



MARKET MATTERS

Not following the herd

Markel takes the lead in
niche insurance markets

**CLAIMS
BROKER
FEEDBACK**



40 key brokers rate Markel
International's claims service

Sea monsters

Market Matters takes a look at the
escalation of hijackings at sea

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Stewart McCulloch, head of the UK Sector and UK Insurance, Xchanging.



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MARKEL INTERNATIONAL INTRODUCE EQUINE & LIVESTOCK TO THEIR PORTFOLIO



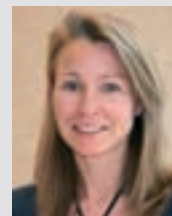
Markel International has a reputation for offering quality niche products across five business lines. However, most recently it has expanded its portfolio to include Equine and Livestock.

The division has the ability to write Bloodstock, Livestock and Aquaculture related products through Markel Syndicate 3000. Markel International has acquired one of the top underwriting teams in the market, enabling it to offer both new and existing Equine and Livestock insurance products to a global marketplace. The team has over 70 years' combined experience in the industry, which, coupled with Markel's highly ranked financial stability and claims paying ability, allows Markel to provide quality insurance and reinsurance capacity in the Bloodstock, Livestock and Aquaculture market.

Markel's products can be specifically tailored to meet the individual needs of the client. Coverage is available for anyone ranging from the largest stud farm to the private horse owner. Livestock products can also be tailored with coverage available for large farms to zoos. A wide variety of fish

farm risks is also available through the Aquaculture department.

MEET THE EQUINE & LIVESTOCK UNDERWRITERS



JULIET REDFERN Senior Underwriter

Juliet's bloodlines are strongly associated with the Lloyd's insurance industry; her grandfather was deputy chairman of

Lloyd's and her great-great-uncle was chairman of Lloyd's, so it seemed natural for Juliet to enter the industry. Deciding on the area of expertise was also not a problem; Juliet grew up with horses and has ridden all her life; bloodstock and horses in general have been a lifelong passion. It wasn't until her late teenage years that she developed an interest in thoroughbred racing, to such an extent that during summer breaks from obtaining her degree at Exeter University she took placements at various stud farms, including a stint at Sheikh Mohammed's

Kildangan Stud in Ireland. Juliet joined a Lloyd's bloodstock broking firm in 1991 and after seven very educational years she moved to the other side of the fence and started underwriting, joining the team of a large Lloyd's syndicate specialising in equine risks. After four years, she joined Julian Bowen-Rees in 2002 as deputy Bloodstock underwriter and was involved in the dramatic growth of the business in the ensuing years. Juliet joined Markel in December 2008 as a senior underwriter, and, after nearly 18 years in the industry, she remains as enthusiastic and passionate about her job as the day she first started.



ROBERT WELLS
Underwriter – Livestock & Aquaculture

Robert started his career in the London insurance market in 1996 at QBE. He moved to an underwriting agency of QBE specialising in livestock in 1997 and in 1999 was appointed as deputy underwriter of the agency. In 2002, he joined XL Insurance as Livestock underwriter, broadening the account to include Aquaculture risks, and was promoted to class underwriter in 2005. Robert has travelled worldwide researching livestock and aquaculture markets in Europe, Australia, South America and Canada as well as all corners of the USA. Robert brought his extensive knowledge to the Markel team in 2009 and will be developing the global Livestock and Aquaculture account.



JEREMY CHAPPELL
Underwriter

Jeremy has been working in the London insurance market since 1994, keeping up a family history in the equine insurance business that dates back to 1965 with his father, who wrote Bloodstock, Livestock and Aquaculture insurance through his own syndicate at Lloyd's of London. Jeremy started out as a claims adjuster for a Lloyd's broker specialising in Bloodstock, and worked through to being an account handler and broker for some of the top stud farms and racing operations in the

world. After taking a position with a large multi-national insurer in 2004 as assistant underwriter, he moved to Kentucky in 2007 to head up its Underwriting team, focusing specifically on the US thoroughbred market. Jeremy holds a diploma with the Chartered Insurance Institute and is currently writing global Equine and Livestock risks through Markel Syndicate 3000 based in Lloyd's of London.



LAURA HARRISON
Assistant Underwriter

Laura graduated from University College of London in 2004 with a Bachelor's degree in Biochemistry. After completing her Advanced Diploma in Insurance, Laura qualified as a Chartered Insurer and is an Associate of the Chartered Insurance Institute. With four years' experience of working in the London Market, Laura assists the London Underwriting team with the day-to-day running of the Equine book. *mm*

We'd like to welcome...

