

Brought to you by:



(<http://cloud.ebix.com.au/hostnow>)



(<http://cloud.ebix.com.au/hostnow>)

Picnic syndicate gains in-principle Lloyd's approval

26 October 2020

Lloyd's has granted in-principle approval under an innovation program for a new syndicate to support mutuals brought to the market by Sydney-based insurtech Picnic Labs.

Third-party managing agent Asta says Picnic Syndicate 2460 is expected to start underwriting from January 1, launching through the "syndicate in a box" model introduced by Lloyd's last year.

The model was developed under the Future at Lloyd's program and offers an easier path for smaller entrepreneurial businesses to bring innovate products to the market and trade for their first three years.

"Both Lloyd's and Asta viewed Picnic as an ideal syndicate in a box candidate," Asta CEO Julian Tighe said. "It is the sort of dynamic business which will benefit Lloyd's enormously as it reforms and looks to the future."

Syndicate 2460 will provide cover initially for Picnic Labs' Our Ark mutual, which is aimed at churches, schools, aged care facilities and other not-for-profit organisations.

CEO Charles Pollack says the Anglican Diocese of North Queensland is the foundation member for Our Ark, which aims to use the advantages of a mutual model to lower costs and better reward risk mitigation.

"We are very excited about the opportunity," he told insuranceNEWS.com.au. "There is certainly a lot of interest and in the current hardening market more and more people are looking at the cost of their insurance and whether they are getting value for money."

Picnic is looking to form more mutuals in addition to Our Ark and says existing mutuals internationally, where the concept is more widespread, would also be able to access cover through the syndicate.

Our Ark is categorised as a discretionary mutual, which is not regulated by the Australian Prudential Regulation Authority (APRA), but Mr Pollack says it will be operated based around the same principles embedded in the APRA prudential standards.

Asta is providing underwriting oversight, actuarial, risk management, regulatory compliance and governance services for the Lloyd's syndicate, and says Picnic will focus on short-tail lines underwritten through pro-rata and excess of loss re/insurance. It will also avoid Lloyd's peak peril exposure zones such as Florida wind and California earthquake.

"Gross written premium of £19.2 million (\$35.4 million) is forecast for the first year of operation from business which is new to Lloyd's," Asta says.

Lloyd's final approval for the syndicate remains subject to application process completion.

