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ARE WE AFRAID TO GRASP LONDON'S FUTURE?

For decades, the London insurance market has cried out for reform. Now, the pandemic and lockdown have given it a once-in-a-century opportunity to change. Matthew Moore speculates on how the market should respond.

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According to Asian religious traditions, death is not something to be feared: it is only the passage to a new reincarnation or the promise of a higher consciousness. Yet, when the moment of passing arrives, naturally people can be afraid. Spiritual teachers explain this reaction by drawing parallels to a caged bird. Imagine, they say, a bird that has spent its entire life inside a cage. Suddenly the door is opened; freedom beckons, yet the bird remains on its perch, reluctant to leave the security of the only home it has ever known. It's a parallel the London insurance market may recognise.

The pandemic, it's fair to say, has opened the door of the London Market's cage in the most dramatic and shocking way possible. Years of dogma and rigid thinking about the shape of the London Market were rendered obsolete within days of lockdown. A trading hub that had struggled to reach agreement on modernisation for decades suddenly embraced electronic placement with evangelical fervour. Necessity made digital innovators of us all.

Glimpse of the future?

But now that the aftershocks of 2020s lockdown have quietened and the prospect

of widescale return to the workplace looms, questions are being asked. How many of the changes we've made over the last 18 months should we retain and how many should we discard? Did locked-down London give us a glimpse of the possibilities or was it merely a pragmatic response to a unique set of circumstances?

I have not experienced before such a groundswell of belief that the future of the London Market is in our hands – right now. COVID-19 has disrupted so many of our long-held tenets and behaviours that a world of possibilities has opened up. But like the bird in the cage, are we bold enough to seize them?

Consultation programme

Faced with potentially emotive decisions that affect all employees, Liberty Specialty Markets set about examining the possibilities in a structured manner. A consultation programme was initiated. It's objective: to understand how our market-facing teams and a panel of brokers expected to interact with their London Market peers post-pandemic. Our findings revealed a distinct cultural shift had taken place. Practitioners were seeking a balanced mix of both physical and virtual interactions. For a market founded on face-to-face meetings, this marked a profound shift.

While many of us during lockdown complained of 'Zoom fatigue' and the tyranny of back-to-back remote

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conversations – many of which lack the spontaneity of physical meetings – there's no appetite to abandon screen-based meetings. Consider the ease with which an underwriter can speak directly to a US-based coverholder or a risk engineer can conduct a virtual risk survey. Liberty's Virtual Room initiative also simulates the functionality of the Lloyd's Underwriting Room, allowing brokers and underwriters to meet in their own virtual space.

But remote transactions have their drawbacks. As highlighted by our colleagues at Lloyd's broker trade body, the London & International Insurance Brokers Association, the virtual world lacks serendipity – the chance encounter, the unexpected conversation, the casual interaction in a coffee shop that sparks a business transaction or a valuable idea. Luck, it could be said, favours the face-to-face.

Analysing needs

Confronted with this tangible attitudinal shift among market practitioners, we at Liberty began to examine the changes this could create and then study them through a series of lenses. A good example would be the brand that is London and the London Market. We're located in one of the most exciting and diverse cities in the world. Our clients want to visit London; graduates want to work in London; our people want to enjoy London's world-famous architecture and social life. Why would we swap that for spending seven-hours-a-day working in a loft conversion? On the face of it, it's a powerful argument for returning to the physical space. However, if you flip that particular coin, you come up with questions about London's willingness to adopt new technology and move with the times.

Talent is another lens that's relevant. The London Market wants to attract talent, particularly talent in the form of graduates, young professionals, individuals from diverse backgrounds – the future of our industry. The prospect of dress codes, daily commutes, rigid working hours and a questionable work-life balance may not be that inviting to our target demographics; greater flexibility and a reduction in travel costs could be.

Right now, environmental issues – the E of ESG – are dominating boardroom discussions. This is another important lens. The UK government has made it clear that it wants to be at the forefront of the global green economy and be a leader in setting carbon reduction targets. Since March 2020, long-haul business flights have been exceptionally rare. The London Market's travel-related carbon emissions have been slashed. In parallel, reductions in traffic and congestion have made cycling to work much more practical – and less dangerous. These are very positive steps.

A way ahead?

So, having conducted our analysis and cross-referenced our market's changed behaviour with its longer-term needs, four key conclusions emerged from our study.

First, a hybrid model combining both face-to-face and remote working will evolve. This will offer us the best of both worlds, as long as we're able to achieve the right balance. The pandemic has shown us the extremes: we need to find a new equilibrium between the two ends of the spectrum.

Second, no single organisation can drive this change in isolation.

Systemic shifts can only emerge at market level, so it will be the role of the market's membership organisations – the representative voices – to both encourage their members and provide the platforms on which their thoughts can coalesce.

Third, we can't afford to waste the technological gains we have made since lockdown. This has been the biggest leap forward the London Market has achieved in decades. Overnight, we rewrote the rules. The way ahead now is clear: more digitalisation, more data and greater diversity.

Finally, London's uniqueness and reputation will always work in our favour. We need to leverage these facets of our market and ensure they are part of the London Market's brand, namely the City of London and the market are synonymous. Other insurers and markets around the world may be able to duplicate aspects of our products or our thinking, but they can't copy London itself. It may well be the most valuable piece of intellectual property we possess.

Since I started working in the London Market, people have been crying out to be released from the restrictions of traditions. London has watched as new insurance markets have sprung up around the world, most of them entirely unshackled from the past. By contrast, we in London allowed the past to define our vision of the future too greatly. But all of that has changed. The pandemic has flung open the London Market's cage door. The bird knows it has to fly. Now, for the first time in years, it knows its course. ■

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