TOMAS NILSSON as claims manager SWEDEN. Markel International Sweden is pleased to announce that Tomas Nilsson will take up the position of claims manager in the Stockholm office. Tomas Nilsson joins the team with over five years' experience as a marine claims manager at the Stockholm branch of Inter Hanover, where he was responsible for the handling and settling of all claims related to the marine department, including hull, cargo and political risk. Along with this wealth of experience he also held a position as claims manager at AIG Europe.

LOUISA LU as products liability underwriter SINGAPORE. Markel International Singapore opened its doors for business in Singapore a year ago and in that time it has been able to build an offering of six core underwriting products. The addition of Louisa is key to developing its underwriting capabilities throughout the Asia region. Louisa will be joining as products liability underwriter and has over 10 years' experience writing this specialist product in Asia.

MINT CROSSES COSTA RICA!



The 12 participants from Markel London took on 'The Insurance Leadership Group Coast To Coast Challenge' in April this year in aid of the Prince's Trust Charity. Their challenge was to cross Costa Rica in 7 days via means of cycling, hiking, white water rafting and kayaking, crossing the continental divide at 2,500m from the edge of the Pacific Ocean to the shores of the Caribbean Sea.

They covered a distance of 267km (166 miles) and the team faced a number of challenges along the way. They found it difficult dealing with the climate, which was both extremely hot and humid, and also subject to torrential downpours. Along with the physical and mental hurdles, the week tested determination to the limit.

The team completed the challenge and in total raised an incredible £38,000! *mm*

Claims Feedback Sessions



Markel International strives to be the best, ensuring that its specialist insurance products are teamed with expert knowledge and exceptional service standards. Who better to judge its performance than the people whose opinions really matter as they deal with them every day.



Stuart Willoughby

In April over 40 key brokers were invited to rate Markel International's claims service in an anonymous environment with an independent mediator. The results of the feedback are published here.

Stuart Willoughby, claims director of Markel International, said "To quote directly from the Markel Style "The Markel way is to be a market leader in each of our pursuits. We seek to know our customers' needs and provide our customers with quality products and services." As we in claims continually look for ways to improve our services and differentiate ourselves, the broker feedback

sessions represent an opportunity for us to listen to our business partners and develop solutions that not only meet, but exceed our customers' expectations.

The provision of claim services is a key differentiator in the attraction and retention of our customers. We effectively sell a promise and it is our responsibility to deliver on that promise. I would personally like to thank all those who gave up their valuable time to participate in this exercise, and I look forward along with my colleagues to working with our business partners as we continually look to improve the way we do things."

FEEDBACK RESULTS

1. WHAT MAKES MARKEL STAND OUT FROM ITS COMPETITORS?

- "Markel's response to and support of ECF"
- "Industry leader – Markel has supported ECF from the outset, above and beyond what any of the competitors are doing"
- "The quality of staff is good; they have been in post, and in the market, for a long time"
- "They are a known quantity and you always get a sensible response from them"
- "Good turnaround times – there are a lot of tardy people out there"
- "Brokers waiting area on the ground floor – the best in the market"
- "Conducting these feedback sessions – Markel is the only organisation that requests feedback on such a professional basis"

2. WHAT DO OUR COMPETITORS DO THAT YOU WOULD LIKE MARKEL TO START DOING AS WELL?

- "Many competitors are doing social events for brokers, but this tends to be those that are newer to the market and who don't have such strong and well-established relationships"
- "Implement ECF on legacy business across the board"

3. WHAT DO YOU TELL YOUR CUSTOMERS ABOUT MARKEL?

- "Great adjusters that are always efficient and accurate and ready to listen"

4. HOW DOES MARKEL INTERNATIONAL RATE AT COMMUNICATION?

- "Good written communications to market"
- "Good use of phone"

5. HOW WOULD YOU RATE MARKEL INTERNATIONAL'S COMPETENCY?

- "Lots of experience"
- "Value fact that people are long-serving"
- "Genuine familiarity with portfolios of business"

6. HOW WOULD YOU RATE MARKEL INTERNATIONAL'S EFFICIENCY?

- "Back-up information strong"
- "Risk records are extremely good and readily available"

7. HOW WOULD YOU RATE MARKEL INTERNATIONAL'S ACCURACY?

- "They don't miss anything – real attention to detail"
- "Value accessibility and accuracy of records, happy to provide missing information"

8. WHAT SINGLE CHANGE WOULD YOU MAKE TO THE SERVICE DELIVERED BY MARKEL?

- "Nothing at all – very pleased with the level of service delivered – seems like a fairy tale but it's true"

If you have any questions, please contact **STUART WILLOUGHBY** at stuart.willoughby@markelintl.com

NOT FOLLOWING

The launch of Markel International's Equine & Livestock division is the latest demonstration of the company's strategy of taking the lead in niche insurance markets.



