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Episode 9

London Market Unlocked: Navigating Risk & Innovation

Sarah Baldys

Welcome to the Marsh Powered by FINPRO podcast. Through a series of interviews with experts from across the energy and power industry, this podcast will examine key challenges and opportunities brought by the energy transition and how to approach and manage the evolving management liability risks this transformation brings. I am Sarah Baldys, US Power and Renewables leader at Marsh's Financial and Professional Liability Practice, and I am pleased to introduce the host of the Powered by FINPRO podcast, Grace Brighter.

Grace Brighter

This episode, we are with Ed Whitworth. Ed Whitworth is head of financial lines at Inigo Insurance. Ed joined Inigo in 2021 to set up the commercial D&O team. He has subsequently managed the aviation team before taking on the financial lines role in 2024. Ed started his insurance career at Hiscox as a directors and officers liability underwriter in London. He spent eight years there, underwriting US publicly traded companies with a focus on tech and life sciences. Prior to joining Hiscox, Ed served as an infantry officer in the British army. He has a degree in geography and politics from the University of Newcastle.

Grace Brighter:

Hey Ed, thanks for being here today.

Ed Whitworth:

Thank you, Grace, for having me. And as I understand it, I'm your first Brit on the podcast. So long overdue, but very welcome.

Grace Brighter:

Yes, definitely a good point to make there. Obviously for those that have tuned into our podcast before, you'll know we have had a wide range of guests, but we are especially excited about this episode because Ed is our first guest from the London Insurance Market. So we are confident he will bring a unique perspective on the d and o market, risk management and insights across various industries, specifically the ever-changing power and energy renewables sector. So super excited to dive into some of this conversation today. As both Ed and Sarah know, I am currently working in London on Seccumbent with Marsh and through this opportunity I've really been able to further my understanding and appreciation for the London markets, but Ed obviously working in this industry and heading up Inigo, I think it would be really helpful for you to explain the history of the London insurance market. So maybe we start there. How has the London market really evolved and what makes London such a key player in the insurance industry today?

Ed Whitworth:

Thanks Grace and thank you for having me on the podcast. Through my career, I've spent time working in the United States. I've spent time in other insurance markets around the world, but there is something genuinely unique about insurance in London and I think it probably reflects its genesis in a coffee shop in the 17th century around the great fire of London when a bunch of they were white men with money coalesced in a coffee shop where they were confident they would get the news of shipping either successfully returning to its respective port or should calamity happen sinking at sea. That coffee shop was owned by a chap called Edward Lloyd and he had built a network of runners that were getting the news before everybody else ostensibly so he could sell more coffee. And from that became the burgeoning insurance market that we call Lloyds of

London centered around the city of London where we all work today and its history is rooted in the shipping industry and marine insurance, but then spread very rapidly to other areas of specialty as we call it now, but back then called business insurance.

The market grew alongside the kind of globalization that happened over the 17th, 18th, and 19th centuries and London was at the center of it. Now it is the largest insurance marketplace in the world still ahead of Bermuda and it really deals with every kind of global corporate insurance that you can think of from cyber through to terrorism through to directors and office liability, which is where I've spent most of my career, aviation war, all of these different insurance lines, many of which were started in London or innovated from London to address emerging needs. I think the cyber market being a great example and so London has always been a global marketplace starting back when we were insuring ships coming from India or wherever it may be, the major train routes of the world, there's no question, but always linked to the global economy where were main to this day.

And so, there's now a complex web of different insurance, Lloyd syndicates, insurance companies, brokers, enablers such as law firms, financial support, an ecosystem that sits around a very, very small geographic area in London. Now Grace, as you've been working over here, you could probably walk from one end to the other of the insurance district in about five minutes, all crammed into one very tight space with a history of face-to-face interaction. I gave a US broker a tour of Lloyds of London only last week and it still elicits immense excitement to think that there's this big room where people go and sit there and talk about insurance, transact insurance. Obviously, we are more digital now and the world is changing, but yet there is still this big room in the center of an insurance district that people walk to go and transact insurance. And I think that is just unique and I think the way London works is unique. No matter where you go in the world, there is nothing quite like Lloyd's.

Grace Brighter:

Great. Well thanks Ed for that general overview of London and the market and its position. Just getting into a little further detail when we think about Lloyd's, from my understanding, Lloyd's is recognized for its very innovative approach to insurance and reinsurance. So, would you be able to discuss some of the factors or aspects of Lloyd's structure which enables it to be so innovative? What is it really about Lloyd's that fosters this culture of innovation?

