



# Hull Market Chairman's Report

Peter McIntosh  
Ocean Hull Committee

# Agenda



- OHC membership
- Statistics
- Results
- Claims Trends
- Conclusion
- OHC Workshop

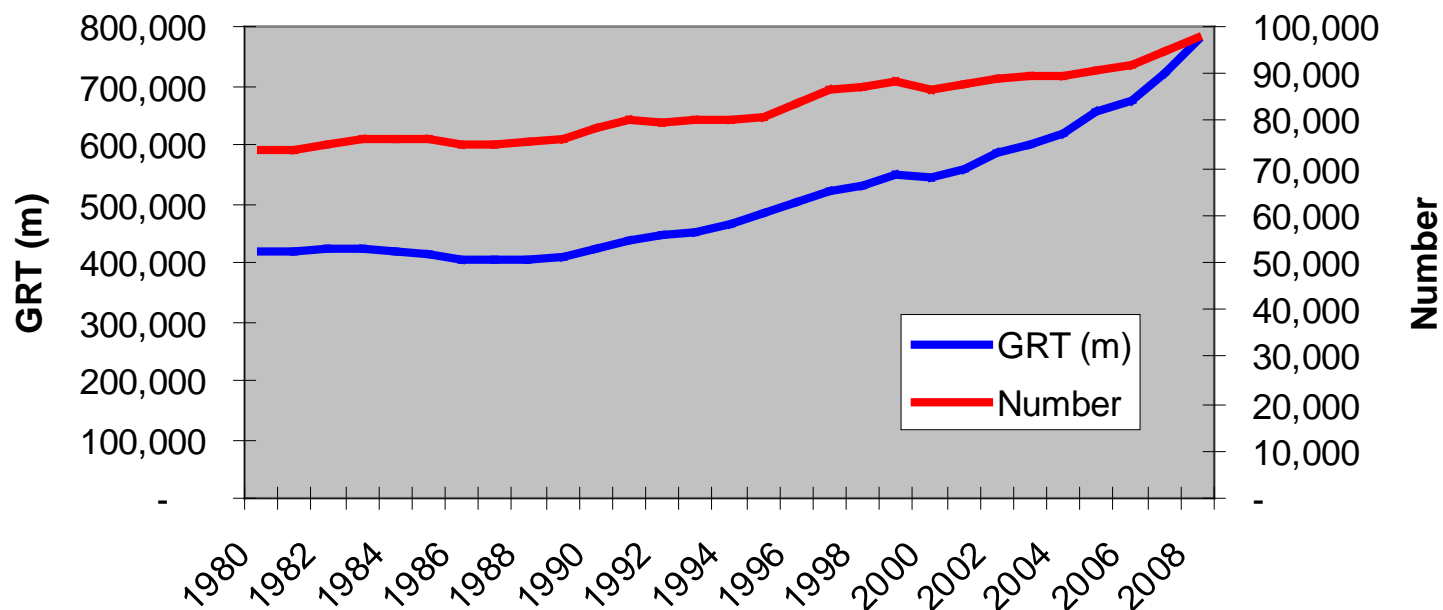
- Peter McIntosh (Chairman) - Ark Syndicate Management Ltd
- Neil Smith (Secretary) - LMA
- William Beveridge - Arch Insurance Company (Europe) Ltd
- Andrea Cupido - Assicurazioni Generali
- Denis Develey - Marine & Aviation - AXA Corporate Solutions
- Jenny Groeneveld - Reaal Verzekeringen
- Leif Nordlund - Alandia Marine Blagen
- Lars Rhodin - The Swedish Club (2009)
- Sergey Trubitsyn - Ingosstrakh
- Tetsuro Umeno - Tokio Marine & Nichido Fire Insurance Co.,Ltd
- Harry E Yerkes - American Hull Insurance Syndicate
- Takaaki Tamai (EC Liaison) - Tokio Marine & Nichido Fire Insurance Co., Ltd.

