

Reinsurer Roadshow - Casualty and Financial Lines

June 2024



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European Operations Casualty

Presenters:

Stuart Brown, Casualty Product Leader European Operations

Anna Bennett, Director of UK Casualty

Lavinia Johnson, Director of International Markets Casualty

Erik Keller, Product Manager, European Casualty



Agenda

01

Global Update

02

Team & Portfolio Overview
& Financials

03

Coverage, Claims and
Governance

04

Hot Topics &
Future Focus

01

Global Update

Representation from each Division...

NORTH AMERICA UNDERWRITING

Sherry Green
David Carlson

GROUP PRICING

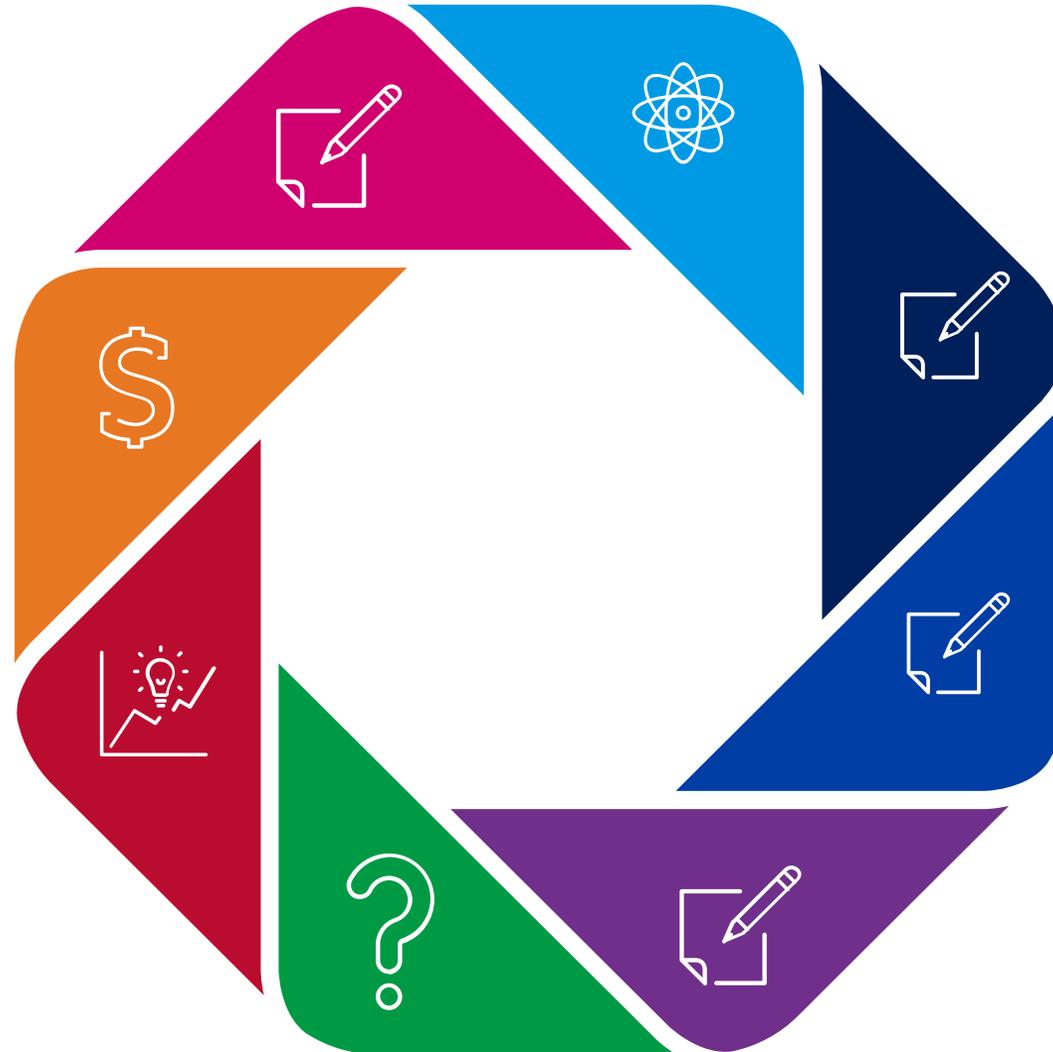
Phillip Lui

GROUP PERFORMANCE

Sanket Patel

GROUP RISK

Grant Clemence



COMMITTEE CHAIR

Stuart Brown
(Secretary,
Lucy Fanshawe)

ASIA UNDERWRITING

Ben Patrick
Kok Hao Tham

EUROPEAN OPS UNDERWRITING

Jason Stevenson
Erik Keller

AUSTRALIA PACIFIC UNDERWRITING

Sarah Smith
Trent Koenig

Scope & Responsibilities...



PRODUCT STRATEGIES

Guidelines, appetite and competition.



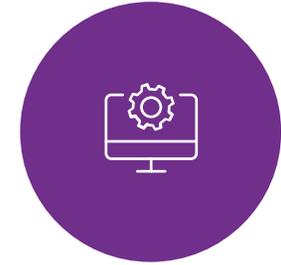
REGULATION

Changes to regulations, wordings and products.



PRICING

Developing greater capability



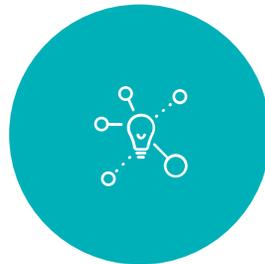
TECHNICAL

Discussion of technical product issues



EMERGING RISKS

Do we need to change products or approach



LOSS REVIEWS

Formal discussion of significant losses or potential losses



CELL REVIEWS & DEEP DIVES

Review and spread of best practice



PROJECTS

As we deem necessary

Committee Activities...



LEARN

GLOBAL CLAIMS TOPICS
QPS / MARSH FAST TRACK
SOCIAL INFLATION &
NUCLEAR VERDICTS
CELL REVIEWS SHARING



COMMS

PFAS AWARENESS
BIOMETRICS & PRIVACY
ABUSE EXPOSED RISKS
LITHIUM-ION BATTERIES



PROJECTS

ACCUMULATION GUIDELINES
HIGH-CAPACITY DEPLOYMENT
INFLATION
ABUSE RISKS
GROUP PFAS GUIDANCE

Committee Focus Areas...



CONTINUE COLLABORATION AND INFORMATION SHARING

Loss lessons learned, cell review outputs.

CREATE FURTHER GROUP COMMUNICATIONS ON HOT TOPICS

Related to emerging risks, US Social Inflation, cycle management

REVIEW EMERGING RISKS

Are we missing anything?

DEVELOP A CASUALTY VIEW OF PORTFOLIO OPTIMISATION

A product overlay to our group, multi-line position

DEVELOP A WCA/EL/EC SUB-COMMITTEE

To compliment and inform the Casualty Committee

Product and Team Overview

European Operations, Casualty.



Global

We write business in many countries of the world, on every continent.



Three Divisions

...Contribute to EO Casualty

Europe
UK
International Markets



Local Underwriting

UK (regions & London)
France (regions & Paris)
Spain
Italy
The Netherlands (NEW)
Germany
Sweden
Norway
Denmark
International Markets
Canada (ON and BC)
Dubai
USA (Miami & Houston)



Large Portfolio

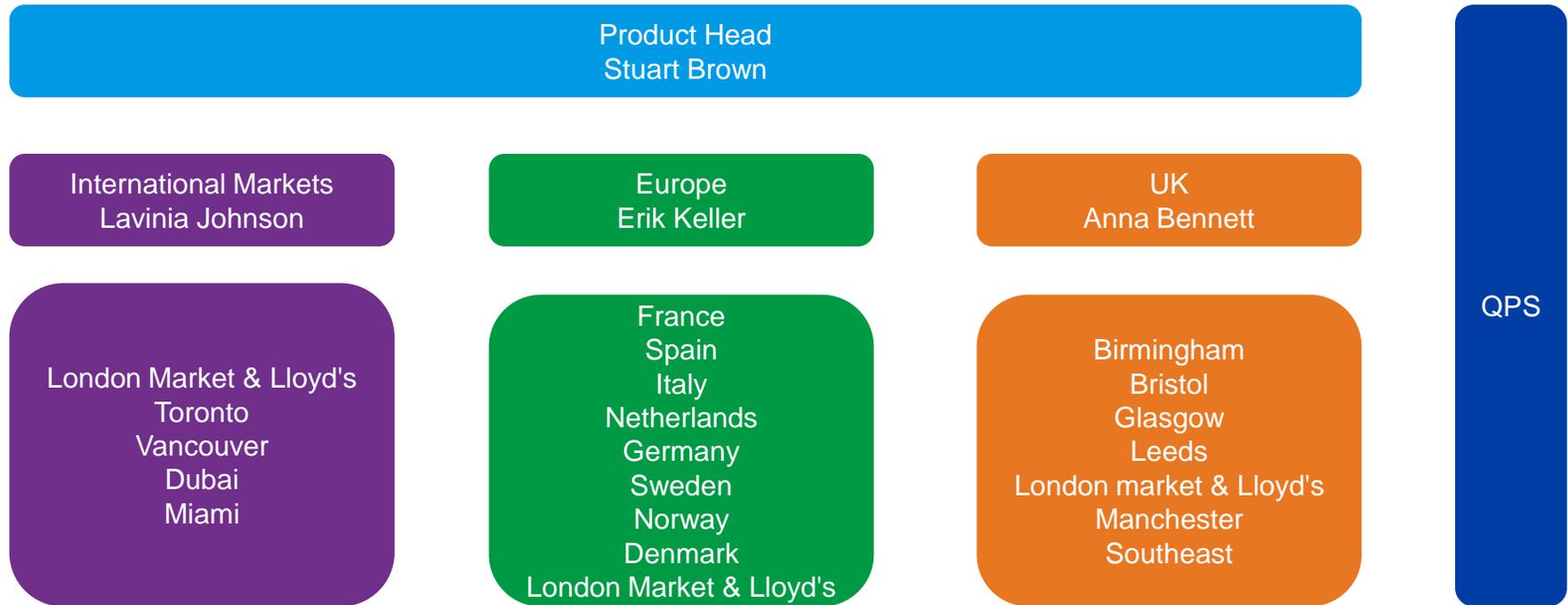
c. GBP1.15bn GWP
In 2024



Growth

The portfolio has increased by over 65% in the last 5 years.

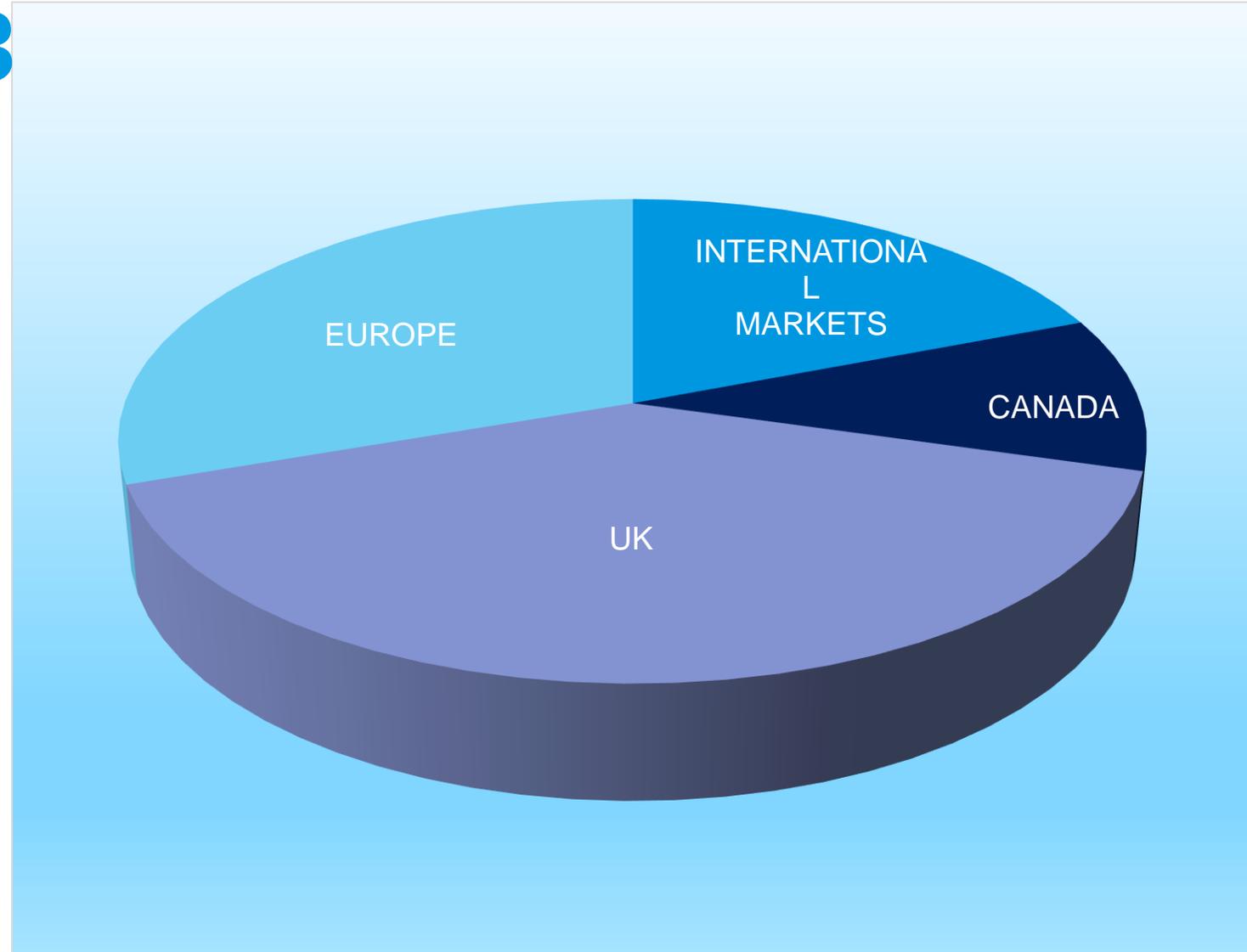
Organisation Chart



EO Casualty 2023

GWP GBP 1.123bn

EUROPE LIABILITY	£340.3M
INTERNATIONAL MARKETS LIABILITY	£214.8M
CANADA LIABILITY	£115.8M
UK LIABILITY	£452M
EO CASUALTY	£1,123M

