

# Managing Insurance Risk for the International Shipping Market

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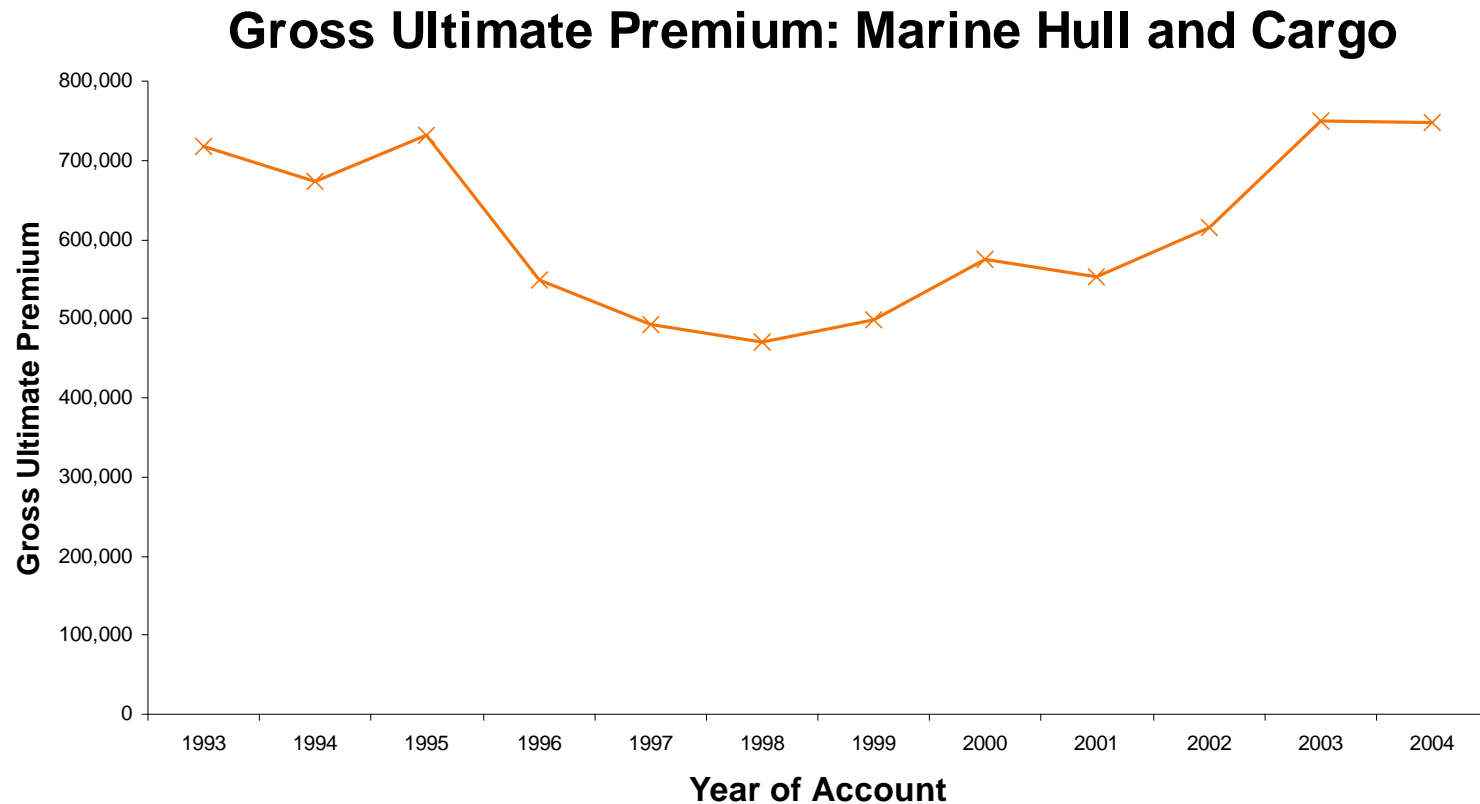
19 September 2005