# World Fleet by Tonnage and Numbers



## World Fleet by Tonnage and Numbers

Vessels > 100 GT



# Total Losses 1980 – 2008 by number



Total Losses 1980 – 2008  
By Number (vessels > 500 GT)

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Source: LMIU, total losses as reported in Lloyds List

# Total Losses 1980 – 2008 by Tonnage



Total Losses 1980 – 2008  
By Tonnage (vessels > 500 GT)

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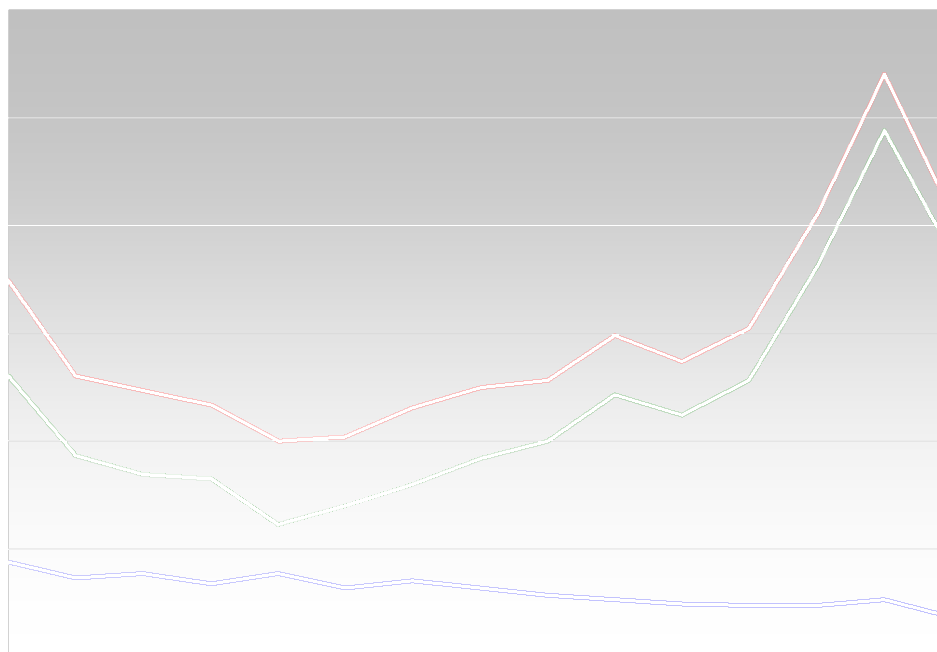
Source: LMIU, total losses as reported by Lloyds List

# Serious and Total Losses 1994 - 2008



## Serious and Total Losses 1994 – 2008

By Number  
(vessels > 500 GT)

