

The Dale Debrief

Issue: 01



Q&A with Chief Executive, Duncan Dale



Duncan Dale
Chief Executive

Q. As you look ahead to later this year and final approval of Dale Managing Agency Limited, how would you reflect on the last eight years since Syndicate 1729 was established?

A. When we started the business we had one objective – to establish a high-quality underwriting business that we could be proud of. It would have good capital support and be one that brokers and clients wanted to do business with. Our strategy was about having serious underwriting, claims management and operational support expertise in a relatively small number of classes. We'd focus on a few key areas and aim to be as effective as possible in those, rather than building a highly diversified portfolio.

A lot of thought went into which areas we'd specialise in and where we knew and understood what we were doing, but at the same time we didn't want to be so specialised that we create inertia about making portfolio decisions as market conditions vary. It was also important that the classes chosen were relatively premium intensive and had a small number of underwriters with the right following in the market. We wanted to avoid having multiple teams with modest portfolios – that would simply increase our cost base, headcount and management stretch.

We're pleased to be a little better than the average Lloyd's cost base, but the aim over the next 3-5 years is to reduce that expense ratio further. We don't just want to be one of the better performers in Lloyd's, we want to compare favourably to any of the (re)insurers operating in the world's major specialty insurance markets. I think that's inherent in the design of what we set out to do.



Our people are vital to our success. We've always strived to hire the right people for the culture of the business, and to build well-respected underwriting teams.

We aim to create an environment where we challenge ourselves and continually look to improve our knowledge and interaction with brokers and clients. Many of our team are actively involved on Market Committees – for example, Andy Hornsblow chairs the LMA Healthcare Panel and Ian Bridge has just been re-elected to the LMA Worldwide Property Panel having recently stepped down after a 3-year term as its chair. It's no accident that we lead a large percentage of the business we do in those areas.



2022 is set to be tremendously exciting for us because we have in principle approval to establish our own managing agency later in the year. This will give us full independence and accountability for the strategy, execution and governance of the business.

Q. What were the biggest challenges of the last eight years?

A. Starting from scratch and building a profitable portfolio through a year-on-year declining market was the biggest challenge we faced in our first six years. It was a period in which we naturally wanted to build a profitable portfolio but we felt the market conditions were unattractive and we were therefore very cautious, writing less premium than planned. In 2019 we at last saw an improving market and as the business started to reach scale, it became more aligned with our expense base. Since then, our overall underwriting and operational performance has meant that we now stand on the brink of approval for our own managing agency. This has been a real challenge, but also an incredible achievement by everyone at Dale Underwriting Partners and we are grateful for all of the support from Asta, since our inception.

We are particularly proud to have built a high quality, diversified capital base supporting the Syndicate and, more recently behind our MGU venture, Dale Dual MGU Limited. In our view, the syndicated capital base brings tangible benefits to the business and to the capital providers.

For us it means we don't have pressure on our top line or the need to be highly diversified from an underwriting perspective. These sorts of pressures can be unhelpful to businesses at any stage of their lifecycle. On the flipside, every year

our capital providers are looking at our business and deciding whether they want to do the same, more, less, or none of it. So there's a healthy questioning and challenge that exists and it makes us raise our game and focus on achieving upper quartile performance not just for our capital, but for all our stakeholders.

Q. Thinking differently is one of DUP's core values – what are the areas in which you're looking to innovate next?

A. I've thought for a long time that we need to be more efficient in delivering product to the market. That doesn't just mean systems and technology that deliver straight-through processing, but also looking at how our products are designed.

We are keen to really understand our clients' needs and to design coverages, either insurance or reinsurance, to address those needs wherever possible and commercially viable to do so. We have numerous examples of how this has been done to address to cover mature and emerging risks.

We also feel that in due course, we can help to simplify and clarify coverage. Is it necessary to have a 35+ page policy with all sorts of endorsements and exclusions hanging off it? We should know and understand the business, the risks and the likely outcome should something go wrong – so why have a lengthy document? How does the language and exclusions help to provide the right cover for the subject exposure? Could we have a policy with six bullet points to explain the cover?

Achieving this would obviously be harder in some classes, but there are certain types of risk where we should be able to pay a claim for almost anything we know could

happen. That's where I think we can add more value to the distribution chain.

