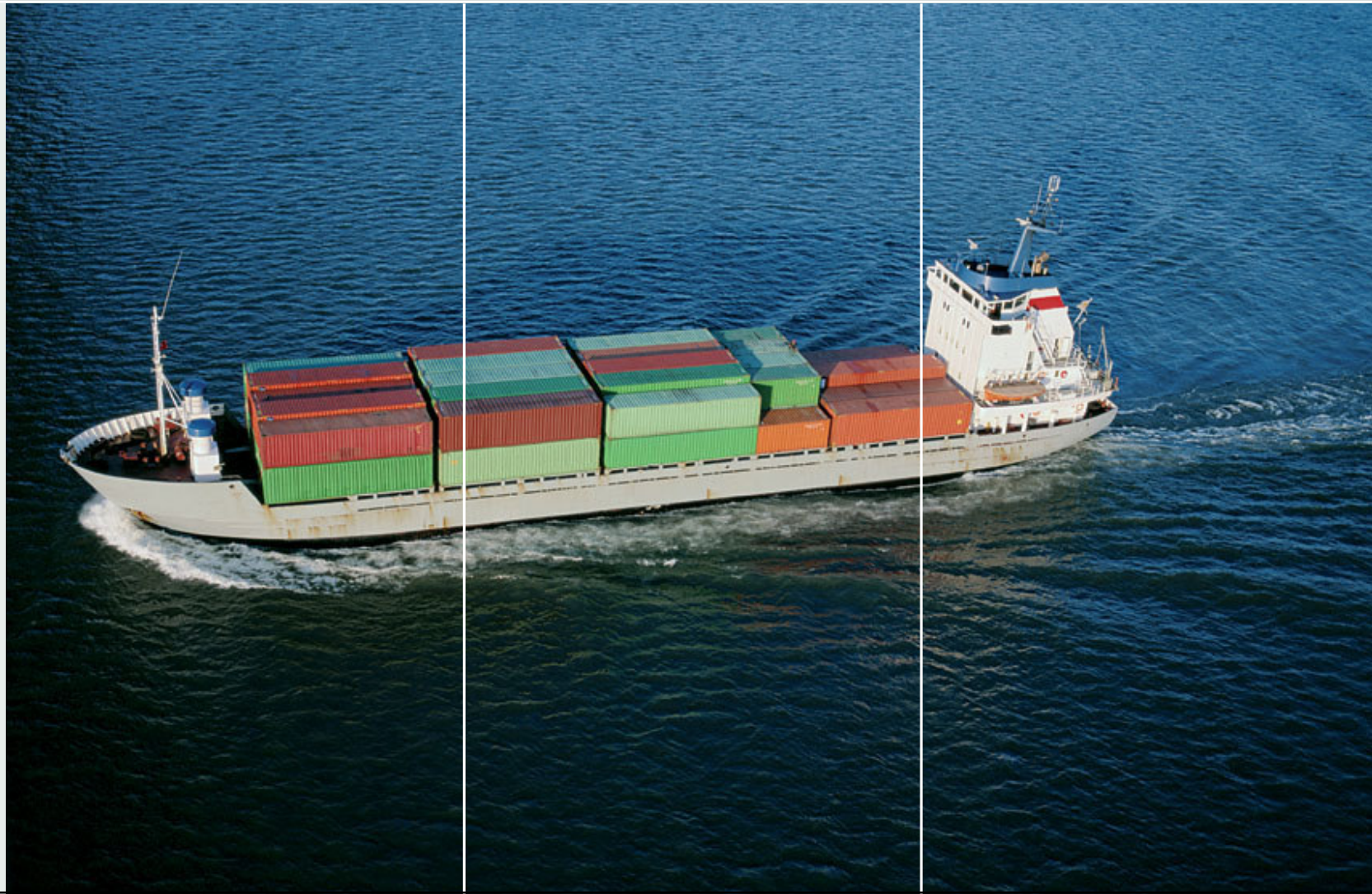
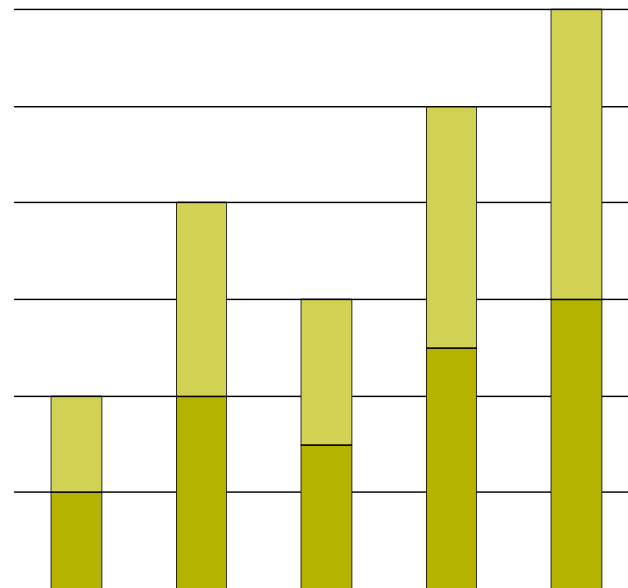