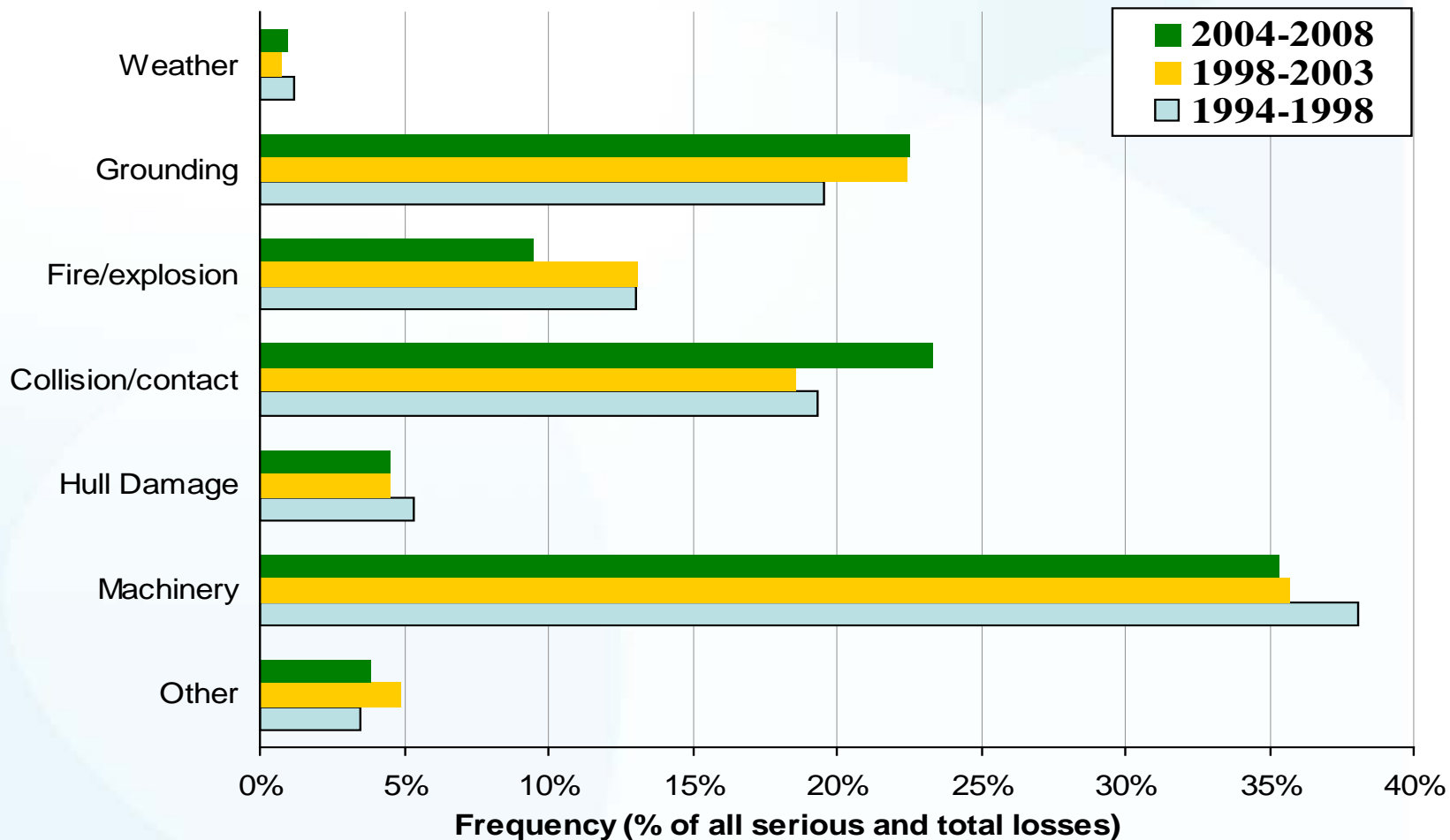


Source: LMIU

# Serious Losses 1994 – 2008

## By Cause, All Vessel Types

Vessels > 500 GT



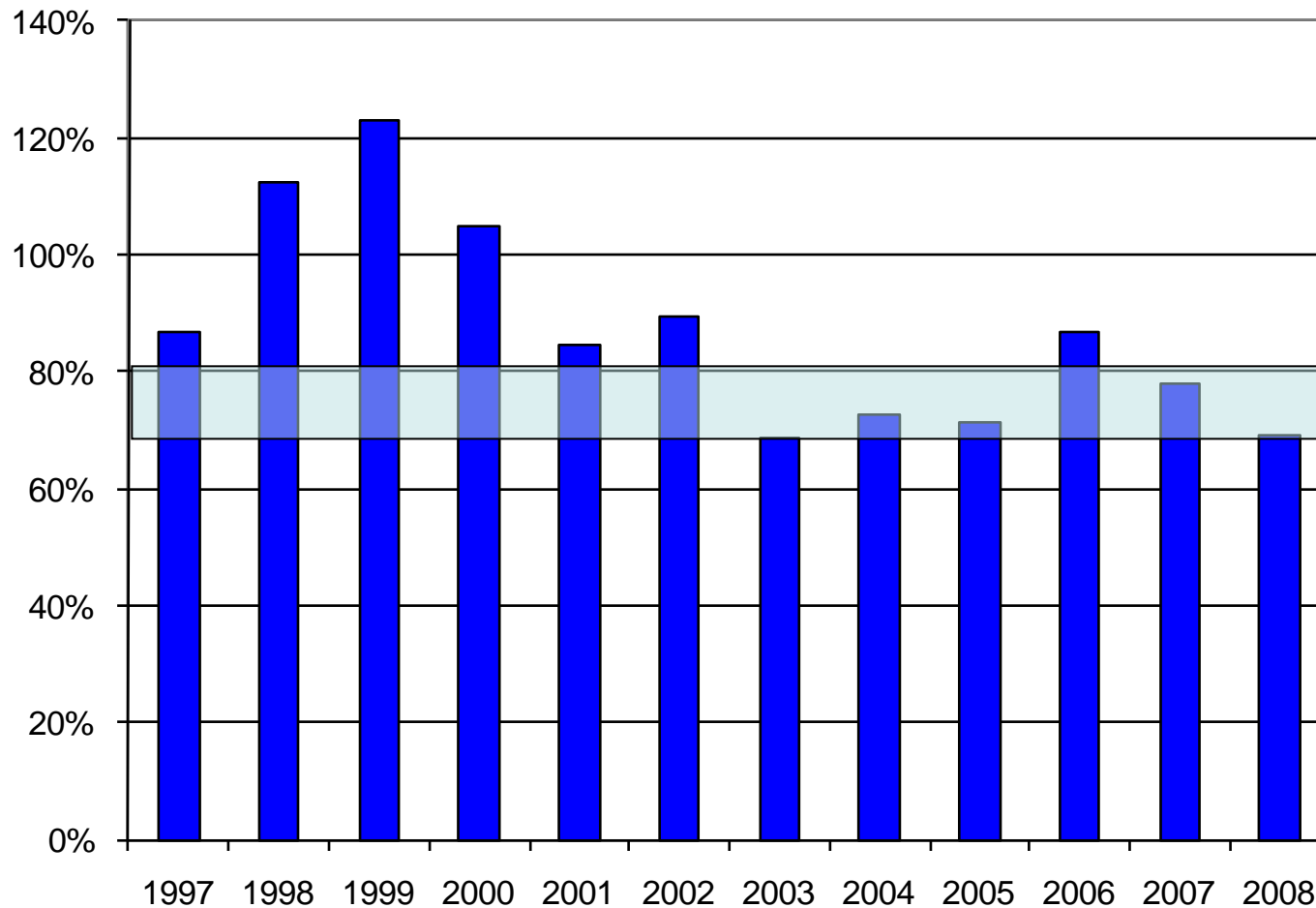


# Results – Happy or Sad?



# Global Gross Hull Loss Ratio

/W Years 1997 to 2008 (prior to brokerage / acquisition)