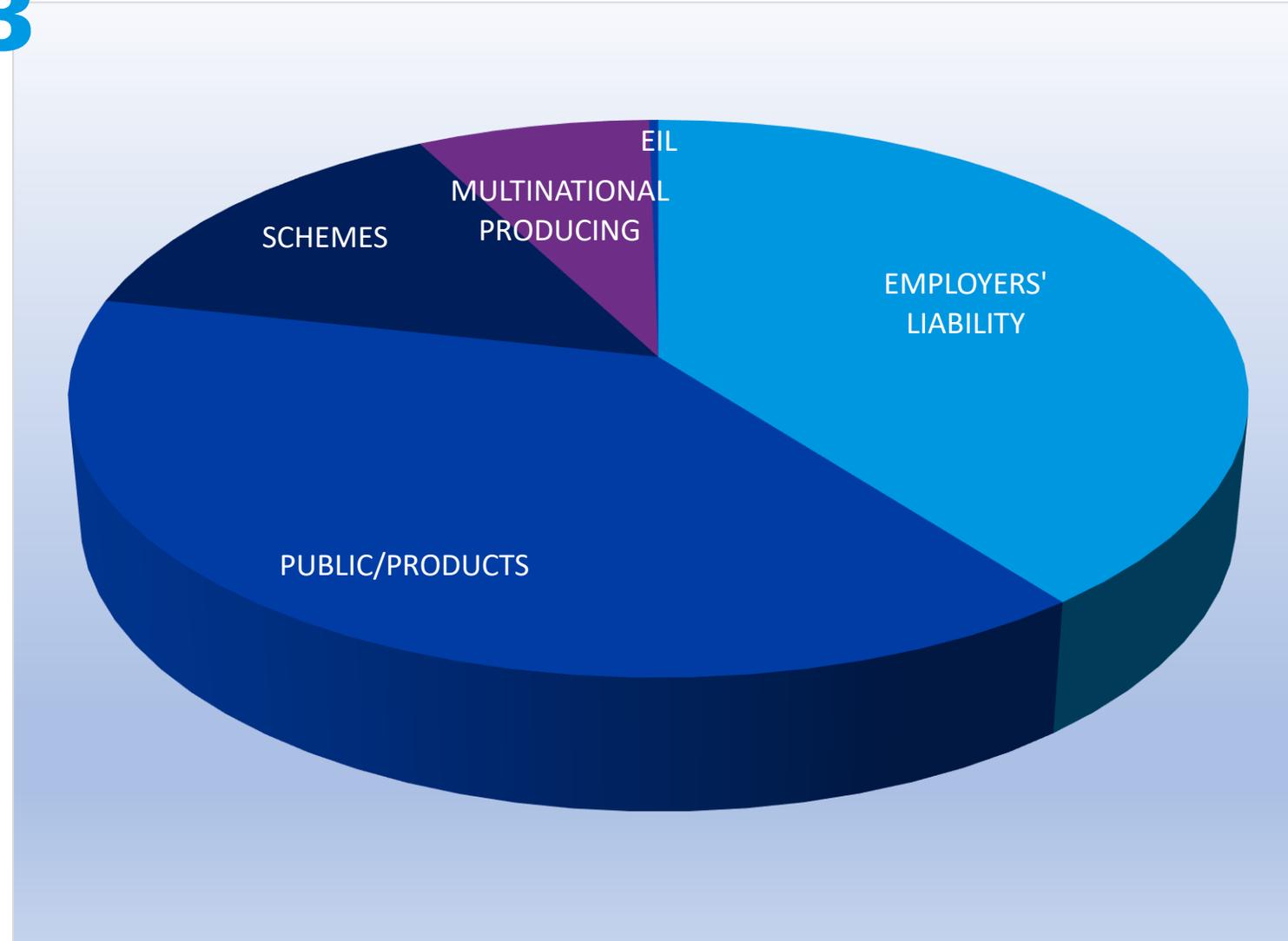


UK Casualty 2023

GWP GBP 455mn

EMPLOYERS' LIABILITY*	£178M
PUBLIC & PRODUCTS LIABILITY*	£172M
SCHEMES	£73M
MULTINATIONAL	£32M
UK CASUALTY	£455M

*includes £46m public sector (RMP)



Market Landscape & Strategy (UK)

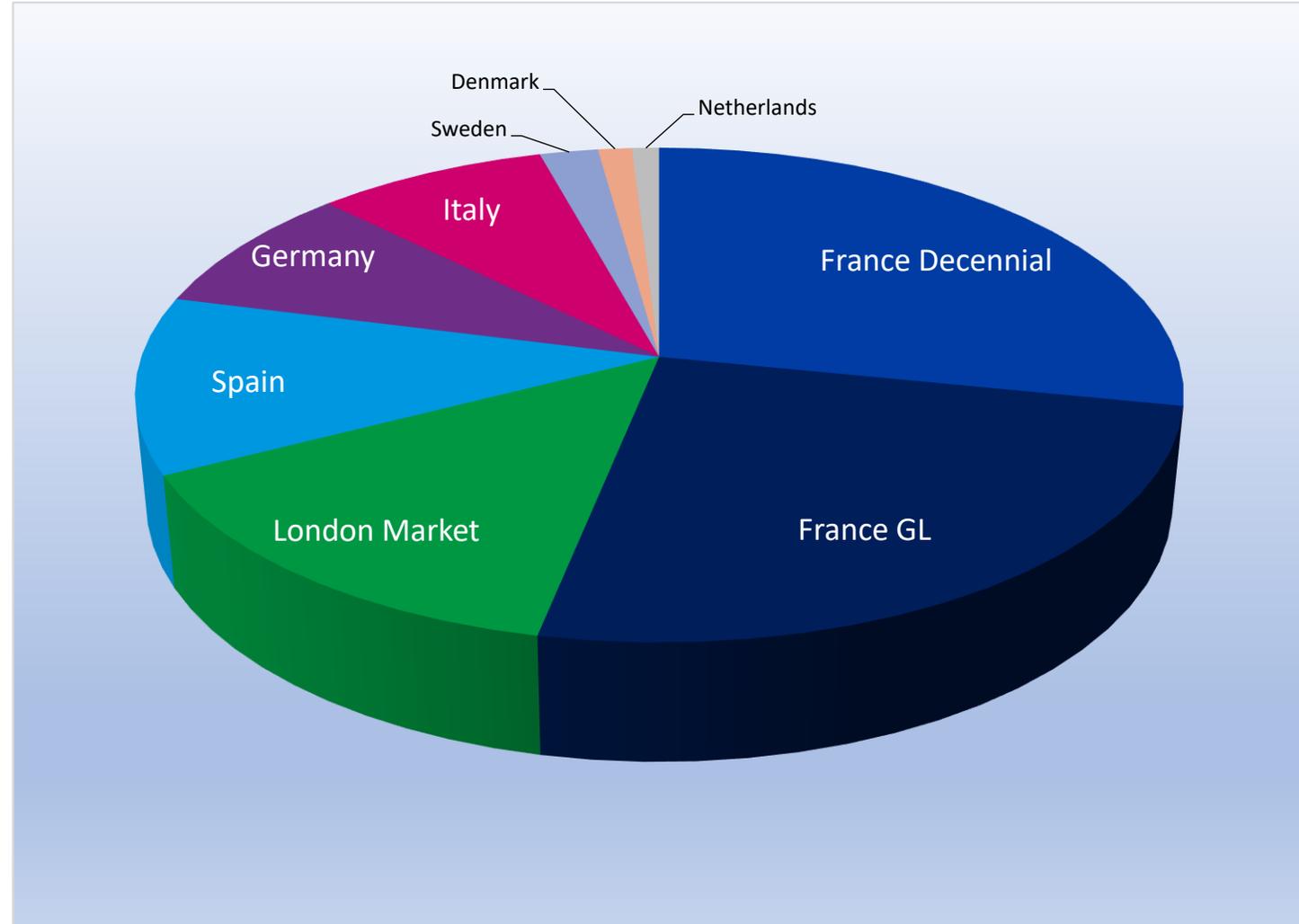
- Competition continues to grow driven by increased capacity and competitor growth agendas
- Public sector becoming challenging
- Regional structure enables us to target business more effectively
- More competitive rating environment, but strong technical rate
- Target growth areas are unchanged - Multinational, Contractors Combined and the regions
- Growth expectations are restrained and realistic (2024 £475m, 2025 £488m, 2026 £496m)
- To navigate the changing market QBE remains close to our customers and is
 - diligent on risk selection,
 - thoughtful and creative with respect to deployment of capacity and
 - focused on retention of good risks



Europe Casualty 2023

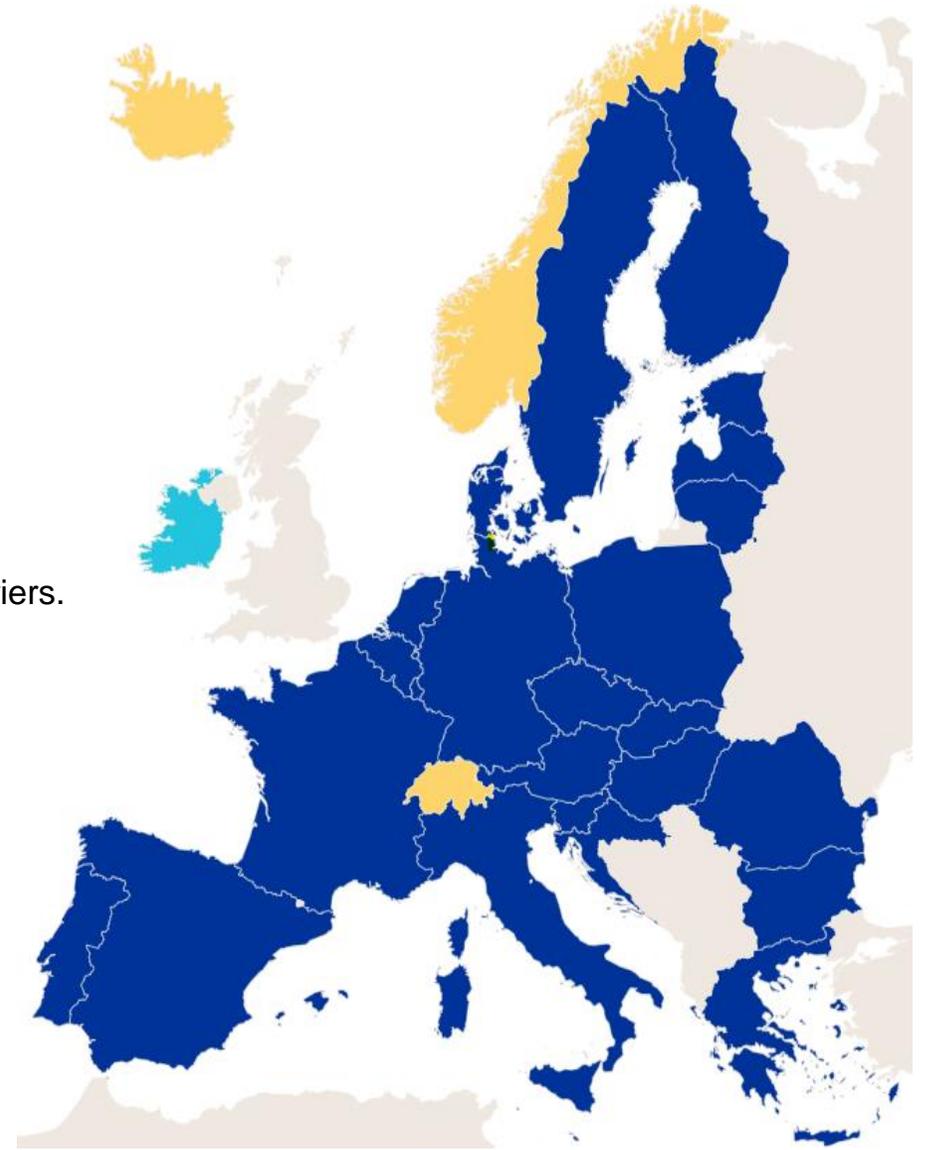
GWP GBP 340mn

FRANCE DECENNIAL	£96.4M
FRANCE GL	£85.7M
LONDON MARKET GL	£48.8M
SPAIN	£39.6M
GERMANY	£28.9M
ITALY	£28.4M
SWEDEN	£7.2M
DENMARK	£4.1M
THE NETHERLANDS	£3.3M
EU CASUALTY	£340.2M



