

Slow steaming/Low sulphur - a problem for underwriters

Take Aways

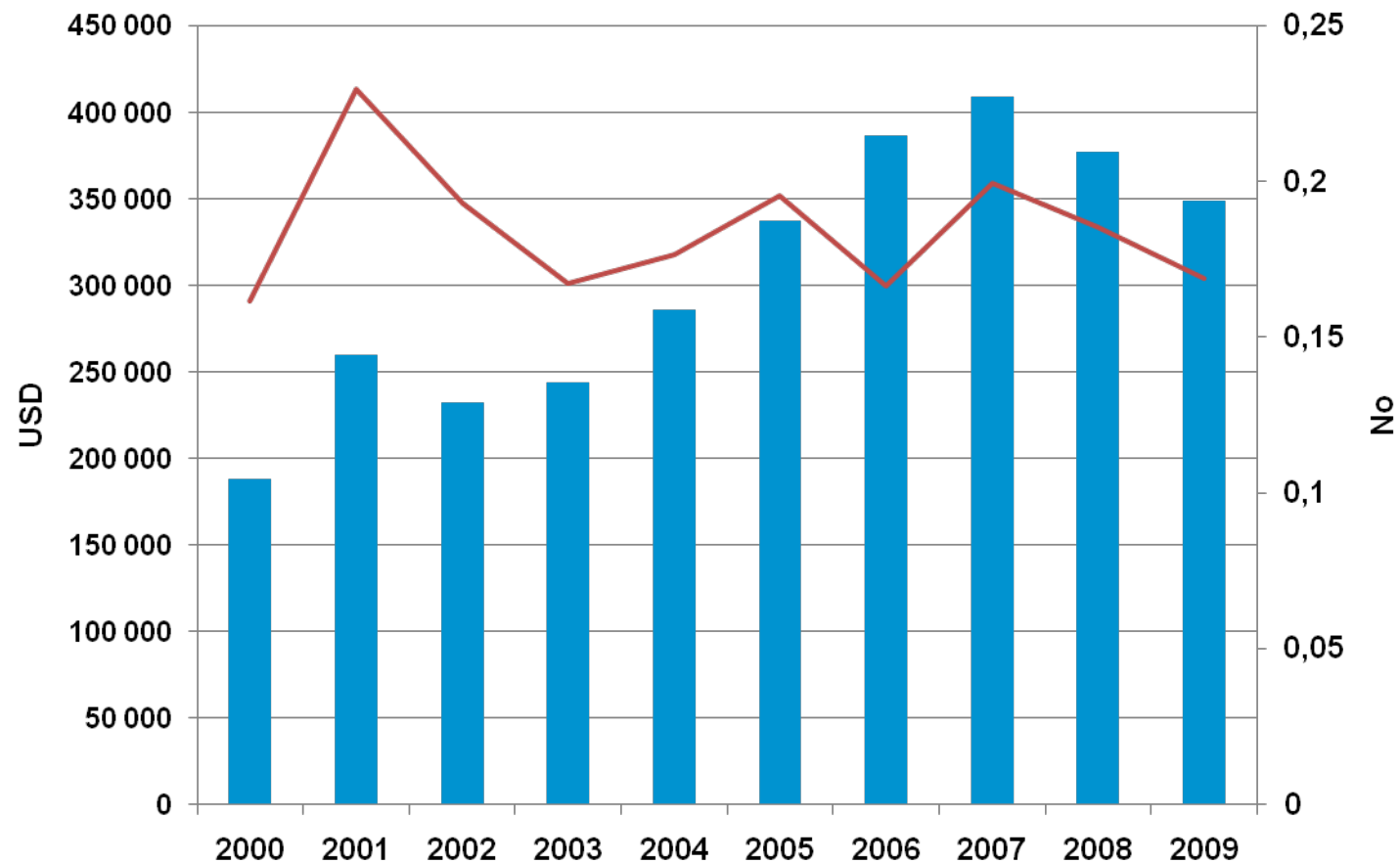
Lars Rhodin, Ocean Hull Committee

NO

(not in addition to other challenges)