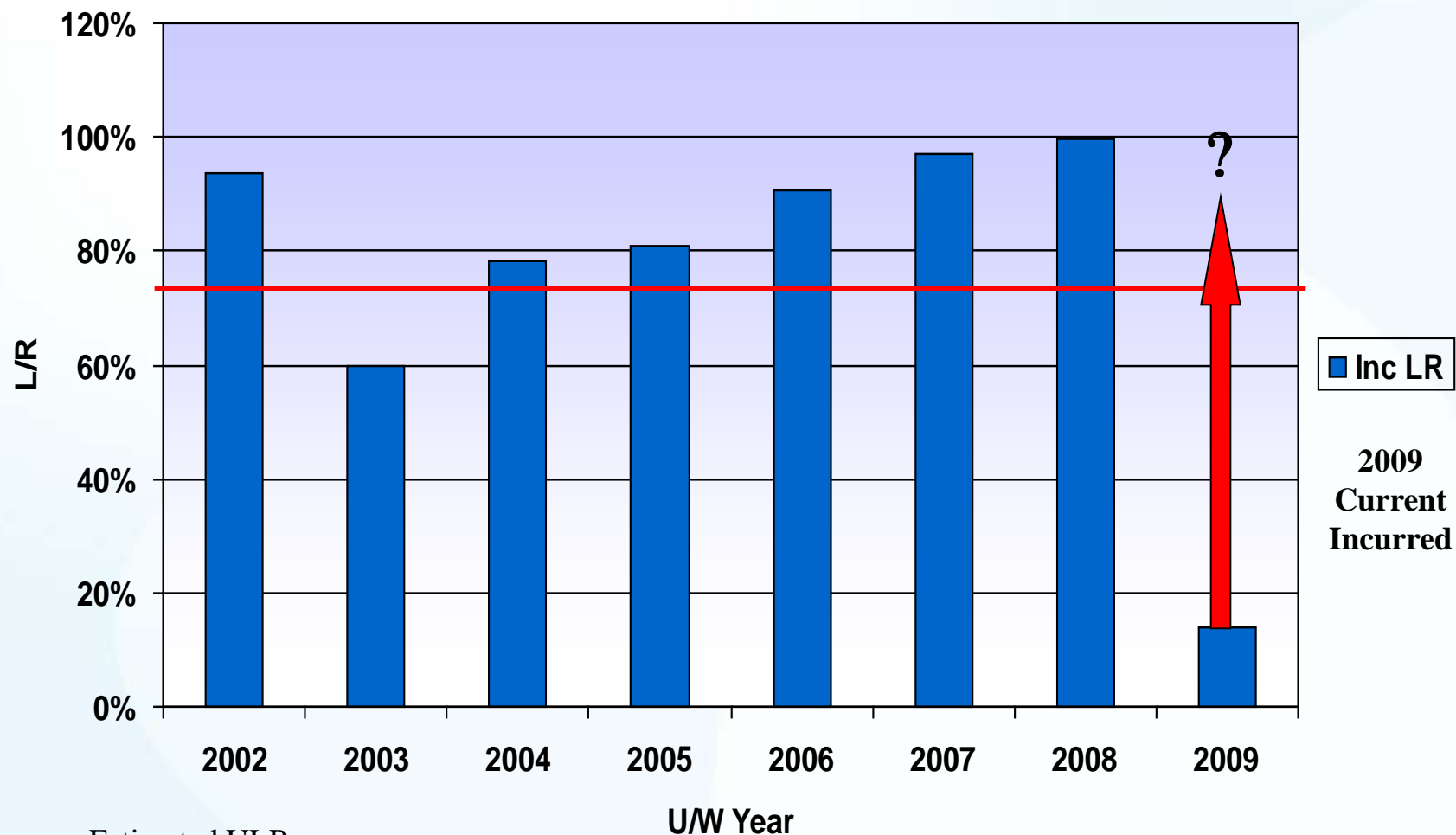


# Lloyd's Results

"T" Risk Code @ Q2 2009

Gross of R/I, Net of Commission

ESTIMATED ULTIMATE LOSS RATIO



