

IUMI 2010 ZURICH

12 – 15 September

Mike Davies

Chairman, Cargo Committee

CUO Asia Pacific, Zurich Insurance Group

AGENDA

- 2010 Cargo Committee
- Underwriting Statistics & Trends
- Update on past Workshops
- Introduction - Technical Presentations

Cargo Committee

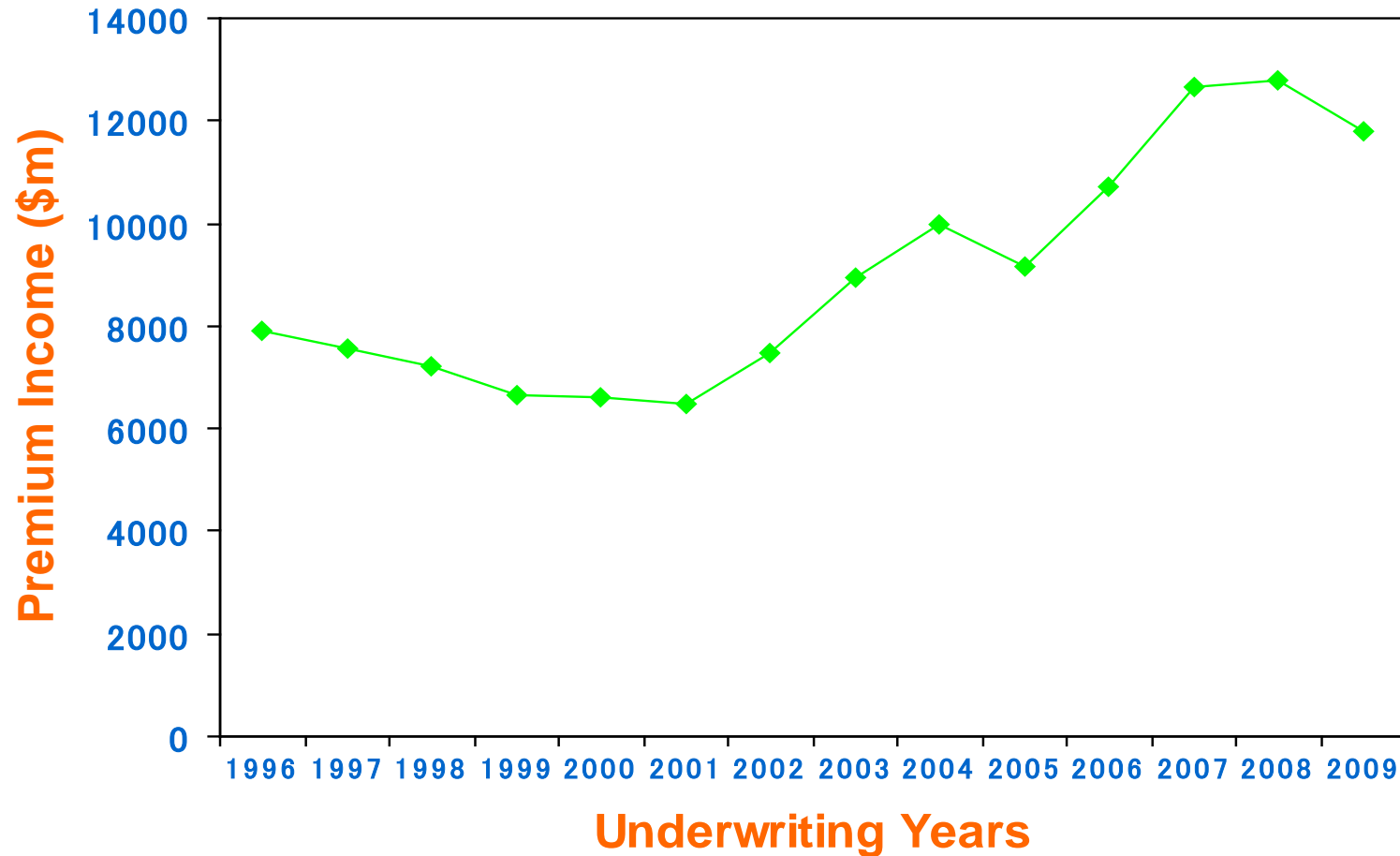
Davies, Mike CHAIRMAN			
Marvin, Dennis VICE CHAIRMAN			
Tamm, Mikaela SECRETARY		Sano, Kiyooki (EC Representative)	
Auld, Keith	New Zealand	Metzner, Karl-Gerhard	Germany
Bengtsson, Niklas	Nordic	Mishrif, Hosny	Egypt
Chan, Joanne	Asia	Morita, Koichiro	Japan
Delon, Christophe	France	De Smet, Eric	Belgium
Garbarino, Massimo	Italy	Pembroke, Tim	UK (Lloyds)
Grieve, Phil	Australia	Timmer, Rob	Netherlands
Labhart, Christian	Switzerland	Zaccar, Max	Lebanon
Liuzzi, Alberto	Israel		