H&M reflection - impact of slow steaming overall claim frequency and severity



As per 5 March 2010, claims \geq USD 10 000, capped at USD 2 million

Source: The Swedish Club



Cefor

2009 Nordic Marine Insurance Statistics – Part 3

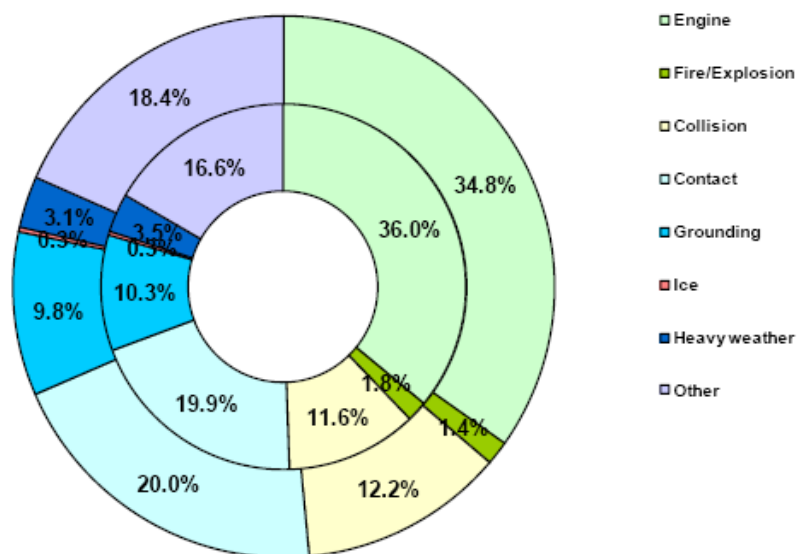
As of 31 December 2009

Claims by Claims type

Number of claims

Inner ring: 2004-2008

Outer ring: 2009



Total 2009: 3,225

Source: Cefor



Cefor

2009 Nordic Marine Insurance Statistics

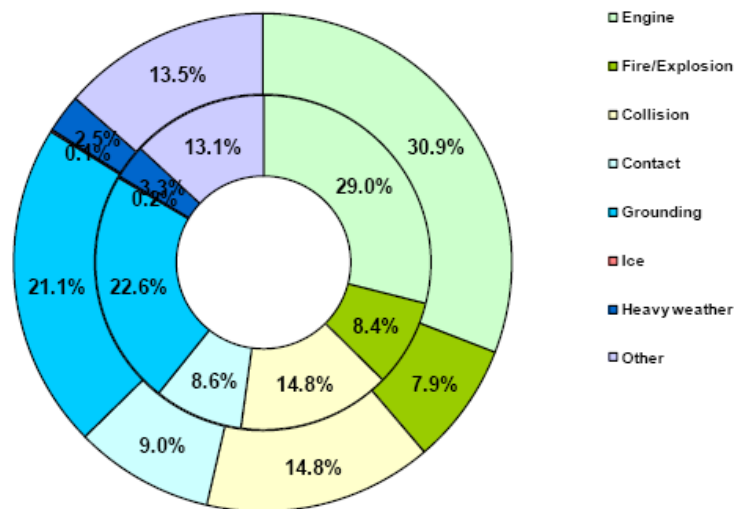
As of 31 December 2009

Claims by Claims type

Cost of claims

Inner ring: 2004-2008

