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**IUMI CONFERENCE - SEVILLE
SEPTEMBER 2003
CHAIRMAN'S REPORT**

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

Good morning. I hope everyone is enjoying the conference and the city of Seville.

I hope those of you who attended our workshop yesterday found it interesting as well as beneficial to your work. Thanks to all who participated.

The IFY-Committee presentation today will be broken up into two parts; my presentation followed by that of Ms. Theresia Hachsteiner. Ms. Hachsteiner will discuss the IVR and it's Engine Registration System. The ERS is a unique cooperation between insurance companies, IVR, and Ship Surveyors.

Over the past few days you have heard various people mention our Voyage to Quality, Safety and Profitability. This voyage we are on demands that we write quality risks with good safety records to ensure profitability for our respective companies. Companies that ignore these variables will ultimately be fighting for their survival. We have again, over the past year, seen companies withdraw from marine insurance due to unacceptable margins. Think back 5, 10 years ago, how many marine companies were in your market as compared to today? I would venture to guess that the majority of us sitting here would say there are fewer today than 5, 10 years ago.

Last year I stated that marine insurers must post an ROE (Return on Equity) of 5-10 points better than our property and casualty brethren. This has not changed. The best way to achieve this goal is to focus on quality underwriting.

Quality underwriting entails getting back to basics and focusing on underwriting discipline. Make no mistake, underwriting is a discipline. It is up to all of us sitting here, as leaders of our respective companies, to make sure that the people that work with us understand this discipline. There is not a lot of margin for error in underwriting to make up for poor results. The discipline of underwriting must focus more on risk selection and underwriting profit.

Risks that invest in maintenance and safety should garner our attention. Those that do not re-invest money back into their company should not enjoy the benefits of our insurance.

We must utilize our so called “eyes and ears” – the surveyor, for information verification. Survey fees have been looked upon as an expense that can be reduced rather than an expense that improves the bottom line.

Quality underwriting should demand the underwriter know the meaning of all clauses a broker puts into a policy. As we all know, an ambiguity in coverage tends to go against insurers.

Proper pricing of a risk is essential. Marine rates have been on the upswing the past few years but still have a way to go to build up depleted surpluses. Last year, all lines that fall within the IFY Committee were enjoying double digit rate increases. A quick poll of my colleagues on the IFY Committee suggests that the market is softening and, in some cases, reducing premiums.

Inland Hull:

Last year double-digit rate increases were reported for most parts of the world. This year most markets report softening of rate increase to high single digit increases.

Competition on large inland hulls remains keen. Downward pressure on rates is focused on larger accounts. Competition (new and/or existing) take a different view of accounts than the holding market. Reasons range from increasing market share to “I didn’t suffer that loss, the rate should be”.

Fishing Vessels:

Rates continue to rise due mainly to poor loss records and withdrawal of capacity. Highest rate increases achieved in this line of business that comes within the scope of IFY Committee.

Yachts:

Very keen competition. Most markets report minimal increases to rate maintenance. Mega yachts seem to be the exception. Rate increases on this type of vessel remains in 15% - 20% range.

As I pointed out a minute ago, rating on yachts is competitive.

2002 Year

Country	Premium x \$ 1000	Claims x \$ 1000	Claims Ratio %
Austria	97	61	62.89%
France	84,000	N/A	N/A
Germany	58,415	38,673	66%
Greece (Yr 2001)	6,831	3,842	56.24%
Israel	3,000	1,000	30%
Italy			50%
Morocco	171	26	15.20%
Norway	47	33	70%
Poland	52	13.5	26%
Portugal (Yr 2001)	4,818	1,986	41.22%
Slovenia	793	672	85%
Spain (Yr 2001)	24,047	13,278	55.22%
USA	234,457	131,507	56.09%
Total	358,313		

The slide above shows the results of the yacht line for 2002. Keep in mind the figures shown are gross. The yacht line typically has a high acquisition cost (ranging from 15% - 30%), and is more susceptible to windstorm than inland hull or fishing vessels. Looking at the larger markets, U.S., Germany, Spain, Greece, the Gross Loss Ratio is 58%. Factor in expenses such as:

Commission	20%
Reinsurance	8%
Corp. Overhead	<u>10%</u>
	38%
	<u>58%</u>
	96% conservatively

Also, keep in mind, there have not been any major windstorms that would inflate the number. In most companies, a combined ratio of 95% or more is unacceptable. Our voyage to profitability with respect to yacht appears to be on course to hit heavy weather if we continue with rate maintenance.

Composition of Committee

The IFY Committee has been active this past year with respect to committee representation.

