

# Lloyd's List

## **British Marine counts the cost of P&I experiment**

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BRITISH Marine's experiment in writing protection and indemnity business for large vessels cost it \$10.75m in the last complete policy year, its financial results have revealed, writes James Brewer.

Putting that era firmly behind it, the company has announced the appointment of Ian Agnew – one of the best known figures in Lloyd's insurance circles through his service at Wellington and on the board of Equitas – as new chairman, as it reinforces its profitable traditional services for small ship policyholders.

The demutualised provider, which currently gives P&I cover to a total of 3.5m gt and hull cover for 1.5m gt, briefly added large commercial ships to its portfolio under an agreement between former chief executive Richard Leslie and former Lloyd's underwriter Jonathan Jones.

That book made a loss of approaching \$2m from August 2000 to February 2001, and \$10.75m in the succeeding complete year, by the end of which it had been wound up.

A downturn in the market was hitting all providers of P&I for large tonnage, and British Marine decided to return to its core business. Mr Leslie and Mr Jones left at separate stages to pursue careers in other sectors of the maritime business.

British Marine reported a net loss of \$11m for the year to February 20, 2002, almost all of which was attributed to the underwriting deficit on the discontinued elements.

Now better times are foreseen. There was a return to underwriting profit in the small vessel P&I business and a significant turnaround in trading fortune in hull and machinery, said a company statement.

Managing director Robert Johnston said: "We are pleased to report that the financial results for the year are better than we had originally forecast, and the prospects for the current year are encouraging. We have witnessed a significantly improved underwriting environment for both the hull and machinery and P&I businesses.

"This, coupled with the management and operational changes implemented this year, positions the company for a strong future."

He said Mr Agnew's long experience and distinguished career in the insurance industry would be highly valuable to British Marine.

Two key appointments have been made to the management company, British Marine Managers. Andrew Wainwright-Brown will serve as chief operating officer, and Tim Harris will be joint head of P&I Underwriting. Mr Wainwright-Brown was previously finance and information technology director with Württembergische UK, and joins British Marine with 22 years of industry experience. Mr Harris was an underwriting director at Steamship Mutual, where after a six-year period responsible for the club's South American activities, he spent nine years underwriting a broad range of its portfolio.

British Marine said its capital base remained strong. "The company continues to maintain conservative investment, reserving and reinsurance purchase philosophies, providing for significant balance sheet strength," said the statement.

The company will maintain its free reserves at or above \$50m through a partial drawdown of the second tranche of a rights issue underwritten in December 2001 by Capital Z Financial Services Partners, a US-based group supporting several insurance industry ventures.

Mark Gormley, a managing partner with Capital Z said: "We are very pleased with the progress that the company has made over the last year. Capital Z remains firmly committed to the business."

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