Global Marine Cargo Premiums(US\$)

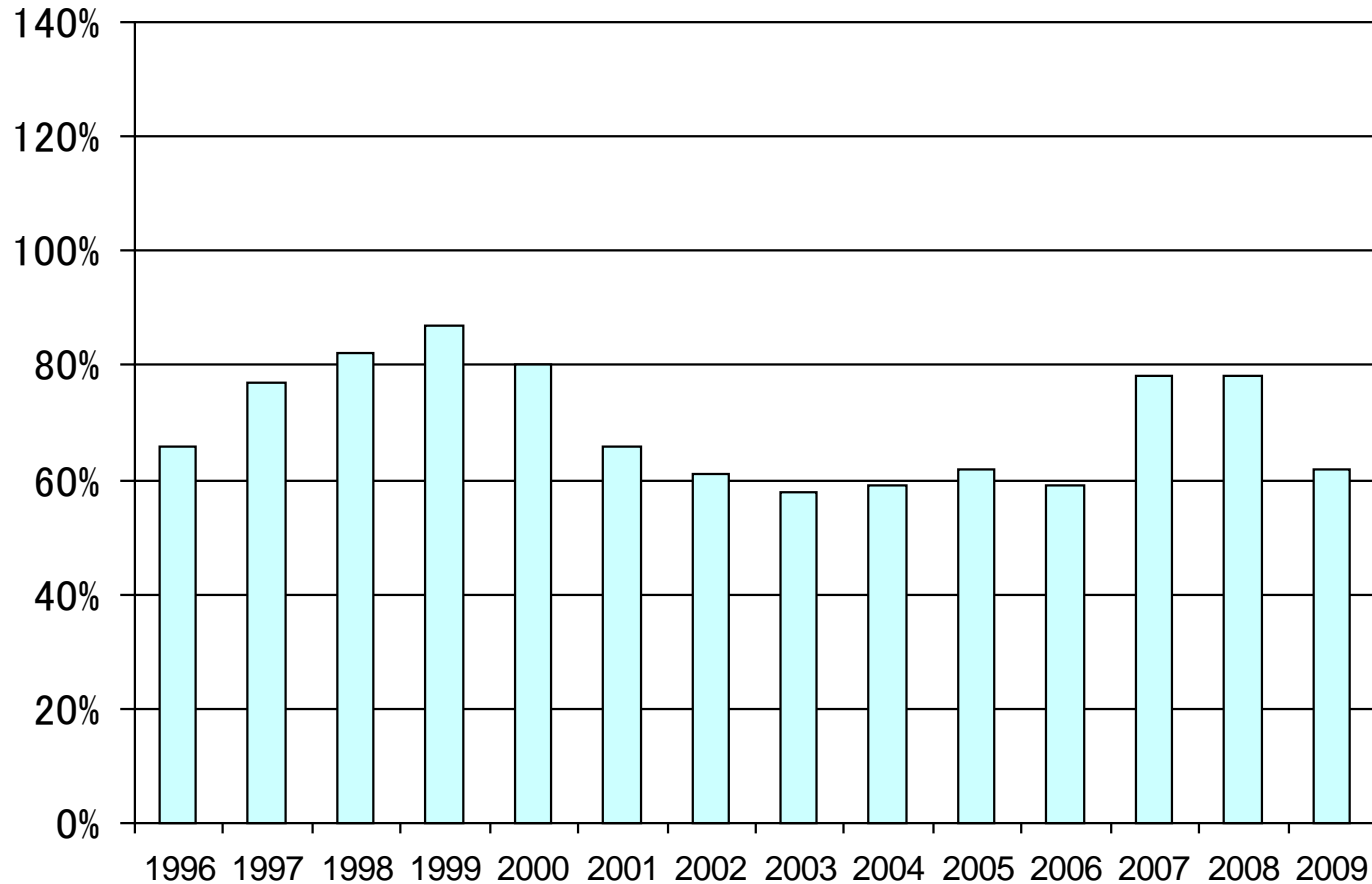
1996 - 2009



2009 - US\$11,804,000,000 (-7.7%)



Marine Cargo - Gross Ultimate Loss Ratio U/W Years 1996 to 2009



Workshop Presentations revisited

- Piracy & armed robbery in S E Asia
- India - update
- Crime in and/or around International airports
- Ultra Large Container Carriers
- China - update
- Bio-fuels and concerns over transportation
- ALOP/DSU

KEY POINTS

- Incidences have significantly declined due to Regional Cooperation Agreement on Combating Piracy and Armed Robbery against ships in Asia
- Pirates now target mainly ships equipment and crew's personal effects not cargo or vessel
- Serious losses still occur - US\$4.5m & US\$3m (tin ingots) and US\$6m (crude palm oil)

Steve Foster, Charles Taylor Adjusting

KEY POINTS

- India remains one of the fastest growing economies with a project GDP of +8.8% (2010)
- Cargo insurance premiums growing to US\$232.3m in 2009 (+20%)
- Loss ratio deteriorating due to oil related losses (fire/explosion/shortage) and serious losses involving project cargo equipment
- Poor quality of infrastructure should remain a major underwriting consideration

Cargo shipments to India



Workshop Presentations revisited

- Crime in and/or around International airports -
The number of incidences and the threat to
cargo has significantly reduced:
- Increased physical security of air cargo facility
and operations including biometric systems for
workers ID and access control
- Explosive detection systems
- Tamper resistant & tamper evident packaging