At the winter meeting, Mr. Stabinger advised that as a result of his duties as General Secretary of IUMI, he would no longer be able to contribute to the committee. In addition, Switzerland will not replace his position on the committee.

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At the Spring meeting, Mr. Mulder of the Netherlands was welcomed as a successor to Mr. Crielaard. Mr. Simplicio of Portugal became a full member. Mr. Wursching of Hungary and Mr. Mogster of Norway are no longer employed by member companies and are no longer on the committee. Spain has withdrawn their representative.

On a positive note, Mr. Harald Teige has replaced Mr. Mogster as a representative from Norway and Mr. Marko Pavliha has joined as an observer from Slovenia. Subsequent to this meeting, Mr. Andrea Cupido of Italy will leave IFY for Facts & Figures. Mr. Paolo Cerni will replace him.

Going forward, the makeup of the committee is as follows:

Mr. Omar Bourhabi		Morocco
Mr. Paolo Cerni		Italy
Mr. Vianney de Chalus		France
Mr. Robert Gallagher	Chairman	USA
Mr. Sven Gerhard		Germany
Mr. Eric Heymans		Belgium
Mr. John Lucas	Observer	New Zealand
Mr. Harry Mulder		Netherlands
Mr. Marko Pavliha	Observer	Slovenia
Mr. Joaquim Simplicio		Portugal
Mr. Harald Teige		Norway

We would like to expand the committee to 12 member countries and would encourage anyone interested to get in touch with a member of the Executive or IFY Committee.

Terrorism

I am happy to report that other than the US TRIA Legislation (which was covered in earlier discussions), there have been no new major developments with respect to terrorism coverage for classes of business coming within the purview of the IFY Committee. In the majority of countries terrorism coverage is available via a war risk policy.

Questionnaire 2003

The IFY Committee returned to the longer questionnaire format this year having heard from members that they wanted to hear about all lines of business within the IFY Committee. We received responses from 29 member countries. While we understand that the questionnaire cannot be completed in its entirety by all members, we ask that each member provide information, where possible, particularly with respect to the larger members of IUMI.

A few of the highlights include:

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Fishing Vessels:

- 14 members were able to provide detailed information with respect to the makeup of the fishing fleet. It should come as no surprise that the overwhelming majority of these vessels are under 100 g.tons.

. Fishing Vessel Statistics

Country	Premium \$x1000			Claims \$x1000			Claim Ratio		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
Morocco	11,433	12,648		5,811	5,354		50.82	42.33	
Norway	32,376	32,998	34,530	22,639	21,533	46,108	69.93	65.25	133.53
Poland	674,285	494,364	155,000	192,743	180,751	106,662	28.58	36.56	68.81
Portugal	4,521	4,147		1,187	1,868		26.25	45.00	
Slovenia	51	31	39	2.3	61	69	4.60	196.77	176.92
Spain	43,741	41,917		43,374	49,736		99.16	118.65	

- Only 6 countries were able to provide statistics on Fishing Vessels. Of the 6, 3 were able to provide loss ratio and they show the line needs more rate improvement.
- 8 countries responded to the question with respect to death of crew aboard Fishing Vessels.

Please give us details of any loss of life to fishing vessel crews due to:

a. Total loss of the vessel, vessel accident.

France 10 by total loss, 10 due to accidents
Ireland 1 by accident
Morocco 65 by total loss, 216 by accident
Norway 9 deaths were reported in 2002; 4 were from accidents, 5 “missing at sea”
Poland 1998: 2 by total, 3 by accident; 1999: 4 by total; 2000: 4 by accident
Portugal 1 by total loss, 4 by accident
Slovenia 0
So. Africa 2000: 21 (18 capsizing, 3 grounding)
2001: 26 (8 capsizing, 12 grounding, 2 overboard, 4 occupational)
2002: 57 (31 capsizing, 10 grounding, 8 overboard, 8 occupational)

- This small sampling supports what we have been saying the past few years; employment as a crewmember aboard fishing vessels is one of the most hazardous professions in the world.

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Inland Hull

- Trends noted include increased market competition in a majority of markets.
- Finland noted the harsh winter of 2002/2003 froze even the southern trading waters.
- The U.S. noted that barge operators continue to build double-hulled barges for the petroleum trade.
- Of the countries that responded to the questionnaire, more than 50% stated there is a central registration bureau for inland vessels. Where there is no central registration bureau, some countries reported vessels must be registered with local port authorities or regional authorities.

Pleasure Craft

- Results were mentioned earlier.
- A question was asked about experience with theft of and from pleasure craft. Of the responses received, theft of motors appears to be problematic.

Australia reports that state police authorities are combining in an endeavor to reduce private pleasure craft thefts. The activities of a successful initiative to reduce motor vehicle theft are being extended to private pleasure craft.