Ed Whitworth:

It is a really good question Grace, and I think the place to start is to say Lloyd's in itself is not an entity that transacts insurance. It is a marketplace much like a stock exchange where people go to transact insurance. So, what that means is Lloyd is actually a collection of over a hundred different syndicates which have their own capital basis and can go and offer insurance to the marketplace and Lloyd's merely facilitates those transactions. So, you have brokers, underwriters, and Lloyd's is the place where they go and do that business. So, what you have there for is not one insurance company, one mind thinking one way, but you have hundreds that all have an independent mind that think in independent ways. So, you've got a hundred different ways to think about the same problem rather than just that one. And it's less hierarchical because the organizations are often a bit smaller and more nimble and underwriters have a culture of being quite empowered at Lloyd's.

It's not always gone well when they've been empowered but generally speaking it does encourage innovation. And so, you have this kind of hive of activity of people trying to solve problems all concentrated in a small place, which leads to kind of agglomeration of talent and skill. So, the more people you have who are talented in an area, the more it attracts more talent, the more it increases standards. And generally speaking, that's been the case at Lloyds. There's been a lot of creativity that's fostered itself through that integration and that shared knowledge and that cheek by agile nature of our market. I alluded to the cyber market before, really very much built in Lloyds trying to solve the emerging challenge of the internet took a while to take off as often innovation does. The idea often becomes before the customer sees the need, but Lloyd's is very often the place where that happens first. And you also have a really deep pool of capital. So, within that innovation there is also a lot of strong balance sheet, and you have the kind of Lloyd's regulatory framework that underpins it. So you have innovation but in a space that's kind of reliable and dependable from a client perspective because you have the a plus rating that Lloyd's has, the central fund syndicates are well capitalized at the central level and able to deploy capital to new and risky ventures knowing that the overall kind of condition and balance sheet is stable.

Grace Brighter:

So Ed, staying on this topic of innovation, maybe this is an opportunity to highlight some of that innovation in the London market as a whole or maybe just within Inigo, whether it be in the power and energy sector or how you're being creative in other business sectors as well.

Ed Whitworth:

So Lloyd's have in the last few years launched something called the innovation risk code, which sounds very dry, but basically what it does is any syndicate can devote up to 2% of their total syndicate premium, which could be quite a large sum of money. Some of these syndicates are well over a billion dollars including Inigos. So, we could deploy quite a lot of capital to new ideas that aren't necessarily currently under an insurance umbrella. And I think a good example of that could be carbon credit insurance, another one might be, and something that Inigo, we've been talking to Marsh about trying to find a solution around how do you manage the liabilities and obligations under nuclear fusion for the cleanup costs, should it go wrong? How do we find solutions to that? It may not currently have a home in the traditional insurance market, but Lloyd's has given us a space to try and innovate, develop ideas, incubate them, grow them and scale them to a reasonable size, right, 2% of your total revenue and then go to Lloyd's and say, I think we've got a product here, let's look at it in its own right and then understand it.

And I think that's creating an incubating culture which is quite exciting and possibly unique, and you have that opportunity to do that a hundred different times with a hundred different Lloyd syndicates. So, I mean I've given an example in the power and energy space already, which is looking at nuclear fusion. It's a very exciting technology. Not only is it very capital intensive, however, but it also comes with environmental and regulatory risk. So how do we try and provide a solution for that that unlocks that capital to allow those businesses to scale and take that risk and innovate to find solutions to the next generation of power source that we are all looking for?

Grace Brighter:

Speaking of the power and energy sector and the nuclear space Ed as you see it in your role as an underwriter, what are some of the major opportunities and challenges that companies in this space are currently facing? Obviously, Sarah and I both as brokers oftentimes can appreciate that this can be a difficult sector for maybe some markets to really lean into and insure.

Ed Whitworth:

It is a good question. And I think when you look at an industry as broad as power and energy, there are a broad different set of challenges depending on where you sit within that ecosystem. So, at the very sharp end we've just spoken about nuclear fusion, there's an enormous amount of execution risk. You need to raise a lot of capital, how do you de-risk that investment for your investors. How do you think about how you invest that capital in line with your fiduciary duty to the business? How do you manage the regulatory risk when it’s evolving very quickly state by state often? And then how do you think about those disclosures you make the public markets should you choose to be public when it's quite a new industry sector and a new sub-sector and not even investors quite know what they want to know yet. How do you think about that disclosure to the market, the street build up an analyst base?

