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Marine Insurance – Essential to Global Trade

auto policies – nightmare or challenge ?

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20.09.05



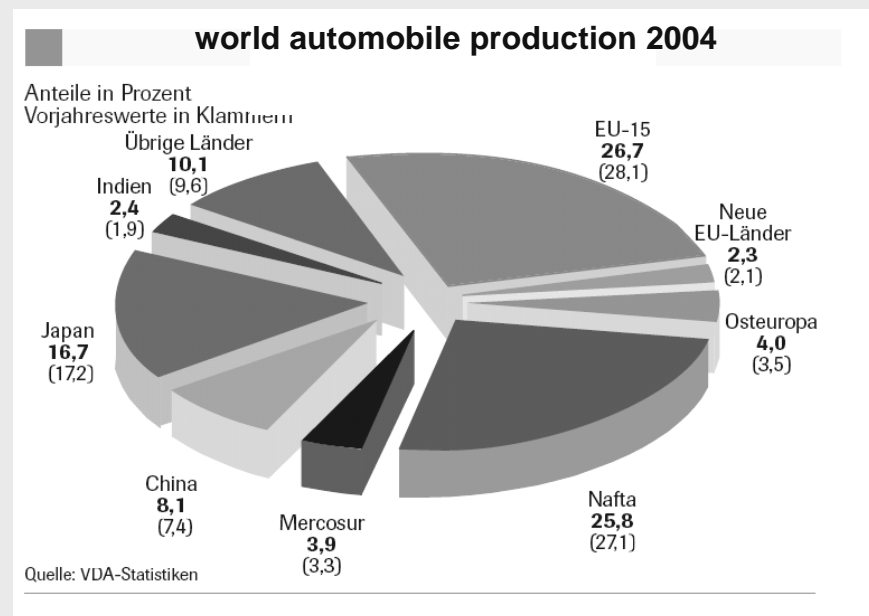


content

- **facts and figures**
- **losses and loss prevention**
- **insurance aspects**

content

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- insurance aspects





facts & figures

volumes 2003

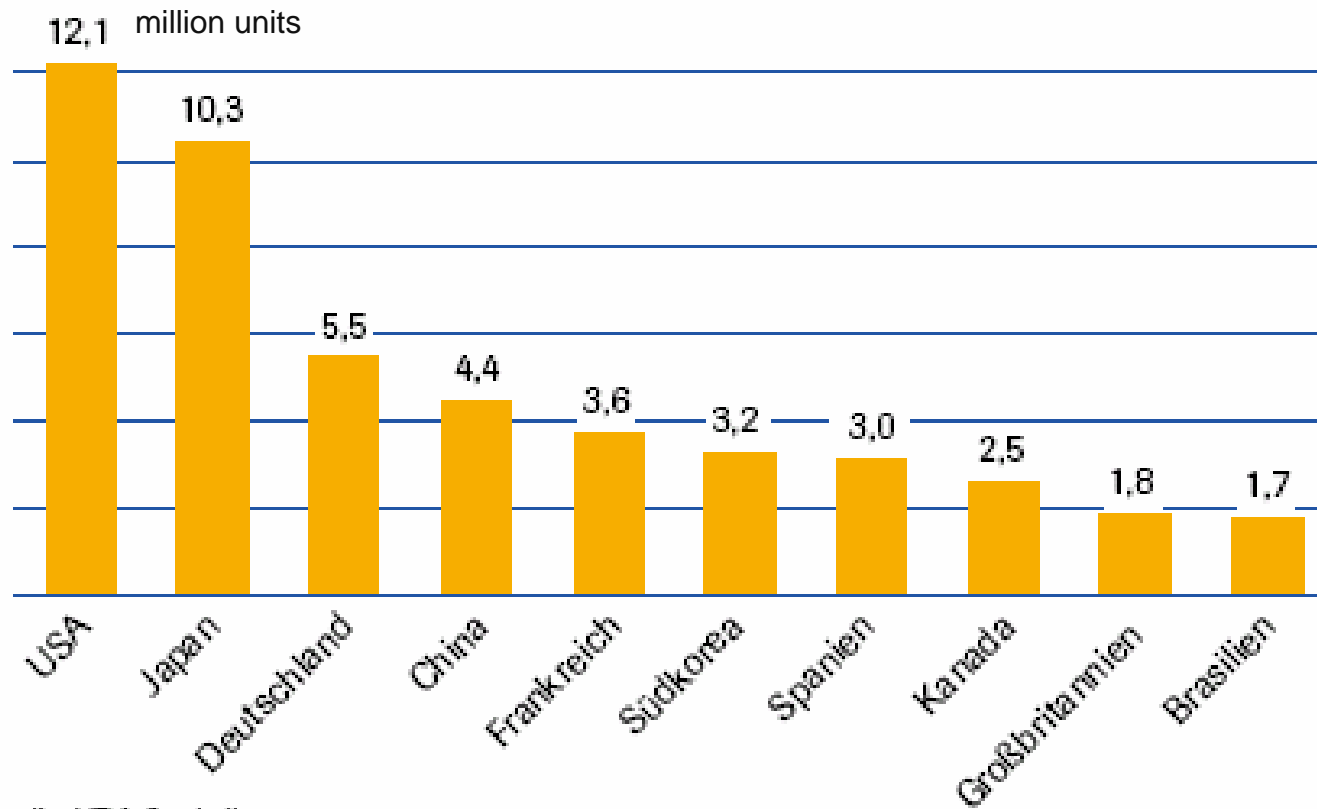
- worldwide production over 60 million units
- approx. 42 million passenger cars
- approx. 16 million light commercial vehicles
- approx. 3 million heavy trucks and buses