- Approximately half of the respondents reported third party liability is an obligation in their country.
- Trends include intense competition for yacht business and the number of units being insured has been on the increase (partly due to compulsory insurance requirements in some countries). While this would appear to be a positive sign for our industry, underwriters must scrutinize the ownership experience.

Other areas of interest coming within the scope of the committee:

Inland Hull

Situation on the Danube: The Danube Clearance Project, has made major progress this past year. Debris removal in most areas is ahead of schedule. The number of openings and ships has steadily increased.

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Yachts

The MCA Code of Practice for Safety of Large Commercial Sailing & Motor Yachts is about to be updated. The document has become the cornerstone of super yacht safety and its revisions will reflect the experiences gained by the Agency and its surveyors over the last few years in dealing with a variety of craft covered by the code. The code, which applies to commercial sailing and motor yachts with a load line length of 24M plus or if built before 7/21/68 and over 150 gross tons, grew out of the realization that there were safety issues affecting larger yachts operating as commercial vessels that existing regulations did not properly cover nor did not effectively deal with the specific needs of such vessels.

In the U.S., the Coast Guard published a rule making it unlawful to operate a recreational vessel unless children under 13 years of age are wearing personal flotation devices. The federal regulation adopts the individual State requirements in those States that have PFD requirements for children.

Mr. President, ladies and gentlemen, this brings my presentation to an end. Thank you for your attention.



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IUMI INLAND HULL COMMITTEE
2003 QUESTIONNAIRE

The following 29 members have responded to the IFY-Committee questionnaire:

Australia	France	Israel	Morocco	So. Africa
Austria	Germany	Italy	Norway	Spain
Belgium	Greece	Japan	Poland	Sweden
Cyprus	Hong Kong	Lebanon	Portugal	Turkey
Denmark	Hungary	Malaysia	Romania	USA
Finland	Ireland	Mexico	Slovenia	

1. Fisheries

Country	Trawler	Seiner	L. Liner	Dragger	Clam	Processor	Crab	Other
Cyprus	20<100g.t.	1<100g.t.	40<100g.t.					500 inshore with nets and lines. Length 6-10 meters.
Denmark	2,131<100g.t. 219>100g.t.							
France	1,265<100g.t. 290>100g.t.	1,515<100g.t. 105>100g.t.	335<g.t. 10>g.t.	390<100g.t.			5>100g.t.	Traps - 1,250<100g.t. Others (under 6M) 1,200
Greece								19,500<100g.t. 86>100g.t. No detailed data exists.
Hong Kong								6464 F/V licenses, 21 of which classed "steel fishing" between 61 to 300 net tons and 2603 classed "outboard open sampans" all mechanized and not over 60 net tons.
Italy								Big fleet mainly based in Adriatic Sea and

Country	Trawler	Seiner	L. Liner	Dragger	Clam	Processor	Crab	Other
								Sicily. Total number approx. 18,000
Morocco								Inshore: sardine 2425, coral 15, cray 4, other 130 Ocean: cephalopod 338, shrimp 59, other 60
Norway								Total Registered: 10,689 under 100g.t. - 10,279 over 100g.t. - 410
Poland	15>100g.t.	203<100g.t.						992
Portugal	121	178	210					10,023
Slovenia								Some iron salt water F/V, no data available
So. Africa	180<100g.t. 80>100g.t.	90<100g.t. 30>100g.t.	645<100g.t. 150>100g.t.					2950 handline < 100g.t. 720 inshore < 100g.t.
Spain	1943	806 UE 432 Intl						Craft < 12M: 11,950 Boulterers:1064 UE waters 373 Intl waters Tuna: 39 "Almadraba": 167 Fish Farm Barges: 1,251
Sweden	233<100 gt 100>100 gt	17<100 gt 7>100 gt	10<100 gt					

2. Fishing Vessel Statistics

Country	Premium \$x1000			Claims \$x1000			Claim Ratio		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
Morocco	11,433	12,648		5,811	5,354		50.82	42.33	
Norway	32,376	32,998	34,530	22,639	21,533	46,108	69.93	65.25	133.53
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Portugal	4,521	4,147		1,187	1,868		26.25	45.00	
Slovenia	51	31	39	2.3	61	69	4.60	196.77	176.92
Spain	43,741	41,917		43,374	49,736		99.16	118.65	

3. Details of Fishing Vessel Total Losses

Australia No major hull loses.
 France 6 totaling \$1,468,180 in value
 Ireland 0 inshore, 3 offshore, total value \$1,250,000
 Israel None
 Italy No details of F/V total losses, even though they are not aware of major events.
 Morocco 11 inshore, 3 offshore
 Norway 38 total losses of Norwegian F/V were reported in 2002.
 Poland 4 in 98', 5 in 99', 1 in 00' all offshore
 Portugal 7 totals
 Slovenia None

So. Africa 2000-2003
 45<100g.t., 12>100g.t.
 Spain 17 with total value \$9,650,117
 USA Minimum 2 with value of \$4,100,358

4. Please give us details of any loss of life to fishing vessel crews due to:

a. Total loss of the vessel, vessel accident.