All of these challenges are not unique to that sector, but they’re certainly, as you look at those renewable space and new technologies coming through, there are challenges that we've seen before in the industry and how do you use insurance to enable you to access more capital and deploy that capital more efficiently? The thing that I’ve kind of said before is that insurance is a bit like oxygen. You don’t notice it's there until it's gone. And when it's gone it can jam up the entire financial system because it unlocks capital so efficiently when it works, when it doesn't work, it ties up capital. So, these renewable sectors, nuclear, solar, wind, they're very capital-intensive projects. So how can we find ways through insurance to unlock that capital is a real macro challenge. Then I look at the more with my DNA lens and I think about that kind of sharp end of the sector that the technological innovation happening.

I think how are you disclosing the execution risk to your investors and how are you managing the immense amount of capital that you need to deploy without necessarily being able to guarantee the return immediately? And so, the capital intensity of the industry is something that can separate it from some other industries that we see. I mean pre-AI tech is a great example of very capital light industry. And so, you think about your software as a service tech company based in Silicon Valley, they're actually extremely capital light. The risks are very different for that industry sector. But the one thing that sits across all power and energy businesses, typically they're very capital intense and then managing that capital efficiently if you're a CFO and CEO one of these companies is really one of the, I guess the key things you think about and how we as an industry across all of the products we sell you from property through to general liability through to directors and officers liability, ultimately give you or carbon credit the new and emerging area of insurance. How we can de-risk that capital deployment is I think a fundamental challenge that we as the industry should always try and embrace. And I think never is it more prevalent than in the power and energy industry.

Grace Brighter:

We definitely appreciate Inigo's creativity in the space and willingness to support clients who are in the sector, as you said, Ed, sort of allowing them to take part in maybe various projects or invest in certain ways. So maybe here I'm thinking we pivot, and we can kind of take a step back from the power and energy space and if you could kind of just walk us through Inigo's just general position in the D&O market as you see it.

Ed Whitworth:

Sure, absolutely. So, we are predominantly focused on primary and low excess commercial D&O for public companies, but also for companies either looking to go public in the future and we have built up a large portfolio of us publicly traded D&O. We were founded relatively recently in 2020, started writing business from 2021ostensibly to solve a challenge of a lack of capacity in the market and a lack of thoughtful, innovative, pro risk capacity. I noticed in the Law360 article we were described as high-risk insurance company only the other day. So, we lean into complicated and challenging risks across all lines. But very much though in our financial lines and D&O portfolios, our book is very focused on, as I said, US traded public companies. We write everything from the top of the Fortune 500 all the way down to a small cap, multi hundred-million-dollar market cap businesses, everything in between pretty much all industry sectors. We have a strong presence in life sciences where we launched a life science specific form. And candidly we think the energy power mining space is ripe for some innovation too, and it's something we are looking carefully at and if your clients have any ideas, we're open to it.

And so really pretty much all industry sectors with a focus on providing for us a claims led service. Yera Patel, our head of financial lines claims is one of the most experienced claims managers in the market and very well-known and makes my job much easier because often your clients know her and have had a claim paid by her in the past and she has probably seen over 500 securities class actions in her career by her account. She's lost count and so it's probably not a type of claim she hasn't seen. And then we also look to do things around providing more insights to our clients, whether it be through our defense council survey that we publish every year through sharing data with our clients in terms of not just D&O but say their property and casualty data aggregated against peer group to show them how their risk compares to try and have a conversation with them and drive premium payment.

Sarah Baldys:

Ed, I think the defense council survey is fantastic that Inigo, and I know you're very much involved in the creation of this. It just came out actually last week here, August 2025. I wonder if you could spend a few minutes talking about this. I'm sure I'm personally interested, Grace and I already talked about it in depth, and I know our listeners would be interested. What are the key takeaways that you really found this year doing this? And also, maybe tell everyone a little bit about the report and how you put it together. I think it's really interesting.

Ed Whitworth:

Yeah, so the defense council survey is a labor of love. When you're in the middle of it, you wish you weren't doing it, but when you publish it and you hear the feedback and see the results, it's always worth it. This is our fourth year of publishing it now, and I'm already thinking about the fifth year. Ostensibly what we do is we go out to around 50 of the top equity or equity partner or general partners at the top securities defense firms in the US and we send them a survey and then interview a large number of them as a follow up, asking them a series of questions ostensibly around what are you seeing in the securities litigation landscape that worries you, that pleases you. We pick some core themes to focus on typically led by them, so they will tell us what they are seeing and then we will coalesce that into a series of themes and essentially we'll publish the findings of this survey and then try and make some predictions about what we think is going to happen over the next 12 months, sometimes with more success than others, but that's the fun of it.

