



Across the pond

Headed by John Pilkington, our North American Casualty Reinsurance operation draws on skill and knowledge to respond to fast-changing markets

The successful – and therefore profitable – underwriting of Casualty Reinsurance calls for a high degree of technical expertise matched by thorough experience – and topped off with a real instinct for what’s going on and how events affect markets.

Happily for Barbican, John Pilkington has all three qualities in spades. With over twenty years’ experience behind him, John has specialised in North American insurance since 1988. Backed up by Underwriting Analyst Victoria Lincoln, who has also specialised in North America since graduating with a politics degree, it’s a team with considerable strengths.

Depth of knowledge

In John’s view, the technical side and experience are a ‘given’. “What really makes the difference is depth of knowledge,” he explains. “It’s about knowing the background, finding the facts, understanding what they mean – and then knowing what to do about it.” It’s also about being able to assess prospective clients’ suitability. There are important questions to be asked. What do we know about this company – its history, its reason for being, its reputation and experience? Does it have good people? Are they professional?

Underwriting strategy must be continually re-evaluated and modified in the light of a

constantly changing environment. In any market, there are external factors, changing circumstances, that mean underwriting judgements have to be shifted accordingly. To quote economist John Maynard Keynes, “When the facts change, I change my mind.” Recent events in the world economy have had considerable impact on the North American market – and led to some significant changes of mind here at Barbican.

Credit crunched

John Pilkington outlines what’s been happening; “The turmoil in financial markets – the credit crunch – over the last year has meant we’ve had to re-think our strategy – especially for Professional Indemnity and Directors & Officers business. In fact, towards the end of last year, against a background of crisis, scandals and



The voice of experience

deepening recession, we decided to suspend any new business at all in the sectors most affected.” Subsequently, the team has been re-engineering their renewal portfolio

to move away from Professional Liability altogether.

It was a radical decision – and a classic example of responding to changing facts, rather than blindly soldiering on. What has it meant? “Well, the first impact is of course a hit on our premium income,” says Pilkington, “which might not sound like good news – but I’d rather take a hit now than run a book of risky business that’s going to come back and hit us harder further down the line.” It’s straight-talking underwriting – and the voice of experience speaking.

Finger on the pulse

But the roller-coaster economy isn’t the only factor to deal with. The current vociferous healthcare debate in the US for instance revolves in part around escalating medical costs. These in turn impact on a significant part of our clients’ businesses and therefore on our portfolio too. The team’s view is that the cost escalation is likely to continue, fuelled by various socio-economic factors – a view about which John and Victoria are currently making presentations to clients.

Then of course there’s the current threat of a ‘flu pandemic – and not so long ago the fears of a similar avian ‘flu outbreak. What claims may arise as a result of workforces decimated by illness? A pandemic would certainly present challenges to those writing and reinsuring Workers Compensation – challenges that we can be sure that our North American Casualty Reinsurance Team are analysing and getting on top of right now, so we know how to respond ahead of time. As John Pilkington would put it: “That’s underwriting.”



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