underwriting-led programmes of a packed [2025 LMA Academy Curriculum](#).

The highly regarded and popular OII-accredited Foundation for Underwriting in the Lloyd's Market and Contract Wordings programmes were delivered alongside our Commercial Acumen and Analysing Corporate Statements for Underwriters workshops. These were attended by over 70 delegates and amounted to more than 1,000 learning hours.

Time was spent preparing our flagship Syndicate Business Planning and Driving Portfolio Performance programmes, both of which successfully started in early April. We also engaged with the CUO Committee to begin building a new programme to support the CUOs of the future.

Looking ahead to the second quarter and early summer of 2025, we are excited to launch our new programme, Foundation for Underwriting Contingency Insurance, which starts on 14 May.

We will deliver a range of established foundation programmes across classes of business including cyber and terrorism; reinsurance programmes at both foundation and intermediate levels; and the OII-accredited Reinsurance Contract Wordings event. Look out for another new programme covering fine art and specie, which begins in September. A limited number of places are still available on these programmes.

Our programmes continue to benefit from fantastic contributions from market practitioners across the LMA underwriting and claims teams. There are too many names to mention here but we thank all of them for their input, energy and support.

Registration for our 2025 programmes is open in the LMA Virtual Academy. For more details, please contact [Andy Oakley](#) at the LMA Academy.



# Committee updates

Committees remain the backbone of the LMA underwriting team. There is a huge body of work done across the 38 committees, including 1,100 delegates and associated working groups, all facilitated by the LMA underwriting team. Some of the highlights this quarter include:

## CUO COMMITTEE

Alongside the focus work on SMB, the LMA has been working on an AI loss scenarios project for the CUO Committee. A list of around 40 loss scenarios, across all major product lines, was produced in 2024, along with an initial analysis of potential exposure based on use of applicable LMA model cyber clauses. Building on this work, the LMA team has drafted a market survey to explore each loss scenario in more detail. The collated responses and insights will be shared with the market in due course. The survey can be found [here](#) and the LMA would be very grateful for wide participation.

The committee had presentations from Peter Montanaro to reflect on the broadly successful business planning for 2025. Patrick Davison is looking at how Lloyd's might assess high-risk classes of business going forward. His proposals were put to the CUOC for feedback, particularly on the assessment of volatility in classes. We also welcomed Rachel Turk, who presented her ongoing strategy with regards to oversight and her particular focus on delegated authority.



## **POLITICAL RISK & CREDIT**

The committee is working closely with Lloyd's, who are reviewing the oversight of this class of business, with a focus on credit. A detailed data collection has been undertaken on credit portfolios and a change in risk codes is being introduced from 01 January 2026. Further work is expected on updating the suite of RDS to ensure an appropriate focus on credit loss events.

## **TRANSACTIONAL LIABILITY INTEREST GROUP**

The LMA has formed an Interest Group for transactional liability underwriters, following an eventful claims period in this market in recent years and increasing interest from Lloyd's performance management. Tim Allen (Beazley) has been appointed as chair and two meetings have been held in Q1, with high levels of support from the market. The group's initial priorities are to:

- Propose a new set of risk codes to Lloyd's, for adoption from 01 January 2026, to offer more granularity, aiding performance management and oversight.
- Run educational events and briefings for practitioners.
- Coordinate with the IUA and company market/MGA practitioners.

## **AVIATION**

There has been much discussion regarding this market and the current pricing trends. Members are delving into the issues that have led to the continued softening within the airline sector. Additionally, the committee's satellite-focused sub-group is reviewing the wordings used within the sector in an effort to improve market practices and client deliverables moving forward. After a period of significant challenges, it is hoped that new wordings will be developed throughout the year to enhance the process for insured parties, brokers and underwriters alike. This will further affirm why markets choose London for these sectors.



## ONSHORE ENERGY

This market has faced a challenging start to 2025, with significant events in both the US and Europe impacting the sector. Underwriters are increasingly focused on raising awareness of key issues, particularly the impacts of fixed costs on coverage and the complexities surrounding permitting for highly technical risks across multiple jurisdictions.