And then we also ask the defense lawyers who they think the best plaintiff firm is, which talking to the plaintiff attorneys, they go straight to the end of the survey to find out first. But really it is designed to try and capture a snapshot of what is going on in the US securities litigation environment, the trends that we're seeing, the risks that are emerging, and try and give a bit of an overview for the broader market for our clients. We obviously publish it widely so everyone’s able to read it. We keep some of the insights for ourselves because it's sometimes too good to publish, but generally speaking, we believe in sharing as much as possible. And I think this year has been a very interesting one. The change of administration has thrown up a lot of unpredictability in conjunction with a very unstable world in a very unstable macroeconomic picture with the emergence of AI is the thing that everyone's talking about.

So some of the themes that came up that I think are really relevant to clients - a real step change in the role that litigation funding is playing in litigation according to our survey respondents, whether it is isolated or is a problem for a small subset or is emerging as a broader issue yet to be determined, but litigation funding is starting to feature in more securities litigation. Why does that matter? It matters because it increases the stakes for the plaintiff firm because they have two mouths to feed, not one. And so if you are a plaintiff firm, you may de-risk the case, but generally speaking you need a higher settlement because you have to fund the litigation fund's contribution, whether that be through an investment straight to the business or whether that be case by case funding, it still increases your return on capital requirement.

So, what we know pretty much in securities litigation, the plaintiff’s fees capped by the court to really a maximum or mid to high thirties percent. So the only way you can increase the amount you recover is by increasing the settlement and talking to our defense attorneys around the US, there is definite pressure on settlement values if one looks at values as a kind of percentage of plaintiff style damages, which is a common way of looking at it, what are the plaintiff damages alleged at the outset of the case and what does it settle for? We’re seeing that percentage increase quite substantially and litigation funding’s playing a role in that in addition to law firms that may have been smaller in the past, getting some big wins and having more capital to reinvest in cases and being able to be more patient and wait for higher settlements.

So, settlement inflation is a big deal and it's happening. We used to think we relatively insulated in it in securities litigation because it always used to be a function of the stock drop, but as the percentage of the stock drop that forms part of the settlement is increasing, clearly that’s going to lead to settlement inflation. So that's one really interesting element that came out of the survey this year. And I think the second element that's probably really relevant to the power and energy sector is the role that geopolitical risk is now playing in the minds of securities litigators. Now, as a Brit sitting in London, it's very common to think the Americans don't think about anywhere except the US but I think the power in energy sector might be the exception where you often have a global footprint of assets and we have a case where we have a company with assets in West Africa where the directors of that entity are currently in prison because the regime in that country suffered a military coup has shifted to being pro-Russia versus pro-US and is looking to create more hostile environment for what it perceives as western companies.

So, geopolitics is playing a role in securities litigation because, well, that is a D&O claim rather than a securities claim, but it exposes that business to geopolitical risk. And so that's something that we need to be very mindful of in a way that perhaps in the past we neglected to a degree. And also, macro geopolitical uncertainty is macroeconomic uncertainty. The oil price has been remarkably resilient to tension in the Middle East, but you never know and how companies disclose to their investors in this complicated changing environment, what it means for them tariffs, right? I mean I've got this far through the podcast about mentioning the T words, I'm quite proud of myself, but tariffs again featured heavily in the survey alongside geopolitical risk. How do you in a very dynamic tariff environment, let's put it quickly appraise the risk to your business of the changing tariff regime, particularly around a earnings event.

And we had attorneys telling us they have clients phoning 'em up saying we've got to disclose earnings tomorrow and the tariff environments have suddenly rapidly changed, what do we say? We can't run an economic assessment in time? What do we do? And so, companies that are very globally exposed face that risk. So, I think that was a really interesting element to come out of the survey as well. First time really that geopolitics has been raised as a major issue in US securities litigation. And then I think also relevant to your clients is Delaware? Is it the end of Delaware? Is "Dexit" a thing? And what are the pros and cons to other jurisdictions? And we don't just interview attorneys in New York, we do interview attorneys across the US and so we get a cross section of opinion, but there is a bit of a wait and see approach to Texas and Nevada and a bit of a devil you know type approach to Delaware.

And so, we think perhaps with the first stage of some governance reforms in Delaware, our survey respondents seem to think that most of their clients are going to wait and see. And so, we don't perhaps see the exodus from Delaware yet coming through. We need to see how the governance reforms play out and if they do change the landscape a bit, but perhaps the demise of Delaware is a little bit overblown. So, these are some of the core themes that have come out of the survey, I would say, that are relevant to the power and energy space, particularly.

