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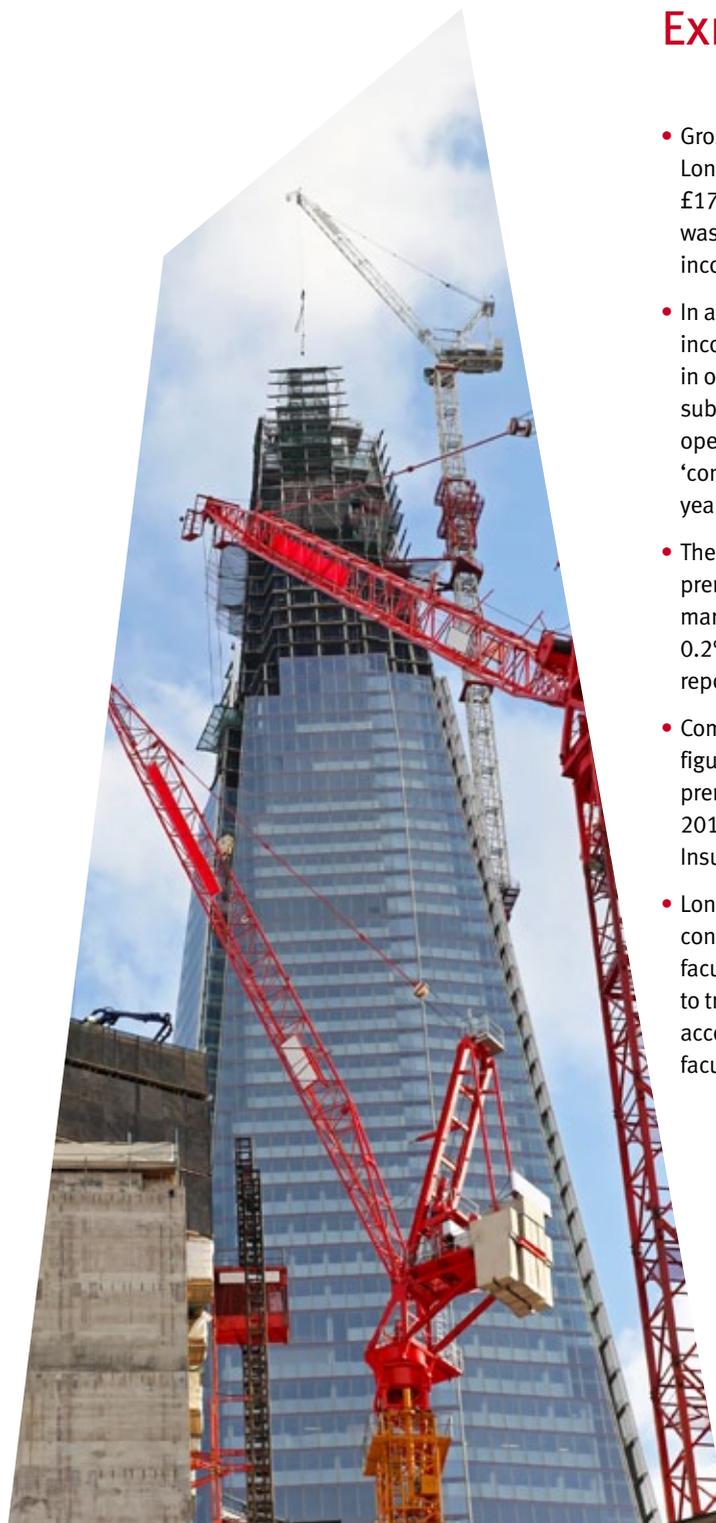


LONDON COMPANY MARKET
STATISTICS REPORT
OCTOBER 2014



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EXECUTIVE SUMMARY

- Gross written premiums written in the London company market in 2013 were £17.445bn. The restated figure for 2012 was £17.712bn, indicating a decline in income of 1.5% over the year.
- In addition a further £6.831bn of premium income has been identified as written in other locations around the world but subject to a level of oversight by London operations, 10.1% higher than the ‘controlled’ business total reported in last year’s report for 2012 (£6.232bn).
- The overall intellectual and economic premium total for the London company market in 2013 was £24.276bn, up by 0.2% on the 2012 total figure of £24.225bn reported last year.
- Combining the overall company market figure with the £26.106bn gross written premiums reported by Lloyd’s of London for 2013 gives a total income for the London Insurance Market of £50.382bn.
- London company market business continues to be dominated by direct and facultative placements (81.2%) compared to treaty business (18.8%). Direct business accounts for two thirds of the direct and facultative total.
- Property is the most dominant class of business accounting for just under one quarter of total premium income. Liability and marine are also important lines of business.
- For business written in London, the UK and Ireland remains the most important source of income accounting for 54% of premiums in 2013. For business controlled by London operations but written in other locations, continental Europe is the biggest regional contributor supplying 42% of premiums followed by Asia with 14%.
- Over the past five years the London company market’s gross written premiums have generally increased. However, income written in international offices but controlled by a London operation is growing at a faster rate than premium written in London itself.
- Nearly £3bn of premium income in 2013 was written in European offices outside the UK and Ireland, but overseen by London company market operations. This figure illustrates the vital economic importance of the EU financial services ‘passport’ to the London Market.