THE HERD

Markel International is now part of a very select group of insurers handling Livestock and Aquaculture risks. This follows the establishment of the company's Equine & Livestock division in December 2008, which is now writing mortality cover on a worldwide basis for livestock farms, zoo animals and fish farms.

Robert Wells is the latest addition to the Livestock and Aquaculture team and explains that this is a true niche area where each policy tends to be carefully tailored to the client's needs.

"Every risk is different" says Robert. "Our job is to understand that risk and respond accordingly. It's a question of experience and of commitment to our clients and brokers."

The team selected by Markel delivers on both these fronts. Together they have over 70 years' experience in Livestock and Aquaculture cover. They have also travelled to all corners of the world to visit clients, from a fish farm on the tip of Chile to a zoo in California. And along the way they have come across some bizarre animals and incidents...

"Once we were asked to insure a two-headed albino rattlesnake for a two-week show in Las Vegas," explains Robert. "Fortunately we were aware another such snake had previously been insured through Lloyd's and had actually killed itself when one of the heads bit the other! The snake we insured was covered for restricted perils and the policy went clean."

The expertise the team offers is combined with in-depth statistical records, veterinary consultation and research by livestock professionals. All this work is done prior to

inception to allow the team to accurately assess risk and exposure and design appropriate and fairly priced products for their clients.

Robert is confident that the team's highly focused and professional approach will see demand continue to grow for the specialist cover they provide, especially within niche areas of the class, whether it is a salmon farm in Scotland or a rodeo bull in Texas. Robert explains: "As always, the most important thing is good husbandry and everything stems from that. The current economic environment can make it harder to maintain levels of management when costs are being squeezed, so we need to be aware of any changes in standards. Animal welfare and strong underwriting returns go hand in hand in this class of business."

"Animal values and the number of animal transits may have been hit by the economic downturn," explains Robert, "but trading is still ongoing – and we are well placed as things pick up because we can offer meaningful capacity and tailor-made transit covers on a global basis."

The division works mainly with specialist brokers and writes business on a subscription basis, normally as lead insurer. They are actively looking to grow their book and are particularly keen to build relationships with brokers that offer local expertise in livestock, zoo animals and aquaculture. *MM*

For more information about Markel's Livestock and Aquaculture cover, please contact ROBERT WELLS at robert.wells@markelintl.com

LIVESTOCK

COVER:

- › All Risks of Mortality
- › Restricted Perils
- › Theft
- › Limited Government Slaughter
- › Business Interruption
- › Accidental and External Injury

CLIENT PROFILE:

- › Livestock farms, zoos, aquariums and exotic animals

GEOGRAPHIC FOCUS:

- › Worldwide, with business written through Markel Syndicate 3000 and Markel International Insurance Company Limited.

TYPICAL LIMITS:

- › USD 6 million per farm/facility

AQUACULTURE

COVER:

- › Pollution
- › Malicious Acts, Theft, Predators
- › Flood, Tidal Wave
- › Storm Damage, Subsidence, Landslip, Structural Failure
- › Drought, Fire, Lightning, Explosion, Earthquake
- › Freezing, Frost Damage, Frazil Ice
- › Mechanical Breakdown or Accidental Damage to Machinery
- › Electrical Breakdown or Failure
- › Deoxygenation due to Vegetation, Microbiological Activity or High Water Temperature
- › Disease

CLIENT PROFILE:

- › Fish farms including Salmon, Cod, Sea Bream, Sea Bass, Tuna and Oysters

GEOGRAPHIC FOCUS:

- › Worldwide, with business written through Markel Syndicate 3000 and Markel International Insurance Company Limited.