values 2003

- world total USD 724 billion
- approx. 10% share in world merchandise trade

facts & figures

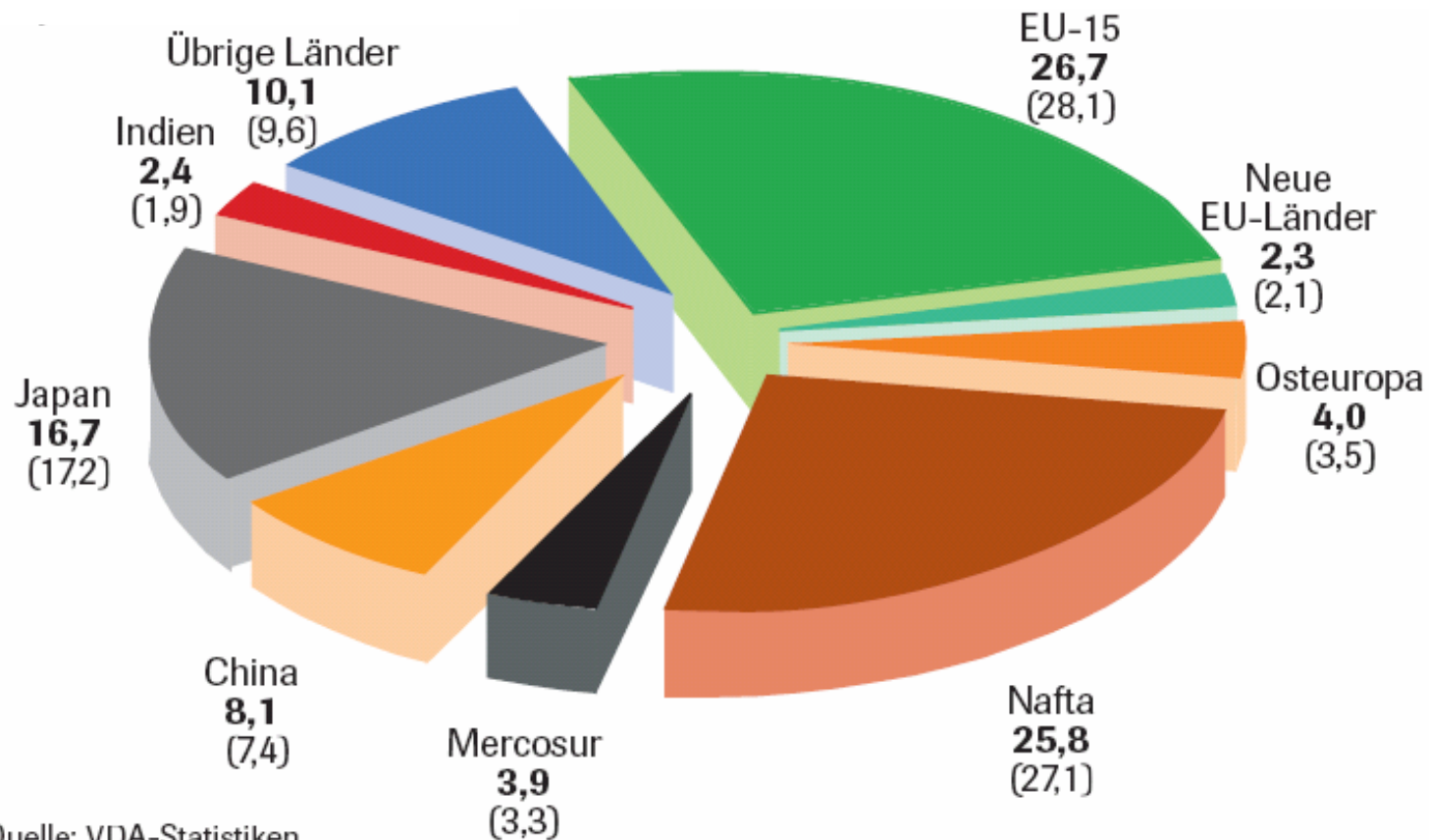
top ten auto manufacturing countries 2004