INTRODUCTION

Welcome to the 2014 London Company Market Statistics Report. Ever since the IUA first launched this publication we have sought to improve and expand its content with each new edition. This year is no exception as you will discover in the following pages.

I am also pleased to say that our report is now part of a growing body of research focussing on the role of London's insurance and reinsurance industry.

The driving force behind the IUA's statistics report was a dearth of information about the size of the company market. I often receive enquiries about our sector's annual income and while we were able to make some informed estimates, the situation was clearly unsatisfactory.

This data 'black hole' is recognised across the market and in recent months the London Market Group has commissioned a major piece of research to better understand the competitive landscape in which we operate.

Other bodies, notably TheCityUK, have also published useful reports analysing the role of insurance within the UK's wider financial services industry.

Furthermore the IUA has undertaken its own new research project investigating the underwriting platform choices made by companies. Our statistics report has revealed in recent years a growing amount of business that is written in international hubs, but controlled by London operations. Through a series of interviews with senior executives we have been seeking to deepen our understanding of this trend.

It is no longer appropriate to use only premium written in the square mile as a measure of the size of the London Market

The results have been illuminating and confirm that it is no longer appropriate to use only premium written in the square mile as a measure of the size of the London Market. They have been used to inform the writing of this report and are being published more comprehensively in a separate document.

Also to be found within this publication are the results of a new 'Economic Profiling' survey which has been added to our research for 2014. This has been introduced to provide more detailed background information about the entities operating in our market.

All of these exciting projects can only assist the London Company Market Statistics Report in its principle aim: to promote the important contribution IUA members play in the global and UK economies. Having a rich body of data to hand helps ensure that government and regulators value insurance as a sector distinct from the rest of the City of London and perhaps with different requirements. It also enables us to better advertise ourselves to prospective clients and attract high calibre candidates required for future employment if we are to continue to thrive.

Dave Matcham *Chief Executive*

BASIS OF THE SURVEY

A total of 57 company returns are included in the 2014 London Company Market Statistics Report, providing a comprehensive survey of active operations. This figure, however, represents a slight decrease on last year's due to some entities, for ease of reporting, being included within the returns for related corporate entities.

The definition of London market business remained the same as in previous surveys and is stated as follows:

London market slip business written through brokers or direct with clients and any other risks which could be categorised as large commercial/wholesale risks. For example, global programme business or delegated authority business through coverholders or managing general agents.

This definition excludes premium that is written by overseas offices or branches that are controlled or managed by London operations. Therefore we also requested that such premium is separately recorded. For the first time this year a geographical breakdown of controlled premium was included in the survey.

There is no doubt that 'controlled' premium can be legitimately quantified as representing the intellectual and economic premium earned by London companies. Its inclusion also ensures the IUA's report is more closely comparable with income figures published by Lloyd's of London.

However, the nature of control and oversight provided by London operations to overseas colleagues varies considerably. Some companies employ an extremely high degree of supervision with strategic objectives,

management of finances, claims control and product development all governed by London. Others may use a more devolved business structure with local managers afforded much more autonomy.

As has been noted in previous IUA statistics reports, defining exactly what comprises London market business is not a simple task. Underwriters may regularly cooperate with overseas colleagues on the analysis of complex risks and whether a policy is ultimately written and classified as London market can be purely an administrative judgement that varies from company to company. Certainly with many organisations operating in London as branch offices of parent companies regulated elsewhere in the EU there is no obligation to separately identify London Market business within statutory returns.

Such complications mean that completing the data template is not always easy and we are grateful to all companies for their assistance in supplying the raw numbers for this statistics report. This year we have expanded the research by including two new classes of business: construction and accident and health. Other classes of business and a geographical breakdown were maintained as per previous reports.

The data template also requests a split between direct/facultative business and treaty business. Last year a simple percentage split between direct and facultative premiums was also introduced. This has been maintained for the 2014 report.

Premium totals were requested both net and gross of commission and, in addition to figures for 2013, companies were asked

to restate their returns for 2012. The data templates were completed in the reporting currency used by companies and the results were subsequently converted into pounds sterling using agreed exchange rates, as at 31.12.13, of \$1.6 = £1 and €1.2 = £1. Statistics for Lloyd's of London quoted in this publication are taken from the Lloyd's Annual Report 2013.



A new economic profile section provides background information on companies taking part in the survey

Economic profile survey

This year, for the first time, a brief survey element was introduced to the data submission template for the IUA Company Market Statistics report. The purpose of this questionnaire was to obtain some fundamental background information on the companies participating in the exercise.

Five simple questions were posed seeking information on firms' size, structure, financial strength and business offerings. The results have been aggregated in a new 'Economic Profile' section to this publication which begins on page 20.

The following guidance notes were provided to companies for assistance in completing the class of business and geographical breakdowns on the data submission template.

