

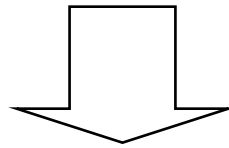
Tokio's experience

Shinichiro Nanjo

Tokio Marine & Nichido Fire

Introduction

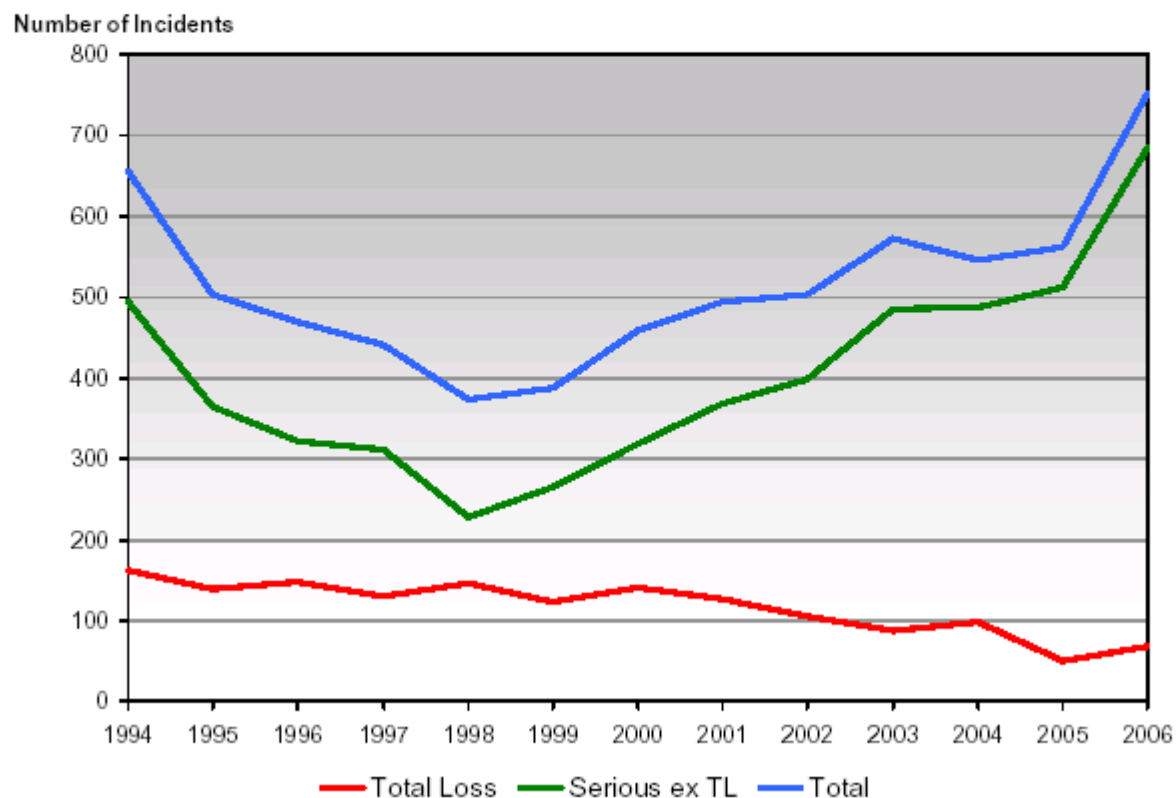
**Worrying rise
in serious partial losses !**



Crisis of Marine insurance business

Serious and Total Losses 1994 - 2006

By Number Vessels >500GT



One root cause...

- **Shortage** of Master & crew

Serious unbalance of demand/supply
(Estimation by BIMCO data)

Loss Prevention by Japanese shipping companies

- increase the number of Master/crew educated/trained by themselves
- Big budget
 - New maritime school
 - New training vessel for cadet etc.



Hull Underwriters...

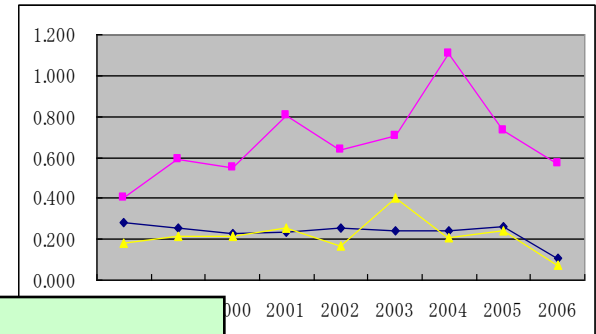
What should we do ?

Tokio's experience

Risk evaluation on shipmanagement

Tokio's risk evaluation

Collection of Insurance claim data
Interview on shipmanagement



Quantitative evaluation

frequency, damageability etc.

Qualitative evaluation

various indicator based on the correlation
between shipmanagement and casualty

Final evaluation



Tokio Marine focuses on...

Which do you think is better?

- A company
...No claim for past 5 years
- B company
...Two major claims in the last year

It depends on

Upside & Downside potential

What is

Upside & Downside Potential?

Upside & Downside potential is

**the trend of the quality of shipmanagement
...going up or going down?**

the possibility of the improvement

How to look at Upside & Downside potential? (especially on human factors)

**A lot of safety measures,
education, training etc.
by shipping companies**

**Do they actually bring
any improvement?**

For example, we look at

Problems, are they found before an accident occurs?