France 10 by total loss, 10 due to accidents
 Ireland 1 by accident
 Morocco 65 by total loss, 216 by accident
 Norway 9 deaths were reported in 2002; 4 were from accidents, 5 “missing at sea”
 Poland 1998: 2 by total, 3 by accident; 1999: 4 by total; 2000: 4 by accident
 Portugal 1 by total loss, 4 by accident
 Slovenia 0
 So. Africa 2000: 21 (18 capsizing, 3 grounding)
 2001: 26 (8 capsizing, 12 grounding, 2 overboard, 4 occupational)
 2002: 57 (31 capsizing, 10 grounding, 8 overboard, 8 occupational)

5. Has your market been seriously affected by windstorm (last 12 months).

Australia There have been no major hull losses from this cause.
 Cyprus No. A tornado hit the harbour city of Lamassol on 27/1/03. Fortunately, there were no victims. Only 3 boats were affected, with small material damage.
 Denmark No windstorms last 12 months.
 Finland No
 France There have been no windstorms with serious consequences in 2002.
 Greece The market was not seriously affected by windstorm over the last 12 months.
 Hong Kong No
 Ireland No
 Italy No serious casualty has occurred the last 12 months.
 Japan No
 Malaysia No major windstorms
 Mexico No
 Morocco Yes, 18 vessels were lost due to windstorms.
 Norway Norway has not been seriously affected by windstorm.
 Poland No
 Portugal No
 Slovenia We didn't have any non-usual windstorms.
 So. Africa No serious losses
 Spain No
 Turkey No
 USA No

6. Please give a short summary of trends, areas of particular interest and problems in your market in the last 6 years.

Australia	Market competition has reduced with increases in rates generally being applied.
France	A new policy form was issued on 1 st October 2001 for small vessels under the title of “French Hull Insurance Policy for Fishing Vessels of less than 150 g.t.”
Hong Kong	Members reported of increase in accumulation of risks exposure due to lay up of fishing vessels at typhoon shelters during the annual two months fish ban period.
Ireland	EU regulations are restricting fish quotes and fishing time for certain species of fish.
Italy	The trend is actually the same as before, because only a minor part of the Italian fleet is insured against marine risks.
Malaysia	Most of the small wooden fishing vessels are self-insured.
Mexico	Some fishing vessels, mostly tuna, sank “mysteriously”.
Morocco	With the object of well controlling causes and origins of sea events, the Ministry of Marine fishing has put into place a data basis related to sea accident allowing to study and consider the extent of problems in connection with safety at sea. The object is to prevent and avoid to a maximum any accident which may lead to loss of life.

In the same way, many arrangements have been taken in order to strengthen search rescue systems, which has led to:

- acquisition of 2 vedettes of 11 m;
- putting into place at Ministry of Marine Fisheries level a system of communication INMARSAT/GMDS in order to conform to International Convention SOLAS, as amended in 1998.

By another way, Morocco has ratified in April 1999 Maritime Search and Rescue 1979 (SAR) which imposes putting into place and coordination of search and rescue services. In this way, Ministry of Marine Fisheries has drawn up a draft order related coordination of search and rescue of human life to different concerned departments, for opinion before it's submission for approval.

Concerning reform of legislation in force, many texts have been adopted:

Law modifying Dahir of 23 March 1973 aiming at setting up on board fishing vessels location system by satellite (G.P.S.);

Order laying down conditions of practicing function of captain and officers on board fishing vessels (5 August 1994);

In order to endow the sector with a legislation which is inspired by principles of responsible management of halieutical patrimony, a draft law was elaborated with the aim of governing activities in relation with the sector.

This draft law on marine fisheries stresses on fisheries development according to principles of United Convention on Sea Law.