Quelle: VDA-Statistiken

facts & figures

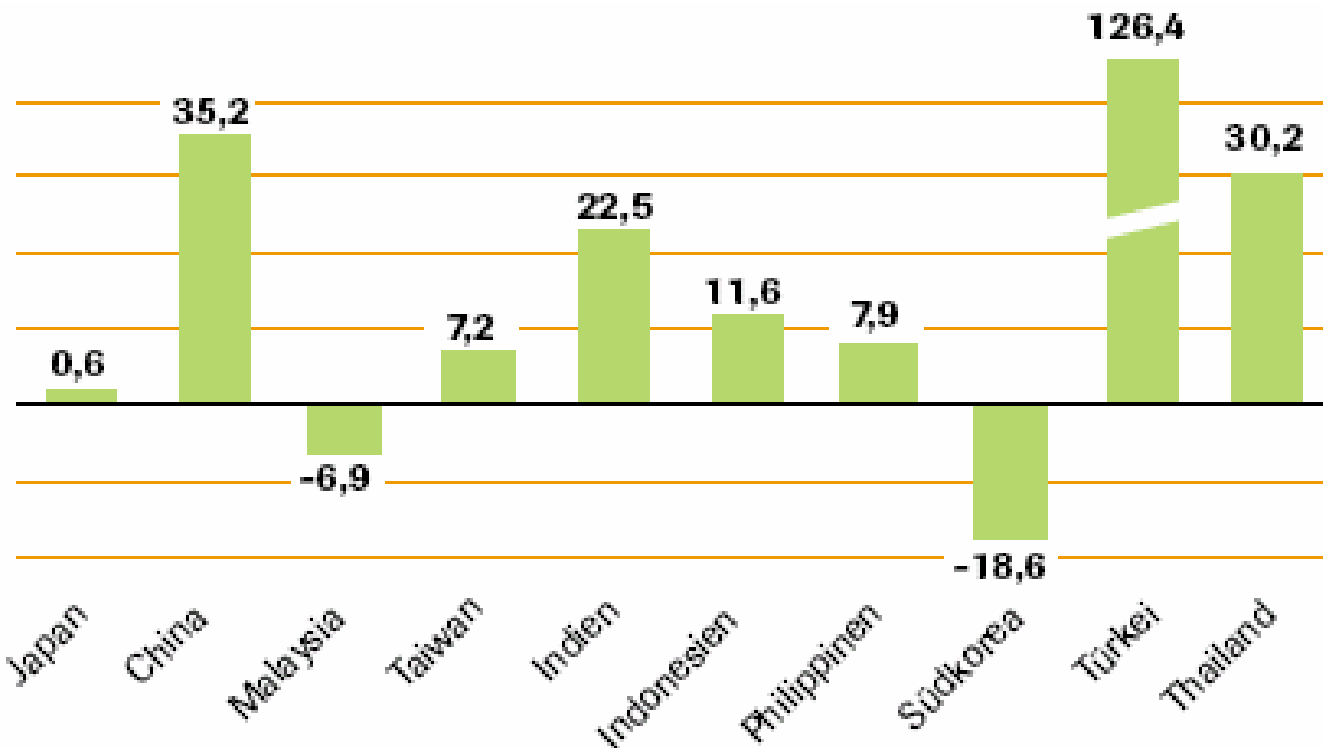
automobile production 2004 in %



Quelle: VDA-Statistiken

facts & figures

vehicle registration in Asian markets 2003/2004 changes in %



Quelle: VDA-Statistiken

facts & figures

development car registration figures Eastern Europe (EU)

Land	1993	2003	% increase
			Steigerung
Polen	6,5 Mio	11,0 Mio	+68 Prozent
Slowakei	1,0 Mio	1,3 Mio	+35 Prozent
Slowenien	0,6 Mio	0,9 Mio	+50 Prozent
Tschechien	2,5 Mio	3,6 Mio	+44 Prozent
Ungarn	2,0 Mio	2,6 Mio	+30 Prozent
Gesamt:	12,6 Mio	19,4 Mio	+50 Prozent