Class of business breakdown

Please allocate your premium to the class of business category that you feel it is best described by:

Property
Includes engineering, but not construction

Construction
For 2014 construction (or builder's risk insurance) is not included under property, but has been identified as a separate class on the template

Liability
Includes employers and public liability, medical malpractice

Professional lines
Includes directors and officers (D&O), professional indemnity (PI), errors and omissions (E&O)

Accident and Health
For 2014 accident and health has been identified as a separate class, rather than being included under the 'other' category

Marine
All marine business including hull, cargo, energy, liability, specie and war risks.
Aviation
All aviation business including hull, public liability, passenger liability, space

Motor
Includes fleet and large single risks

Other
If none of the eight named classes above match in any way then please allocate premium to the 'other' category.

Includes, for example, contingency, surety

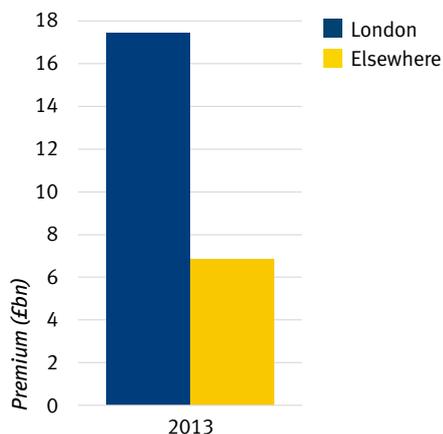
Geographical breakdown

Please allocate your premium to the geographical region that you feel it is best described by. When making this allocation please use the appropriate identifier in accordance with your normal procedures, for example, address of the insured, location of the risk itself, location of the cedent and, for global programme business, location of the client's headquarters.



RESULTS ANALYSIS

Gross premium written in London vs premium written elsewhere but controlled by London operation



This year's IUA statistics survey shows that the London company market's gross premium income was £17.445bn in 2013. Restated figures for 2012 put gross written premiums at £17.712bn. These results represent a decline of 1.5% in income over the year.

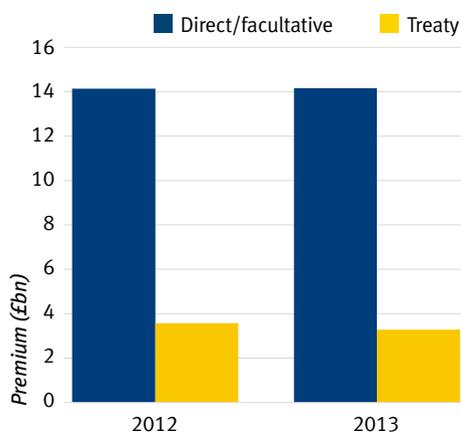
In addition, a further £6.232bn was identified in last year's report as having been written during 2012 in international offices, but controlled by London operations. This 'controlled' business jumps to £7.309bn in the restated 2012 figures published in this report and stands at £6.831bn for 2013.

Thus, combining the total gross premium incomes for business written both in London and international business controlled by London gives an overall intellectual and economic total of £24.276bn for 2013. This represents a small increase of 0.2% on the total combined figure of £24.225bn reported last year for 2012.

Lloyd's of London has reported a gross written premium income of £26.106bn for 2013. Thus, combining this total with the IUA's figure for the company market gives an overall premium income for the wider London Market of £50.382bn in 2013.

Analysis by Placement Type

2012/2013 Gross premium breakdown by placement type

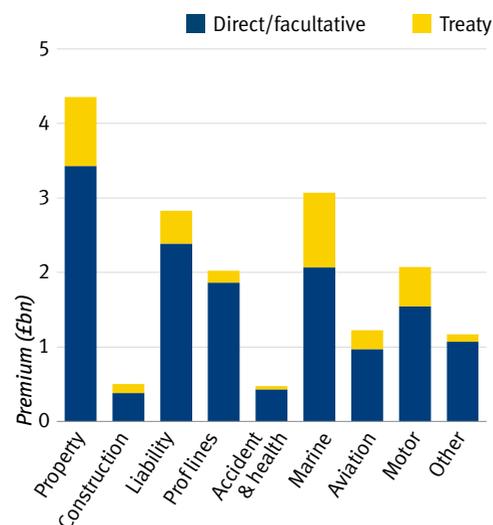


The split of London company market business between treaty and direct and facultative placements remains virtually unchanged from previous years. In 2013 direct and facultative placements were slightly more dominant, accounting for 81.2% (£14.153bn) of gross premiums written in London. Treaty business meanwhile made up 18.8% (£3.292bn).

This compares to a division of 79.9% (£14.146bn) direct and facultative and 20.1% (£3.566bn) treaty in the restated figures for 2012.

Further analysis by placement type is provided through a basic breakdown of how income is divided between direct and facultative business. Such business is usually grouped together in the London Market, but for the past two years the IUA has asked companies to state a percentage split. This revealed direct business accounting for 67.9% of the total in 2013 and facultative placements 32.1%.