- Norway The strong competition that has characterized the market for the last seven years continued throughout 2001, although recent year's vigorous underbidding has now come to an end. Underwriters needed to increase rates in all segments in this market. The tendency of rising rates in 2000 seems to have increased in force for most segments throughout 2001. Underwriters wish to see rates steadily increasing, since margins are still not sufficient to cope with the unavoidable large total losses or particular average claims.
- 2001 results for the companies underwriting coastal and fishing vessels range from good to acceptable. Overall losses were moderate in 2003.
- Poland The number of oceangoing trawlers is dramatically shrinking. A lot of trawlers are scrapped or sold due to age of the vessels and difficulties in maintaining profitable business of deep sea fishing. The number of cutters' and fishing boat fleet is slowly decreasing.
- Portugal The Portuguese fishing fleet has been subject to renewal with an emphasis on quality in order to obtain better results. Such has led to a relatively positive evolution in the results of the companies operating in this sector, to which the reduction in the number of fishing vessel insurance claims much contributed.
- Romania The marine insurance market decreased generally due to the massive withdrawing from the trade of big state owned vessels.
- Slovenia Falling of premium rates, growing of reinsurance rates, worse loss record.

So. Africa	Since 1996 the fishing industry has undergone a major reconstruction which was brought about by the government's re-distribution of wealth policy. All stakeholders were given the opportunity to apply for new fishing licenses and the allocation of fishing quotas resulted in the large fishing companies reducing the size of their fleets. Previously employed fishermen became boat owners by purchasing excess tonnage and this brought about new entrepreneurs. The uncertainty caused by the quota allocations results in vessel maintenance programmes being compromised and as a result machinery damage losses affected the insurance market.
Spain	It is important to stress the label of competition between companies and brokers deriving in poor results. The fact that foreign brokers and underwriters are also trying to gain business on freedom of services makes it worse.
Turkey	Generally speaking, most of the fishing vessels are not insured because of the financial problems of the owners.
USA	Commercial fishing operations receiving larger premium increases than inland hull. One large market cancelled their commercial fishing book.

7. How does your market handle terrorism? Is it compulsory by law?

Australia	Not compulsory by law.
Denmark	It is not compulsory by law. The Danish Insurance Association has made a definition of terrorism which is used by insurers in the Danish market. "An act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf or in connection with any organization(s) or government(s), committed for political, religious, ideological, or ethnic purposes or reasons including the intention to influence any government and/or to put the public, or any section of the public, in fear. An act of terrorism has to be suitable for influencing any government And/or to put the public, or any section of the public, in fear."
France	Under the French act of 9 September 1986 on terrorism, no exclusion for loss and damage resulting from acts of terrorism or terrorist attacks perpetrated in France and in the French territories can be agreed and introduced into a property and casualty insurance contract.
Greece	Terrorism cover is not compulsory by law.

Hong Kong	Terrorism cover is not compulsory by law.
Italy	Terrorism cover is not compulsory by law and it is covered only in case war risks policy is requested.
Japan	Nothing particular.
Malaysia	Optional
Mexico	No
Morocco	Moroccan market doesn't cover terrorist risks. There is no compulsory law.
Norway	Losses due to acts of terrorism are covered in the Norwegian market, principally under to the war cover of the Norwegian Marine Insurance Plan, Clause 15-1, cf. Clause 2-9(c). Terrorism cover is not compulsory by law.
Poland	There are no special regulations with respect to terrorism. No special measures are compulsory by law.
Portugal	Policies in our market contain an exclusion.
Romania	No
Slovenia	No, it is not compulsory by law.
So. Africa	Terrorism cover is not compulsory by law.
Spain	Terrorism is usually covered by the companies but it is not compulsory by law.
Turkey	Terrorism coverage is not compulsory. It can be given within the context of the Institute Clauses.
USA	Terrorism per TRIA is required to be offered on all new and renewal business. Coverage is offered through SR&CC or A.I. Hull War Risk Clause.

Inland Hull

1. If your country has a professional fleet, can you include how the inland hull fleet is made up?

Country	Motor Tank Vessel	Dry Cargo	Container	Barge	Tug	Pushboat	River Cruise	Float Crane	Ferry	Other
Belgium	197	1103	incl in dry cargo	171	4	95	Unknown	Few	Unknown	
France	66	1158		676	25	179	380			
Germany	323	971		972	159	285	35			Bunker Boats 97
Greece	17			33	13			8	61	
Morocco				41	42	6		6	2	Pontoons 103
Poland	4			41	42	6		6		Pontoons, etc. 103
Portugal	15,682 all types									
Romania				200						
Turkey				2	124			1	100	Service Ships 33

2. Hull Statistics

Country	Premium \$x1000			Claims \$x1000			Claim Ratio		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
Germany	25,133	28,178	20,447	26,896	35,628	21,787	107%	126%	106%
Greece			1129			56			5.0%
Poland			268			213			8.0%
Portugal	2,394	2,471		896	576		37.4%	23.3%	
Romania			224					21%	9.4%
USA	146,065	135,513	160,866				79.89%	79.93%	61.63%