# Exposure rating - why?

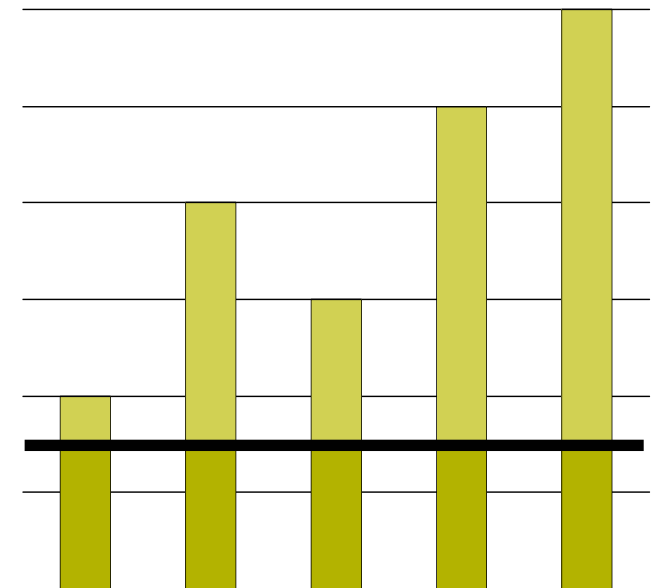


# Trend in reinsurance

## Prop



## Non-prop



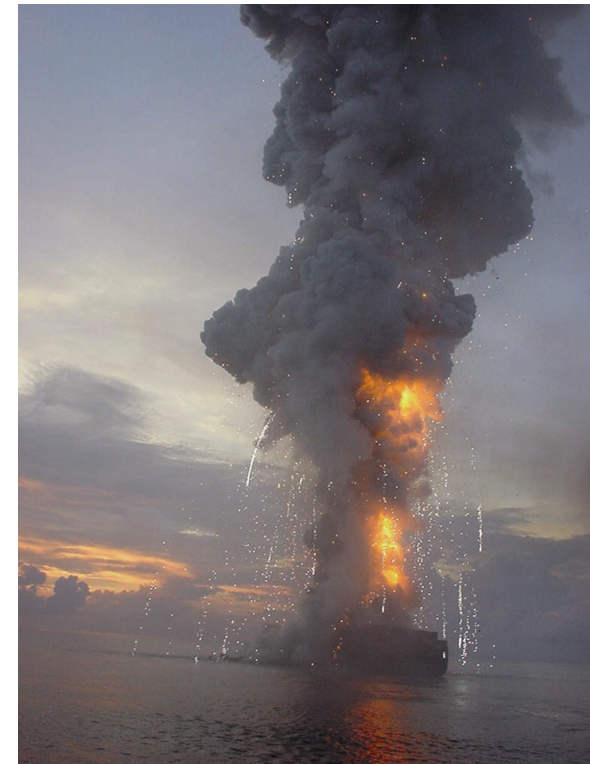
# Why this shift to non-prop reinsurance?