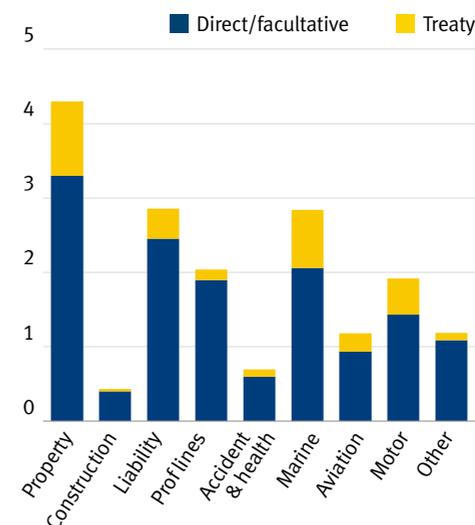
2012 Premium volume by placement type



Class of Business	Direct/ Facultative %	Treaty %	% of total
Property	78.74	21.26	24.58
Construction	88.25	11.75	2.44
Liability	83.00	17.00	16.25
Professional Lines	91.18	8.82	11.53
Accident and Health	90.59	9.41	2.69
Marine	68.32	31.68	17.10
Aviation	79.53	20.47	6.90
Motor	73.17	26.83	11.91
Other	91.49	8.51	6.60
All Classes	79.87	20.13	100

It appears that direct business is becoming more dominant over time. The restated figures for 2012 show direct placements at 65.7% and facultative at 34.3%. Last year's report showed the original statement of 2012 income with a split of 60.2% direct to 39.8% facultative and for 2011 it was only 57.8% direct to 42.2% facultative.

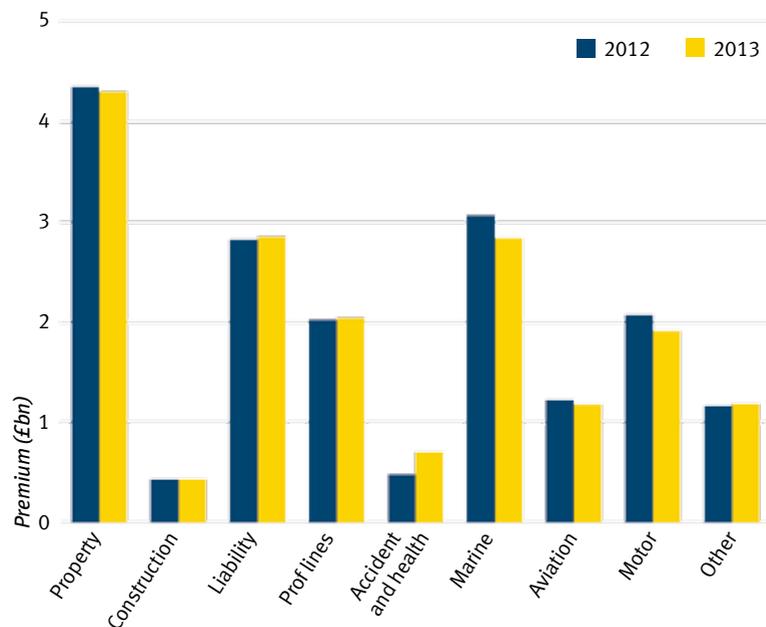
2013 Premium volume by placement type



Class of Business	Direct/ Facultative %	Treaty %	% of total
Property	76.66	23.34	24.66
Construction	92.43	7.57	2.46
Liability	85.80	14.20	16.39
Professional Lines	92.87	7.13	11.71
Accident and Health	85.54	14.46	4.04
Marine	72.51	27.49	16.23
Aviation	79.33	20.67	6.76
Motor	74.72	25.28	10.96
Other	91.97	8.03	6.80
All Classes	81.18	18.82	100

Analysis by Class of Business

2012/2013 Gross premium totals by class of business



Companies were asked to allocate premium income according to a list of eight major classes of business, an expansion on last year's analysis with construction and accident and health included as new categories. An additional ninth category of 'other' is included to cater for any business which cannot be conveniently allocated to any of the main classifications. Only premium written in London, not income written elsewhere but controlled by the London operation, is analysed by class of business.

The spread of business between different classes of business has not demonstrated

any significant change on previous years. Those classes which saw the largest increases in income last year, marine and motor, experienced the greatest falls in 2013.

Property is the most dominant class with £4.301bn of gross premiums written in London, accounting for 24.7% of the overall total. This was a slight fall from the restated 2012 figure of £4.354bn. Construction business is stated separately for the first time in this year's IUA report and recorded a premium of £0.432bn in both 2013 and 2012, representing a little under 3% of the market total each year.

After property, marine and liability are the most important classes of business in terms of premium income. The 2013 figures show liability in second place with £2.856bn (16.4%) and marine just behind on £2.838bn (16.23%). This is a reversal of the position in the restated 2012 figures where marine business recorded £3.029bn (17.1%) compared to £2.878bn (16.3%) for liability.

Next comes professional lines and motor business, both of which register annual premium incomes of around £2bn. As with marine and liability the rankings of these two classes has switched from 2012 to 2013. In 2013 gross written premiums for professional lines were £2.041bn (11.7%), just ahead of the motor result of £1.916bn (11.0%). The restated 2012 figures, however, show a slightly higher total for motor business of £2.109bn (11.9%) which puts it ahead of the £2.042bn (11.5%) returned for professional lines.

Income from the aviation sector remains at just under 7% of the total gross written premiums by London companies. In 2013 this represented £1.181bn and £1.222bn for the restated 2012 figures.

