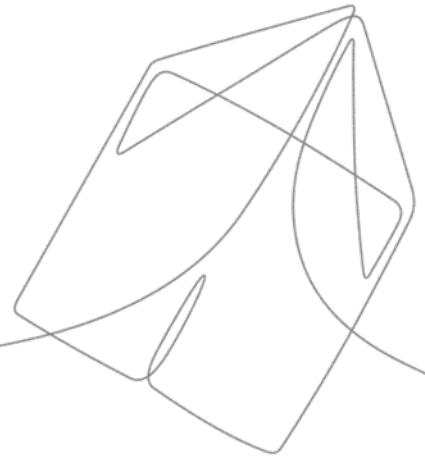


Underwriting the future



Syndicate 4321

Being a responsible business and doing the right thing is central to our success as a business and key to achieving our vision to be the highest performing sustainable specialist insurer. Innovation will always play a pivotal role in achieving this, and syndicate 4321 – which launched and bound its first risk at the beginning of 2022 – is an example of this.

The syndicate focuses exclusively on offering additional capacity to clients – new and existing – that perform well against pre-defined ESG metrics. This offers them the ability to not only access insurance more efficiently but also improve their own ESG supply chain credentials given that all of the new syndicate’s investors meet the same minimum ESG score that is required to become a client of syndicate 4321.

Structure of Beazley ESG Consortium



Exploring

An ESG solution

Our own commitment to ESG goals, whilst at the same time helping our clients managing down climate risk and improve their contribution to wider social good, were the driving forces behind the creation of an ESG underwriting solution.

Our belief and working hypothesis that organisations which prioritise ESG in its widest sense are likely to have a better risk profile over time, led us to look for a multi-faceted solution that would allow us to embed ESG thinking across our underwriting, would be attractive to clients prepared to invest in ESG compliance, and which would ensure we delivered on our vision. In addition this would also contribute to Lloyd’s overall ESG strategic intent.

Significantly, clients and brokers were interested because those that achieve high ESG standards would not only benefit from additional insurance capacity, but purchasing insurance capitalised only with assets that meet Beazley’s Responsible Investment Strategy, would actively improve their supply chain ESG credentials. An insurance offering focused on underwriting high scoring ESG businesses was also highly attractive to investors committed to ESG investment principles.

Creating

Lloyd's first ESG syndicate

With the objectives established, a Lloyd's Syndicate in a Box (SIAB), which would have follow capacity on business written through a consortium arrangement led by syndicate 2623 and syndicate 623, proved to be the best vehicle for bringing our idea to life within the required timeframes. The SIAB has been designed by Lloyd's as an innovation incubator and offers flexibility, low touch and low costs, as well as straightforward set up.

Syndicate 4321 has been established on a multi-line basis, to ensure diversification and balance. Both new and existing clients are offered additional capacity from syndicate 4321 if they meet ESG scoring criteria that have been developed with support from specialist, independent rating agencies.

Building

ESG capabilities for the future

An overriding goal of syndicate 4321 is to learn more about businesses that meet ESG criteria and the challenges they face transitioning to a low carbon world with the ambition to bring new products and services to market that will help that journey. The establishment of the syndicate provides our underwriters with a visible mandate to discuss ESG with brokers and clients and conduct ESG due diligence as part of the underwriting process.

Today a syndicate dedicated to ESG seems like a novel idea, but we are confident that this is just an early step in ESG moving to the heart of our underwriting and helping our clients in the move to a way of doing business that values environmental and social performance as much as financial.