## Insurer



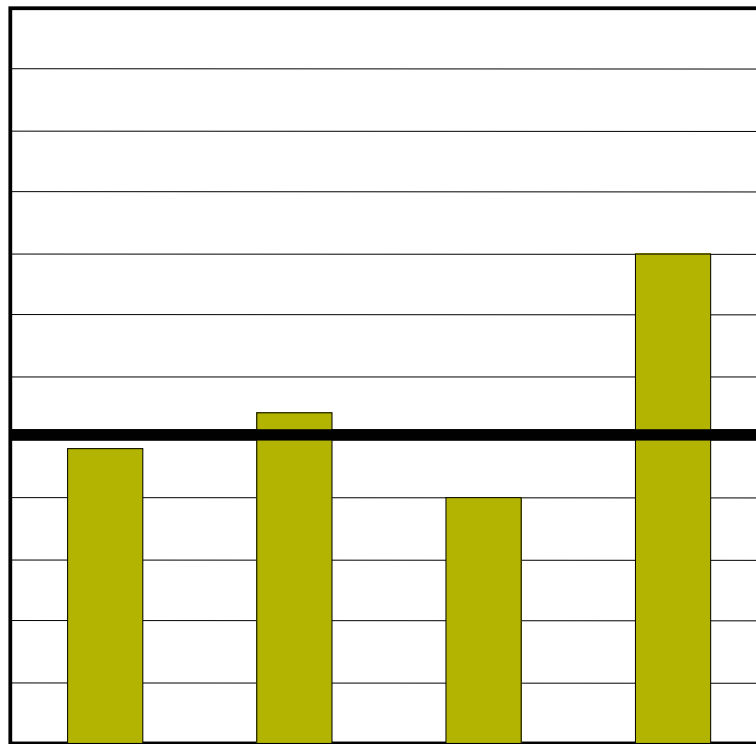
Reinsurance cover  
limited to  
peak exposure