Market Landscape & Strategy (Europe)

- Competition in core market segments with established large Industrial Specialists
- Growing competition due to "new" market entries, with limited infrastructure
- Increasing market capacity, but we see reduction on US exposed risks by European carriers.
- Establishing as primary lead market incl. Multinational.
- QBE remains
 - diligent on risk selection supported by business targeting approach,
 - smart deployment of capacity,
 - Focused on retention of good risks – 90+ (supported by segmental focus)
 - Rate is expected to be lower than previous years but above Inflation
 - French Decennial is under performance review due to attritional development

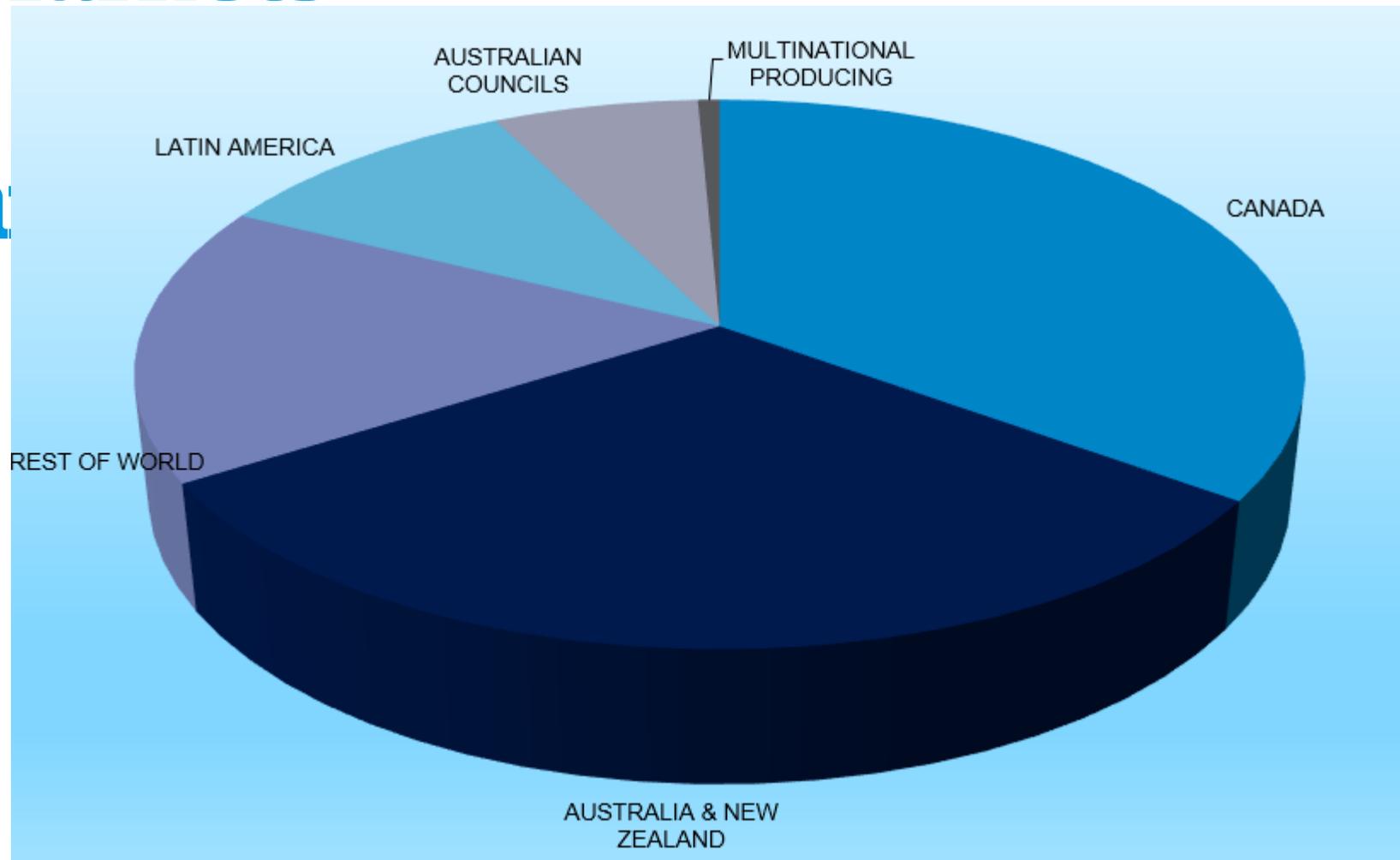


International Markets

Casualty 2023

GWP GBP 331m

CANADA	£115.8M
AUSTRALIA & NEW ZEALAND	£102.3M
REST OF WORLD	£54.1M
LATIN AMERICA	£33.7M
AUSTRALIAN COUNCILS	£22.2M
MULTINATIONAL	£2.3M
IM CASUALTY	£330.6M



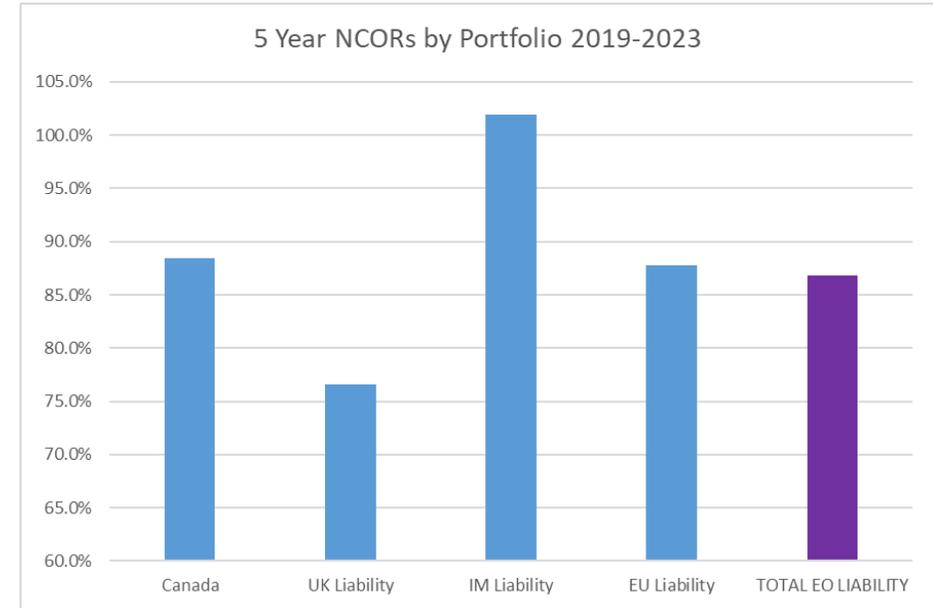
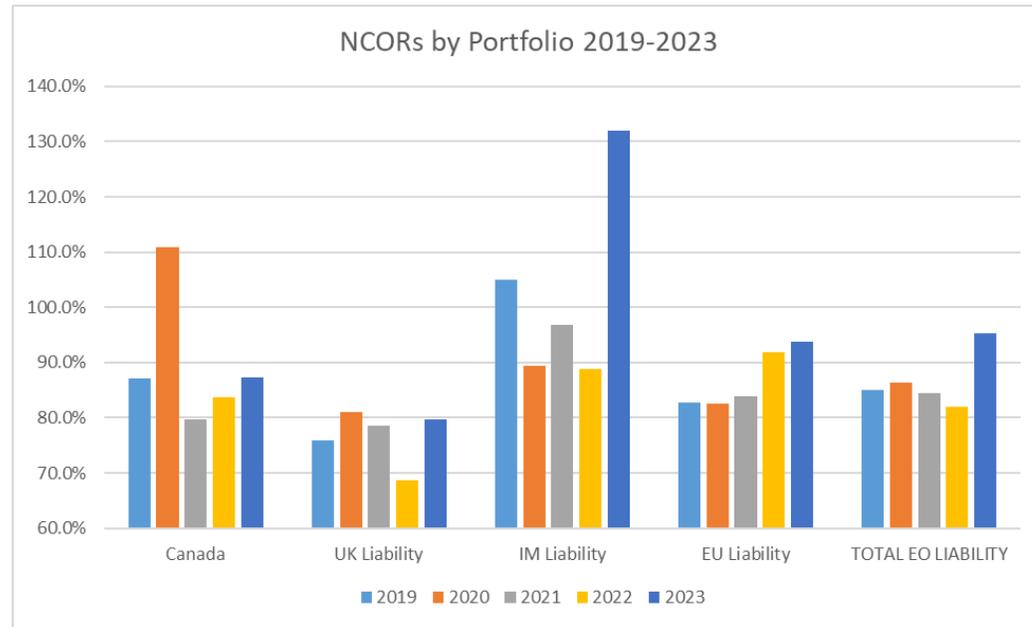
Market Landscape & Strategy (International Markets)



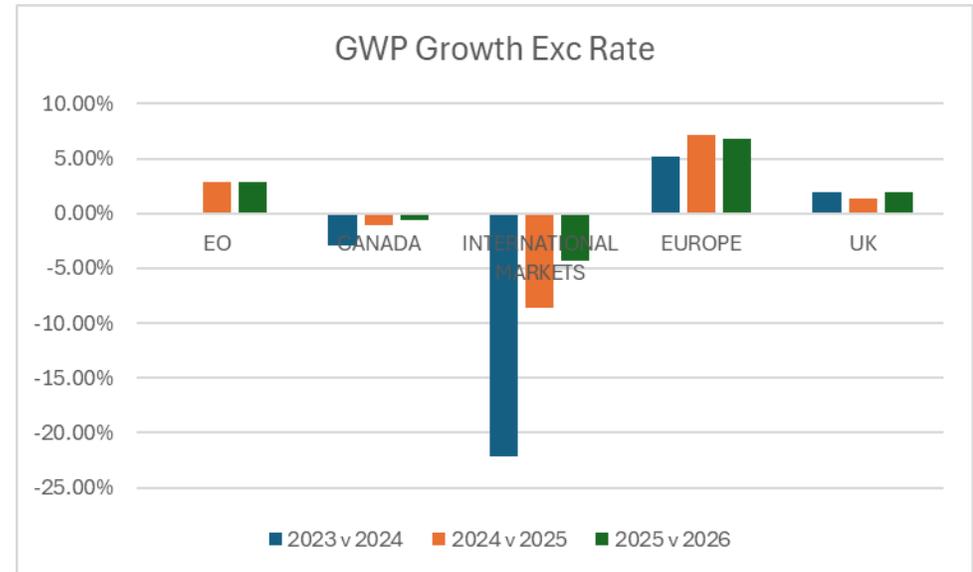
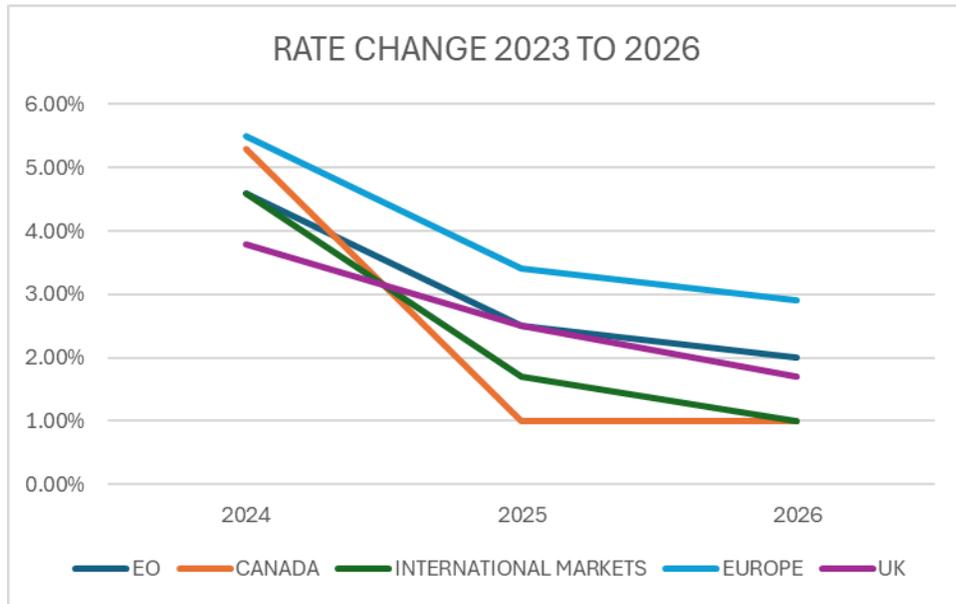
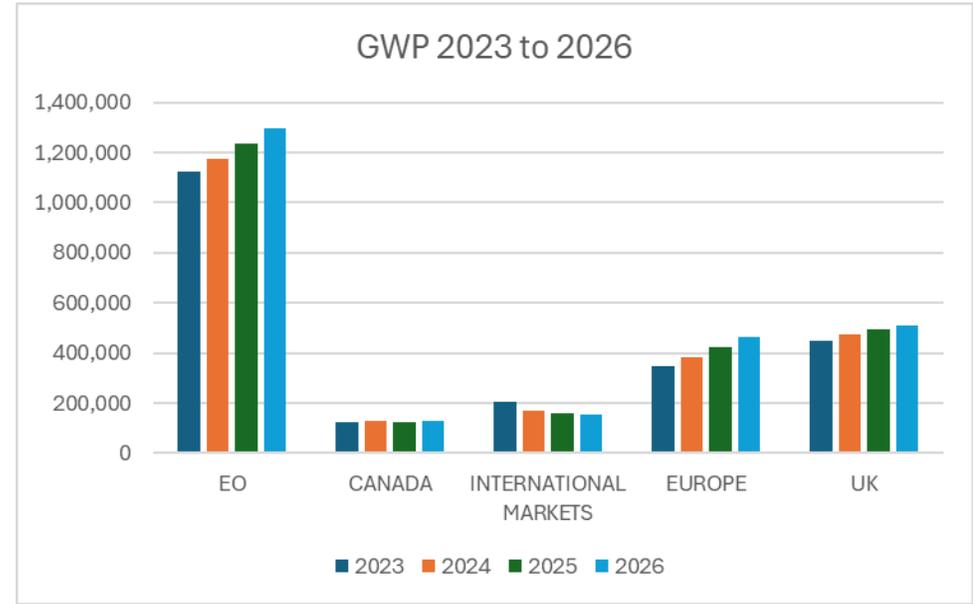
- GWP drop by 26% following Strategy Reset for Australian/New Zealand Portfolio .
- Focus on reducing linesize, volatility and mitigating climate change exposures.
- Reset of Bushfire Strategy - utilities, local and state governments.
- Greater collaboration between our offices/ group accumulation management
- Canada and Australia lead book under heavy competition.
- Rates reforecast of +1.5% for 2024 and –3.5% for 2025
- Areas of strategic growth – Multinational placements, Miami, Canada locally, USA (restricted line) .