Quelle: VDA-Statistiken



used cars

- **markets**
- **estimated volumes**
- **trade restrictions**



trade regulations & restrictions

- diverse import regulations
- practice changes
- influence of domestic production

Land	
Brasilien	Importverbot für Gebrauchsfahrzeuge. Import von Fahrzeugteilen nur mit Sondergenehmigung.
Bulgarien	Keine Altersbeschränkungen.
China	Import nicht möglich.
Indien	Nicht älter als drei Jahre. Mengenrestriktionen aufgehoben, Lizenzen nicht mehr benötigt.
Mexiko	Import nicht möglich.
Polen	Import nicht möglich.
Russland	Import nicht möglich.
Tschechien	Import nicht möglich.
Ukraine	Altersbeschränkungen bei Gebrauchsfahrzeugen.
Ungarn	Erlaubt. Restriktionen geplant.
Afrika	Höchstalter auf acht Jahre (vorher fünf Jahre). 100.000 Graumporte (als Transitware deklariert).
	Liberalisierung der Gebrauchsfahrzeuge. Strengere Funktionskontrollen.
	Altersbeschränkungen zwischen fünf und zehn Jahren. Zum Teil Schadstoffgrenzwerte.
	Mehrfache Umstellung der Importregulierungen.

Quelle: Adelphi Research: Gebrauchsgütertransporte und Technologietransfer Mai 2003



manufacture & transport

- **production patterns & logistics chains**
- **transit routes & conveyance**
- **storage & distribution**



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loss exposure

irrespective of liabilities, exposures do not change

- perils of the sea / accidents to conveyance
- handling damage
- vandalism / theft
- fire
- industrial fallout / natural fallout
- the mayfly syndrome
- natural disasters



loss prevention

major achievements in damage / loss prevention

- vehicle preparation
- training of handling personnel
- storage facility preparation
- storage facility security