## Reinsurer

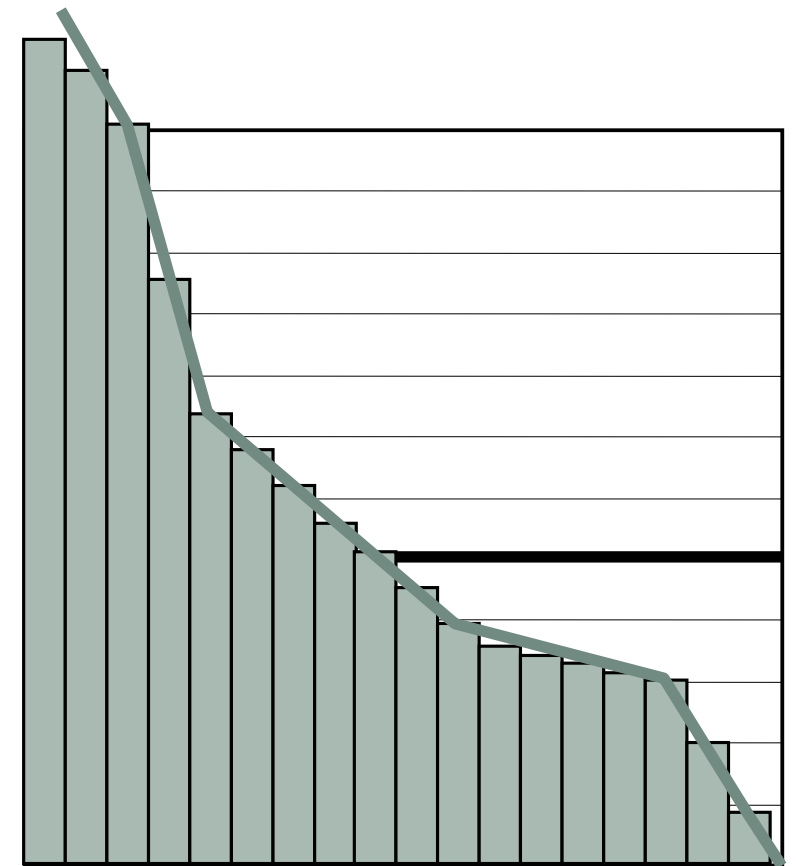


Reaction to  
unsustainable  
results

# NP reinsurance requires pricing – two options

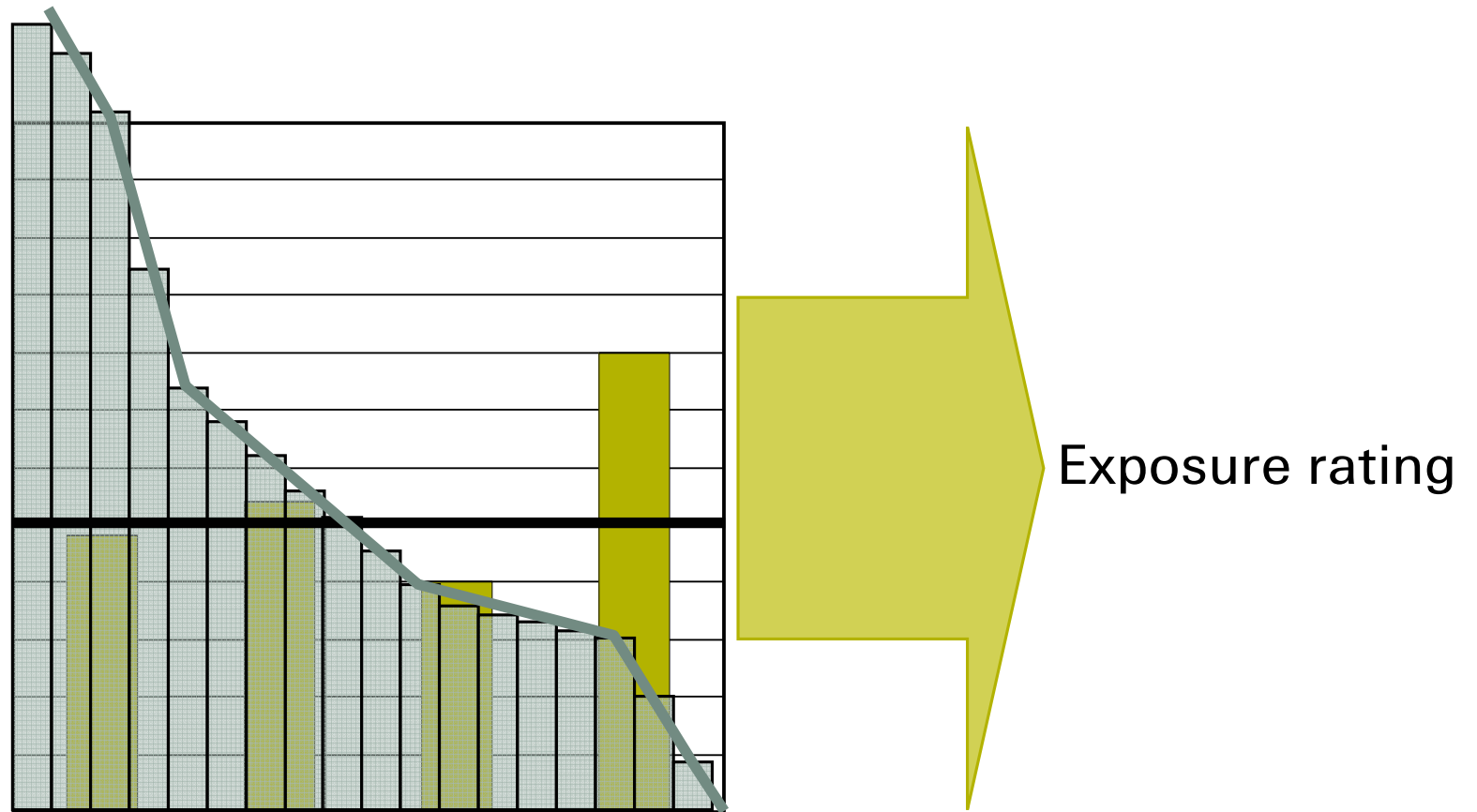


Experience rating:  
price based on losses



Exposure rating:  
price based on portfolio

# Experience or exposure rating?



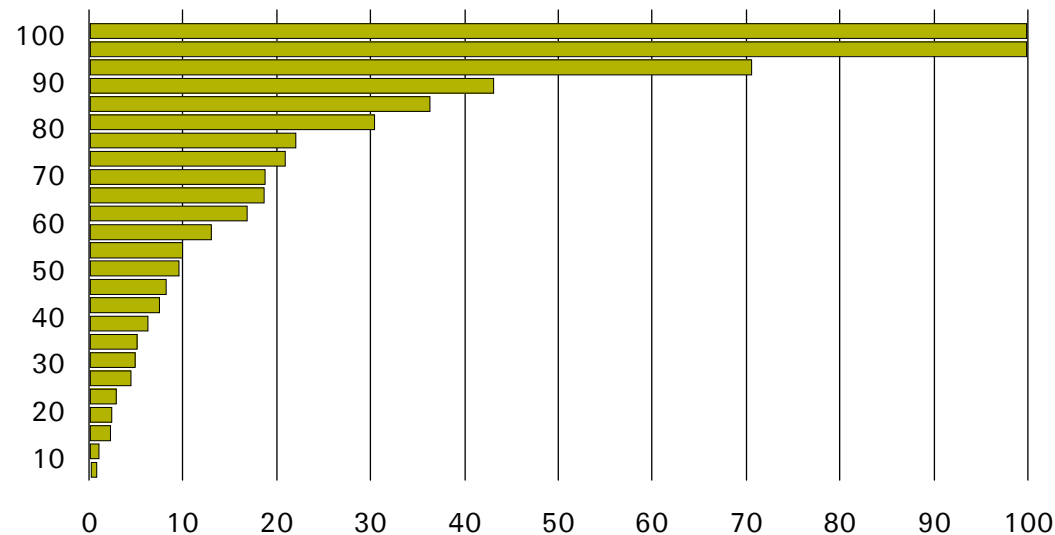


# Exposure rating – data required!

## ■ Portfolio of individual risks



■  $\text{loss degree} = \frac{\text{loss amount}}{\text{sum insured}}$



Exposure  
curves

## What's in it for insurers?

- The reinsurance price **for your individual portfolio** will be
  - more finely tuned
  - more stable
  - predictable
- No punishment for bad luck!

What's in it for us?

More work!