3. Has your market been affected by windstorms during the last 12 months?

Australia	No
Belgium	No
France	No
Germany	No
Greece	No
Hong Kong	No
Hungary	No
Italy	No
Mexico	No
Poland	No
Portugal	No
Romania	No
USA	No

4. Give details of claims over \$500K.

Belgium	One claim due to collision Euro 1,300,000.
France	The total amount of claims lodged in 2002 has been estimated at US \$3,900,283. 17 events have been reported, among which 4 shipwrecks and 3 fires.
Germany	Our market has been affected by 3 claims over \$500,000. Two claims of \$1,500,000 and \$2,100,000 had been caused by collision and the third claim was a capsized pontoon with \$1,289,000.
Greece	“Express Olympia” main engine damage 4/2/03, \$900,000.
Poland	None
Turkey	Ferry “Turgut Ozal” collided with dry cargo ship on 4/12/02. Total paid and outstanding \$627,060.
USA	12/30/02 tug towing barge sank in heavy weather. Tug insured for \$2MM is T/L. 1 crewman died.

5. Please give a short summary of the trends, areas of particular interest and problems, such as ice, in your market in the last 5 years.

Australia	Market competition has reduced with increases in rates generally being applied.
Belgium	Decrease in number of underwriters, competition by mutual insurers very problematic, financial reorganization of terms and conditions continue for 2 years.
Finland	The northern trading waters and all lakes are frozen from December to April. However, the winter 2002/2003 has been very hard and also the southern trading waters were frozen. Ice risk is not automatically covered, but if covered, the hull insurance company grants the insurance on time basis, not per voyage. Inland vessels and small vessels are laid up. Restrictions regarding icebreaker assistance.
Germany	Underwriting capacities reduced, strong tendency to withdraw from the market, especially from agency business. No economical turnover for inland navigation business, no upturn of freights in general.
Greece	The tendency observed is that the smaller vessels, which are family-owned singletons usually, and which were mainly uninsured in the past, now require cover for H&M etc. Also, in view of recently introduced legislation concerning compulsory liability cover, there is an increased demand for P&I etc. or Pollution Liability cover.
Hong Kong	Competition is keen because of improvement in the overall result, there is sign of slow down in the upward trend of premium level in the second half of 2002.

Poland	Inland waterway transport fleet is very outdated without view to replace with new vessels. The fleet of harbour tugs and auxiliary vessels is being slowly replaced with new vessels improving the average age of same.
USA	Barge operators continue to build double hulled barges for the petro trade.

6. Does your country have a central registration bureau?

Australia	For Australian flag vessels, central registration applies.
Belgium	Yes, the Belgium Ministry of Transport and Mobility.
Finland	Merchant vessels, length at least 15 meters, have to be registered. The Finnish Maritime Administration keeps register.
France	There is no central registration bureau in France. Inland-waterways vessels are registered with six Commercial Courts depending on where their ports of registry are located. On the other hand, since the 16 th of January 2001, all French inland-waterway vessel operators must be registered with “Voies navigables de France – VNF”, the French public inland navigation body.
Germany	In Germany we have federal states and every state has a registration office. Depending on the domicile of the shipowner, the local district court is named to keep the register of the inland hull ships.
Greece	No central registration bureau. Vessels are registered according to their size and type with numerous local Port Authorities.
Italy	Yes, there is the Italian Register of Shipping R.I.N.A. (Registro Italiano Navale).
Japan	Yes, NK (Nippon Kaiji Kyokai)
Malaysia	No, but it is in accordance to respective municipality/states registration.
Mexico	Yes
Poland	No. Inland water vessels are registered in 7 inspectorates covering different regions of the country.
Portugal	The Instituto Maritimo-Portuario is the entity responsible for the maritime central registration.
Romania	No

Slovenia	Yes, for vessels on the sea.
So. Africa	The country does have a central registration bureau. Three separate bodies supply data to the bureau.
Turkey	Our country has a central registration bureau for all types of vessels. There is no specific bureau for the registration of inland hull.
USA	No

7. How does your country handle terrorism? Is it compulsory by law?

Australia, Finland, Greece, Poland, Romania, Slovenia – not compulsory by law.

Belgium	Terrorism is excluded from our policies.
France	Under the French act of 9 September 1986 on terrorism, no exclusion for loss and damage resulting from acts of terrorism or terrorist attacks perpetrated in France and in the French territories can be agreed and introduced into a property and casualty insurance contract.
Germany	Terrorism cover is not compulsory by law. Terrorism is excluded from hull cover (Par. 3.1.2.5 German Inland Hull Clauses 2000), and there is no demand for an additional terrorism cover for inland vessels.
Malaysia	Optional
Mexico	Yes, compulsory by law.
Portugal	Our market wordings contain an exclusion.
Spain	Terrorism is usually covered by the companies, but it is not compulsory to effect this coverage.
Turkey	Terrorism coverage is not compulsory. It can be given within the context of the Institute Clauses.
USA	Terrorism compulsory per TRIA.