# Agenda

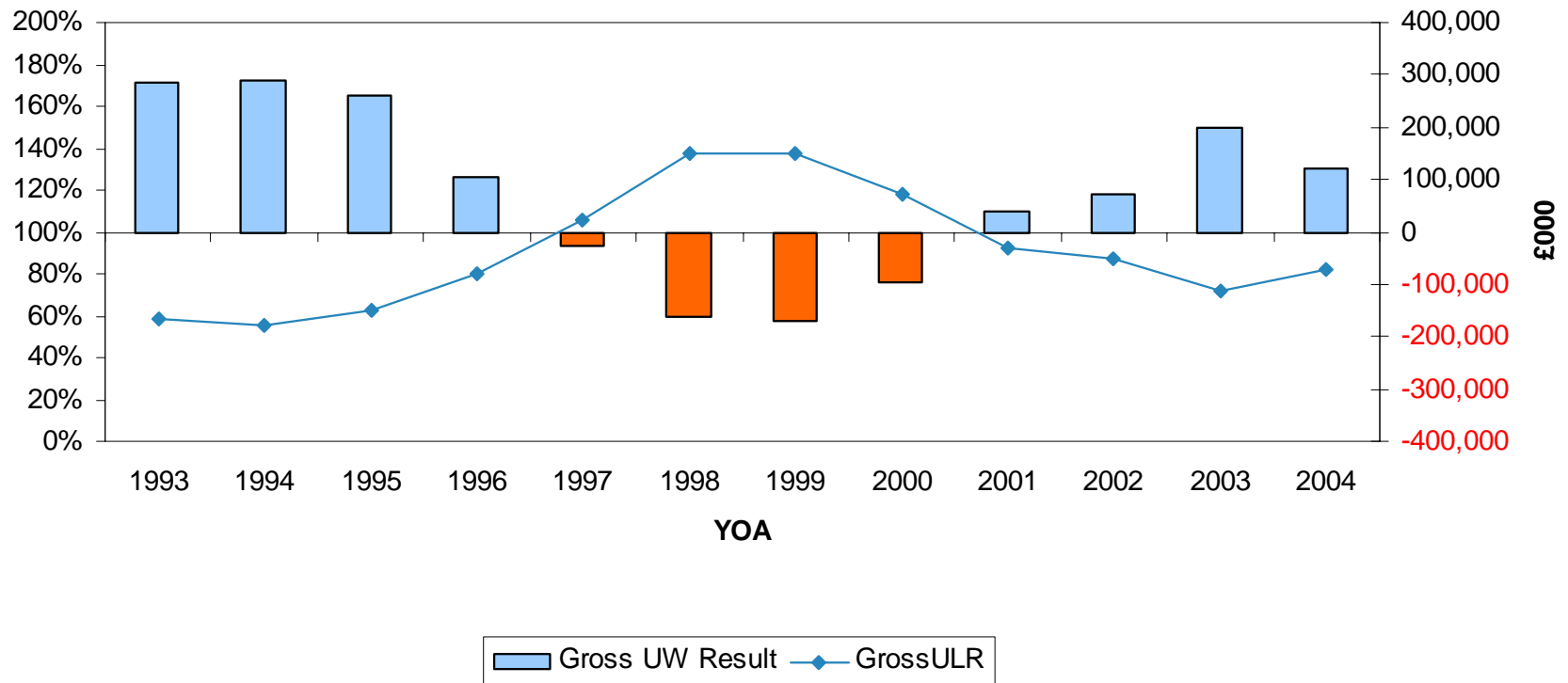
- Historical significance of marine insurance to Lloyd's
- The Franchise concept
- Performance management - underwriting
- Applying performance management to marine business
- The future of marine business within Lloyd's