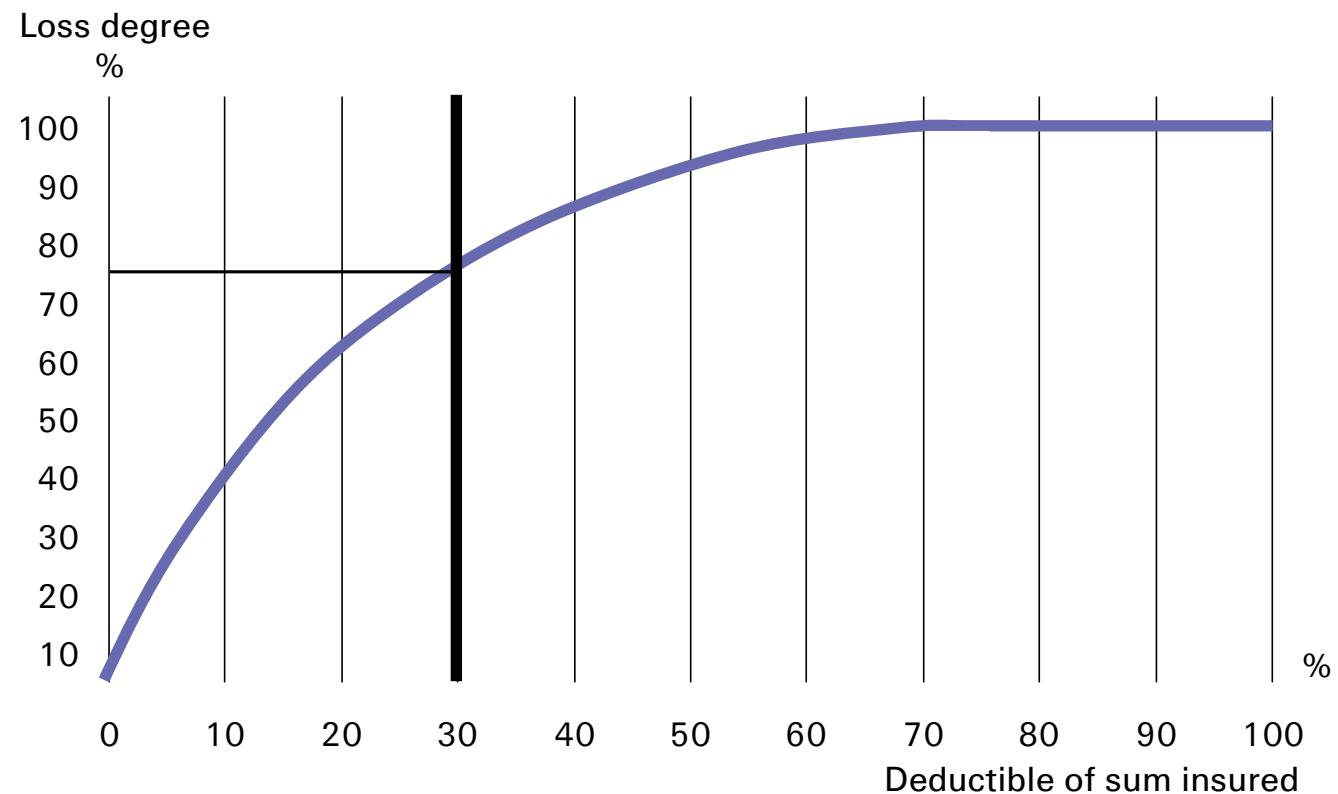


## Exposure rating – the mechanics



# How does non-prop exposure rating work?

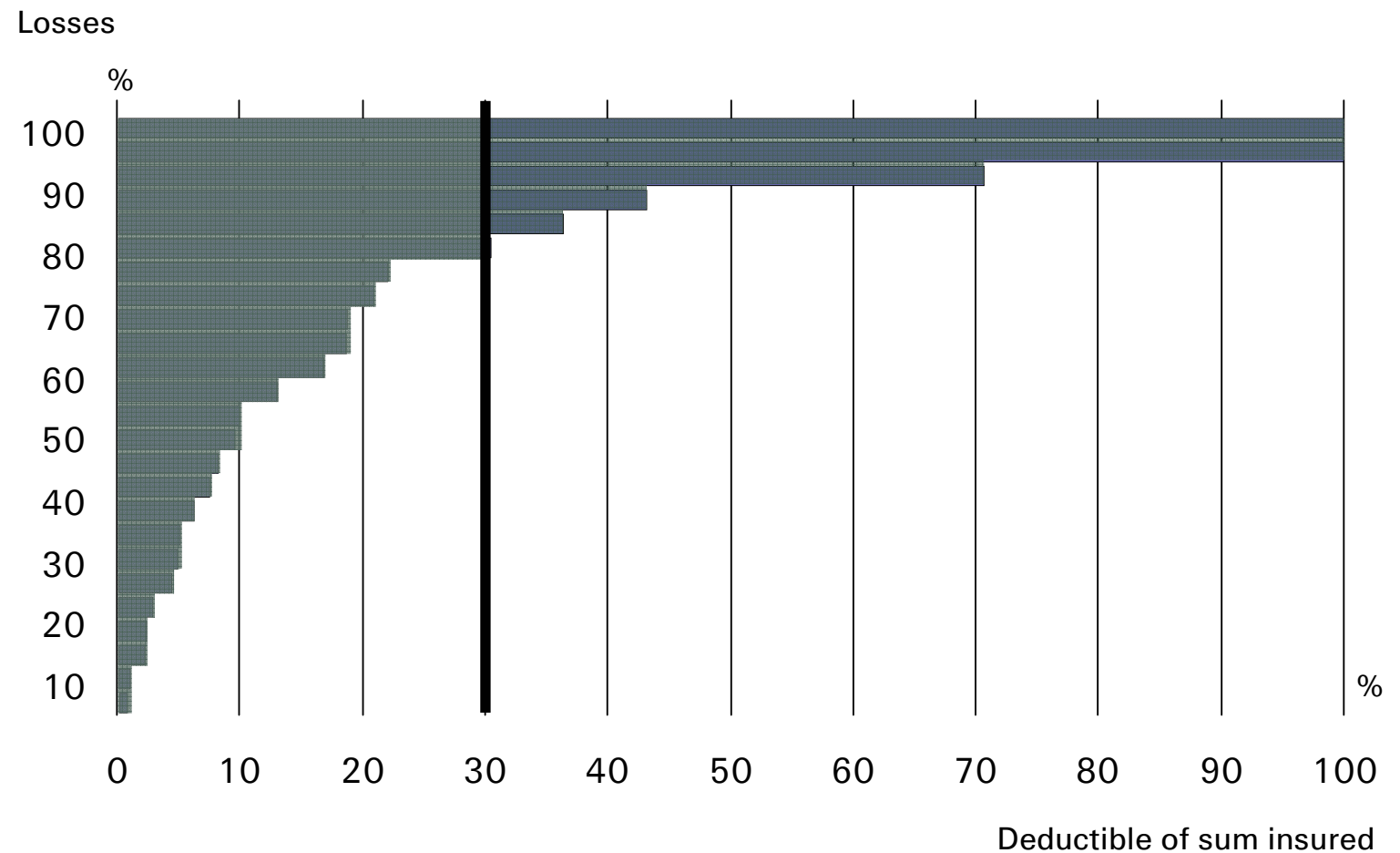
- Goal: split up expected individual losses between insurer and reinsurer
- Exposure curve: What is it?





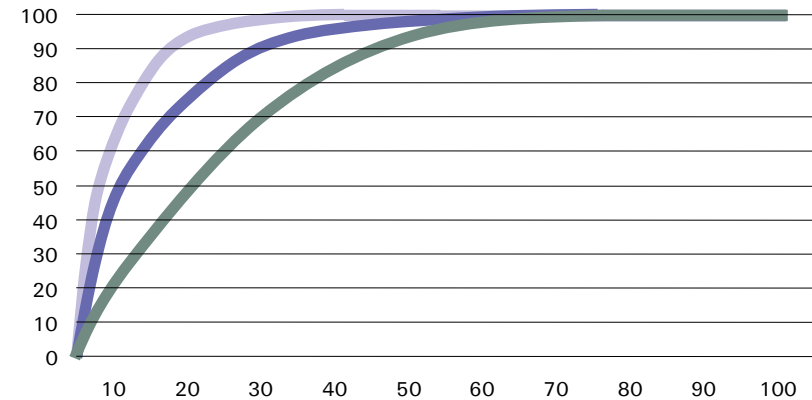
# How does non-prop exposure rating work?