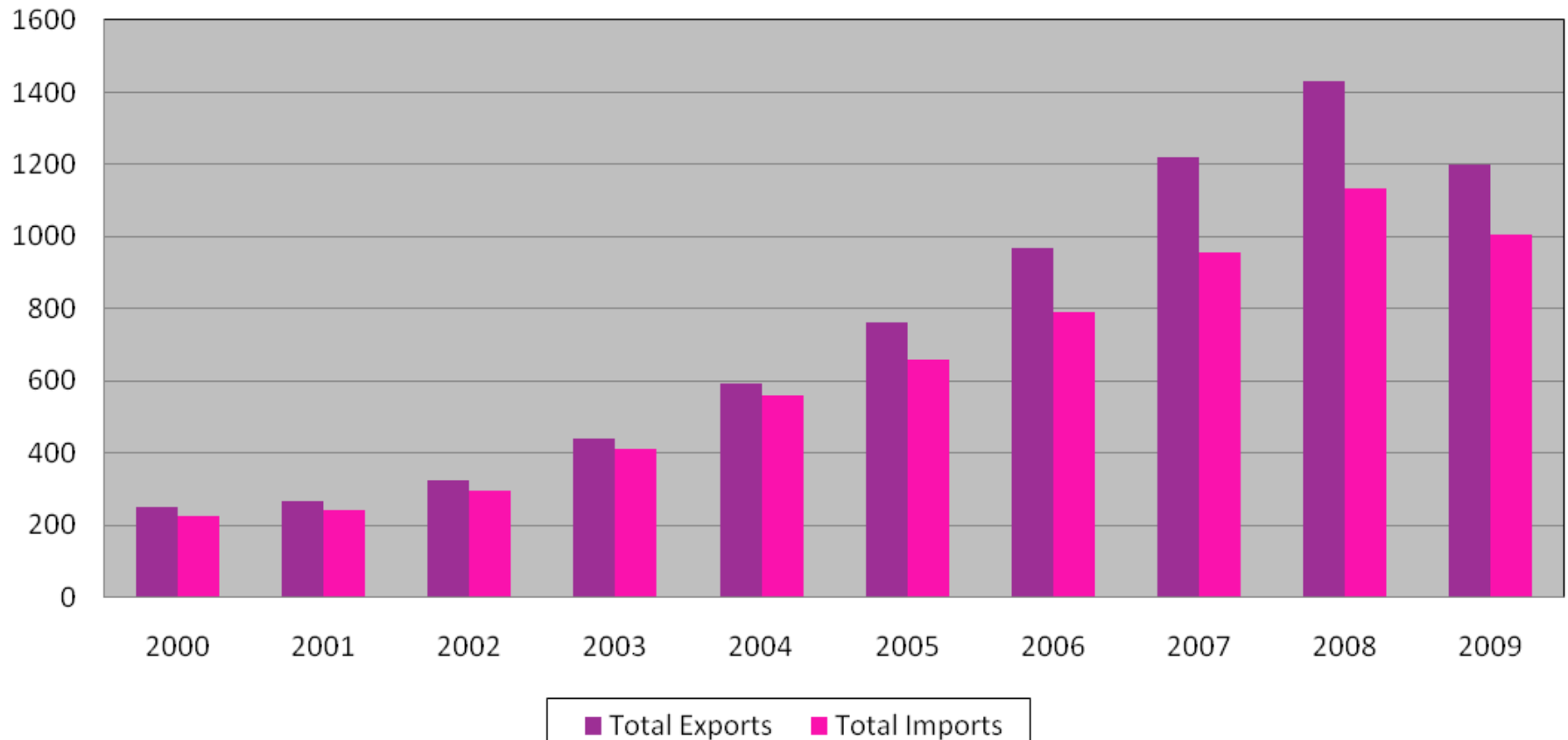
Criminals will take the path of least resistance -
see FreightWatch presentation later!

Ultra Large Container Carriers

- IUMI Tokyo 2006 - the discussions were regarding the launch of 'Emma Maersk'
- She now has 7 sister ships including the 15,000+ TEU vessel 'Ebba Maersk'
- At the request of the Cargo Committee Matthew O'Sullivan has agreed to update the Conference delegates in Zurich 2010

CHINA

Foreign Trade Volume (US\$ bn)



KEY POINTS

- Infrastructure has improved significantly (ports, road, rail & inland waterways)
- GWP (cargo) +/- US\$800m (2007 & 2008)
- Paid loss ratio < 45% (2007 & 2008)
- Foreign companies market share +/- 13%
- 2010 – largest paid cargo claim US\$22m

Iris Ip, Munich Re China

KEY POINTS - concerns over transportation

- Water contamination & issues regarding successful remediation remain a major concern
- Formation of sediment during long storage periods has led to major losses. Recommend dead bottom sampling
- Contamination of jet fuels and bunker fuels - complex area for claims

Minton, Treharne & Davies Ltd

ALOP/DSU

- There have been no known significant Marine ALOP/DSU losses in the market since Brugge Conference
- Main concerning development is apparent relaxing or even none inclusion of a survey warranty on project cargoes.
- Competitive advantage can be achieved through rating or even deductible structures. But please resist brokers attempts to waiver survey warranties and maintain strict underwriting discipline for Risk Management, or else