Financials

European Operations Financial Highlights Financial Year NCOR



European Operations Financial Highlights GWP & Rate



Coverage, Claims and Governance.

Improved Communication of strategy & appetite

HUB

Guide

QBE
EO UNDERWRITING GUIDELINES

Casualty

Chapter 1 UK Liability

Reference guide to the risks we will and will not write and associated guidelines.

Includes updated product strategy, risk boundaries and due diligence guidelines.

Effective date: 1st January 2024

[Any questions or changes?](#)

Product Leader: Casualty: Stuart Brown

Director of UK Casualty: Anna Bennett

Technical Manager: Jason Stevenson

EUROPEAN OPERATIONS CASUALTY:
UK LIABILITY UNDERWRITING GUIDE

4.2 Preferred Risks Subject to Due Diligence
The below is a high level view of risk appetite and the more granular (four NAICS) "Risk Appetite - UK" should be read and understood.

This section relates to Employers' Liability and Public & products Liability only and separate guidance should be sought for Environmental Impairment Liability and Products Guarantee and Recall.

This kind of business will help us achieve our strategy, provided you apply appropriate underwriting diligence and pricing.

There may be preferred risks that still require referral to a higher authority than yours. To determine whether you need to refer a risk you need to consider your own underwriting authority limits and restrictions.

General	
✓	Profitable cross-sell opportunities
Territories (Significant Operations or Domestic Parents)	
✓	United Kingdom
Sectors	
✓	Accommodation and food
✓	Administration
✓	Construction
✓	Financial Services
✓	Manufacturing of most types
✓	Professional, scientific & technical services
✓	Public Administration
✓	Real Estate
✓	Wholesale / Retail Trades

Our high level appetite is broad



Preferred business

- Manufacturing of most types
- Wholesale / Retail Trades
- Financial Services
- Professional, scientific & technical services
- Accommodation and food
- Construction
- Transportation & Warehousing
- Real estate
- Administration
- Public administration



With Careful Consideration

- Agriculture, forestry, fishing and hunting
- Healthcare, domiciliary care & daycare
- Oil & Gas extraction & pipelines
- Automotive parts manufacture and sale
- Mining & quarrying
- Waste management
- Household appliances
- Utilities
- North America HQ & domiciled (written in Int'l)
- USA domiciled operation greater than 25%
- USA exports greater than 50%



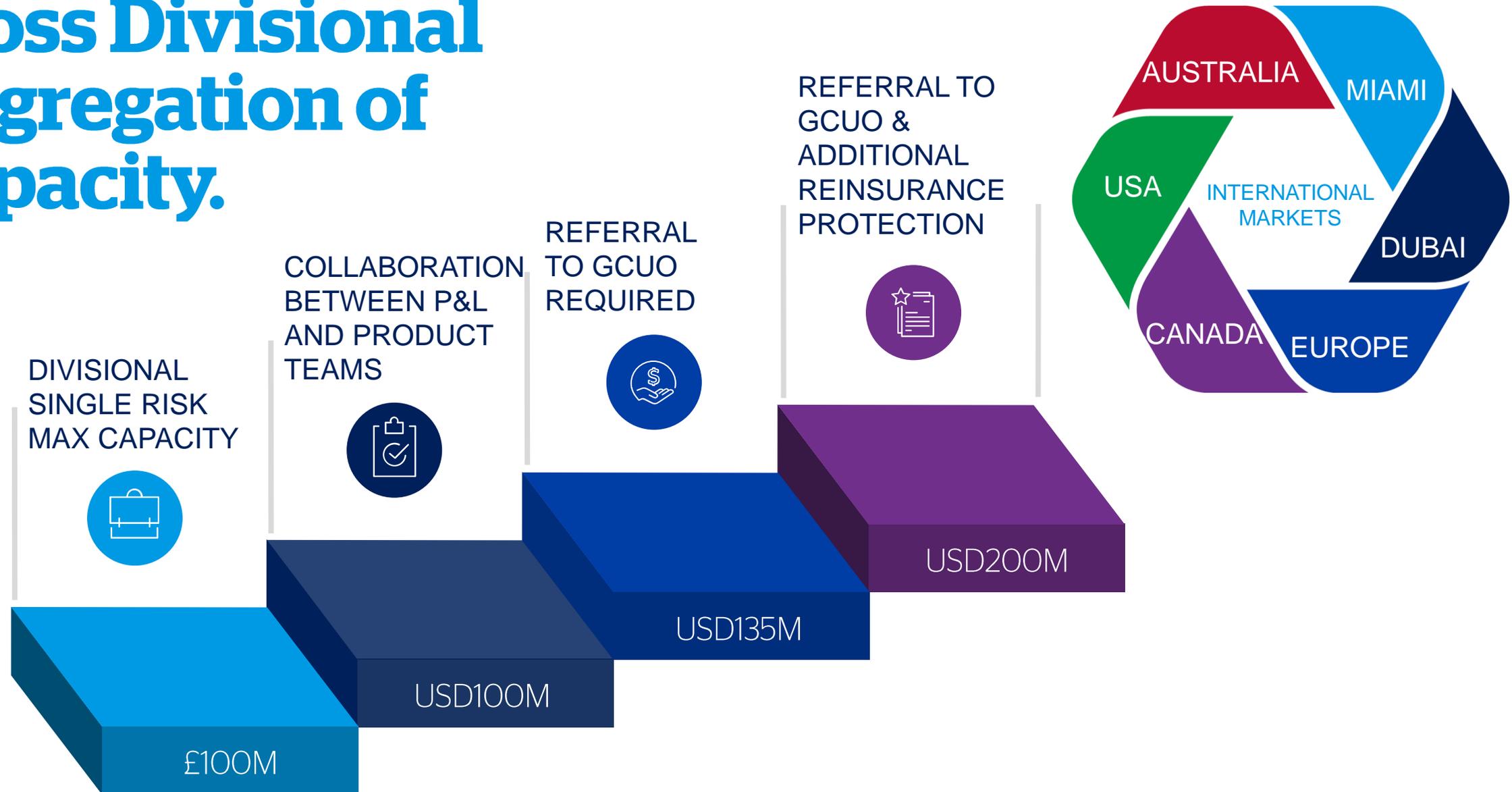
Limited to no appetite

- Coal mining
- Blood products
- Gambling industry

Specific Coverage Updates



Enterprise View: Cross Divisional Aggregation of Capacity.



04

Casualty Hot Topics

Response to U.S. exposures across the E.O.

Division



UK & EU

MULTINATIONALS

Restricted line size
dependent on sector appetite. RAG
guideline where we classify as
Core, Consider or Decline



IM (USA)

INTERNATIONAL MULTINATIONALS & USA DOMICILED

Integrated US Cas
and International Cas team
Increased awareness and
Collaboration
Dedicated Underwriters

Current “Hot Topics”...



“FOREVER CHEMICALS”

Perfluoroalkyl and Polyfluoroalkyl
Substances (PFAS)



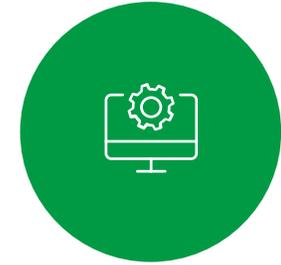
CLIMATE CHANGE

Bushfire, wildfire, flood, extremes
of temperature, infrastructure
stress, sea level rise.



SOCIAL INFLATION

Litigation funding
Nuclear (and thermonuclear) verdicts
Distrust of corporate entities
Divergence of economic fortunes



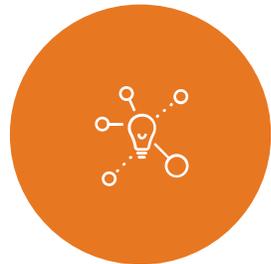
AUTONOMOUS VEHICLES & MOBILITY AS A SERVICE

Vehicle hacking and increased
product liability.
Lithium Ion Batteries



MARKET CYCLE

Rate change vs claims inflation
Inflation
Rating pressure



ARTIFICIAL INTELLIGENCE

Generative AI



COLLECTIVE REDRESS

Class actions and “group” litigation



GEO-POLITICAL UNCERTAINTY

An increasingly divided world

04

Future Focus

2024, 2025 and 2026

MANAGE AGGREGATION

Between different EO divisions and other global divisions.

MANAGE VOLATILITY

RESERVES
LARGE LOSS POTENTIAL

CONTINUE TO IDENTIFY AND MANAGE EMERGING RISKS

Keep an eye on the future and mitigate issues as they are identified.



REALISTIC AND SENSIBLE PLANNING

Reflecting economic conditions, and geographical opportunity

DELIVER PROFITABLE GROWTH

Maintain a sustainable, high-quality portfolio.

DELIVER ON OUR REMEDIATION GOALS

Stick to our remediation strategies, navigating difficult conversations with our external partners

European Operations Financial Lines

Jamie Thompson – Director of Financial Lines EO
Insurance

Agenda

01

Product Overview

02

Team Composition

03

Evidence of strategic changes

04

Thematic Update

Portfolio Overview



01

European Operations, Financial Lines



Global

We write business in many countries of the world, on every continent.

Global Product Committee & P&L engagement – sharing best practise



Three Divisions

Contribute to EO Financial Lines

- > Europe
- > UK
- > International Markets



Local Underwriting

UK (London)
France (regions & Paris)
Spain
Italy
The Netherlands
Germany
Sweden
Norway
Denmark
Canada (ON and BC)
Dubai