Grace Brighter:

Ed. I think hearing you talk a lot about these topics definitely brings both color and understanding to maybe certain questions you as an underwriter may ask whether it be in an application or underwriting meeting. And I think you kind of got to this later to your talk right there. All this information that we gathered from the survey, geopolitical uncertainty, AI, macroeconomic issues, if we're all kind of putting ourselves in the shoes of a client, what are some key takeaways? What should we really be thinking about and how can we kind of navigate through this changing environment?

Ed Whitworth:

Yeah, really good question. And so, understanding, again, we're talking about broad sector here where you could go from a global energy business of assets all around the world to a very innovative, essentially tech company developing the next generation of power. It is a broad-church, but if we think about the large complicated end of the scale and move our way through, if I think about energy mining power, I think that often I have to try and take my financial lines hat off and think more like a general liability or a property underwriter sometimes because so much securities litigation is piggybacking off what we would call underlying issues or underlying events. The term in D&O is event driven litigation, right? Your business has had some underlying unfortunate event that has led to a large stock drop or a very, very significant regulatory final penalty that leads to a derivative suit.

The underlying issue may have been a wildfire or a dam collapse or a very significant power outage that affects millions of your customers and causes a lot of economic damage. The underlying cause is ostensibly a general liability or a property loss, and that could also total your entire insurance program. But then you also get allegations under your D&O policy that either you misled investors in the lead up about the safety and control you have over those assets or your board breached their fiduciary duty in managing a mission critical area of the business and ignoring red flags, which is a typical Delaware allegations you would receive in a derivative seat. So, when I look at a large, complicated energy, power or indeed mining business with a lot of assets around the world, I'm thinking about what is your safety history?

What is the profile of your assets? How much Capex are you spending on maintaining them? How exposed are you to natural catastrophe? There was a claim against a utility company in Hawaii that we have seen securities class action off the back of natural catastrophe there. So you have to think a bit more like a property or a casualty underwriter sometimes, and you understand the underlying risk relative to that SaaS tech company I talked about before where you really are thinking about disclosures and guidance they're giving to the street as probably the predominant risk to them of securities litigation. So, it is a different beast as an underwriter, when I financializing when you think about them, you also have to think about bribery and corruption. You have to think about technological change because all of these things are having an impact. I look at all the claims in the solar industry. Candidly, the solar industry has been a very high-risk area from a security litigation standpoint because technology's changing so fast and China is playing such a dominant role that it's difficult for as we know companies to compete globally. And so, as that technology evolves rapidly, keeping up with it is a major challenge. So, it's more akin to the semiconductor industry where you have these big technological leaps. So, when you look at a solar business, you have to really think about where are they in that kind of technology race and what's their role within it.

Then you have the consumer facing risk, which is extremely kind of regulatory as we know. You have very active regulators in some states that really work hard to protect consumers, and we have seen significant regulatory enforcement actions brought against businesses for allegedly falling foul of that regulatory framework that often leads to follow on security litigation as well. So, it is a complicated landscape. Bribery and corruption, I don't know if I mentioned that. Do you have a good control over your global assets? Do you have good anti-bribery frameworks in place? Because one of the things that came up in our defense council survey was that the SEC and DOJ are going to pivot back to white collar crime and bribery and corruption is very much part of that. They are very comfortable bringing bribery and corruption cases again. And so how much of a handle have you got on that?

There are lots of complexity within that. I'm happy to touch upon any of it. But really it encompasses everything from technological risk through to Capex of aging assets or potentially natural catastrophe exposed assets. So, it is a fascinating area to underwrite because you have to look at each business and understand where it sits within those spectrum of risks. Often, they have all of them. And so, when we look at and talk to clients, it really is a case of understanding how are they managing all of those risks, leaning into the opportunities of technological change and taking their investors with them.

Grace Brighter:

Well, thank you so much, Ed, for joining us today. It's great to see. It’s obvious you are very passionate about a lot of these topics, and we covered a lot. It was great to have you from the London market. We really appreciated the overview of Lloyd's and educating us on its history. Its innovation and really enjoyed also kind of diving deep into some of the power and energy specific topics as well. So, it's been a pleasure having you.

Ed Whitworth:

Thank you very much for having me. It is been a real joy to be part of, and I hope you'll have more Brits on in the future.

Grace Brighter:

That's all for this edition of Powered by Marsh FINPRO. We hope you enjoyed our discussion and thank you for listening. You can rate, review and subscribe to Powered by Marsh FINPRO on Spotify, apple Podcasts, or any other app you're using. You can also follow Marsh on LinkedIn or X. In addition to your podcast feed, you can find more episodes of Powered by Marsh FINPRO at www.marsh.com/poweredbypod and more insights from Marsh on our website, Marsh.com. Until next time, thanks for listening.