

The Actuarial Profession
making financial sense of the future

Reserving Seminar
David Lang – Head of Claims, Lloyd's



Tails of the Unexpected: The Story of the 2011 Catastrophes

21 June 2012

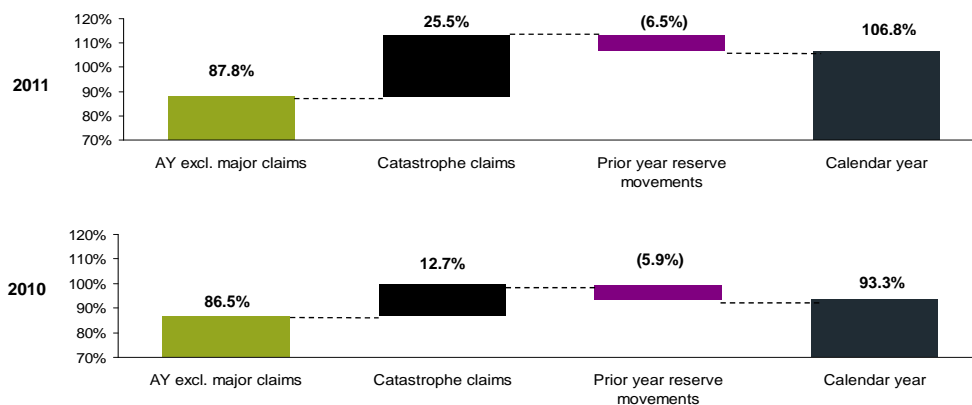
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Agenda

- Lloyd's High Level Claims Trends
- 2011 Catastrophe Losses
- Summary
- Questions or comments

Impact of Catastrophe Claims on Lloyd's 2011 results

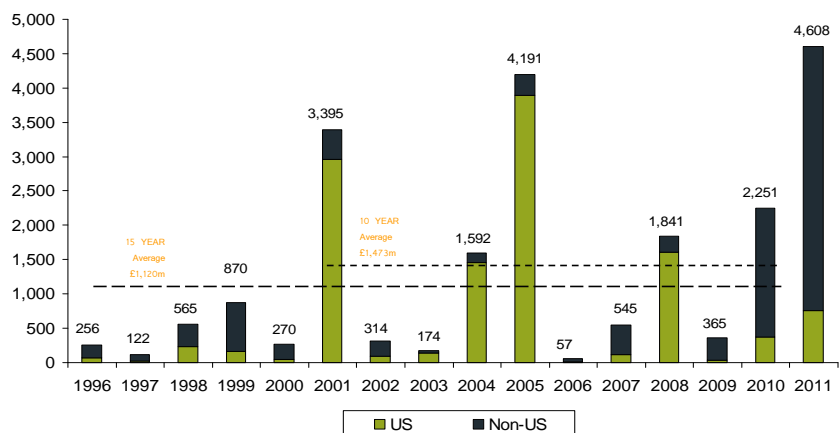
Combined ratios



Source: Lloyd's pro forma basis

Lloyd's Catastrophe Claims 2011

Lloyd's catastrophe Claims: Net ultimate claims £m



Source: Lloyd's pro forma basis

Indexed to December 2011

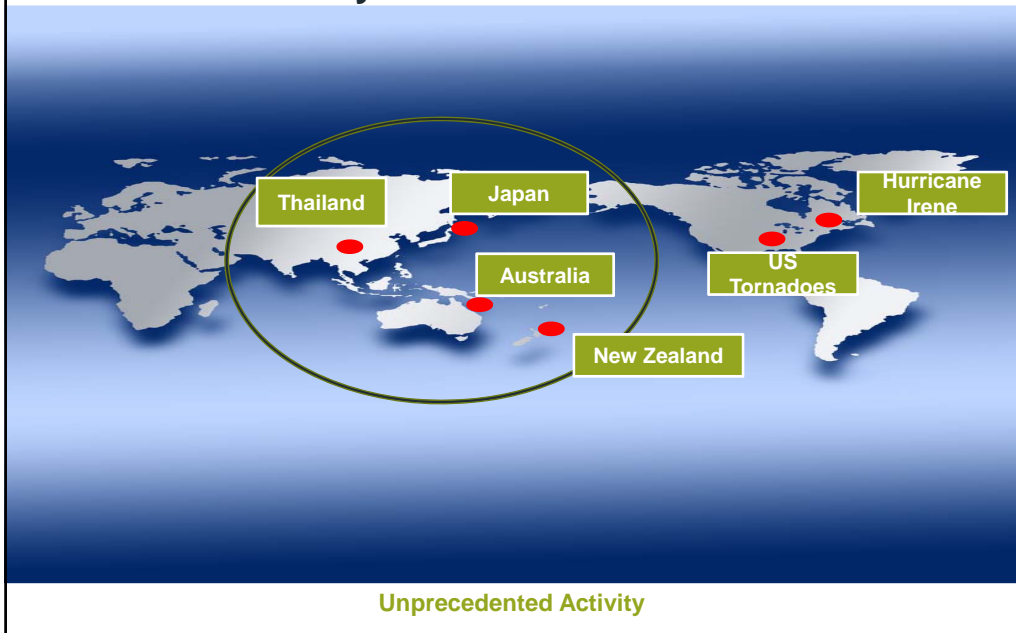
Summary

- Highest level of major claims on record for Lloyd's
- £4.6bn net 2011 catastrophe cost
- Balance sheets remain healthy
- Market remains well capitalised

2011 Catastrophe Losses



Worldwide Activity



2011 Catastrophe Frequency

First Half

- Queensland/Victoria Flooding
- Queensland, Cyclone Yasi
- Christchurch, 2nd Earthquake
- Japan, Earthquake & Tsunami
- Christchurch, 3rd Earthquake
- US, Mid West Tornadoes



Second Half

- US, Hurricane Irene
- Thailand, National Level Flooding

First Quarter Impact

Queensland Floods / Cyclone Yasi

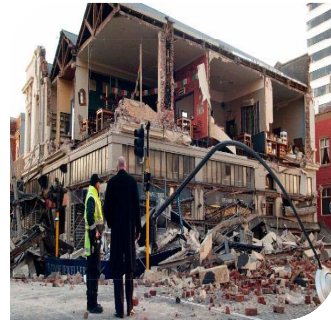
- Estimated Industry cost A\$3.8bn
- At least 13,000 claims
- Wivenhoe Dam

Christchurch Earthquakes

- Estimated Industry cost NZ\$15bn
- At least 160,000 claims

Japan, Earthquake/Tsunami

- Estimated Industry cost US\$35bn
- Excess of 1,000,000 claims



US Activity

US Tornadoes

- Some of the deadliest tornadoes ever
- Month of May saw 362 tornadoes
- Estimated Insurance cost US\$6-10bn

Hurricane Irene

- A very near miss
- Estimated Insurance cost US\$5bn



Thailand Impact

Thailand Floods

- National flooding July – November
- Highest levels of rainfall in 50 years
- Affecting 61 out of 77 provinces
- Flooding 30,000 km²
- Affecting major industrial parks
- Global supply hub
- Estimated insurance cost US\$12-15bn



Summary

- Catastrophes are not unusual, but each one throws up different challenges
- Obtain details of the underlying claims
- Understand the sensitivities of the claims arising
- Determine impact of reinsurance programme
- Consider carefully the company's reserving philosophy
- Exposure periods
- Solvency II



2011 Catastrophes – Business as Usual



Questions or comments?

Expressions of individual views by members of The Actuarial Profession and its staff are encouraged.

The views expressed in this presentation are those of the presenter.

