

Political risk surge sparks hiring frenzy

Capacity shortage in booming Chinese and Russian markets is fuelling demand

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LLOYD'S insurers are set to poach rivals' staff, promote junior members, target brokers and trawl the banking community in a bid to boost political risk teams this year.

Enhanced interest in political risk policies amid a pronounced capacity shortage in core Russian and Chinese markets has forced a "growing number" of Lloyd's vehicles to expand teams and consider setting up new ones.

Zurich's executive vice-president of emerging markets, Dan Riordan, told *Insurance Day*: "We see Lloyd's growing the number of syndicates that provide political risk and trade credit lines of business."

And Anthony Palmer, deputy chairman of political risk insurer BPL Global, agreed, saying: "Most classes of insurance are still suffering from soft market conditions. For those willing to take a long-term view, the political risk insurance market offers good returns largely unaffected by pricing in other classes."

Yesterday, Beazley and Ark both announced upgrades designed to enable greater business flow and risk-management checks in their political and trade credit risk divisions.

Beazley unveiled its new Political and Contingency Group



Rescuers wait for their turn to enter Ulyanovskaya mine, Russia: foreign investment in commodities is driving demand for cover

(PCG), while Ark hired Leon Richardson from broker Aon in a bid to expand its growing risk portfolio. In the space of one month, Aspen boosted its team after naming veteran underwriter Bernard de Haldevang as director, and Zurich last week extended its capacity per political risk to \$125m.

Beazley's PCG director, Adrian Lewers, admitted his "surprise" at the latest growth expectations, despite talent shortages presenting the main barrier to entry.

Lewers said: "It is beneficial to bring in non-insurance people

into this line. There is a lot of poaching from within the Lloyd's market but we are looking for people from a banking background – in particular, credit and country analysts."

Meanwhile, Ark's senior war, terrorism and political risk underwriter, Simon Law, said that since the unit formed last April, "demand has exceeded our expectations. Capacity shortages in the political risks market in Russia and China meant we could gear our lines to accepting risks because we wanted to grow a diversified book".

Country ceilings, which dic-

tate risk aggregates, have locked some London insurers out of these fast-growing markets despite untrammelled growth in demand for investment protections products.

"In terms of the global economy, one area of focus for Ark is liquidity. We closely monitor how cashflows influence trade around world markets which will influence demand rates for political risk products," Law explained.

And he warned: "Movements at the beginning of the year are generally not representative of the 12-month period. But there are companies out there who are looking into 'intense' classes like political and trade credit insurance. The problem is getting experienced individuals."

Another source said: "You can poach from other companies, or you can target junior members of established underwriting teams and hope they can do the job once they are promoted, or start picking people from the broking community. People at banks with a working knowledge of political risk issues will also be targeted. But, in general, it is difficult to carry through these conversions. The most favoured way is to poach from existing companies," the source said.

p8: Banks call for policy revision

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