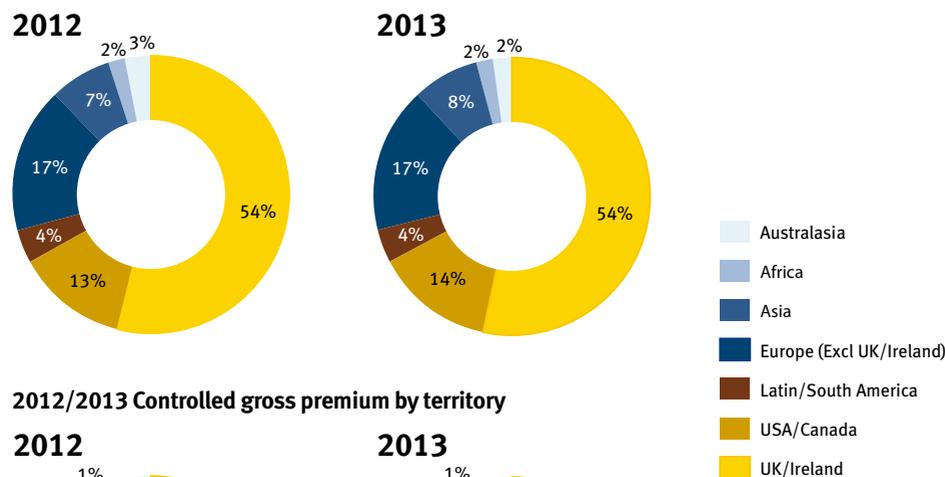
Accident and health business was the second new class added to the IUA data template for this year's survey. The returns showed this sector with premiums of £0.476bn in 2012, making up 2.7% of the market total. In 2013 this share jumped noticeably to 4.0% with premiums of £0.695bn.

Business classified as other accounted for under 7% of total income both in 2013 (£1.185bn) and 2012 (£1.169bn).

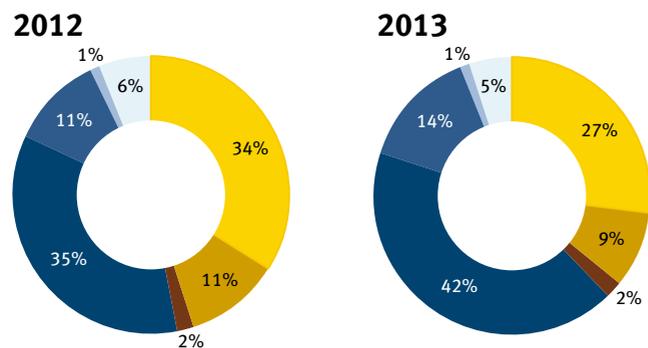


Geographical Analysis

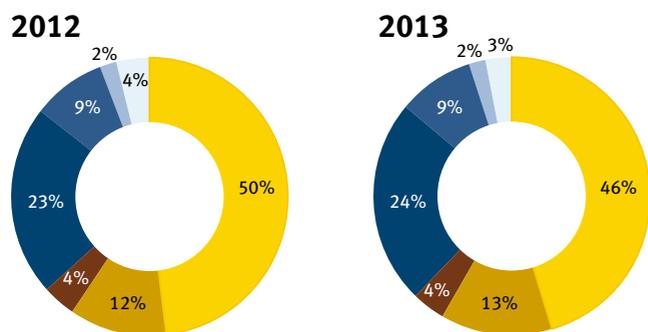
2012/2013 London gross premium by territory



2012/2013 Controlled gross premium by territory



2012/2013 Overall gross premium by territory (London + controlled)



This year's report, for the first time, includes a geographical analysis not just of premiums written in London, but also of business reported as written elsewhere, but controlled by London operations. Last year, the IUA made some assumptions about the location of such controlled business, but we are now able to offer a much more detailed and accurate picture.

For business written in London, the UK and Ireland remains the most important source of income accounting for 54% of premiums in both 2013 (£9.380bn) and the restated 2012 returns (£9.627bn). Europe (excluding UK and Ireland) is the next most important market representing 17% of income for each year's returns (£2.980bn in 2013 and £2.965bn in 2012).

Next comes the US and Canada with premiums totalling £2.450bn (14%) in 2013 and £2.225bn (12%) in 2012. Asia generates 7-8% of income written in London recording £1.323bn in 2013 and £1.243bn in 2012 while Latin America contributes a further 4-5% (£0.715bn in 2013 and £0.792bn in 2012).

The market's total is completed with 2-3% each from both Australasia (£0.298 in 2013 and £0.461bn in 2012) and Africa (£0.298bn in 2013 and £0.397bn in 2012).

We are now able to offer a much more detailed and accurate picture of business written elsewhere but controlled by London operations

For business controlled by London operations but written in other international offices the picture is quite different. Last year the IUA estimated that controlled business would include very little premium from the UK and Ireland. In fact regional offices across the British Isles appear quite significant contributing £1.815bn of premium income in 2013 and £2.480bn in 2012. These figures represent 27% and 34% of all controlled business respectively.

Continental Europe, however, is the most important region representing 42% (£2.878bn) of controlled premiums in 2013 and 35% (£2.569bn) in 2012. Elsewhere Asia is also significant with a 2013 return of 14% (£0.960bn) and 11% (£0.819bn) in 2012. This is greater than the share from the US and Canada which stands at 9% (£0.604bn) in 2013 and 11% (£0.787bn) in 2012.