Additionally, as the sector approaches 2030, there is a growing emphasis on understanding the effects of carbon credits and the unique challenges they present. These factors are driving ongoing discussions and efforts to adapt practices and ensure comprehensive coverage within the industry.

## RENEWABLE ENERGY

The year began with a joint event between brokers and underwriters, targeting the next generation of talent within this sector. It was a well-attended event that addressed the expertise and requirements of insureds and carriers alike across the market. The members continue their search for improved clauses related to quality assurance and obsolescence. The committee has also had the privilege of adding two new members due to an unscheduled election, welcoming representatives from AXA XL and QBE.

The second quarter has started with the underwriting and claims renewable energy committees combining to form a subgroup focused on identifying key coverage issues, such as business interruption and technological improvements leading to betterment. This collaborative approach aims to ensure more comprehensive coverage and address emerging challenges within the renewable energy sector.



## **POWER GENERATION**

This sector is also facing challenges as insureds continue to transition from fossil fuels to a greener, more sustainable energy source. The market is seeing challenges that relate to obsolescence originating from changes in technology (e.g. greater use of hydrogen) with respect to feed sources for generating power. The market also continues to be impacted by losses across the globe that are further compounded by supply chain issues and manufacturers' ability to respond to each event due to shortages. Additionally, regulatory changes and the push for more stringent environmental standards are creating further complexities for underwriters and insureds. The need to balance innovation with risk management is driving ongoing discussions and efforts to adapt practices, ensuring the sector remains resilient and capable of meeting future energy demands.

## **JOINT NATURAL RESOURCES**

This committee began the year with elections for members who were stepping down after many years of assistance to the committee. Whilst it was sad to see the familiar faces depart, we welcome replacements with equal appreciation as we set out to assist the market over the next year. Challenges have arisen with respect to changes in the regulatory landscape in the US, which have the potential to impact coverage across the region. Members continue to grow the offshore wind space, with a trip undertaken by members of the subgroup to the major manufacturers in China related to offshore wind and the growth in turbine and blade size. Amendments to the EED wording form used in this and other markets continue, with the changes previewed at the annual Lillehammer claims event. Additionally, the committee is focusing on expanding its influence and improving market practices to better support the evolving needs of the industry.



## CYBER

In January, the LMA's Cyber Risk Strategy Group published the [Scoping Out Systemic Cyber Risk](#) paper. This piece of thought leadership sets out a practical framework designed to help insurers manage the aggregation potential of under-modelled systemic cyber exposures. While the insurance industry has long focused on well-known systemic risks such as cloud service failures and ransomware attacks, this report shifts the spotlight to the lesser-known, yet increasingly critical, 'other cyber' scenarios. The LMA's Cyber Risk Strategy Group has developed this framework to guide insurers in assessing risks that arise from the growing interconnectedness of digital systems.

Also in January, we had the pleasure of holding an event looking at developments and opportunities for cyber physical damage. Working with Lloyd's Lab member Axio, experts in cyber enterprise risk management, the event helped to explain the evolution of cyber PD risks and how the market has reacted in terms of exclusions. Moreover, this event illustrated potential coverage gaps and outlined the opportunities for insurers looking to provide products and coverage in this space.

The cyber panel has continued to focus on helping with market operation efficiency and improving communication with broker partners. The panel has been running broker training sessions with the aim of educating junior brokers about cyber at Lloyd's, improving relationships and advising brokers about how the market works.

Finally, members of the panel have been contributing as part of the LMA's response to the UK Government ransomware consultation. This was coordinated by colleagues from the LMA's legal and regulatory team.



## LIABILITY

In February, the International Liability panel hosted an event on the changing landscape of Australian abuse cases. Colleagues from Lander and Rogers in Melbourne provided an update on the legal environment and the rise of significant legislative change, including the removal of statutory limitation periods for pursuing civil claims for historical abuse, as well as an increased recognition by courts that there are many legitimate claims of historical abuse.