# Historical significance of marine insurance to Lloyd's



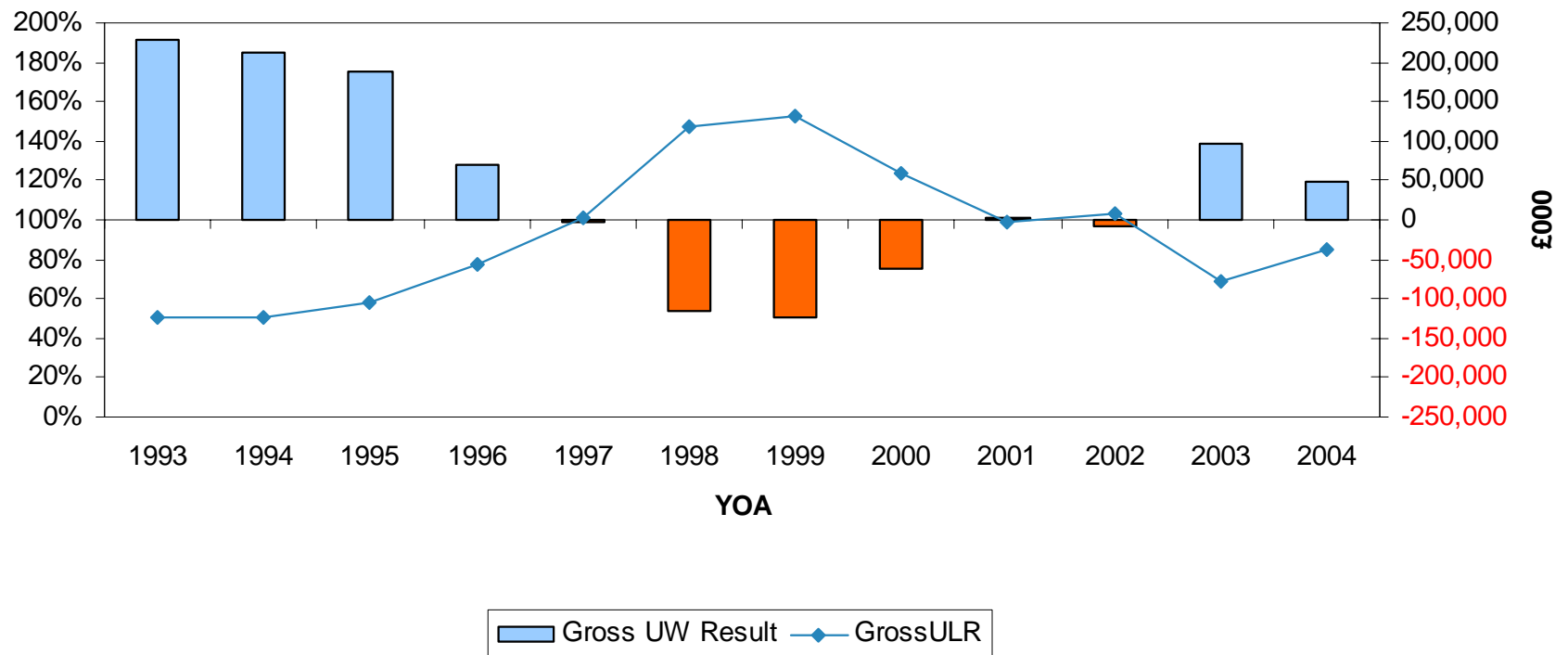
# Historical significance of marine insurance to Lloyd's