Australasia accounts for 5-6% of controlled premiums (£0.335bn in 2013 and £0.430bn in 2012), Latin America for 2% (£0.150bn in 2013 and £0.154bn in 2012) and Africa for 1% (£0.080bn in 2013 and £0.069bn in 2012).

Comparison with Lloyd's Market

Company Market vs Lloyd's 2013

	IUA Direct/ Fac £bn	Lloyd's Direct £bn
IUA Property + Construction vs Lloyd's Property	3.696	6.103
IUA Liability + Professional Lines + Accident and Health vs Lloyd's Casualty	4.94	4.85
IUA Marine vs Lloyd's Marine + Energy	2.058	3.863
Aviation	1.181*	1.028*
Motor	1.432	1.184

* includes direct, facultative and treaty business

All Lloyd's figures except aviation exclude reinsurance business

All IUA figures exclude company market business controlled by London but written elsewhere

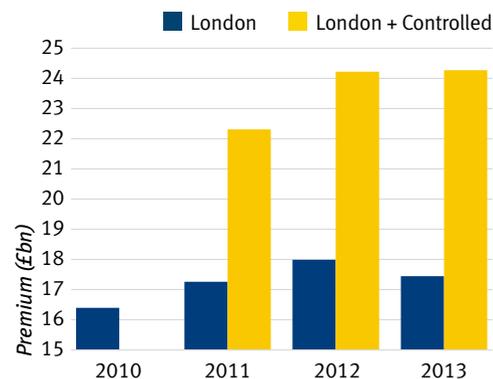
Figures from the IUA's class of business analysis of London company market premiums can be used to make some broad comparisons with the Lloyd's market. A fully direct comparison is not possible since Lloyd's, in its annual report, identifies direct business only, separating out all reinsurance (except for aviation) into a distinct category. IUA figures meanwhile cover both direct and facultative business together, separating out only treaty reinsurance. In addition, IUA totals by class of business, unlike those published by Lloyd's, include only premium written in London and not business controlled by London operations but written elsewhere.

Nevertheless, a number of clear outcomes may still be perceived. Lloyd's writes more property business than the company market, recording premiums of £6.103bn in 2013 compared to a total of £3.695bn for the IUA's combined property and construction figures. The company market, however, appears stronger in liability business with the IUA registering £4.94bn for liability, professional lines and accident and health. This is lightly larger than Lloyd's published figure of £4.85bn for casualty classes.

Lloyd's has a clear lead in marine and energy business with a 2013 income of £3.863bn compared to the IUA's £2.058bn. For aviation business there is a relatively even split between the two sectors of the London Market with Lloyd's reporting £1.028bn for direct and reinsurance business, against a comparable total for the company market of £1.181bn. And in motor classes companies have a clear lead with £1.432bn of premiums in 2013 compared to £1.184 for Lloyd's syndicates.

Timeline Analysis

London Company Market Premium Income Over Time



The IUA London Company Market Statistics Report was first published in 2011 and we now have figures covering four years of premium income. It is therefore possible to begin plotting one or two trends over time.

Gross written premiums have generally increased over time. However, there appears to be a distinction between premiums written in London and those written in international offices but controlled by a London operation. The latter, first recorded in 2011 have generally grown at a faster rate and indeed have continued to rise while the former actually declined slightly over the past year.

Premiums written in London have grown from £15.9bn in 2009 to £16.4bn in 2010, £17.261bn in 2011 and £17.993bn in 2012 before tailing off to £17.445bn in 2013. The first year of results available for business controlled by London but written elsewhere is 2011. Combining this income with that written in London provides a consistently increasing trend with £22.313bn in 2011 followed by £24.225bn in 2012 and £24.276bn in 2013.

RESULTS TABLES

Gross Written Premiums in the London Company Market

2012	Property	Construction	Liability	Prof Lines	Accident & Health	Marine	Aviation	Motor	Other	Total
UK/ Ireland	£2,156,329,432 50%	£214,965,729 50%	£1,739,636,083 60%	£1,357,475,523 66%	£308,632,189 65%	£1,074,729,081 35%	£362,115,771 30%	£1,810,177,493 86%	£603,412,967 52%	£9,627,474,269 54%
USA/ Canada	£678,433,444 16%	£38,272,931 9%	£308,597,990 11%	£151,285,396 7%	£90,777,993 19%	£639,809,576 21%	£151,621,818 12%	£30,925,374 1%	£135,707,779 12%	£2,225,432,301 13%
Latin/ South America	£282,735,751 6%	£31,921,904 7%	£75,264,048 3%	£41,460,602 2%	£6,203,726 1%	£235,158,478 8%	£74,996,371 6%	£9,701,339 0.5%	£34,110,782 3%	£791,553,001 4%
Europe (Excl UK/ Ireland)	£793,812,800 18%	£70,853,417 16%	£532,499,403 19%	£218,493,234 11%	£54,057,399 11%	£538,549,119 18%	£325,180,740 27%	£230,234,677 11%	£201,742,004 17%	£2,965,422,794 17%
Asia	£222,903,369 5%	£45,135,293 10%	£125,600,682 4%	£211,924,450 10%	£6,656,364 1%	£336,698,441 11%	£198,530,415 16%	£14,822,613 0.7%	£81,450,536 7%	£1,243,722,162 7%
Africa	£103,173,738 2%	£12,808,529 3%	£25,207,452 1%	£22,657,737 1%	£2,659,137 1%	£120,333,260 4%	£71,309,408 6%	£5,643,177 0.3%	£33,302,193 3%	£397,094,631 2%
Australasia	£117,025,376 3%	£18,172,578 4%	£71,441,154 2%	£38,347,621 2%	£7,426,605 2%	£83,824,173 3%	£38,161,590 3%	£7,628,653 0.4%	£79,149,600 7%	£461,177,350 3%
Total	£4,354,413,910 25%	£432,130,382 2%	£2,878,246,813 16%	£2,041,644,563 12%	£476,413,412 3%	£3,029,102,128 17%	£1,221,916,114 7%	£2,109,133,327 12%	£1,168,875,861 7%	£17,711,878,174 100