Portfolio size

c. GBP 551m GWP in 2023 – diversification of underlying portfolios



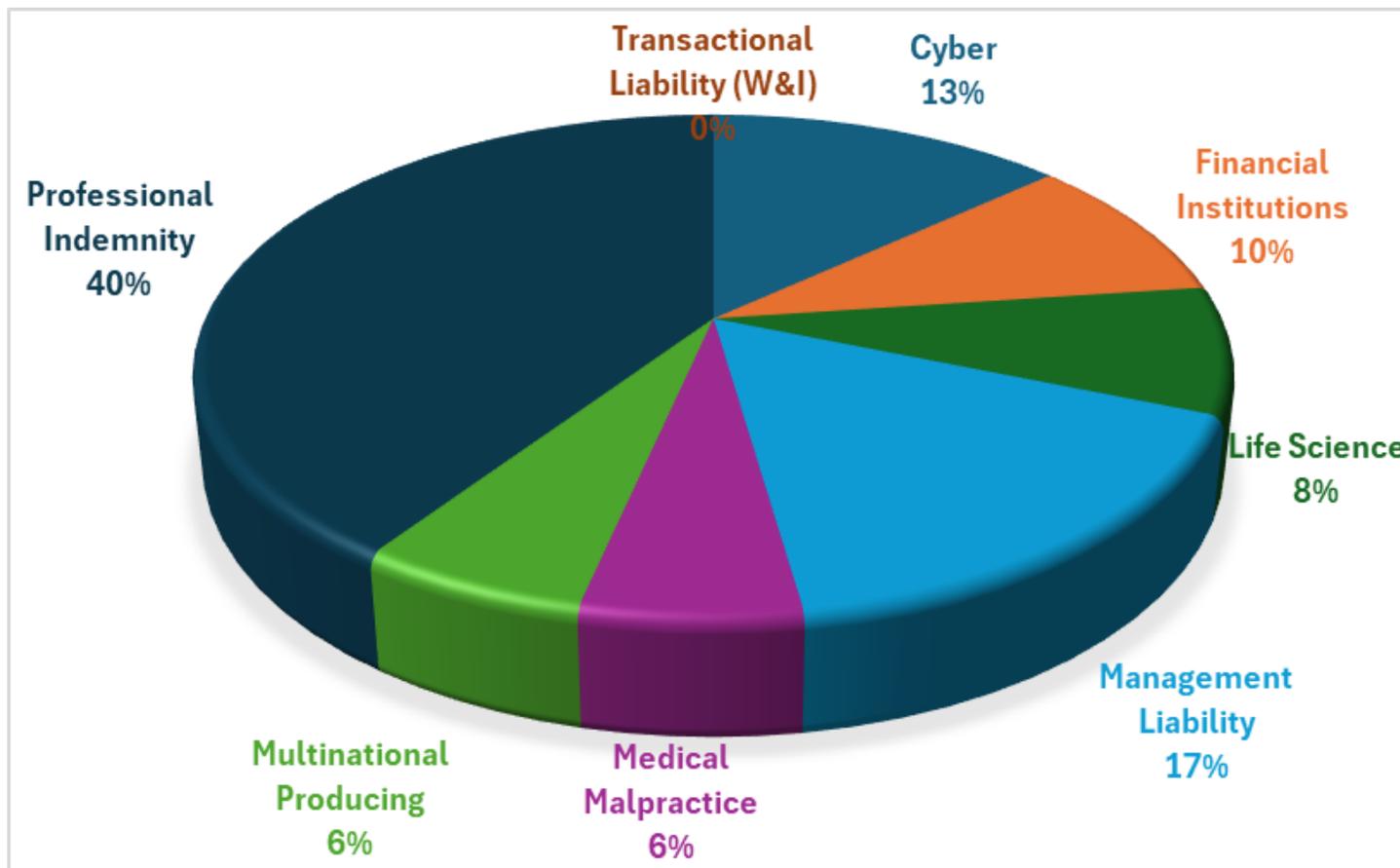
Growth & Remediation

The portfolio has increased by over 18% in the last 5 full years, mostly driven by rate and diversification through Cyber / Medical Malpractice and Life Science. We have carefully managed our capacity and appetite in more challenging areas of the portfolio, eg/ primary side C

Portfolio Composition 2023

The Financial Lines portfolio is comprised of the following products;

Product	2023 GWP £ m
Cyber	74,121
Financial Institutions	52,312
Life Science	45,179
Management Liability	91,431
Medical Malpractice	32,227
Multinational Producing	33,864
Professional Indemnity	222,719
Transactional Liability (W&I)	0
Total	551,853



Portfolio mix & relative growth ambition

Strategy is to maintain PI, ML & FI & grow W&I & Healthcare(UK); successfully adjusted sub-portfolio mix (reduced PI from circa 60% in 2016)

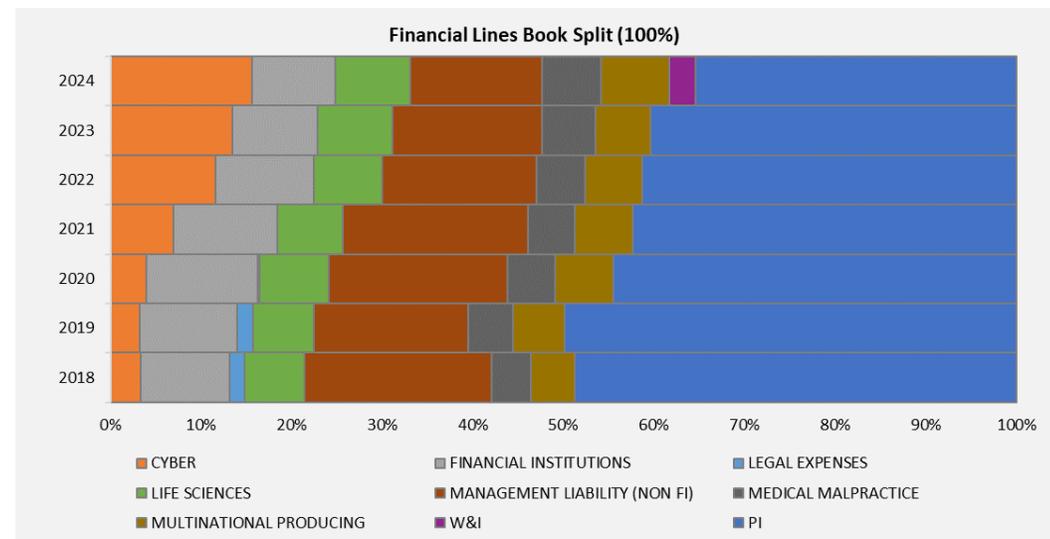
Successfully shifting portfolio mix to reduce volatility

Breadth of specialties will help us mitigate underlying market cycles while maintaining consistent and profitable growth

Alongside the underlying portfolio remediation, the business has successfully grown targeted portfolios bringing better balance and reducing the dominance of the historically more volatile PI book

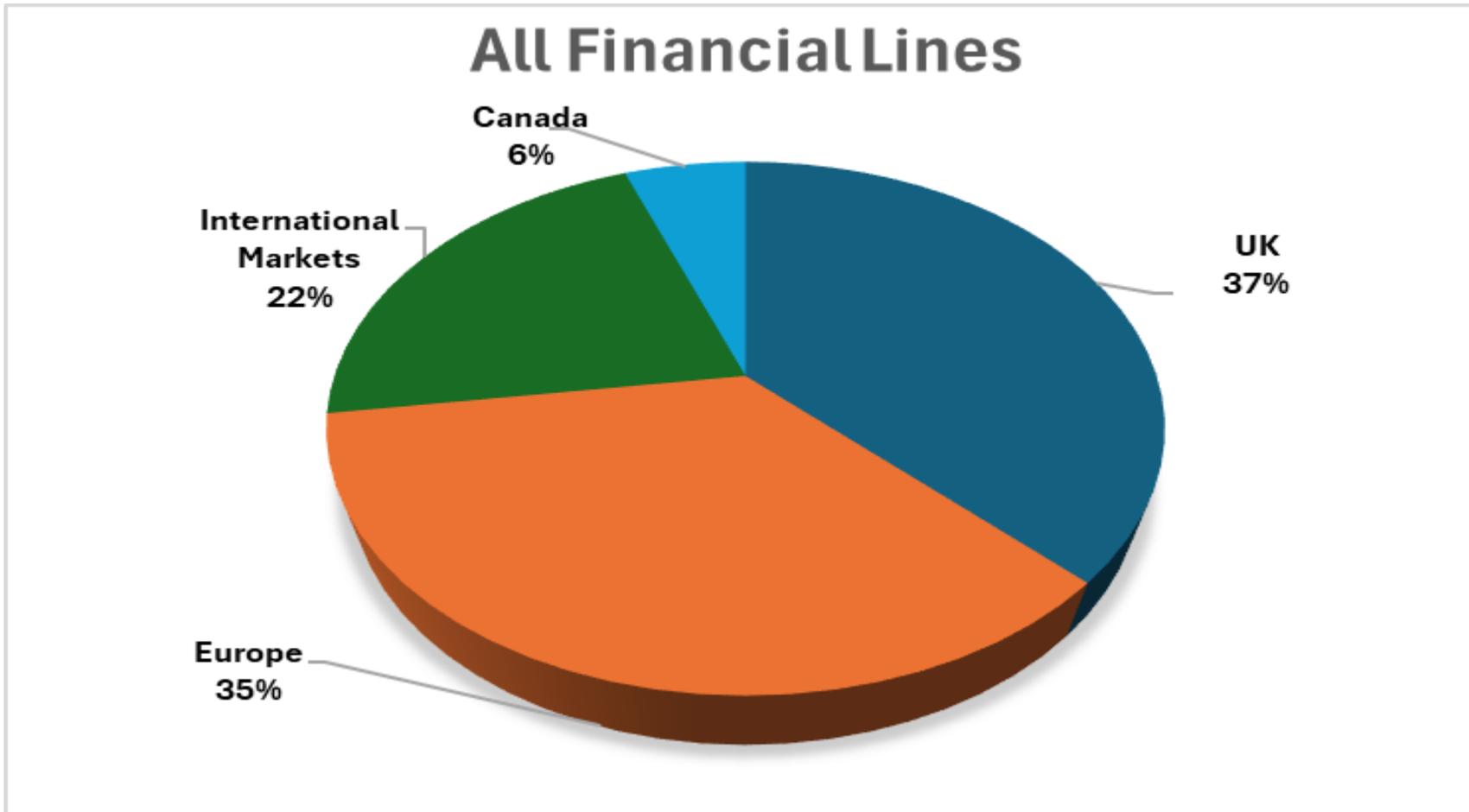
ALL FINANCIAL LINES	2018	2019	2020	2021	2022	2023	2024
GWP	404,181	416,710	451,297	513,428	544,786	551,852	621,892
Rate	5.7%	12.6%	26.6%	20.1%	9.1%	-0.1%	0.1%
GLR	75.9%	56.3%	48.0%	53.9%	61.5%	60.8%	60.5%
NCOR	103.3%	86.1%	78.1%	82.6%	91.6%	88.4%	89.1%
PROFIT	-12,811	54,553	91,608	84,007	41,426	55,335	58,044

PRODUCT BY GWP	2018	2019	2020	2021	2022	2023	2024
CYBER	13,391	13,460	17,662	35,607	63,418	74,121	97,101
FINANCIAL INSTITUTIONS	39,821	44,776	55,822	59,208	58,639	52,312	57,218
LEGAL EXPENSES	6,520	7,198	616	44	0	0	0
LIFE SCIENCES	26,877	27,987	34,483	37,085	41,231	45,179	51,551
MANAGEMENT LIABILITY (NON FI)	83,345	71,033	89,370	105,003	92,735	91,431	90,833
MEDICAL MALPRACTICE	17,801	21,022	23,797	26,343	29,423	32,227	39,984
MULTINATIONAL PRODUCING	19,707	23,442	28,804	32,813	34,715	33,864	46,986
PI	196,719	207,794	200,743	217,324	224,625	222,719	220,068
W&I	0	0	0	0	0	0	18,151



Data in GBP on underwriting year basis

Income overview - UK/IM/Europe/Canada



Long Term Strategy and Current Plan

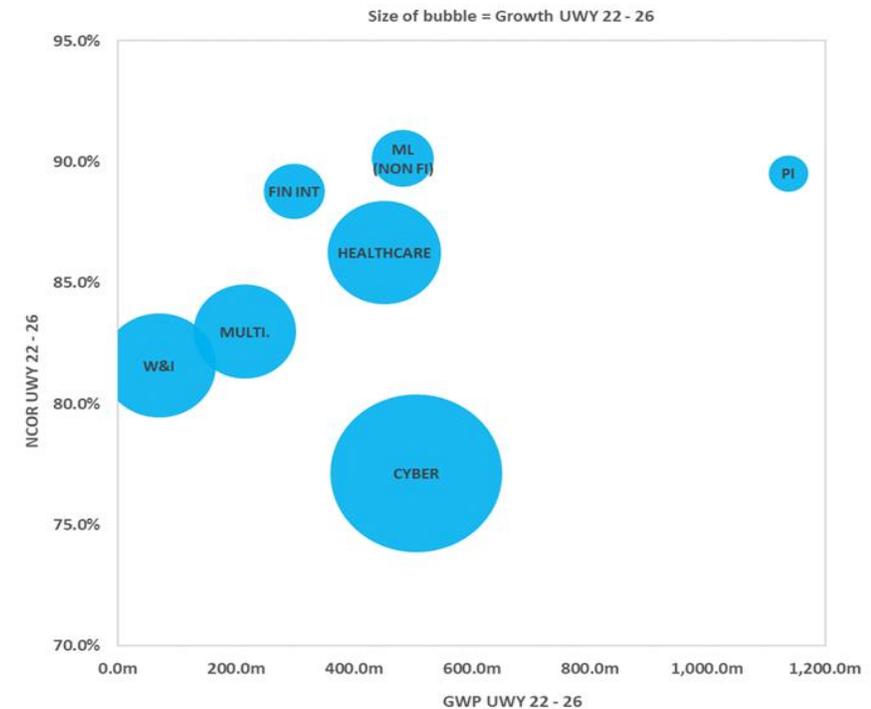
Strategy is to maintain PI, ML & FI & grow W&I & Healthcare;
proactive management of sub-cell exposures alongside portfolio remediation

2024-
2025

1. Focus on strong underwriting discipline, performance stability & consistent underwriting guidelines (& approach)
2. Maintain aligned underwriting strategy (supported by CUO) & leverage global enterprise – sharing best practise and MI
3. Manage market cycle to mitigate profit erosion – balancing portfolio growth and resource
4. Accelerate growth of targeted specialties & review resource base accordingly
5. Explore technology & data led efficiencies to improve operational, underwriting and claims MI and efficiencies
6. Enhancement of large loss volatility assessment

2025-
2027

1. Maintain a balanced FLs business by product and geographical distribution leveraging our European, Middle Eastern & Canadian entities.
2. Continue to build market leading proposition across the financial lines globally
3. Maintain profitability and enhancement of horizon scanning capabilities to review emerging / evolving risk
4. Embed data led protocols to improve underwriting, MI and operational efficiency