## Gross Underwriting Results: Hull and Cargo



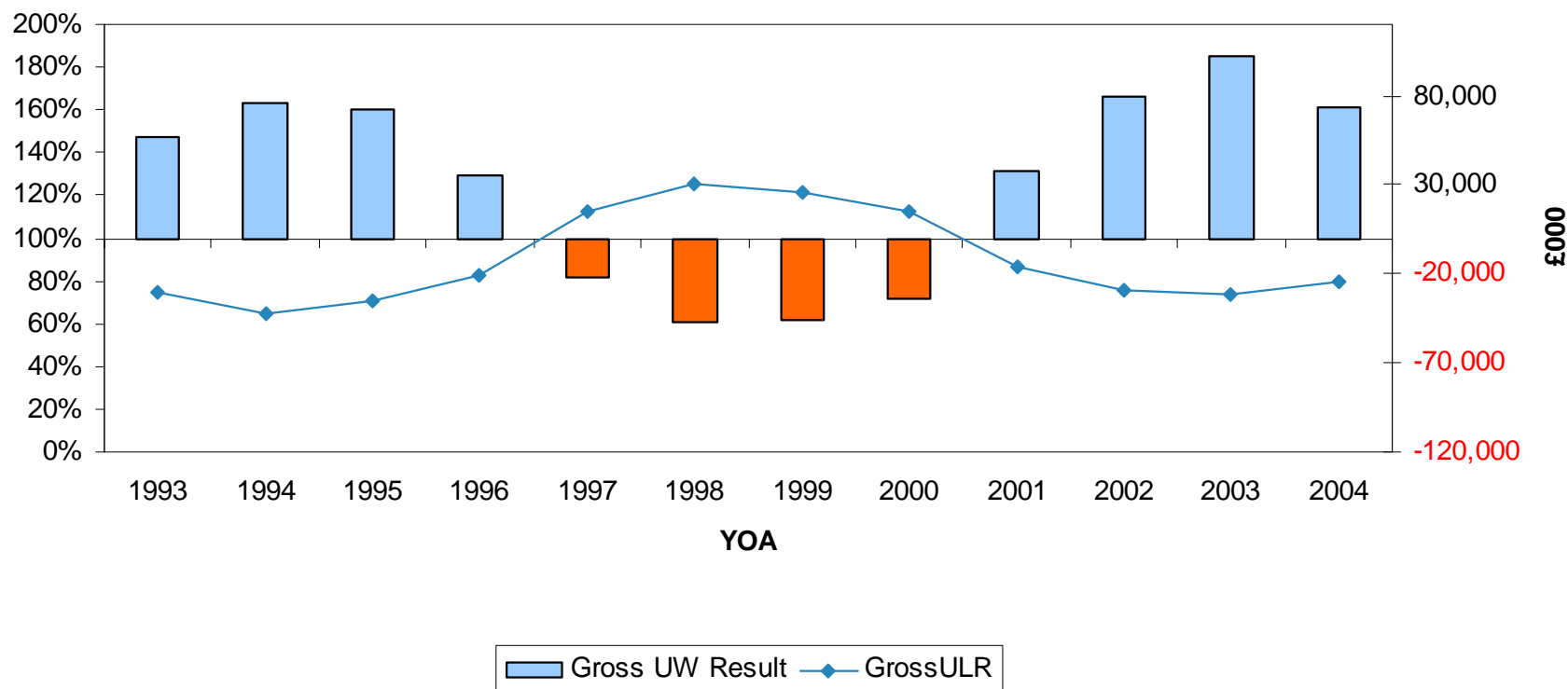
# Historical significance of marine insurance to Lloyd's

## Gross Underwriting Results: Marine Hull (inc TLO)



# Historical significance of marine insurance to Lloyd's

## Gross Underwriting Results: Marine Cargo



# Historical significance of marine insurance to Lloyd's

- Lloyd's marine hull and cargo market in 2005
  - Gross written premium of £981m
  - Percentage of overall market 6.4%
  - Still a key contribution but overall percentage of whole market reduced
  - Marine remains an important component within the franchise

# The Franchise concept

- Transform Lloyd's into a modern, transparent and profitable marketplace of choice
- Franchisees to improve & sustain performance and profitability
- Attractive to capital providers
- A disciplined marketplace of distinct independent businesses
- Standards of best practice become the standards of the market as a whole



# Performance management - underwriting

- Monitoring of pricing movements by franchisees
- Pricing tools used by franchisees
  - Use of hard historical data
  - Implementation by underwriters and management
- Exposure management by franchisees
  - Line size
  - Management of catastrophe and concentration exposures

# Applying performance management to marine business

- Use of pricing tools by franchisees
  - Robust system for pricing
  - Use of historic statistical data
  - Relevance to class of business
- Exposure management by franchisees
  - Changing dynamics
  - Realistic disasters
- Improving Claims standards

# The future of marine business within Lloyd's

- Marine shipping remains important to the wider world of commerce - not just insurance
- Need to remain innovative and provide solutions
- Profitability is critical. Franchisees need to improve their approach to pricing decisions, exposures and claims handling
- Skills must be used responsibly to maintain our position as a world leader
- Marine remains a key class of business for Lloyd's

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