

Brexit and the P&C insurance industry: What's next?, *National Underwriter Property & Casualty*, ft. Kevin Mattessich

Kevin Mattessich, managing partner of the New York City office, was quoted in *National Underwriter Property & Casualty* on the impact of the Brexit vote on the insurance industry.

Rosalie L. Donlon reported:

Although the United Kingdom has voted to leave the European Union, it will take some time to understand the complete ramifications, especially for the property and casualty insurance industry.

In a historic vote on June 24, the U.K. electorate voted to leave the European Union by a narrow margin: 51.9% to 48.1%. The immediate result is that Prime Minister David Cameron plans to resign, and financial markets around the world are jittery.

The longer-term effects of the vote are unknown at this point. It's likely to take several years for the United Kingdom to repeal EU legislation and regulations, and there are several treaties to take into account as the process moves forward. It's also not yet clear how the U.K.'s actions will affect its relations with such non-EU countries as Switzerland and Norway.

For insurance companies, the implications are similarly not yet clear. Lloyd's of London Chairman John Nelson said in a statement, "I am confident that Lloyd's will stay at the center of the global specialist insurance and reinsurance sector, and I look forward to continuing our valuable relationship with our European partners."

Law firms weigh in:

Kaufman Dolowich & Voluck: Kevin Mattessich, managing partner of Kaufman Dolowich & Voluck's New York City office (who concentrates his practice on U.S. and London Market insurers), notes that change always roils financial markets. Stocks of financial institutions and insurance companies will suffer, he says, and London insurance markets doing business in the EU will have to step back and readjust their plans after determining whether trade barriers go up.

The long term, Matessich says, could be interesting for the U.S. insurance market: "If London faces increased tariffs and barriers to doing business in the EU, then London could look to do more business in North and South America and the Far East, where it has already a long-established presence." That could have the effect of further softening the U.S. insurance market conditions. At the same time, if London pulls out of the EU market, those carriers now doing business abroad may have a more localized market to focus on. "Like any market change, the immediate turmoil provides opportunities with money to be made for those who think it all through," he adds.