TYPICAL LIMITS:

- › USD 6 million per site/location



MARKEL

The specialist global insurer for bloodstock



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SEAMONST

Several recent and highly violent acts of piracy have shown the severe dangers ship owners and operators face on some of the world's most important cargo routes. Market Matters takes a look at the escalation of hijackings at sea and the serious impact it is having on the marine insurance market.

Piracy is big news again. In 2008, the number of attacks on cargo ships, boats and privately-owned yachts rose dramatically, as did the ambitions and violence shown by the pirates carrying out the attacks.

The two events that captured the news headlines were the hijack of the *Sirius Star*, an oil tanker carrying \$100 million of crude

oil, and the seizure of the *MV Faina*, a Ukrainian ship laden with tanks and weapons en route to Kenya. But there have been hundreds of other incidents and together they paint an increasingly worrying picture for ship owners, ship charterers and, of course, marine insurers.

'Pirate Alley'

Without doubt, the current hot spot for piracy is the Gulf of Aden. This part of the Suez Canal shipping route lies between Yemen, Somalia and Eritrea and is now known as 'pirate alley'.

It is a vital sailing channel because it allows ships to head east without having to

JUST WHEN YOU THOUGHT IT WAS SAFE TO GO BACK INTO THE WATER...

- › In 2008 there were 293 incidents of piracy against ships – this is an increase of over 11% from 2007
- › 49 vessels were hijacked and 889 crew taken hostage
- › 46 other vessels reported being fired upon
- › A total of 32 crew members were injured, 11 killed and 21 missing – presumed dead



As a result, their operations are becoming increasingly sophisticated and well-funded. There is also increasing evidence of western involvement in acts of piracy and in subsequent ransom negotiations.

The legal impasse

Another huge problem is that prosecuting those guilty of piracy is far from straightforward. Any action against perpetrators raises all kinds of questions for the countries that are trying to stop the attacks. How, for example, can the nationality of captured pirates be established? Where can they be successfully tried and jailed without contravening International Law? What amount of force can be used to overcome theirs without infringing their human rights?

Because of all these complications, a concerted response to the problem has been slow in coming. One positive is that there are now more navy patrols in the Gulf of Aden. Another is that Kenya has agreed to put on trial a gang of pirates that recently tried to attack a German Naval Vessel off the coast of Africa.

This may offer some form of legal solution, but how long Kenya will want to be burdened with the duty of bringing pirates to book remains to be seen. And let's not forget that the recent upsurge of hijackings in the Gulf of Aden is not the only piracy hotspot.

2008 also saw a large rise in incidents off the coast of Nigeria, with 27 vessels boarded, five hijackings and 39 crew members kidnapped. And while Indonesia, for many years a major problem area, saw incidents of piracy in its water decrease last year, the area still remains dangerous for shipping.

Mitigating the risk of piracy

Jason Page, Hull and War underwriter at Markel International, is all too aware of the impact of piracy on the insurance industry.

"The recent upsurge in maritime hijacking is of huge concern to all insurance carriers," he says. "We're now seeing better armed

and better organised gangs, who are operating further away from the coast than they have previously dared. Some even give themselves military titles like the 'Somali Marine Core', but the reality is that they're just common criminals."

Page says that the increasing scale and violence of their attacks is one of the main reasons why what was once regarded as a 'maritime peril' is now increasingly classified as a 'war risk' where dangerous journeys require additional underwriting. While this comes at a cost, Page explains that it can prove crucial to many clients' businesses.

"The Gulf of Aden is a key route for shipping and must be kept open," says Page. "By offering our clients comprehensive, tailored cover for the risks they face, we can give them greater certainty about their business security."

Page believes that recent high profile attacks suggest the situation is likely to get worse before it gets better. And as the stakes get higher, he feels the expertise of insurers like Markel comes into its own.

"This is a specialist area where you need to be absolutely sure about your cover," says Page. "We have dealt with piracy issues for decades now and are one of the strongest and most well-established underwriters in the market. This means we can turn around quotes for any journey fast and be flexible when it comes to factoring in extra security measures our clients might have arranged."

With a transitional Somali government now in place, there is some hope that concerted action will now be taken against the pirates. But in the meantime Markel International will continue to do all that an insurer can to help mitigate the risks these modern-day Blackbeards pose. *MM*

undertake the far longer voyage around the southern tip of Africa. And it is here that Somali pirates are picking off ships seemingly at will.