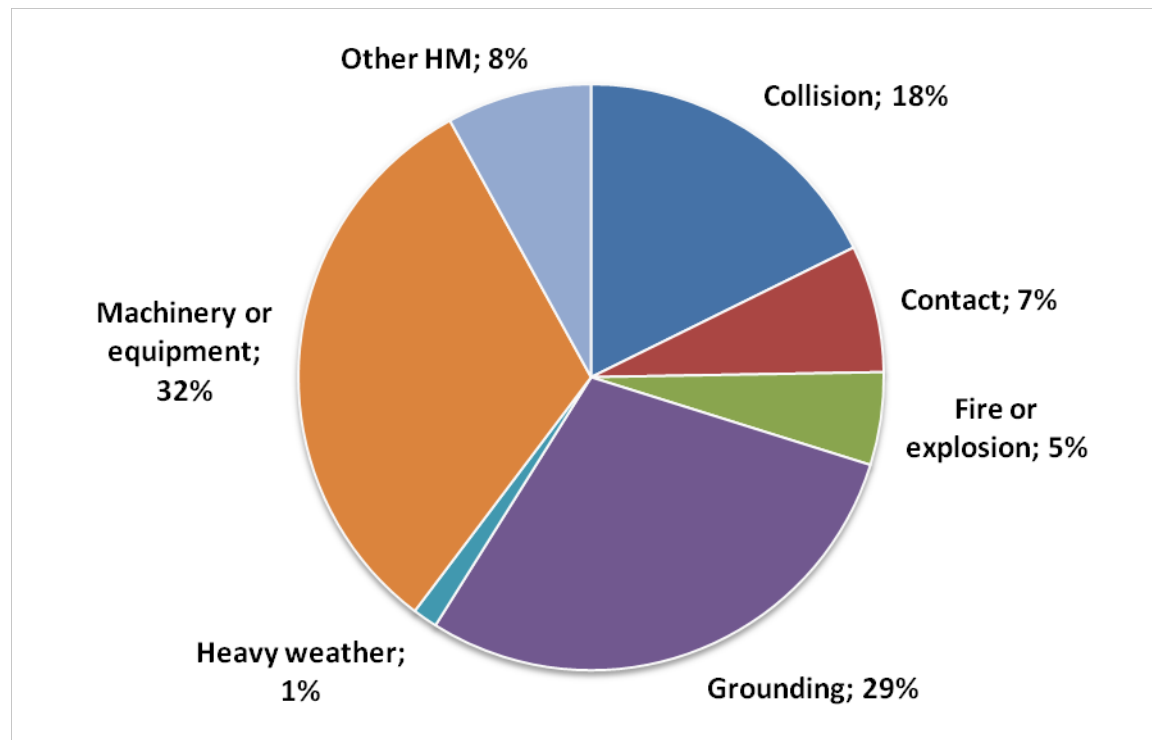
Outer ring: 2009



Total 2009: USD 920 million

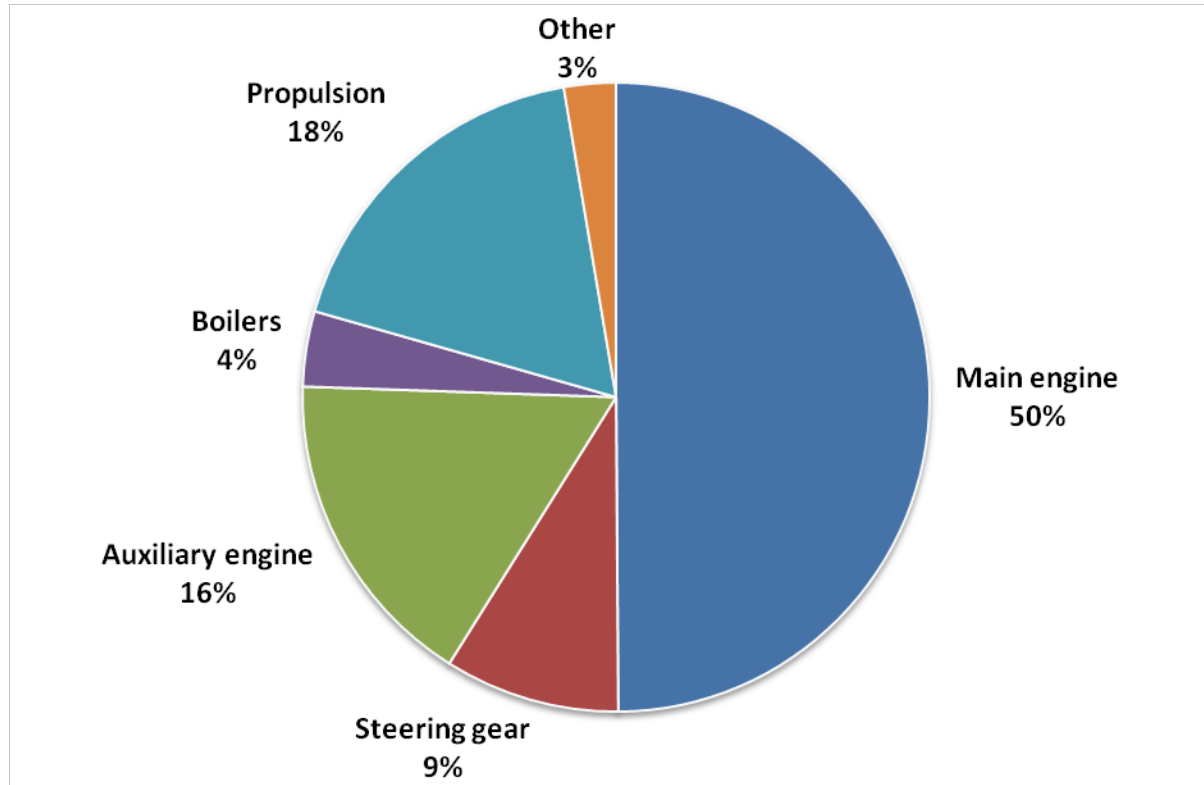
Source: Cefor

Hull & Machinery: Claims by cost 2005-2009



Source: The Swedish Club

Machinery claims, by cost (USD) 2005-2009



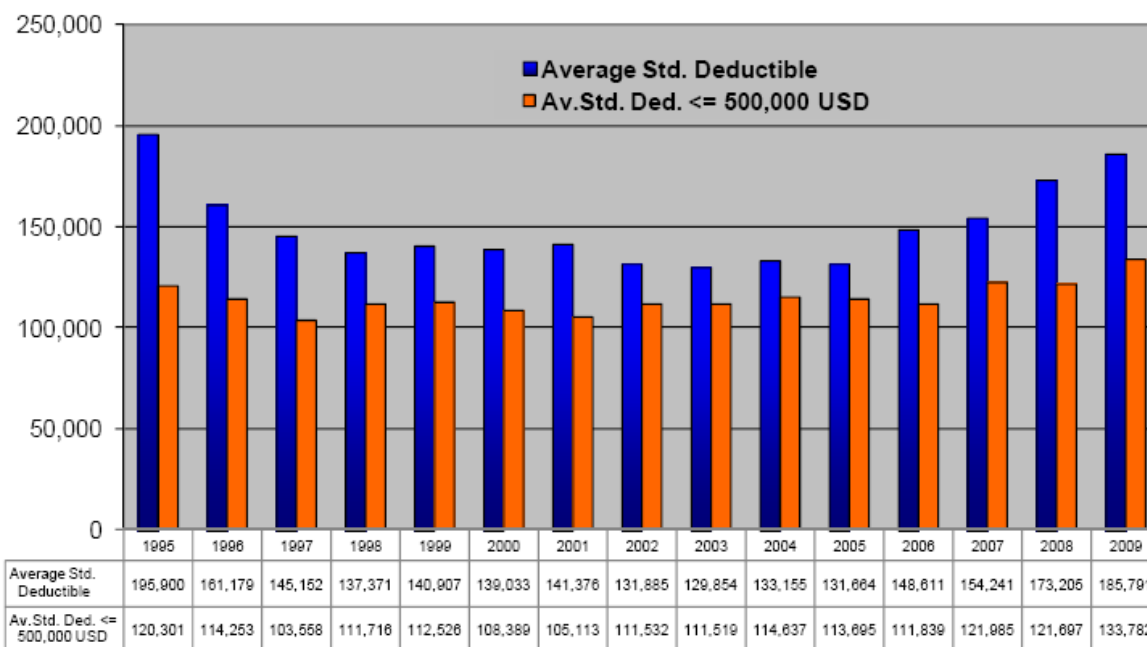
Source: The Swedish Club



Cefor

Average Standard Deductible Development

All business, 100%, in USD



Slow steaming/Low sulphure

- underwriters' perspective



Slow

- Mainly a low speed engine issue potentially affecting not only main engines
 - liners, pistons - but also turbo chargers and economisers

Low

- Both a low speed and medium speed engine issue, potentially affecting main engines "only" - liners and pistons
- Luboil Q&Q

Should slow steaming and low sulphure issues be added to the "list" of concerns?



Underwriters' perspective

- Little statistics to date demonstrate a problem
- It is all about whether makers' recommendations are followed on what to do and not to do

Part of overall risk assessment

- Know your customer
- Attitude of owners in terms of quality of crew and operation
- Fix it yourself or consult the expertise approach
- Consider level of deductible