2013	Property	Construction	Liability	Prof Lines	Accident & Health	Marine	Aviation	Motor	Other	Total
UK/ Ireland	£2,136,872,432 50%	£166,691,371 39%	£1,751,311,100 61%	£1,254,006,942 61%	£464,179,081 72%	£966,476,411 34%	£367,196,075 31%	£1,628,795,492 82%	£644,026,682 55%	£9,379,555,586 54%
USA/ Canada	£740,076,536 17%	£60,225,699 14%	£347,916,012 12%	£171,966,964 8%	£92,826,964 14%	£665,142,585 23%	£168,293,062 14%	£54,193,738 3%	£149,584,438 13%	£2,450,225,997 14%
Latin/ South America	£234,582,873 5%	£33,913,019 8%	£60,015,771 2%	£47,163,497 2%	£5,859,812 1%	£218,312,703 8%	£69,869,471 6%	£12,869,699 1%	£32,497,563 3%	£715,084,407 4%
Europe (Excl UK/ Ireland)	£763,110,179 18%	£76,465,110 18%	£501,461,316 18%	£266,221,255 13%	£65,977,623 10%	£535,184,450 19%	£303,341,233 26%	£247,551,259 12%	£220,949,174 19%	£2,980,261,599 17%
Asia	£245,950,289 6%	£59,851,040 14%	£125,015,192 4%	£237,429,555 12%	£10,464,268 2%	£334,495,336 12%	£201,649,786 17%	£21,754,923 1%	£86,542,990 7%	£1,323,153,380 8%
Africa	£96,417,827 2%	£16,489,821 4%	£19,069,206 1%	£20,771,990 1%	£2,145,976 0.3%	£76,666,906 3%	£38,158,127 3%	£5,968,251 0.3%	£22,130,487 2%	£297,818,590 2%
Australasia	£83,687,346 2%	£18,534,475 4%	£51,151,387 2%	£43,046,469 2%	£6,026,681 1%	£41,731,974 1%	£32,219,796 3%	£9,461,823 0.5%	£12,560,417 1%	£298,420,368 2%
Total	£4,300,697,480 25%	£432,170,535 2%	£2,855,939,984 16%	£2,040,606,672 12%	£647,480,404 4%	£2,838,010,364 16%	£1,180,727,550 7%	£1,980,595,185 11%	£1,168,291,752 7%	£17,444,519,928 100

CONCLUSION

With the publication of this year's London Company Market Statistics Report, the IUA now has annual totals for gross written premiums stretching back five years to 2009. The figure for 2013 represents the first occasion that business written in London, excluding any income from overseas offices controlled by London, is lower than that published 12 months previously.

It is inadvisable to read too much into trends across a single year, especially since the 2013 number is only a 'first draft' and will be more comprehensively restated in next year's report. However, there are one or two conclusions that may be drawn from this observation. Undoubtedly a challenging business environment has put pressure on premium rates and restricted overall market growth. At the same time, it should be noted that the London company market has suffered from a deteriorating exchange rate. Last year we converted US dollar company returns into pounds sterling using a rate of \$1.5 = £1. For this year's report the conversion has been \$1.6 = £1.

Another influencing factor that has been anecdotally observed during our data collection exercise is a tendency for some organisations which operate both Lloyd's and company market platforms to write more premium through their syndicate. This is especially the case where they do not have the same licence structure as Lloyd's available on the company side and perhaps used to write such business as reinsurance.

Meanwhile there is further evidence of an important trend first discussed in last year's report. This is a clearly observable preference for companies to write more of their business

in local offices, with those offices given varying degrees of oversight by the London operation.

London is still a compelling choice for insurance clients with its concentration of carriers and brokers making the cost of doing business low. The availability of auxiliary services is also important and doubts remain about the expertise of some developing markets, particularly with regard to claims servicing. But local offices do increasingly have the skills to underwrite more business locally and capital is more mobile and more readily available to such international markets.

Yet the development of international underwriting hubs such as Singapore has not occurred spontaneously. The process has instead been driven largely by the establishment of satellite offices of large global companies all of whom have substantial presences in London which often control the capital and business strategy of the hub operation. Consequently, despite the slight fall in premium income written in London, the overall intellectual and premium total recorded by the market for 2013 still shows an increase.

