Beazley Logo

Syndicate 4321 supporting clients to transition

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Beazley has received in-principle approval from Lloyd's to establish Syndicate 4321, with a view to commencing underwriting from 1 January 2022.

Once fully approved, this first-of-a-kind syndicate will focus exclusively on offering additional capacity to businesses that perform well against environmental, social and governance (ESG) metrics.

Through internal assessment by Beazley's Responsible Business team, led by Chris Illman, and in partnership with external ESG scoring specialists, we will evaluate the performance of clients against a number of ESG metrics. Risks that meet the threshold will be able to access the A-rated capacity provided by our new ESG consortium.

The syndicate, which has been established under the Lloyd's Syndicate In A Box (SIAB) framework, will provide dedicated follow capacity to this consortium arrangement, which is led by Syndicates 623/2623.

Multi-line capacity

Large corporate clients who meet the eligibility standards of the ESG rating scoring criteria will be able to access additional insurance capacity across a range of business lines.

Beazley underwriters will quote lead or follow terms as usual but will provide eligible clients with the choice of additional capacity from Syndicate 4321 if they opt to use the ESG consortium.

The first lines to be offered as part of this initiative are D&O, healthcare, financial institutions, London market US cyber, property, marine hull, marine cargo and aviation business. More lines will be added in due course to ensure diversification and balance.

Embedding and promoting ESG

We are committed to helping clients with strong ESG credentials to support their transition to an environmentally sustainable future.

Evidence demonstrates that businesses with high ESG ratings are likely

to have a lower risk profile and it is clear that ESG will become an increasingly significant underwriting factor in the coming years. We are therefore keen to build long-term relationships with clients that demonstrate strong ESG credentials at this stage and going forward.

As part of this initiative, Beazley has partnered with S&P, Reprisk and Sustainalytics to provide ESG data, using their categorisation of scoring to determine good performers.

Attracting new capital

Syndicate 4321 is a tangible way to support companies that demonstrate high ESG ratings across their governance and operations. And with investors showing significant interest in investing in Syndicate 4321 and similar projects, we believe the syndicate will be an attractive vehicle for new ESG-focused capital coming into the market.

Investors will have the opportunity to work with high-performing, proven, responsible businesses. In addition to gaining access to the insurance market with attendant capital diversification and expected good returns, their involvement in the syndicate will support investors' own ESG credentials.

For brokers, the ESG syndicate offers ease of placement and greater certainty, with the added incentive of working with high quality organisations.

About the author:

Will Roscoe, head of the Market Facilities Division at Beazley

Will is Head of Alternative Portfolio Underwriting at Beazley. This includes being the lead underwriter for Beazley's Smart Tracker special purpose syndicate 5623, setting its strategy and working with brokers to create new facilities. He was previously Head of Broker Relations for the UK and Europe, managing Beazley's corporate relationships with brokers within the London, European and Asian insurance markets, supporting underwriting and business development and providing analytical data for our broker partners.

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