

## **British Marine's Lagna recalls Lloyd's rescue**

James Brewer - Thursday 22 November 2007

PETER Lagna was in the thick of the turbulence that nearly submerged Lloyd's in the early 1990s. He was called upon to help sort out one of the biggest routs of the market.

For the final stage of his career, he has, like the ratings bestowed on his present company British Marine Luxembourg, enjoyed a much more reassuring "stable outlook".

Mr Lagna, hull underwriter and director of British Marine, which for the past two years has seen its reputation soar ever higher as part of the QBE group, will retire on December 21, 2007.

His British Marine days have been a dramatic change from his earlier life, but in both cases he has been in businesses enjoying a strong tradition. British Marine has been in the field for more than 120 years.

His former Lloyd's employer, the Secretan group, had an even longer pedigree, having been founded more than 200 quill pen years ago by partners Paul Le Mesurier and Frederick Samuel Secretan. It was a perhaps unfortunate victim of the crash.

Its standing had been high, and Mr Lagna had helped contribute to that. The book *Contract Unbroken*, published by Secretan in 1989 to mark its two centuries at Lloyd's, noted that: "the sterling contributions of deputy underwriters Peter Lagna and Robert Swinton have been inestimable."

That was during a period when the number of names on syndicate 367 increased to 4,622, among a total of 7,246 on all Secretan syndicates. Today, there are only around 3,000 names in the whole of Lloyd's, following its radical reorganisation.

The Secretan syndicates were booming, as capacity rose to £150m (\$310m), which in today's money would be around double that.

Among them, syndicate 367 used to write a composite book of business. The underwriter and his deputy would write all marine risks including energy, cargo and construction which included the construction of aircraft carriers in the US, and cruise liners. The marine energy packages were substantial and incorporated an element of non-marine all risks and liability.

Mr Lagna worked his way up to become a director of the company and a minority partner.

In 1992, the watershed for Lloyd's, cracks began to emerge at many syndicates as the scale of liabilities for asbestos, pollution and health became clear.

Secretan's supposed poor reserving (it later transpired that the syndicate had reserved adequately) on those lines forced the closure of the syndicate. A share of cover on Piper Alpha, the production platform which exploded in 1988 to give a market-wide loss of some £1.7bn, compounded the woes.

Syndicate management appealed to the members' agents for backers, but with prospectively £20m reinsurance costs on a £30m stamp, it was felt that the best course was to close. As a name, Mr Lagna himself lost money, but he stayed on and took over the run-off for a year. Sturge then moved in to create its own run-off company with Mr Lagna's advice and assistance.

As other syndicates came to grief, Mr Lagna and his colleagues became involved in their run off, just as Equitas was being formed to reinsure the pre-1993 liabilities.

He recalls intensely busy days sharing photocopiers with other syndicates and pressing brokers to dig out their sometimes dusty records.

Mr Lagna had started on the non-marine side at the age of 18 in London with Eagle Star, until the office moved to Cheltenham, leaving him without a position. An appointment with the Alfred Marks employment agency found him work with brokers Leslie & Godwin on the non-marine claims side.

"They eventually needed someone to place incidental non-marine, which was to finish off any non-marine slip in the marine market," he says.

"I used to walk around the marine market during the times of Ian Posgate [the controversial underwriter who was dubbed Goldfinger] and other high fliers. The risks might be forestry in Brazil where someone was about to start logging, or personal accident policies for American companies working in Vietnam, or fire risks on department stores which could not be finished in the non-marine market. I was then approached by Anthony Pilcher the deputy underwriter at Secretan, who was looking for a junior to work on the box. This was in 1968 and my salary went up from £600 to £850 a year."

As he strived to finalise the Secretan run-off accounts, "a broker came in one day and asked if I would like to underwrite for British Marine. I used to write their reinsurance, but British Marine had a long history as a mutual, and I was not very au fait with mutuality."

That suggestion was in January 1993, when John Lewis, the outgoing British Marine general manager and his successor Richard Leslie [today permanent secretary of the International Association of Classification Societies] were looking for someone who could increase the income by more clearly involving the Lloyd's brokers.

For Mr Lagna, this was a challenge he relished, amid a totally different way of operating.

“In Lloyd’s we used to meet the occasional owner in London, but with British Marine you go and visit on their home ground, see their vessels, discuss their requirements and build relationships.”

Mr Lagna has played a part in transforming the portfolio of British Marine, which was to become the first shipping mutual to demutualise.

When he joined, the income from hull insurance was £15m of which £10m was from fishing vessels, with an insured limit of £3m any one vessel.

As the financial health of the fishing industry deteriorated, the company became increasingly involved in the non fishing business, so the composition of the book reversed, so that British Marine now underwrites 350 assureds with over 2,250 vessels with an income of £25m, plus the fishing book of £5m with limits of £13.3m any one vessel.

A misconception that had to be cleared up was that the name of the organisation indicated it was writing only British business, but that tilt towards the London brokers played a big part in British Marine achieving its hull targets, together with contacts gained through its P&I business.

British Marine is now one of the biggest pure hull underwriters in London.

It became more involved in standby vessels in the North Sea, when after Piper Alpha the government insisted that the vessels met better quality assessment standards. That meant better crew training, and a switch to steel ships from wooden fishing boats. “We were among the few interested in the insurance in this type of ship,” notes Mr Lagna. This sector went on to extend from supply ships to anchor handling tugs.

International contacts have grown: “Canada and South America have been good to us, otherwise we have mainly served the UK and Europe, and we have always been involved in the Far East.” Demutualisation of British Marine in 2000 made little day to day difference. “The hull department always worked as if we were an insurance company, but with a mutual claims service,” says Mr Lagna.

“For the last two years, we have had the benefit of good security with QBE and we have a lot of commodities we can sell on the back of our product,” says Mr Lagna, who plans to exit the industry when retirement day comes.

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