Product approach

Financial Institutions
Maintain

Management Liability
Maintain

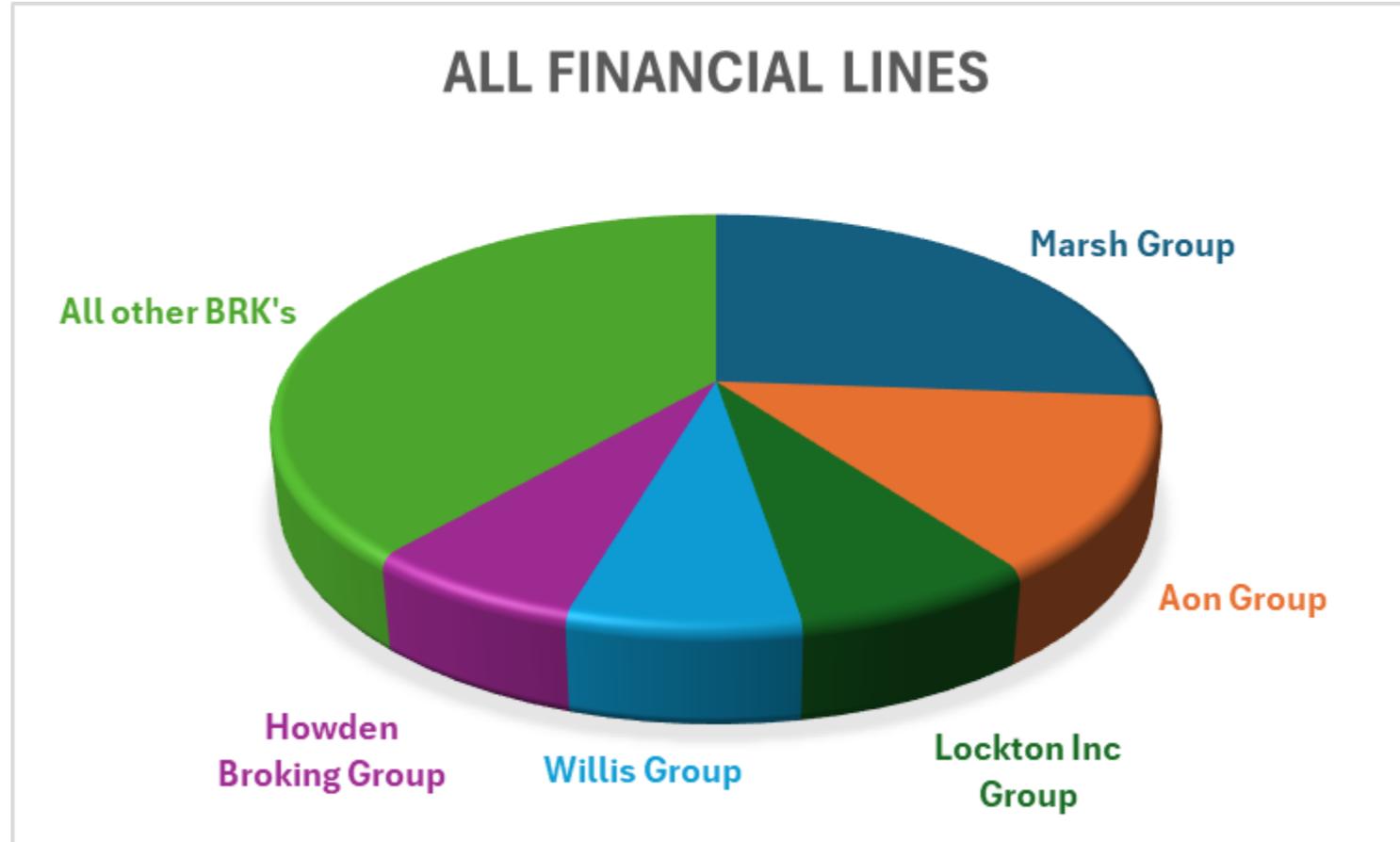
Life Science
Grow

Professional
Indemnity
Maintain

Medical Malpractice
Grow

Transactional Liability
Grow

Broker distribution



Improved Communication of strategy & appetite

HUB

Welcome to Financial Lines

Back to Underwriting

Financial Institutions

Cyber

Professional Indemnity

Life Sciences

Management Liability

Medical Malpractice

Trade Credit

Warranty and Indemnity

Click here to go to the UWtg process maps.

The enclosed Maps show you how to progress through the Underwriting Business process for both New Business and Renewals of Existing business.

Stephanie Cryer
Head of Product Leaders

Michelle Hughes
Product Leader Financial Lines

AW Ally Williams
Underwriter

CE Carly Eveniss
Portfolio Manager

Maria Borrego Espana-Heredia
Product Manager Europe Financial Lines

CB Chloe Bulmer
Portfolio Manager - Specialty

Guide

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QBE
EO UNDERWRITING GUIDELINES

Professional Indemnity

4.1 Risk boundaries and Sanctions summary
Clearly defined risk boundaries help keep QBE on strategy and in profit. Any risk you're considering will fall into one of three categories:

GREEN - Preferred Risks Subject to Due Diligence

AMBER - Complex Risks - Must be Referred to appropriate authority holder

RED - Complex & Restricted

Our target business is that referenced within the **Preferred** category. The majority of our book by policy count and GWP should sit within this category. This kind of business will help us achieve our strategy, provided you apply appropriate underwriting diligence and pricing.

NB. There may be preferred risks that still require referral to a higher authority than yours.

To determine whether you need to refer a risk you need to consider your own underwriting authority limits and restrictions.

Those risks shown within the **Complex Risks** category present some challenges to our main appetite and as such different considerations may be required. This kind of business isn't a strategic priority, so if your Underwriting Authority does not specifically include authority to write "Complex Risks" then you **must** refer it to your Portfolio Manager, European Technical Manager / Financial Lines Manager Europe or the Director if Underwriting (Canada) with your recommendation for sign off, prior to any commitment or terms being released. This applies to new business and on any subsequent renewal.

QBE has an extremely limited appetite to underwrite the **Complex and Restricted** risks highlighted below. They are outside of our core risk appetite. This could be because of one or more of the following reasons:

- profitability,
- accumulations exposures,
- highly complex risks, operationally difficult to manage, or
- have treaty reinsurance restrictions.

Reference guide to the risks we will and won't write and associated guidelines.

Includes updated product strategy, risk boundaries and due diligence guidelines.

Effective date: 01.1.24

Head of Product - Financial Lines: Michelle Hughes

Director of Financial Lines: Jamie Thompson

Financial Lines Manager Europe: Maria Borrego

London Portfolio Manager: Chris Pavlou

European Technical Manager: Maria Borrego

Training investment

Foundation wording academy

This is general across product information with 4 learning pillars



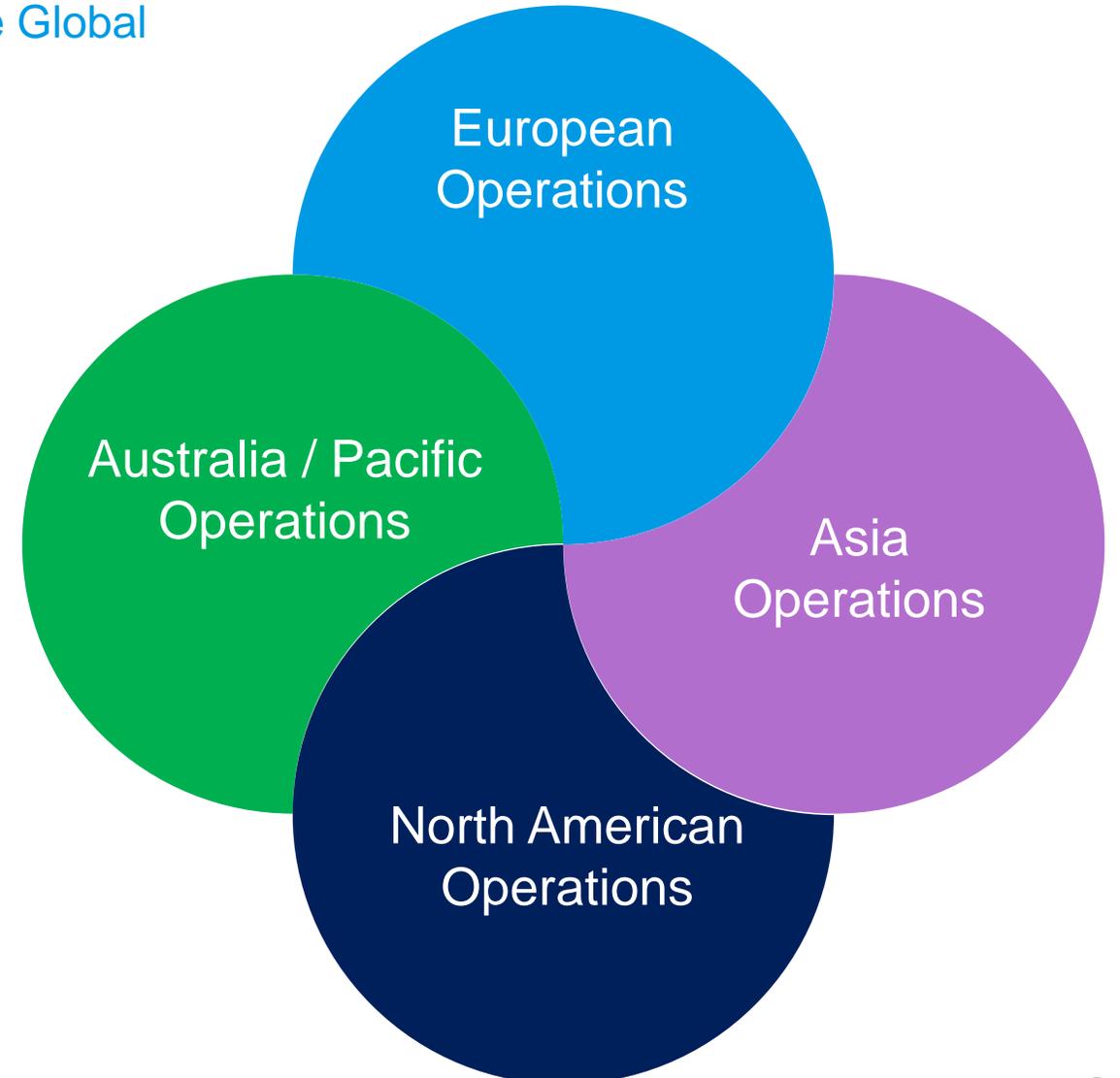
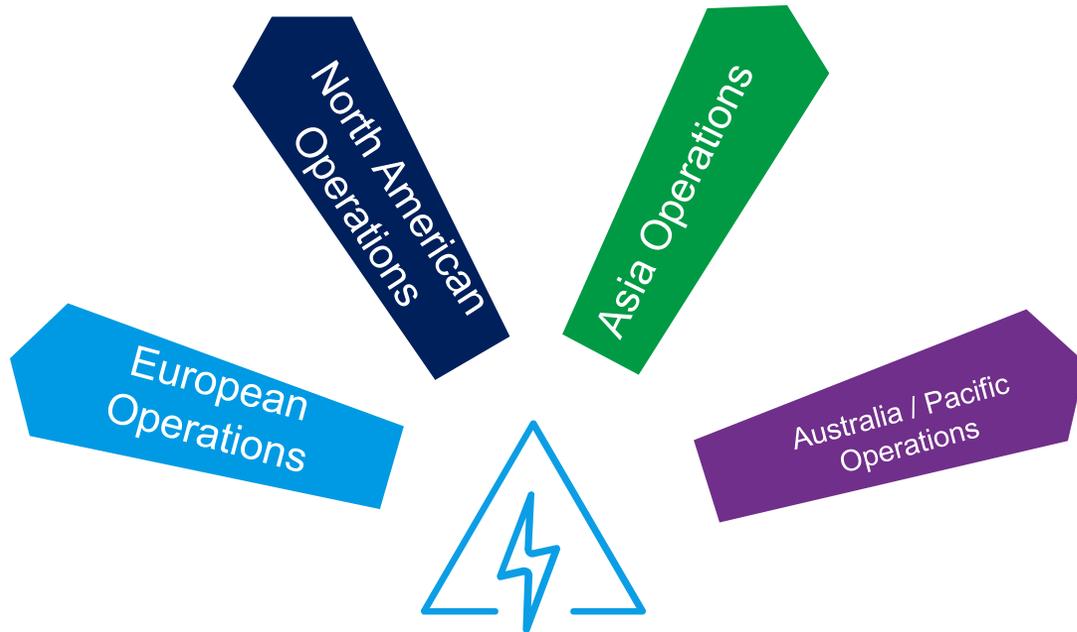
Intermediate wording academy

This is Product Specific and is a deep dive into the nuances of the product / legal environment. Professional Indemnity being run in Oct 2024

Global Update

Global alignment

QBE have strengthened global alignment through the Global Product Committees



Scope & Responsibilities...



PRODUCT STRATEGIES

Guidelines, appetite and competition.



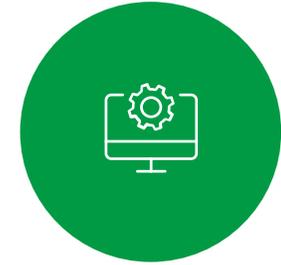
REGULATION

Changes to regulations, wordings and products.