- Competency management
- Appraisal of Master and crew
- Periodical check of indicators on ship's performance (not just to know ship's condition but to know which skill/ability of Master and crew is not enough) etc.

Actions, are they really effective to clear the problems?

- Feedback on which abilities should be improved for each Master & crew after an appraisal
- Level check of every participant after training courses
- Human Centered Design of equipments and procedures
- Share of lessons by all etc.

In underwriting...

- Not only **Underwriting Result data**
(information on the past)

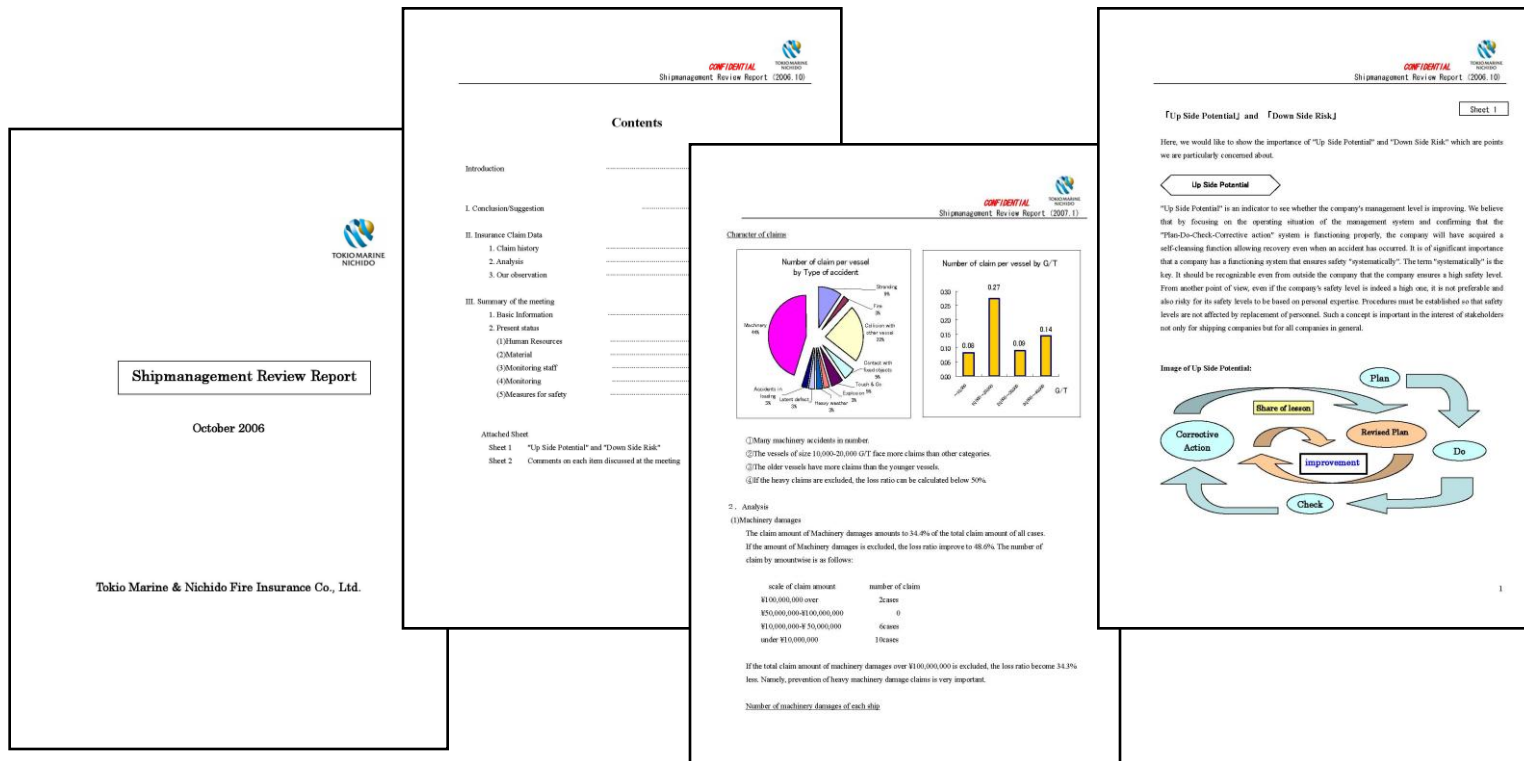
but **Upside / Downside potential**
(information on the future)

.....A Shipmanagement Review Report including our suggestions is submitted to the assured. **How the assured responds to our suggestions is taken into account in deciding the rate & condition.**

Numerical result for underwriting

Original Score	Upside (Downside) Potential	Ship management (overall)	Quality Coefficient	Adjusted Score	Probability of accident
Original score	Upside Potential	Ship management	Quality Coefficient	Adjusted score	Probability of accident
25	5	35~	×0.8		hi ave I
		~35			
	~15	all			

Sample of report



Closing

What is important, again?

Know your clients better

Understand your clients deeper

Think with your clients together



Encourage your clients for Safety !

**Safety brings a prosperous future to
both our clients and us.**