It is expected that this trend will continue, largely for the simple reason that there is greater room for premium growth within developing economies. London has always played an important role in innovating new insurance products and such opportunities continue to arise, for example through a growing demand for cyber coverages. In addition, rates of insurance penetration are still much lower in many Asian and Latin American countries than the mature markets of western Europe and the US.

There is further evidence of companies writing more business in local offices overseen by London operations

This point is illustrated by this report's new geographical analysis of business controlled by London operations but written in other international offices. In 2012 Asia accounted for 11% of such controlled premium (£0.819bn) rising to 14% (£0.960bn) in 2013. Over the same period the share represented by the US and Canada fell from 11% (£0.787bn) in 2012 to 9% (£0.604bn) in 2013.

Nevertheless, the figures do also show that continental Europe still generates the largest share of the London company market's controlled business, contributing nearly £3bn of income in 2013, over 40% of the total. This statistic, revealed for the first time in this year's report, is particularly striking in light of the ongoing debate surrounding Britain's membership of the European Union.

Across Europe there are well established local insurance sectors that service many direct insurance needs locally. But it is clear that there is still a great deal of cross-border industry activity, particularly with regard to larger commercial and wholesale risks. The EU financial services 'passport' allows companies authorised in one member state to offer services to customers in another member state without having to apply for any additional authorisation or incur further local operational costs.

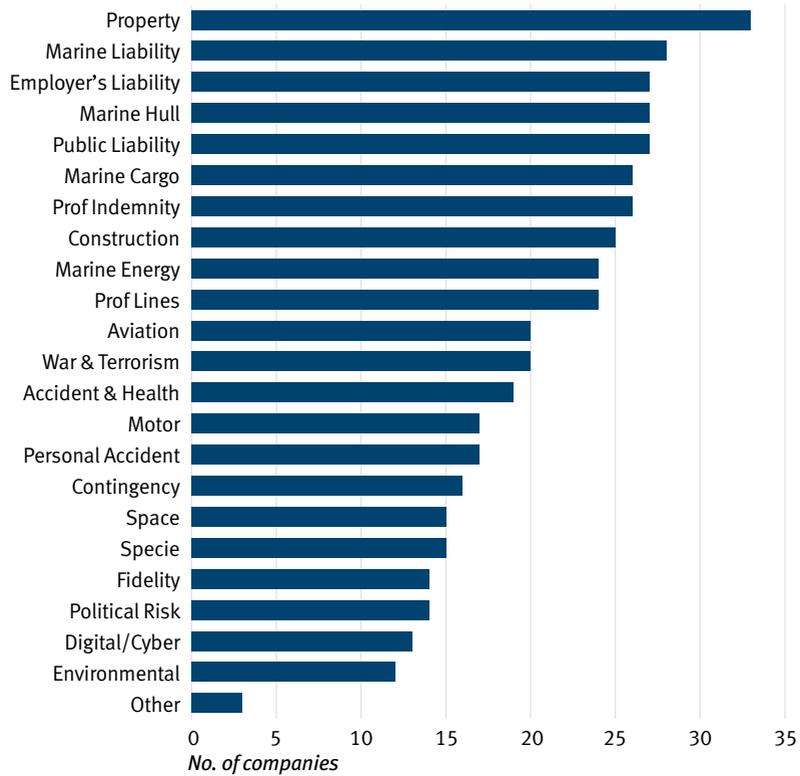
This has helped create an interdependence between the London market and insurance clients across Europe that offers many mutual benefits, enabling greater access to capital, increased competition and wider risk transfer. Many non-EU insurance companies have also chosen to establish headquarters in the London market as, using the EU financial services passport, this single foothold provides access to the entire EU market. At the same time European firms are able to freely access the large UK insurance market.

It is extremely difficult, therefore, to imagine a UK exit from the EU that does not include some arrangement for a free trade agreement that allows a continued flow of insurance business between the London market and the rest of the continent. This is reflected in a recent analysis of the situation published by TheCityUK ('A Legal Assessment of the UK's Relationship with the EU', April 2014). Of five realistically proposed scenarios where the UK leaves the EU, three would involve partial access to the EU internal market and a fourth would involve a comprehensive bilateral agreement with the EU covering many sectors including insurance. Only in a fifth scenario would the UK maintain no formal connections with the EU, relying instead on its membership of the World Trade organisation as a basis for trade.

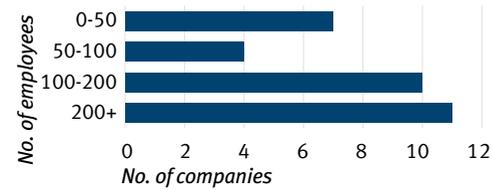
ECONOMIC PROFILE SURVEY

Alongside this year's data submission template for premium income, companies were asked to answer several questions about their business structure. Not all companies that returned figures for the main statistics project participated in this survey and some firms provided answers that covered multiple group entities. The results, however, provide an interesting snapshot profile of the London company market and are presented below.

Active Lines of Business



Number of Employees in London



Number of Branches Globally Controlled by London Operation