Q. How do you think the Lloyd's market will change over the next five years?

A. We're dedicated to the Lloyd's market, so what happens there matters to us. I wasn't that disappointed to see the closure of the virtual room, not because I'm against anything that aims to improve efficiency, but I believe that the more people we can get into the underwriting room at Lloyd's, the better it is for the market as whole. Whether that's underwriters, brokers, clients, adjusters or service providers; many of the most valuable long-term relationships have been created, developed and managed through visits to and by the market. That said, most business today isn't done one-to-one at the box, but if Lloyd's can re-engineer its physical space to create more room for underwriters, brokers and clients to meet, that would be a big advantage and will reflect how we interact as a market.

The Future at Lloyd's promises to deliver some much-needed changes to the market and we're all behind those efforts, including one of the current areas of focus – data and standards. We can see the cost-benefit of having a core data record that underpins payments, claims and renewals and are very keen to see reversal of the upward trend in the costs of transacting business in our market.





However, it's also critical for us to maintain control over the data we need to manage our performance. We're already capturing the data that we care about and that isn't necessarily the same as the data that's on the slip. Delivering the core data more efficiently would however be very welcome. and it's something we are investing in; building and implementing ESB and API gateway solutions that support digital initiatives and enable our IT infrastructure to take advantage of the market's service-based architecture.

Covid has changed the way people meet with brokers and clients and attend conferences, and it goes without saying that there are important environmental benefits in reducing travel where redundant.



But meetings in person are still important for the success of the market – you can't build relationships or get the best understanding of the risk without them.

Covid also changed the way in which we all worked, and there have been many benefits to being able to work from home. As a whole, the industry adapted quickly and coped well during a very uncertain period, but once Covid is finally behind us, we'll need to be in the best position to serve our brokers and clients. Does that mean all of us continuing to work from home and living our lives on Teams? For us, the future will mean being present in the market and collaborating closely as a team - this is a hallmark of how we do business and a strong tenet of the Dale culture, providing all our stakeholders with access to the decision makers.

Another trend will involve sourcing talent from outside the industry to drive many of the changes in our industry. Most of us grew up in this industry and we know what we know, so promoting diversity of thought by attracting people with different backgrounds, whether cultural or from other industries will broaden perspectives and help drive future strategy.

Q. Project Rio promises to transform the Lloyd's oversight framework for Managing Agents in 2022. What does the project mean for DUP and the way you will operate in the future?

A. The project is great news for the market and perfectly timed for us as we embark on our own Managing Agency. We are extremely positive about the approach and Lyndsay Deeves and the Lloyd's team have been excellent at communicating in detail the transference to principles-based oversight focused on appropriate outcomes. It should allow for well-run businesses within Lloyd's to seize opportunities while maintaining an effective and consistent approach to oversight. In hindsight, the Minimum Standards framework perhaps unintentionally encouraged focus on process and prescriptive detail, but left little flexibility for businesses to apply and interpret oversight requirements in a way that was relevant to their circumstances and performance. Project Rio promises to change that and we look forward to working with the new framework and the benefits and opportunities that it should bring to us.

Q. How much is ESG playing a role in underwriting and overall strategy?

A. Everyone is increasingly aware of the role that we can play as individuals and collectively as a business to ensure we work in an environmentally and socially responsible way.



ESG is very much on our radar. Our clients, colleagues, investors, and regulators expect us to conduct business in a way that reduces our environmental impact, promotes positive social change, and helps us to be responsible corporate citizens.

We have committed to some key principles which will help to inform our behaviour, attitude and long-term underwriting strategies. We have an Upstream Energy account, many of whose clients are at the forefront of transition and can confirm that we currently have no known exposure to coal, oil sands or new Arctic exploration.



We aim to minimise our environmental impact and carbon emissions through energy efficiency in our operations and reducing our need for business travel. When we do travel internationally by air, we commit to carbon off-setting our journeys.



We are also committed to improving our local communities and opportunities for young people by providing charitable donations where they are most needed. We also enable our staff to devote time to participating in volunteering and mentoring programmes.

Q. How do you achieve a healthy work/life balance?

A. I've already mentioned the importance of the market getting back to dealing face-to-face, but that doesn't mean you can't have a healthy balance between work and life. For me, it's about giving your full attention to one or the other. Some years ago I was in the US at an industry conference when a short film was shown depicting a typical family scene where one of the parents returned home from work, but were distracted by their phone and therefore couldn't pay full attention to their partner or children. That was in the days of the Blackberry when the lines between the office and home began to blur, and today it's much more pervasive as smart phones and social media demand more and

more of our attention. Since then, having that separation has been important to me, and I very much hope that all of the Dale team can fully switch off from work when they return home, so that they can enjoy their time with family and friends.



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