

Insurance Times: Lloyd's group sees terrorist attacks as 'historic' profit opportunity

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LONDON (AP) — A trade group for members of the Lloyd's of London insurance market aroused criticism recently for describing September's terrorist attacks as a "historic opportunity" to make money.

Since the Sept. 11 attacks on the United States, premiums for disaster insurance had "shot up to a level where very large profits are possible," the Association of Lloyd's Members said in a newsletter to the individuals, or Names, who help underwrite the market.

'Maximum Advantage'

Rates had risen by an average of 40 percent since the attacks, and the group said it had taken measures to help members "take maximum advantage" of the improved conditions.

"The combination of a strongly improving market before the terrorist attacks and the massive increases after mean that Lloyd's is currently enjoying one of the strongest markets in living memory," the newsletter said.

Aviation insurance premiums, for example, have surged by between 400 percent and 600 percent since Sept. 11, while rates for aviation war policies have ballooned by 1,400 percent, it said.

Even business segments not directly affected by the attacks, such as motor insurance in Britain, have seen premiums increase.

"Names may now have a historic opportunity for profitable underwriting," the association said.

Vincent Cable, Trade and Industry spokesman for Britain's opposition Liberal Democrat Party, described the report as unseemly.

"Boasting about profits seems rather distasteful. I was baffled and thought it was insensitive," he said.

Norman Baker, a Liberal Democrat lawmaker for Lewes, agreed.

'Distasteful'

"I think it's very distasteful ... to (focus) on the opportunity for increased profit as a result of a tragedy for a large number of people."

The Association of Lloyd's Members refused to comment on the newsletter.

Lloyd's spokesman Adrian Beeby noted that that the letter had not been issued by the market itself but by a voluntary memberships organization.

"Prices were rising before the World Trade Center attack," Beeby said. "Rates at Lloyd's were already up 30 percent over the previous year. That has simply now been accelerated by the impact of the World Trade Center loss."

The rate increases were not a function of profiteering, he said, but of "simple economic facts" such as higher costs of reinsurance since the terror attacks.