Pleasure Craft

Not all pleasure craft is insured in the marine market. In order to obtain a reliable outline of the total pleasure craft market, we would kindly ask you to ask for the answers, if relevant, on these questions with other organizations in your country.

1. If your country has a pleasure craft fleet, can you indicate how this fleet is made up in your country?

Total pleasure craft fleet:

Country	Number of Vessels		Total Value	
	Sailing	Motorboat	Sailing	Motorboats
France	171,791	617,778	N/A	N/A
Greece	18,418 total		N/A	
Hong Kong		4,515		
Israel	800	6,000	\$24,000,000	\$30,000,000
Italy	150,000	300,000		
Lebanon	300 est.	1,000 est.	\$3,000,000 est.	\$10,000,000 est.
Morocco	7	222		\$4,068,080
Poland	170	30	\$3,800,000	\$1,940,000
Portugal	20,823 total			
Slovenia	1,222	6,335		
Spain	72,000	182,000		

Statistics – All Pleasure Craft

2001 Year

Country	Premium x \$ 1000	Claims x \$ 1000	Claims Ratio %
Austria	2,700	1,600	59%
Bulgaria	40	9	20%
Canada (Yr 2000)	27,454	16,921	62%
Croatia	1,200	500	42%
France	65,560	N/A	
Germany	42,177	30,628	73%
Greece (Yr 2000)	6,651	2,638	40%
Ireland	1,400	956	69%
Morocco	139	37	26%
Netherlands	60,300	30,900	51%
New Zealand	12,659	9,265	73%
Norway	39,200	24,600	63%
Portugal (Yr 2000)	3,475	3,994	115%
Slovenia	297	244	82%
South Africa	2,000	N/A	65%
Spain	26,745		58%
Sweden	250	30	12%
USA	356,000	177,000	51%
Total	642,247		

2002 Year

Country	Premium x \$ 1000	Claims x \$ 1000	Claims Ratio %
Austria	97	61	62.89%
France	84,000	N/A	N/A
Germany	58,415	38,673	66%
Greece (Yr 2001)	6,831	3,842	56.24%
Israel	3,000	1,000	30%
Italy			50%
Morocco	171	26	15.20%
Norway	47	33	70%
Poland	52	13.5	26%
Portugal (Yr 2001)	4,818	1,986	41.22%
Slovenia	793	672	85%
Spain (Yr 2001)	24,047	13,278	55.22%
USA	234,457	131,507	56.09%
Total	358,313		

3. Claims over \$1MM

Germany 2002 one claim over \$1,000,000 caused by fire.

Greece 2001 \$1,425,000 (“No Regrets” – builder’s risk ins.)
 1999 \$1,600,000 (“Ochialos”)

Spain 1 storm \$1,257,785

4. What is the experience in your market with theft of and from pleasure craft? Please specify with numbers.

Australia State police authorities are combining in an endeavor to reduce private pleasure craft thefts in this country. The activities of a successful initiative to reduce motor vehicle theft (the National Motor Vehicle Theft Reduction Council) are being extended to private pleasure craft theft.

France Even if detailed figures are not available, it can be pointed out that theft of pleasure craft is limited in number and stagnant, while theft from small-sized pleasure craft is more and more frequent. In most cases, motors are dismantled on the boat and coveted parts taken away for resale by professional thieves who are often organized in bands.

Germany In 2002 the total number of thefts of and from pleasure crafts had been 465 with a total amount of \$3,400,000. Boats with inboard motor 33, boats with outboard motors 14, sailing boats 10, jolly boats 28, outboard motors 102, equipment 214, miscellaneous 55.

Greece	136 theft claims were reported in 2001. These represent 16.63% of total number of claims or USD 227.401. A decrease of 17.6% is noted in the number of theft claims reported, as compared with year 2000 figures.
Israel	Not many.
Italy	The number of thefts is not available but the phenomenon seems very limited.
Lebanon	Excellent experience.
Mexico	Numbers not available but it is almost 0.
Poland	Several years a tendency was noted of increasing number of thefts of sailing yachts and thefts of outboard motors. While the number of thefts of whole yachts has decreased substantially, the number of thefts of outboard motors is slightly increasing.
Portugal	Not significant.
Slovenia	Some stolen boats.
Turkey	Theft of and from pleasure craft is not significant in our market.