PRICING

Developing greater capability



TECHNICAL

Discussion of technical product issues



EMERGING RISKS

Do we need to change products or approach



LOSS REVIEWS

Formal discussion of significant losses or potential losses



CELL REVIEWS & DEEP DIVES

Review and spread of best practice



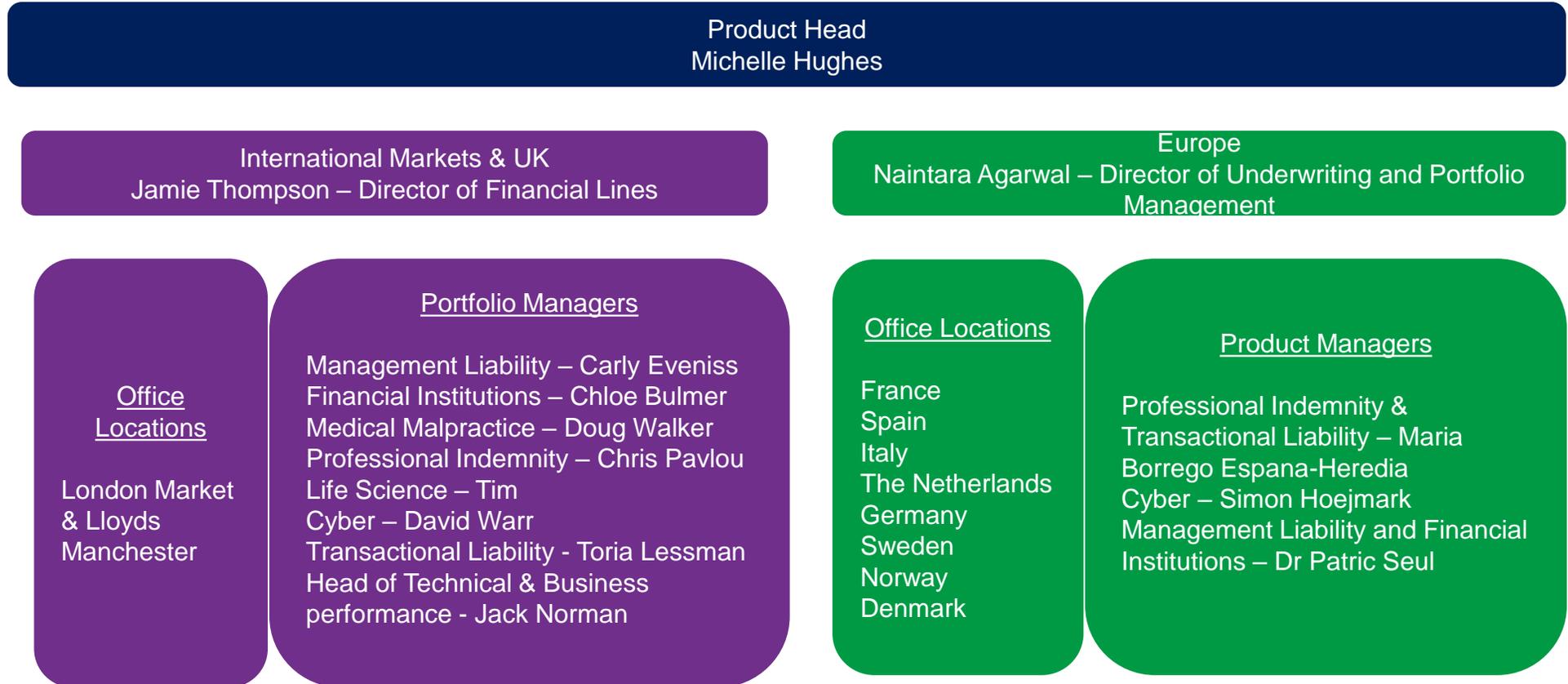
PROJECTS

As we deem necessary

Team Composition.

02

Organisation Chart



Evidence of Remediation

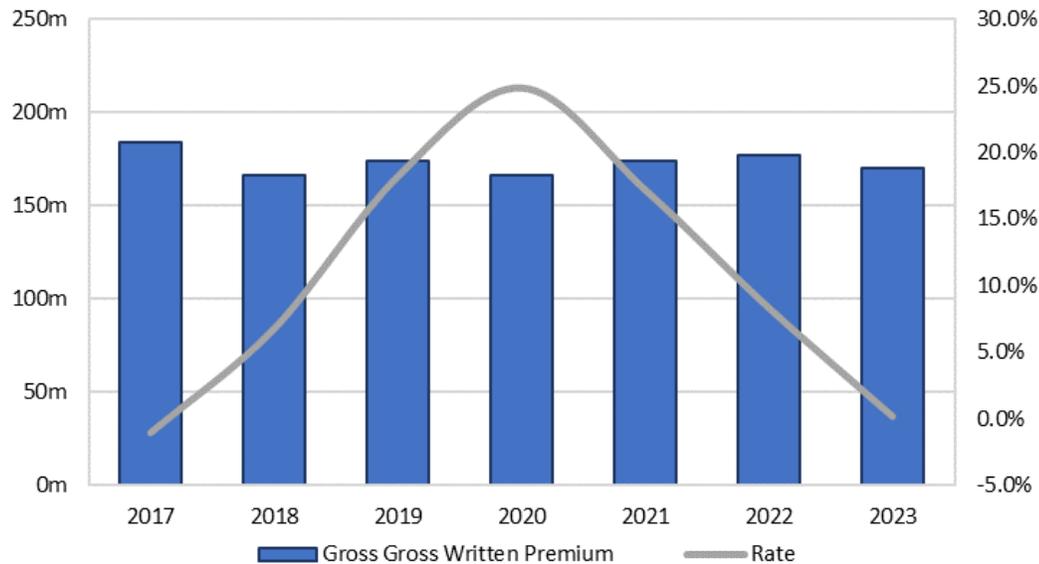
03

Professional Indemnity Remediation – Evidence of Impact

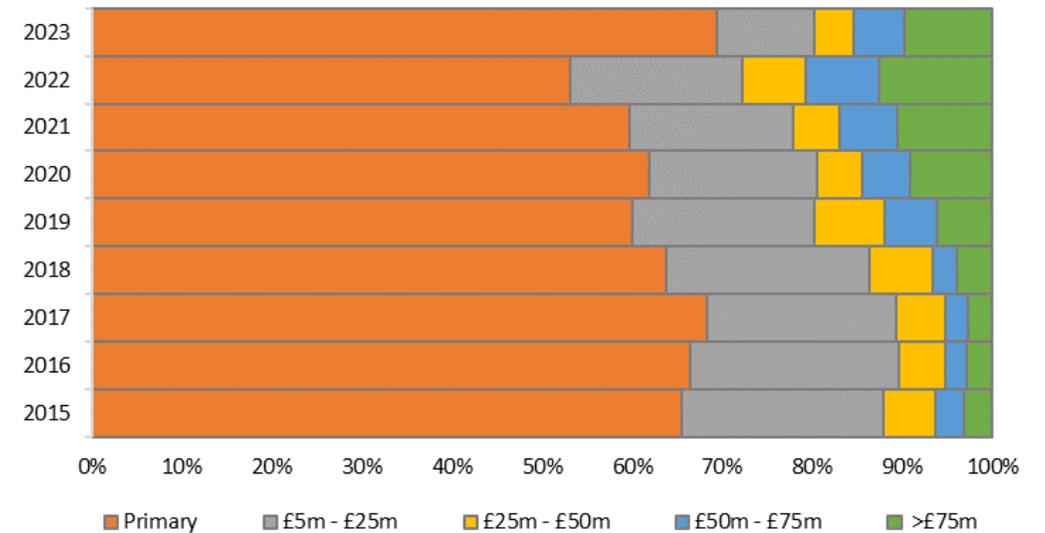
Portfolio Changes:

- Reduce Capacity
 - 73.8% reduction in total Capacity '17-'23 vs 7.4% reduction in premium
 - 77.1% < £5m per Insured and 93.5% < £10m
- Focus on rate improvement across the book
- Substantially reduced exposure to construction and solicitor's portfolios

PI Total Gross Gross Written Premium & Rate Tracker

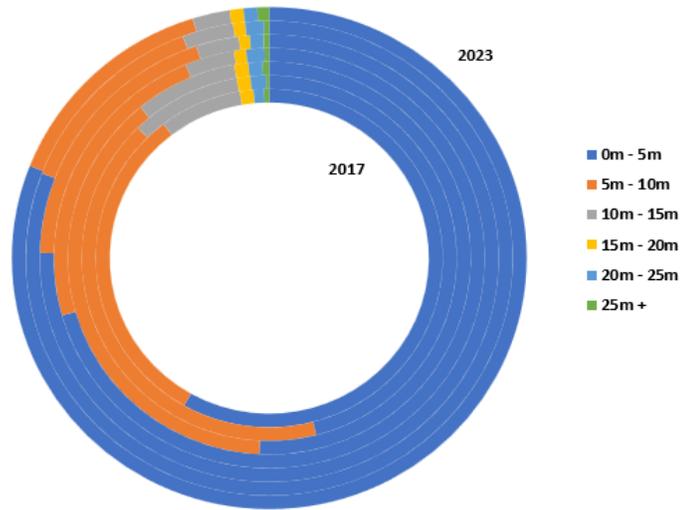


PI Total Attachment Capacity Distribution Exc Master Earning Binders

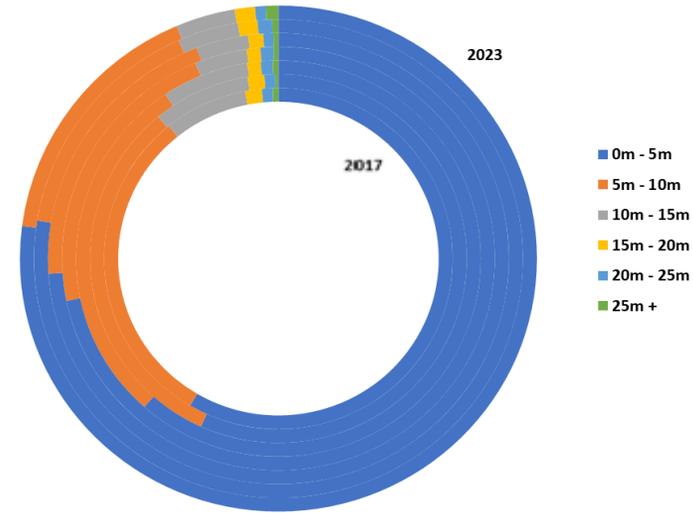


Professional Indemnity Remediation - Evidence of Impact

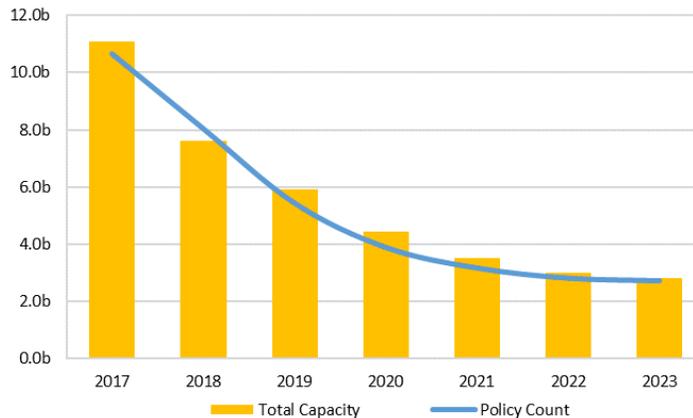
2017 to 2023 PI UK Insured capacity distribution



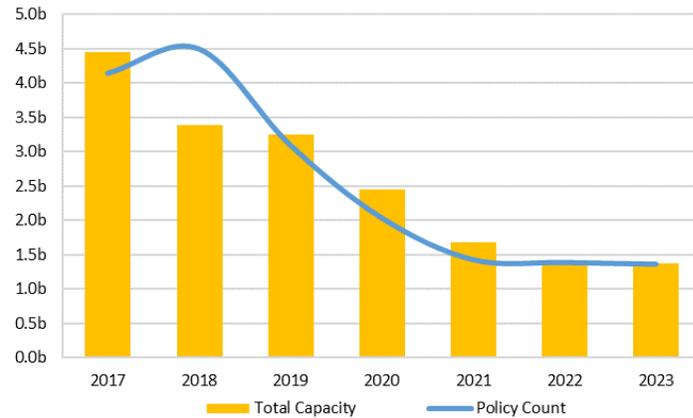
2017 to 2023 PI Total Insured capacity distribution



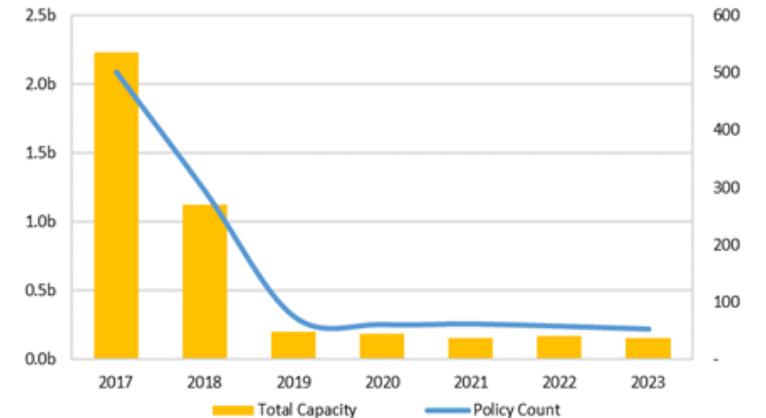
PI Primary Policy Count & Total Capacity Tracker