Workshop Presentations revisited - Project Cargo



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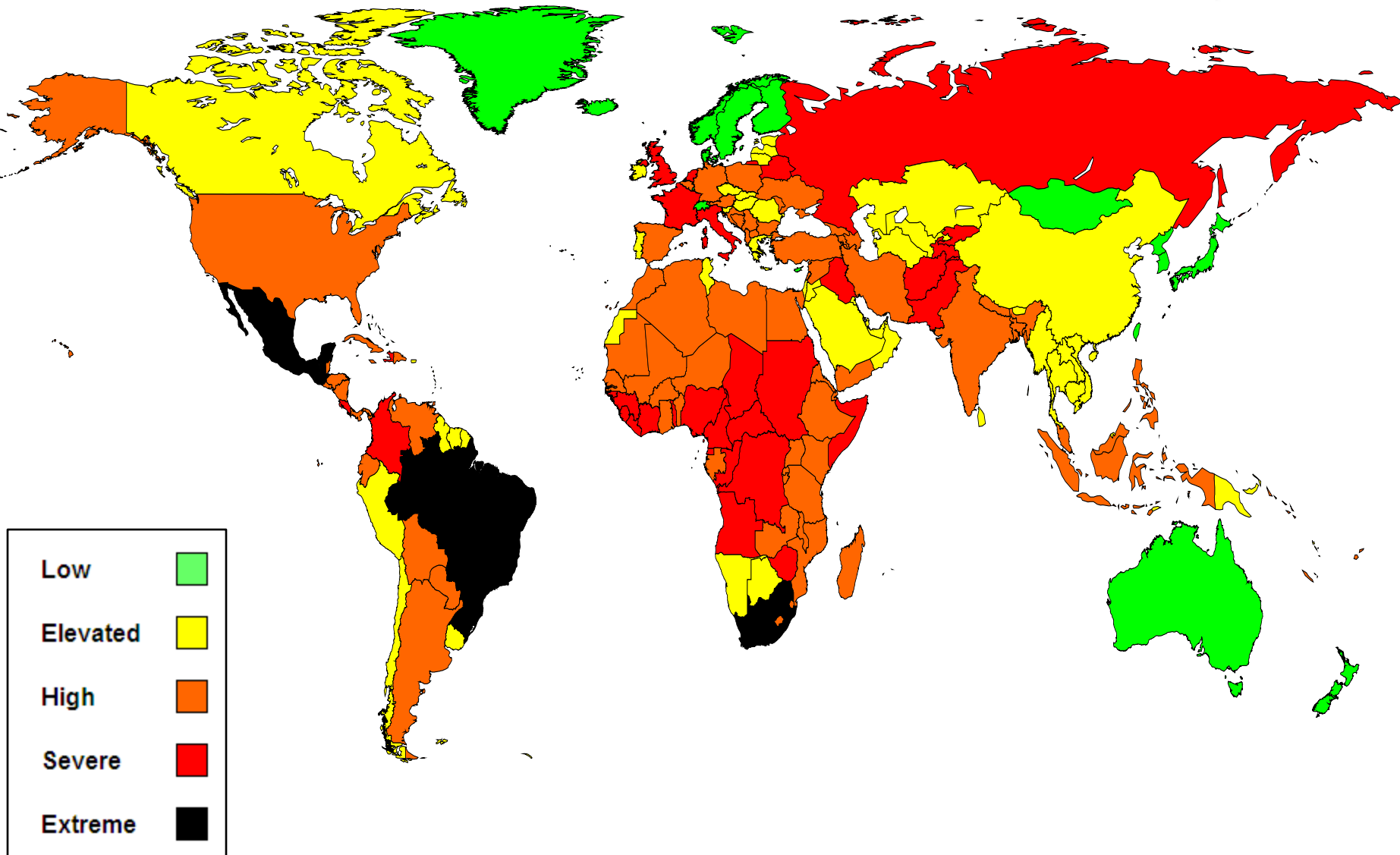


TECHNICAL PRESENTATIONS - INTRODUCTION

Transnational Crime

Barry Conlon
CEO, FreightWatch

Global Threat



Stock & Storage an Underestimated Risk?

Andreas Siebert
Munich Re

Stock & Storage Risks



IRAQ – The Re-Building of a Country

Max Zaccar
Cargo Committee

Port of Basra, Iraq



Marco Polo – Motorways of the Seas

Dennis Marvin
Cargo Committee



MARCO POLO | 
NEW WAYS TO A GREEN HORIZON

‘FREE ROADS – CLEAN AIR:

*It is estimated that every
Euro of Marco Polo funding
generates social and environmental
benefits worth 10 Euros or more.’*

Ultra Large Container Carriers

Matthew O'Sullivan
AonBenfield

Ultra Large Container Carriers



Container Vessels Do Suffer Casualties



- Courtesy of W K Webster

Thank-You For Your Attention

Mike Davies
Cargo Committee