## How do we get such a curve?

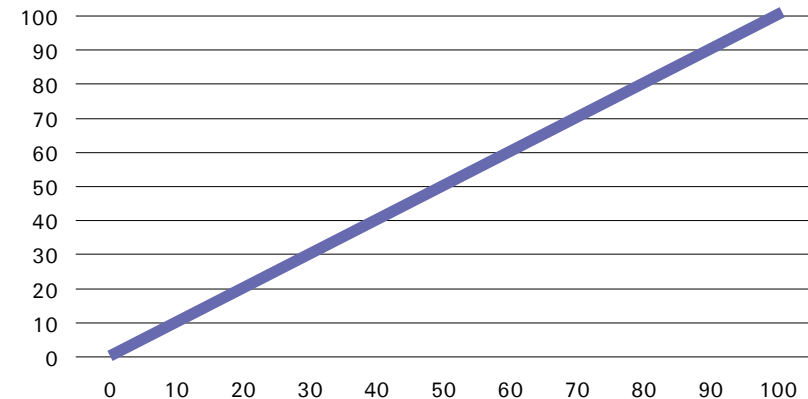


# Hull issues

- We have developed exposure curves for partial losses



- Important fact: Total losses have to be treated separately



## Cargo issues

- Many different types of Cargo



Log



Cars



Fruits



Electronics

- Open cover policies on turnover basis



600 Cars

Munich – Dubai



1200 Cars

Munich – Tokyo



3200 Cars

Munich – New York



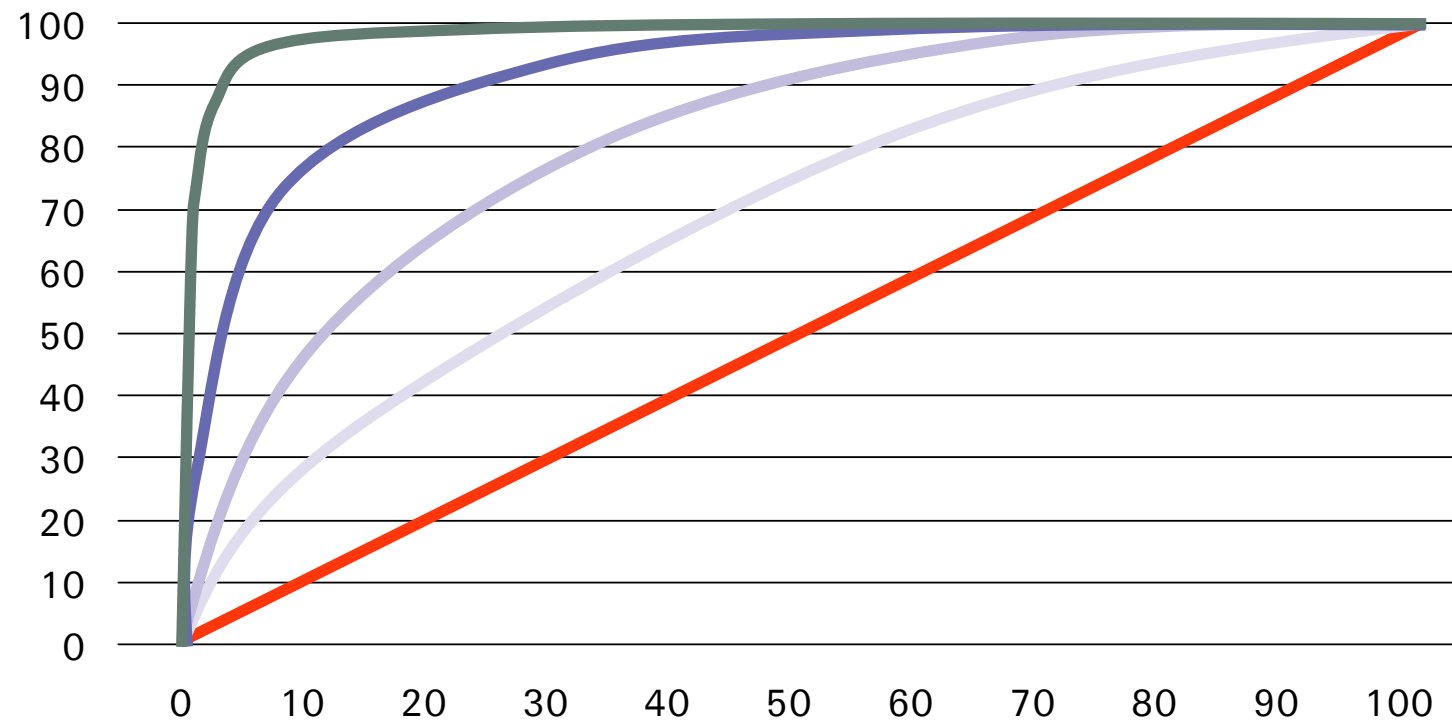
300 Cars

Munich – Sao Paolo



## Cargo issues

Possible range of loss degrees much more variable than for Hull



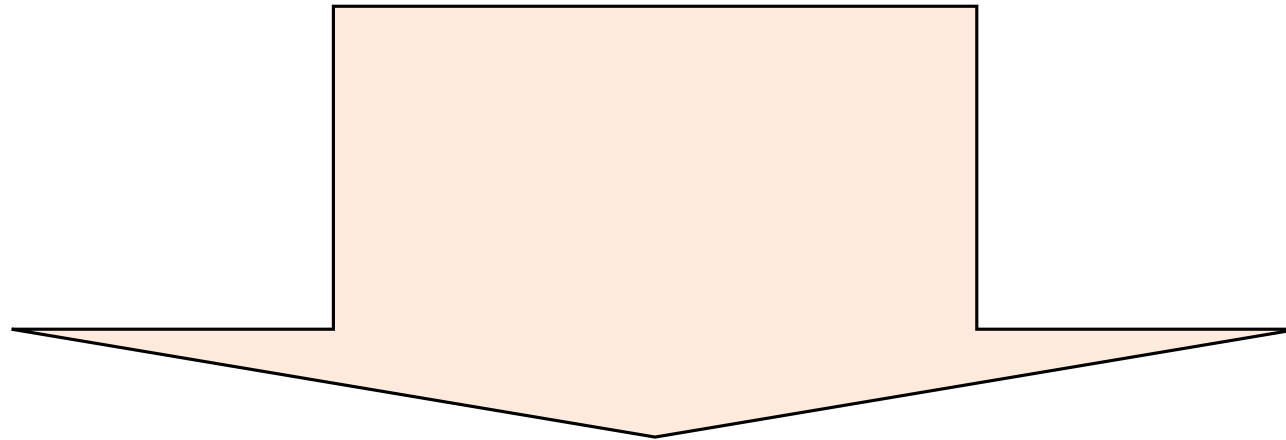


# Exposure rating – information requirement



## Your own reinsurance requirements

Your renewal submission should contain portfolio information on single-risk basis

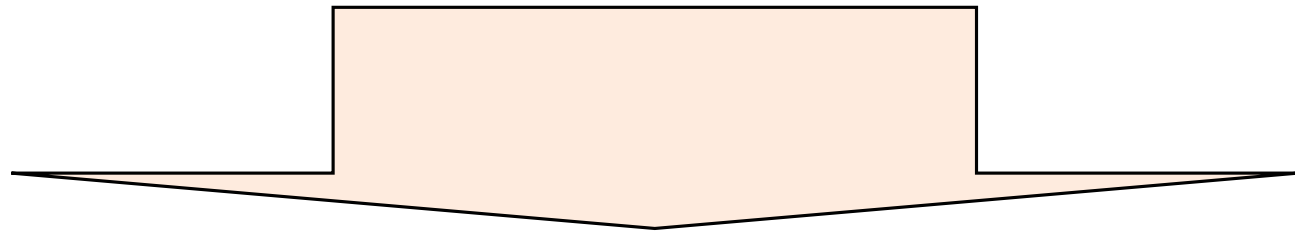


The **more information** you supply, the **keener the price calculation!**

## Next steps – your data needed...

**... for further development of our exposure curves in Marine**

1. Portfolio information on single-risk basis including related losses
2. The more data from various sources the better the reliability of our curves



**The resulting information will be gladly shared with those contributing to our effort!**

Finally...

To make **exposure rating in Marine** happen  
we need **data...**

