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Helios Underwriting to fund expansion with capital raise

Helios Underwriting is mulling a capital raise for growth, as it sees opportunities from the increase in Lloyd's capacity from pre-emptions, acquisitions and to retain more capacity itself.

In an update, the Alternative Investment Market-listed company, which has written around £70mn (\$91mn) of capacity for 2020, said it was building a fund of capacity on better-quality Lloyd's syndicates with limited liability vehicles (LLV) and taking up pre-emption capacity offered by syndicates it supports.

It explained that the number of LLV acquisitions available had increased due to rising costs and requirements to fund losses in the Lloyd's market, and it had an "excellent track record" in getting a good price for such acquisitions in the past.

It explained that increasing premium rates and a hardening market meant it could grow its pre-emption capacity by between £5mn and £7mn, as some syndicates would offer pre-emption capacity that could be taken up by Helios Underwriting for nil value.

The company added that it currently ceded 70% of its portfolio to reinsurers, equal to around £49mn, but it was now considering increasing its retention, so average capacity reinsured would remain at £50mn.

The firm did not give a target figure for its capital raise but noted that further announcements would be made in due course.

Helios Underwriting **raised around \$4mn last year**, which it said would be used to strengthen its balance sheet and provide available capital for future acquisitions of LLVs participating in Lloyd's syndicates.