On the US GL side, the panel is starting to look at the evolving risks of single use plastics and the growing issue of plastic pollution and its impact on public spaces, waterways and ecosystems. As a result, legal and regulatory measures, including public nuisance claims, are increasingly being used to address the negative effect. The panel hosted an event where colleagues from Wilson Elser in Chicago provided an update on current trends. The LMA is exploring options to clarify definitions from a wordings context and seeking advice from legal and scientific experts.

## WORLDWIDE PROPERTY

In March, the Worldwide Property Panel hosted its D&F Forum, which was attended by underwriting, claims and other market practitioners with a focus on US and International D&F property in the Lloyd's market. This event consisted of two parts. Firstly, representatives from Oxbow Partners addressed the audience on the output from the recent LMA report into enhanced underwriting. Additionally, representatives from Lloyd's attended the forum to provide an update on the class performance and on current trends in nat cat.

The LMA has been working with LIC and Lloyd's Italian office to help members navigate the new regulations for the provision of nat cat products in the Italian market. The panel has a working group, which is currently looking to update and modernise LMA3022/23, the property damage wording aimed at smaller sized businesses.



## MARINE

### IUMI Update

IUMI's Spring Meeting in Hamburg took place against the background of turbulent upheaval affecting trading norms and cost models, calling into question the principles and future of international trade.

There was a useful insight into the planned standardisation and digitisation of the 36 cargo documents in common use, with 2030 as the completion date. Whilst individual insurers can have little direct influence, they will need to be ready for the change or risk being unable to trade once UN CEFACT has brought the standard in.

IMO's strategy for the decarbonisation of shipping now faces a serious challenge from the US, who have threatened to retaliate against any fines for US entities for carbon infringements.

### Lloyd's Open Form

Following further rounds of liaison with salvors and brokers, a revised version of the default LOF clause has been prepared. This was discussed by a panel at the Marine Insurance London Conference and will be on the agenda at Marine Insurance Greece in May.

### Joint Hull

The Humber incident had featured a highly effective response but had highlighted a number of 'what if' questions that are ongoing with sanctions legislators in respect of pollution containment and wreck removal. As is the norm in allisions, the moving vessel was deemed at fault but the reason for the ship ignoring so many warnings will take time to confirm.



## JOINT SPECIE COMMITTEE

### Expert Fee Payment Process

Good progress has been made in addressing the ongoing issue of delayed payments for expert fees to ensure specialised services provided by specie surveyors can continue in the future.

A working party has been formed bringing together representatives from underwriting, broking, collections agencies, Velonetic, LIIBA, surveyors and the LMA, and several potential solutions are being considered.

### Defective Title Wording

The JSC's 3 Rs (repatriation, restitution and reparations) Working Party is currently exploring how these increasingly relevant concepts might be incorporated into US museum insurance policies. Specifically, the group is assessing whether there is a need to amend or develop new language around the existing 'defective title' clauses, with the goal of potentially offering some level of coverage in the future.

### India Reinsurance Collateral Requirements – Broker Awareness

The India Cross-Border Reinsurance Collateral Requirements came into effect on 01 April 2025. In anticipation of this change, a market presentation was hosted by the LMA and delivered to LMA members by Lloyd's India Country Manager, Shankar Garigiparthi, on 28 February 2025. To further raise awareness and support market readiness, the JSC, in collaboration with LIIBA, is helping to facilitate a broker-focused presentation soon. This session will aim to provide clarity on the new requirements and their implications for brokers operating in or with the Indian reinsurance market.



# Key dates for upcoming events

- 13 May** Joint Natural Resources Forum  
Old Library
- 13 May** Legal Developments in Canada for Cyber Insurers  
Online
- 28 May** Joint Natural Resources Forum - Survey and Engineering  
Old Library
- 04 June** Joint Hull Forum  
Old Library
- 19 June** Navigating a World Where Rules No Longer Apply  
Beazley

Head to [www.lmalloyds.com/events](http://www.lmalloyds.com/events) for more information and to register.