PI Primary Lawyers Policy Count & Total Capacity Tracker



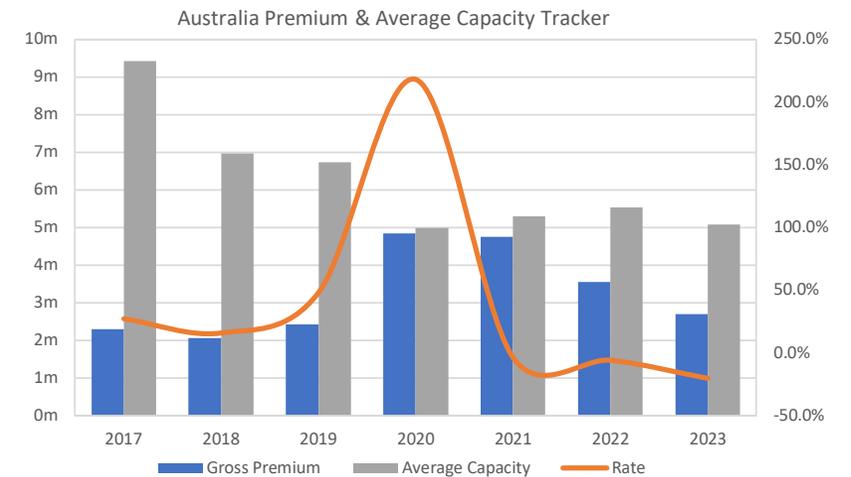
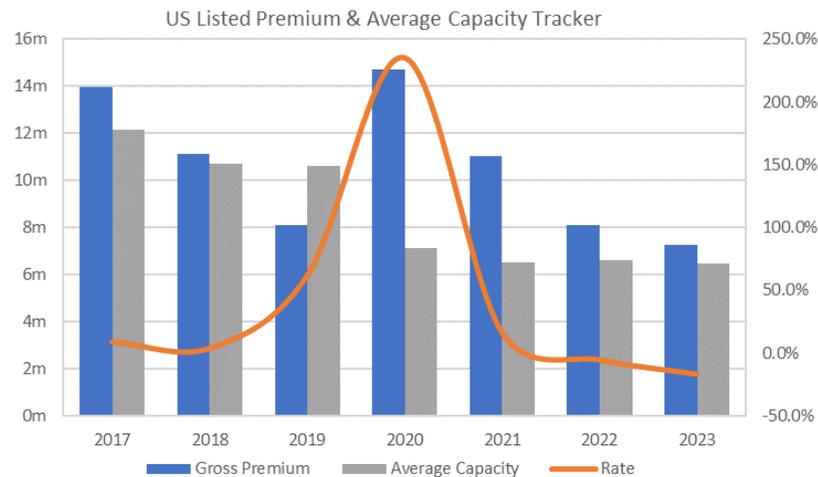
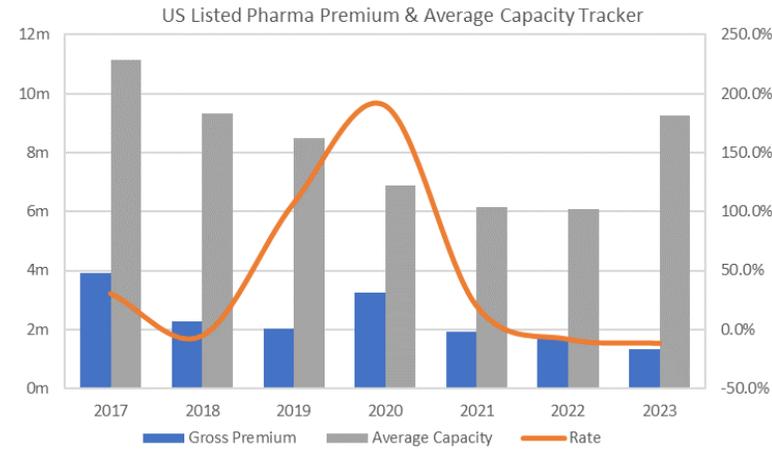
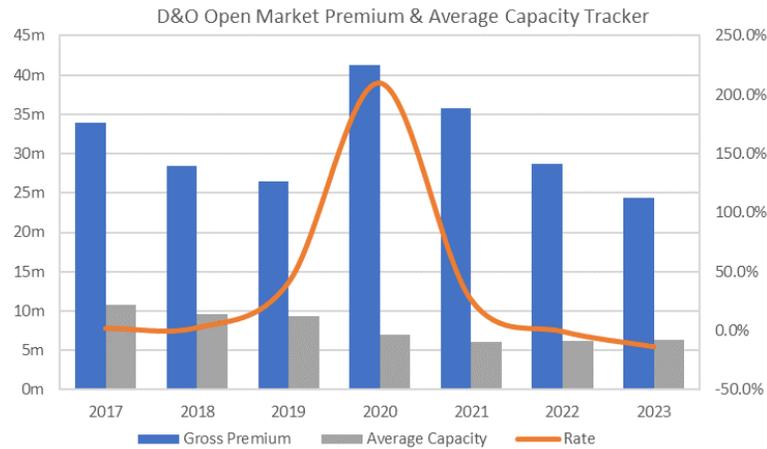
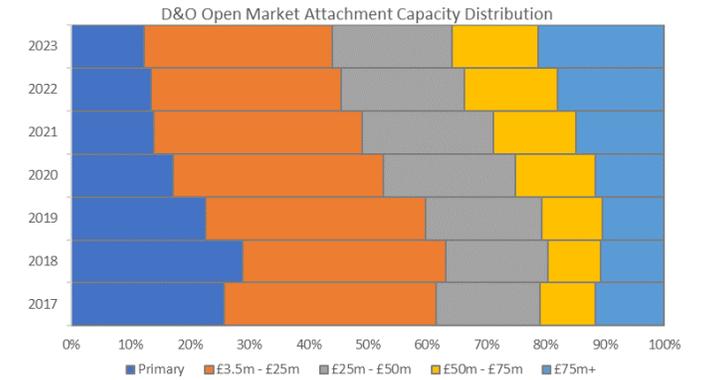
PI Primary D&C Policy Count & Total Capacity Tracker



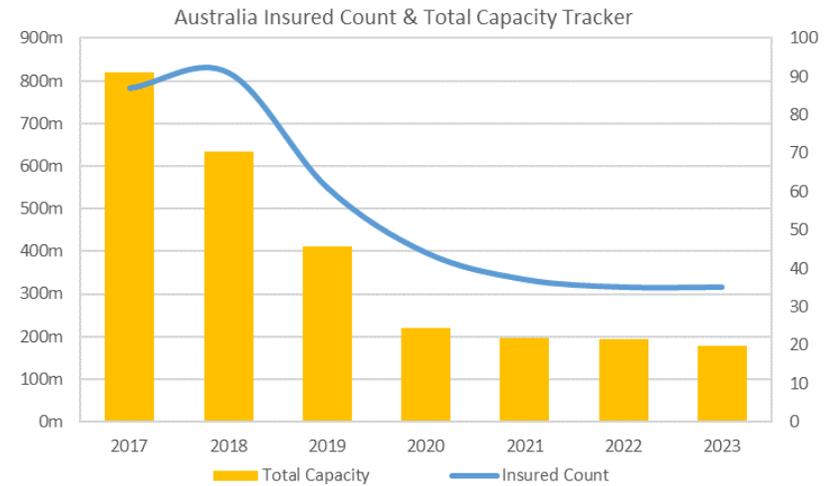
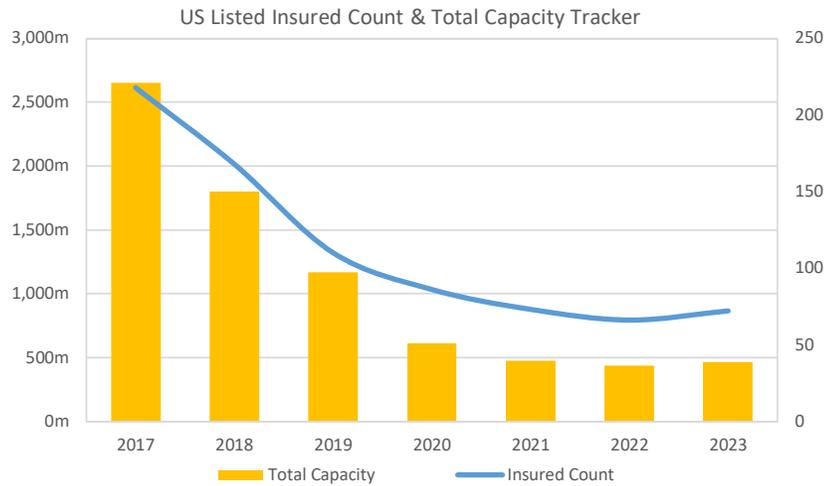
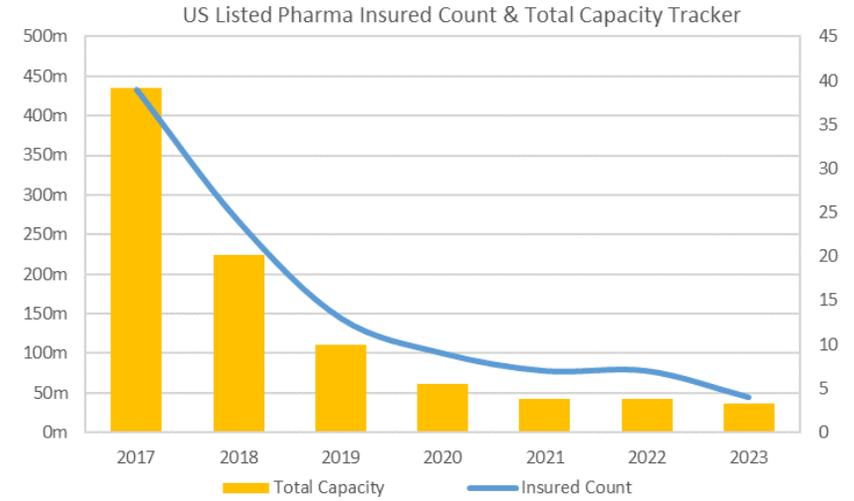
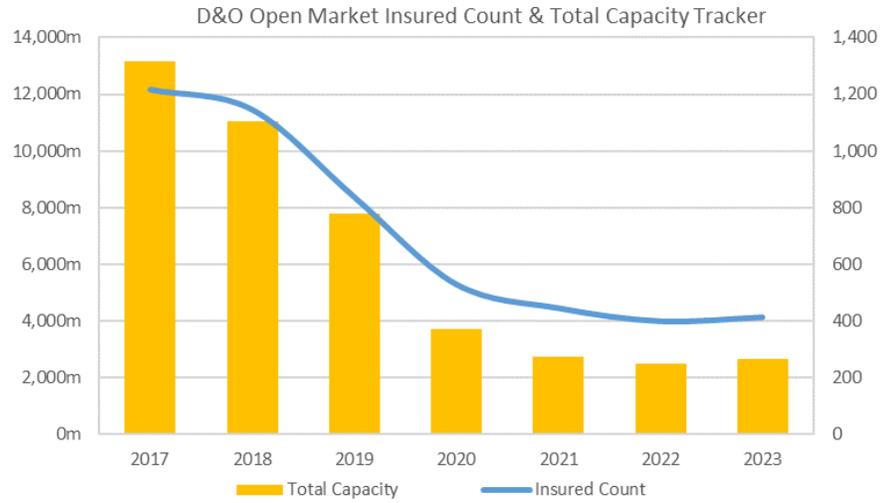
D&O - Evidence of Impact

Portfolio Changes:

- Reduce Capacity – 82.8% reduction in total Capacity '17-'23
91.7% < £10m per Insured (98.8% < £15m)
- Focus on rate improvement across the book
- Substantially reduce US Pharma and US Listed Exposures
- Reduce and restructure Australian book



D&O - Evidence of Impact



Thematic update

04



2024, 2025 and 2026

MANAGE AGGREGATION

Between different EO divisions and other global divisions.

MANAGE VOLATILITY

RESERVES
LARGE LOSS POTENTIAL

CONTINUE TO IDENTIFY AND MANAGE EMERGING RISKS

Keep an eye on the future and mitigate issues as they are identified.



REALISTIC AND SENSIBLE PLANNING

Reflecting economic conditions, and geographical opportunity

DELIVER PROFITABLE GROWTH

Maintain a sustainable, high-quality portfolio.

DELIVER ON OUR REMEDIATION GOALS

Stick to our remediation strategies, navigating difficult conversations with our external partners

Thematic update

Wording
Expansion

Climate
Litigation

Regulatory
change –
eg AI in
Europe

Market
Dynamic -
Maintaining
underwriting
discipline

Clarity and
consistency
approach

Global rating
projects –
PI / D&O /
Transactiona
l Liability