The virtual breakdown of law and order in Somalia means pirates operate with little fear of being prosecuted in their own country. There have been cases, for example, where pirates have been caught and returned to Somalia only for no further information to be provided as to what, if any, action has been taken against them.

Added to the problem of lawlessness is the fact that the ransoms the pirates are demanding (and in many cases receiving) are now measured in millions of dollars.

For more information about Markel's Hull and War cover, please contact JASON PAGE at jason.page@markelintl.com

60 SECONDS WITH...STEWART MCCULLOCH

Head of the UK Sector and UK Insurance, Xchanging

STEWART MCCULLOCH heads up Xchanging's UK Sector and the UK Insurance business. Prior to this Stewart was implementation director in which role he was responsible for the implementation of discontinuous change and new business realignment in the insurance business. Stewart has been with Xchanging since July 2008. An alumnus of Pricewaterhouse Coopers, Stewart spent nine years as an architect and programme manager on large business change projects in the UK and Europe. He left to join the global broker Willis, where he was instrumental in creating and developing service centres in the UK, US and India.

Most recently, Stewart was CEO at Lockton International, the Lloyd's insurance broker which operates in 12 countries with 1,400 staff (formerly Alexander Forbes International Risk Services). In this role, Stewart led the sale of Alexander Forbes International Risk Services to Lockton, Inc to create the largest global privately owned insurance broker. Stewart is a graduate of Warwick University, holding a degree in Mathematics, and has been a member of the Institute of Chartered Accountants in England and Wales since 1987.

› **Who has influenced you most in your career?**

John Robins, Non Executive Board member for Xchanging Ins-Sure Services. I first met John when I was working for PwC and since then our careers have crossed on many occasions.

› **Which organisation would you like to turn around?**

The banks.

› **What's the best thing about your job?**

Good people who work hard to serve customers.



› **What is your greatest professional achievement/regret?**

The Alexander Forbes/Lockton deal. I led the sale of Alexander Forbes International Risk Services to Lockton, Inc to create the largest global privately owned insurance broker.

› **What advice would you offer someone starting out in the industry?**

Get some international experience.

› **What do you think needs changing in our market?**

As an industry, our cost base is still too high.

› **What is your biggest fear – professionally/personally?**

Heights.

› **What do you think is most important – who you know or what you know?**

Both.

› **What was your childhood ambition?**

To be an engineer.

› **What would you like to be doing in ten years time?**

Sailing around the Mediterranean.

› **What is your favourite film?**

Apollo 13.

› **What really annoys you?**

Drivers who do not indicate.

› **What were you like as a teenager?**

Thin!

Competition

The last issue of Market Matters saw **MARK LOWNDES** from Cooper Gay collect £200 Ticketmaster vouchers.

THIS TIME YOU ARE SET TO WIN TWO TICKETS TO GLORIOUS GOODWOOD



ON 29TH JULY IN THE RICHMOND ENCLOSURE

Widely regarded as the world's most beautiful racecourse, Goodwood is set high on the South Downs and with far reaching views across the Solent, it really is the perfect place to enjoy horseracing and socialising at its very best. It has always been about effortless chic at Goodwood and, coupled with some of the best horseracing in Europe, it really is 'the place to be and be seen'. For your chance to win, simply answer the simple question.

Q. WHAT UNIVERSITY DID JULIET REDFERN, SENIOR UNDERWRITER, EQUINE & LIVESTOCK DIVISION GRADUATE FROM IN 1991?

Please send your answers in an email to colleen.faugnan@markelintl.com

The prize draw will be made on 1st July.

Is this you?

The Market Matters roving photographer has been scouting the London market, snapping at random to find the winners of this issue's champagne. If your picture is featured, call Colleen Faugnan on 020 7953 6735 to claim your prize.



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About Us

Markel International Limited is the London based subsidiary for the international operations of Markel Corporation and is one of the UK's leading specialist insurance companies. The company has developed its expertise through understanding and catering for niche markets. In each of these markets Markel aims to provide quality products and excellent customer service thereby establishing the Markel brand as a market leader.

The company operates in the UK through two commercial entities, Markel International Insurance Company Limited, its London based insurance company and Markel Syndicate 3000, its 100 per cent owned Lloyd's syndicate. In both of these business environments Markel International offers a wide range of products, with its considerable underwriting expertise organised around the following product lines: Marine & Energy, Non Marine Property, Specialty, Professional Liability, Equine & Livestock and Retail.

For more details about our products, please visit our website www.markelintl.com