

Mr. President,  
Members of the Executive Committee,  
Honorary Members,  
Ladies and Gentlemen.

Good morning.

Before introducing our guest speaker of this morning I would like to tell you a few things about the Inland-Hull market in the Netherlands.

Although Inland-hull only represents 0,65% of the Dutch gross non-life premium income 2002 this industry is crucial for the transport of goods from the Dutch sea harbours such as Rotterdam, Amsterdam and Flushing to the northern provinces of the Netherlands and Germany and further to the east. Highways are more and more congested and the "Betuwelijn" (a cargo railway from the Rotterdam harbour area to Germany) will not be finished until 2007. Transport of goods by inland-hull vessel is a more than attractive alternative for the freight owners. The largest new built container vessels can carry around 500 teu and the new built double hull tankers around 9000 tons of cargo. They have lengths up to 135m.

As far as the underwriting result is concerned I go back to the 11<sup>th</sup> of June of this year. On that day the Annual meeting of the Marine Department of the Dutch Association of Insurers was held in The Hague. A fixed item on the agenda is the presentation of the market figures by the CVS, the Association's Statistical Department.

This graph was shown to the attendees.

It shows the total of incurred claims, brokerage and expenses as a percentage of the earned premium for the book years 1998 - 2002. The costs of reinsurance are not included!

The comment made by the CVS was: **Inland-Hull: negative stability**

This conclusion could also apply to a large number of years prior to 1998. But the situation is changing.

For the third year in a row figures -on an underwriting year basis- from companies that operate in the co-insurance market were collected. As a result of the increase of premiums and deductibles the underwriting result seems to improve in 2002. Obviously, it is too premature to draw further conclusions, as this is the situation after 4 quarters.

For your information:           u/yr year 2000 @ 36 months has a loss ratio of 125%

  u/yr year 2001 @ 24 months has a loss ratio of 109% and

is ultimately estimated to be 115%

As far as u/yr 2002, I estimate that ultimately somewhere between 90 and 100%, which is not enough to cover expenses and a decent return.

Underwriters of both the insurance companies and the Dutch Mutuals acknowledged the fact that a large percentage of the incurred claims were caused by damage to the engines of the vessels. Unfortunately there were no records kept of the cause of such claims and whether or not there were trends to discover regarding the type of claim, type of engine, maintenance programs, etc.

In cooperation with IVR, mutuals and insurers the Engine Registration System (ERS) was developed. This development is in compliance with one of the key objectives of the Dutch Association of Insurers, which is to stimulate and develop loss prevention.

Another initiative of Belgian and Dutch insurance companies and IVR that I would like to mention here today is the introduction of a standardized pre entry survey questionnaire for inland-hull vessels. The questionnaire is developed by the technical department of IVR in close cooperation with a number of dedicated surveyors. At the moment we are in a pilot phase during which ship owners, on a voluntary basis, allow surveyors to check the workability of the questionnaire. A review of the comments will take place before the end of this month after which the final result will be presented to the market in October.

Both the ERS System and the pre entry survey questionnaire will play an important role in "Our Voyage to Quality, Safety and Profitability" of the Inland-Hull portfolio.

I encourage those of you who have not yet had an opportunity to see an on-line demonstration of the ERS system will do so today. Mr. Fred Westerdijk and his colleague will be pleased to show it to you.

I am sure that there will be an opportunity in the future to give you an update on these two systems.

Today I have the pleasure of introducing to you our guest speaker Mrs. Theresia Hacksteiner.

Mrs. Hacksteiner is Secretary General of IVR (International Association for the representation of the mutual interests of the inland shipping and the insurance and for keeping the register of inland vessels in Europe) in Rotterdam.

Furthermore Mrs. Hacksteiner is Secretary General of the European Barge Union in Brussels and a member of various committees dealing with the Legal Harmonization of Inland Navigation.

Since the opening of the Rhine – Main - Danube canal she has put a lot of effort in expanding the IVR network in Central and Eastern Europe.

More about this, IVR in general and ERS in particular Mrs. Hacksteiner will tell you here today.

Rotterdam, 11 September 2003