5. Is third party liability an obligation in your country?

Australia, Austria, France, Germany, Ireland, Lebanon, Malaysia, Morocco, Norway, Poland, Turkey, USA – no obligation.

Greece Yes.
Third Party Liability is compulsory for minimum statutory limits of (approx):
Euro 300.000 for Bodily Injury/Death claims
Euro 150.000 for Property Damage claims, and
Euro 90.000 for Pollution Liability claims.

Hong Kong, Israel, Mexico, Spain – all have compulsory requirement.

Italy Yes, for motor boats and vessels up to 25 grt with engine of more than 3 h.p. and length between M.7.5/10 – respectively for a motor boat or sailing boat and M.24.

Japan The new Pleasure Boat Business Law was published in 2002. It became their obligation for the trade to insure against their liability.

Portugal Yes, Decree-Law 329/95, of December 9 and Governmental Decree 689/2001, of July 10.

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|------------|--|
| Romania | Third party liability exists in the country's legislation but is not compulsory for insurers because no private pleasure fleet exists at the time being. |
| Slovenia | Yes since February 10, 2003. |
| So. Africa | Third party liability cover is not obligatory but in most instances is provided by underwriters within the scope of the policy. |

6. Has your market been affected by windstorm in the past 12 months?

Australia, Austria, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Turkey and USA – all respond No.

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| Spain | No, although as consequence of recent earthquake in Algiers early this 2003 year, pleasure craft suffered severe damages in the Spanish Mediterranean southern ports. |
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7. Please give a short summary of the trends, areas of particular interest and problems in your market in the last 5 years.

- | | |
|-----------|---|
| Australia | Market competition has reduced with increases in rates generally being applied. |
| France | A significant increase in the number of craft registered in France (mainly small-sized units) has been reported over the last five years along with a proportionate rise in premium income. Similarly insurance premium rates have been on the increase since 2000. |
| Germany | Premiums stabilized in 2003. Elementary risks (flood, thunderstorm) seems to become a matter of importance in yacht insurance, mainly for vessels situated in the Mediterranean. |
| Greece | A stable market situation exists. However, during the last three years the number of crafts insured increased substantially, in compliance with legislative requirements regarding obligatory Third Party Liability insurance. Otherwise, no noticeable trends were observed during the last 5 years. |
| Hong Kong | Competition is keen in writing this type of vessel because of improvement in overall result due to no severe typhoon in recent years. Members reported that premium rate was up by an average of 15% to 20% on the previous years. |
| Ireland | Intensely competitive segment of business. |
| Italy | Unfortunately, a limited number of pleasure craft is insured even though the size of this industry is large and very important in terms of turnover and employment. |

Poland	The number of yachts is increasing, especially new building motor boats and luxury motor boats. Most of them are purchased on Polish internal market; an average value of yachts is growing significantly. The number of sailing yachts remains stable, however, these yachts tend to change owners more often.
Portugal	The segment of pleasure craft insurance is growing at a stable rhythm. In the last few years new marinas have been built and the existing ones improved, a fact which has attracted the attention of the owners and led to very positive results.
Slovenia	Gross premium is falling because of the concurrency of domestic and foreign insurance companies. Charter is being widely used. The number of boat owners is growing.
So. Africa	There has been an overwhelming increase in the number of new motorized craft being purchased by inexperienced sailors. The lack of sailing experience opens the way for potential third party liability claims. There are government regulations on the statute books but these are not being policed because of the shortage of manpower.
Spain	As a result of liability insurance being compulsory, hull insurance has grown considerably.
Turkey	Fierce competition.
USA	Most significant problem and trend is market inability to get any serious rate increase to improve performance. Cat exposure and actions regarding control of aggregations has come into more focus.

8. How does your country handle terrorism? Is it compulsory by law?

Australia, Austria, Finland, Greece, Hong Kong, Ireland, Morocco, Norway, Poland, Romania, Slovenia, So. Africa, Spain, Turkey, USA: all not compulsory.

France	Under the French Act of 9 September 1986 on terrorism, no exclusion for loss and damage resulting from acts of terrorism or terrorist attacks perpetrated in France and in the French territories can be agreed and introduced into a property and casualty insurance contract.
Germany	Terrorism cover is not compulsory by law. Terrorism is excluded from yacht cover, and there is no demand for an additional terrorism cover for yachts, except for mega yachts.
Israel	Within Israeli territorial waters, Israeli law provides government compensation without payment of premium.

Italy	Terrorism cover is not compulsory by law and it is covered only in case war risk policy is requested.
Malaysia	Optional
Mexico	Yes
Portugal	In what concerns third party liability insurance, Government Decree 689/2001 of July 10, specifically allows for the exclusion of damages arising out of terrorism acts.