

IUMI Inland Hull, Fishing Vessels and Yachting Committee Presentation

Chairman's report by
Robert Gallagher

Marine Insurance – Essential to Global Trade

Education is dominant driver towards Essential

- **Essential = understood by all parties**
- **Provide continuing education and workshops**
- **Help buyers understand benefits of service provided**

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Innovation is a critical aspect to Essential

- **Efficient distribution?**
- **Products tailored to buyers needs?**
- **Differentiation from P&C to remain independent?**
 - **Cargo is becoming a throw in...**

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Profitability is essential to Essential

- **Return value to capital providers**
- **ROE**

Inland Hull



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Inland Hull

- **Steady rate increase last several years**
- **Not so this year – Flat at best**
- **Increased competition for accounts with good records = reductions.**
- **No change or dilution of terms and conditions –
GOOD NEWS**

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■ Inland Hull Statistics

	Premium \$x1000			Claims \$x1000			Claim Ratio		
Country	2002	2003	2004	2002	2003	2004	2002	2003	2004
Belgium	13,916	13,971	7,419	14,567	9,350	3,639	105%	67%	49%
France	22,925	27,539							
Germany	20,447	28,166	34,000	21,788	23,684	35,798	107%	84%	105%
Morocco			582			479			82%
Netherlands	86,000	90,000	92,000	75,000	76,000	48,000	86%	83%	54%
New Zealand	14,147	13,848	13,271	8,526	8,974	13,796	60%	65%	104%
Portugal	7,811	12,614	11,722	2,175	1,713	2,772	28%	14%	24%
Romania	189	233	688	70	46	174	37%	20%	23%
USA	160,866	152,569	158,816	99,737	94,593	90,524	62%	62%	57%

■ Why are reductions being given?

Fishing Vessels



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■ Fishing Vessels Statistics

	Premium \$x1000			Claims \$x1000			Claim Ratio		
Country	2002	2003	2004	2002	2003	2004	2002	2003	2004
Australia	13,736	13,877	12,649	7,227	6,657	6,596	53%	48%	52%
Belgium		1,523	2,487		553	1,484		36%	60%
Canada	9,779	10,588	11,080	13,060	8,485	4,433	134%	80%	40%
Morocco	11,404	14,515		12,055	6,703		106%	26%	
New Zealand	5,529	5,850	5,202	2,067	1,476	1,688	37%	25%	32%
Norway	39,880	38,035	37,620	59,508	38,299	31,428	149%	101%	84%
Portugal	4,527	5,092	5,331	3,312	3,548	5,754	73%	70%	108%
So. Africa	1,475	1,952	2,031	653	977	745	44%	50%	37%
United Kingdom	27,665	25,008	23,527	20,576	16,624	18,650	74%	66%	79%
USA	32,779	34,358	38,795	22,758	23,090	18,695	69%	67%	48%

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Fishing Vessels

- Renewals flat unless poor record.
- Some areas reporting reductions.
- Terms and conditions stable.

Yachts



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Yachts

- **Market remains very competitive.**
- **Rate increases flat.**
 - **Minimal increase in windstorm areas.**
- **Many markets instituting higher windstorm deductibles.**
- **Exposure aggregation analysis critical.**

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■ Yacht Statistics

	Premium	Claims	Claims
Country	x \$ 1000	x \$ 1000	Ratio %
Germany	86,035	50,849	59%
Greece	13,563	9,870	73%
Italy	61,398	49,118	80%
Netherlands	81,000	55,000	71%
Norway	74,000	36,000	47%
Portugal (est.)	8,107	4,130	51%
Romania	90	23	26%
USA	314,815	239,259	76%
Total	639,008	444,249	70%

- 2004 is 7 points higher than 2003. Actual results are much worse.

The Storm Approaches













Lady Diane
PHILADELPHIA, PA











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■ Composition of the Committee

Mr. Omar Bourhabi		Morocco
Mr. Paolo Cerni		Italy
Mr. Vianney de Chalus		France
Mr. Robert Gallagher	Chairman	USA
Mr. Sven Gerhard		Germany
Mr. Harry Mulder	Vice Chairman	Netherlands
Mr. Geoffrey Parkinson		UK
Mr. Joaquim Simplicio		Portugal
Mr. Eric De Smet		Belgium
Mr. Harald Teige		Norway

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Terrorism

- **USA TRIA renewed in diluted fashion.**
- **No major changes for classes within IFY purview.**

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2005 Questionnaire

- 27 member countries responded.
 - Up from 24 in 2004.
- Questionnaire & responses is posted on IUMI website. (www.IUMI.com)

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■ Details of Fishing Vessel Total Losses (2004)

Albania	2 offshore vessels
Australia	6 offshore totaling \$391,685
Belgium	1 inland vessel
Canada	4 offshore totaling \$730,875
France	20 offshore, value not available
Morocco	8 inshore insured total \$1,174,414
	24 inshore but not insured total \$3,700,000
New Zealand	5 offshore totaling \$675,216
Norway	33 small fishing vessels were declared total losses due to fire, sinking, striking and grounding
Portugal	12 total losses, value not available
Romania	0
South Africa	1 offshore totaling \$61,537
United Kingdom	11 offshore totaling \$4,878,080
USA	3 inland totaling \$252,000; 19 offshore totaling \$17,363,601

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■ Fishing Vessel Loss of Life

Albania	3 by total loss of vessel
Australia	1 by accident on board
Belgium	1 by total loss of vessel
France	9 losses of life due to total loss of fishing vessel
Morocco	155 crew lost
Netherlands	3 crew members died as a result of an exploding WWII bomb
New Zealand	2 due to total loss; 3 due to accidents
Norway	4 – 3 due to drowning; 1 due to accident on board
Portugal	8 due to total loss; 5 due to accidents on board
USA	4

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Inland Hull

- **More intense cooperation between IVR and IUMI**
- **Netherlands reports insured values increase to 10.6 million Euros, 10,000 tons and 135 m in length**
- **Singapore increase in piracy/hijacking.**
- **USA – Coast Guard created inspection program for all commercial vessels.**
 - **Required safety management system.**

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- **Boom in billionaires = explosive growth and bigger vessels.**
- **Yacht Claims over \$1,000,000**
 - Germany 2002 – 1 claim , fire on boat, paid \$1,030,000**
2003 – none
2004 – 1 claim, fire loss, paid \$1,972,000
 - Greece 1999 – “OCHIALOS”, paid \$1,600,000**
2001 - ‘NO REGRETS”, paid \$1,425,000
2002 - “NAFSIKA”, paid \$1,048,000
2003 – “NAFSIKA”, paid \$1,278,000
 - Italy 2003 - \$1,528,000 machinery damage**
2003 - \$1,185,000 sinking
2004 - \$1,414,000 fire
2005 - \$2,000,000 heavy weather in Greece (2 claims)

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THANK YOU