but some bad practice seems unavoidable





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the real threats

researchers predict more frequent catastrophic events

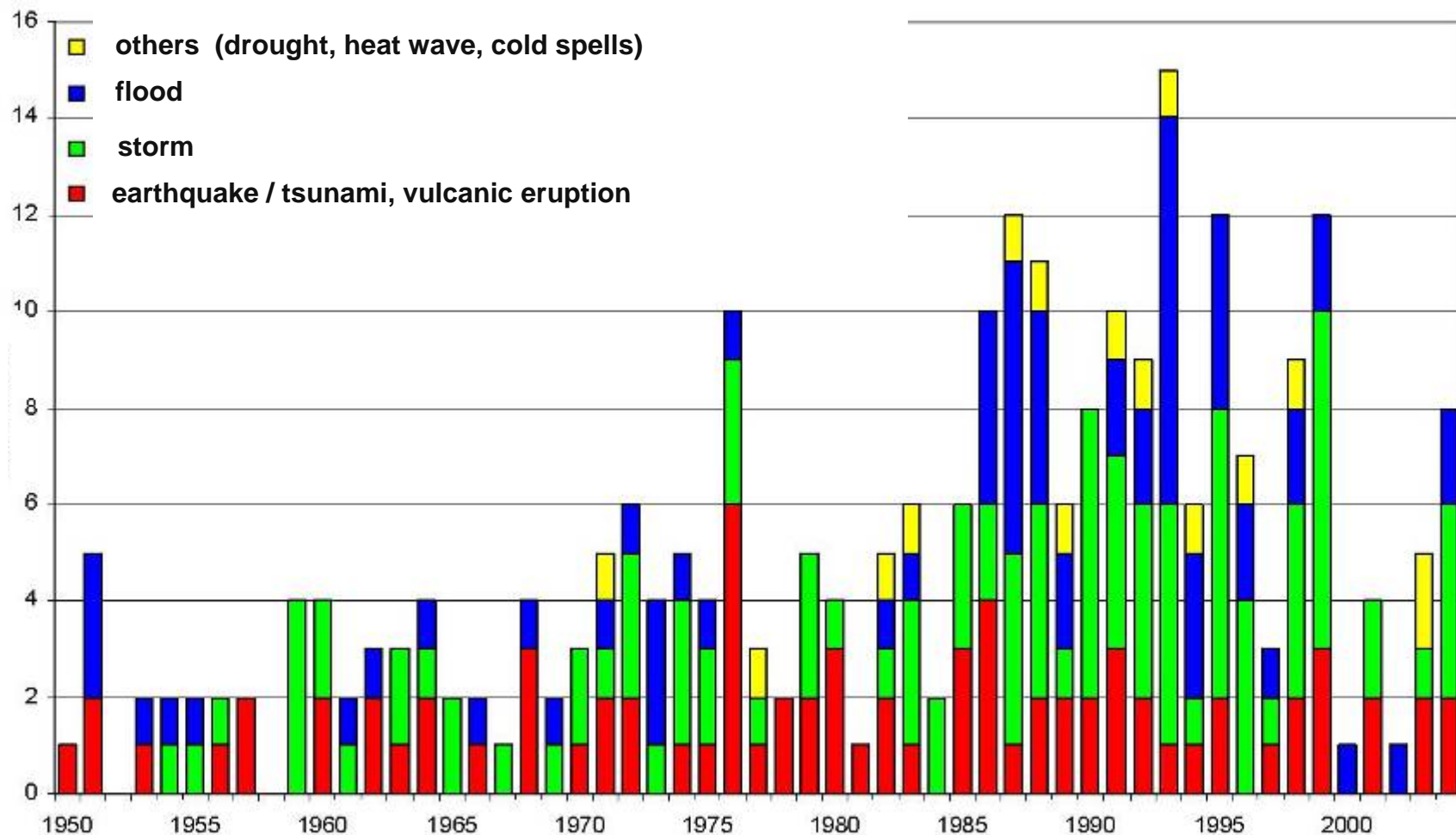
- flood
- storms
- hurricanes
- hail

unexpected occurrences in new locations

loss prevention often one step behind and expensive

major natural disasters 1950 - 2004

events p.a.



major hailstorms in Europe 1970 - 2001





near misses

26.02.02 **Windstorm Anna**

- car carrier EMDEN breaks loose from moorings at Emden blocking port operations

29.01.03 **Windstorm Oratia**

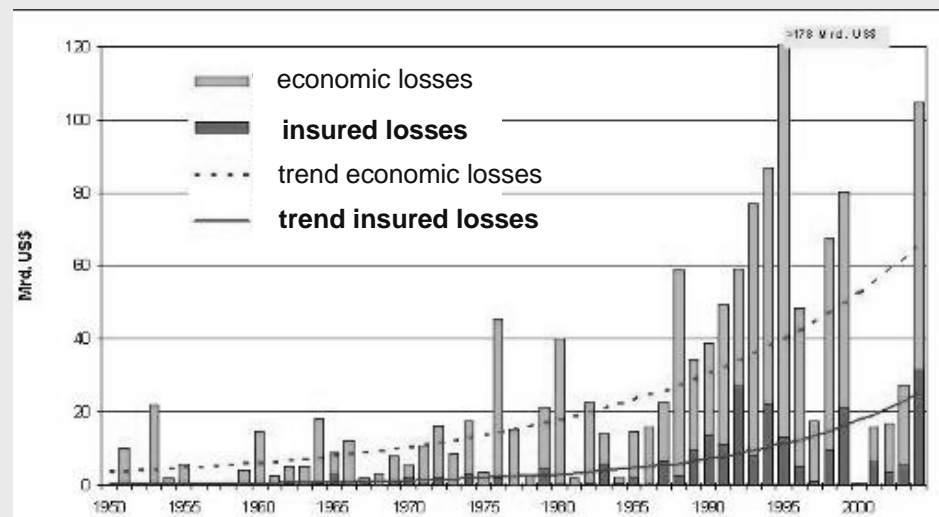
- car carrier ORIENTAL HIGHWAY breaks loose from moorings at Emden blocking port entrance

20.03.04 **Windstorm Oralie**

- car carrier PROCYON LEADER breaks loose from moorings at Bremerhaven and crashes into container bridges and jetties causing severe damage

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the cost

transit by road / rail / air

- no serious catastrophe loss potential for built-up vehicles
- components claims up to USD 10m per container

car carriers 10 year annual average

- 1 total loss plus 3-4 serious casualties, mainly collision and fire
- single total loss amount cargo USD 90m - 180m



accumulation potential

storage and distribution areas represent a serious threat

- average 5,000 to 10,000 units in one area
- some have capacity up to 120,000 units
- total loss potential USD 4.7bn
- up to USD 1bn PML estimate for single areas

no worst case yet...



accumulation potential

...but some frightening numbers so far

- > USD 150m market loss for 1999 hail damage Belgium
- > USD 35m market loss for 2002 floods Europe
- > USD ???m market loss for 2005 floods worldwide

with single event numbers of up to 25,000 or more units



claims adjustment

sometimes a nightmare

- dealing with large numbers
- policy wording (brands clauses, debris removal)
- insured parties / beneficiaries
- recovery potential



moving forward

so what is the challenge ?

- remembering old virtues
- data gathering & geo mapping
- active loss prevention
- precise policy wording
- exposure vs. experience rating

thank you very much for your attention

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