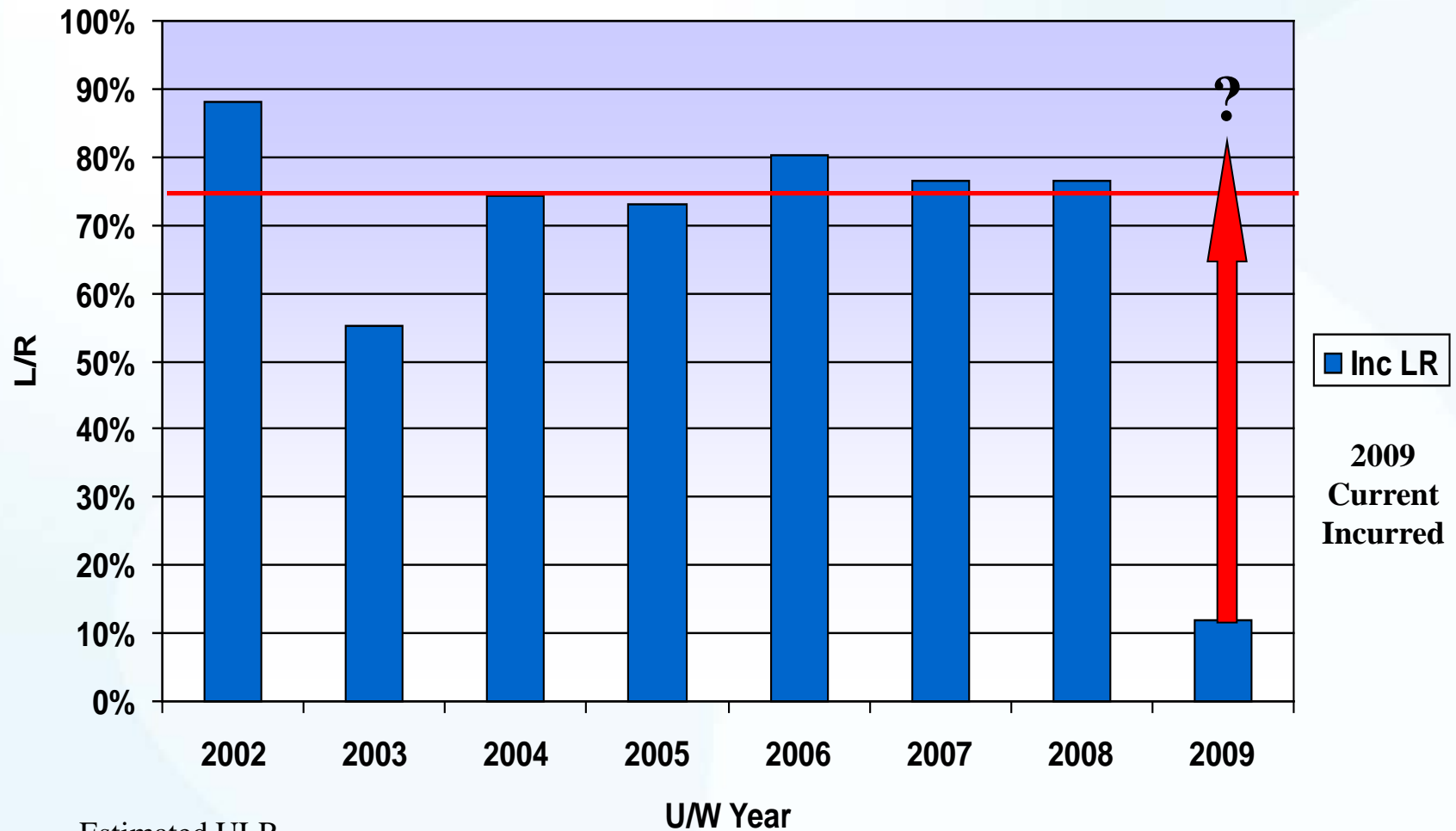
Source: LMA Risk Code Data

# Lloyd's Results

"T" "B" & TS" Risk Codes @ Q2 2009

Gross of R/I, Net of Commission

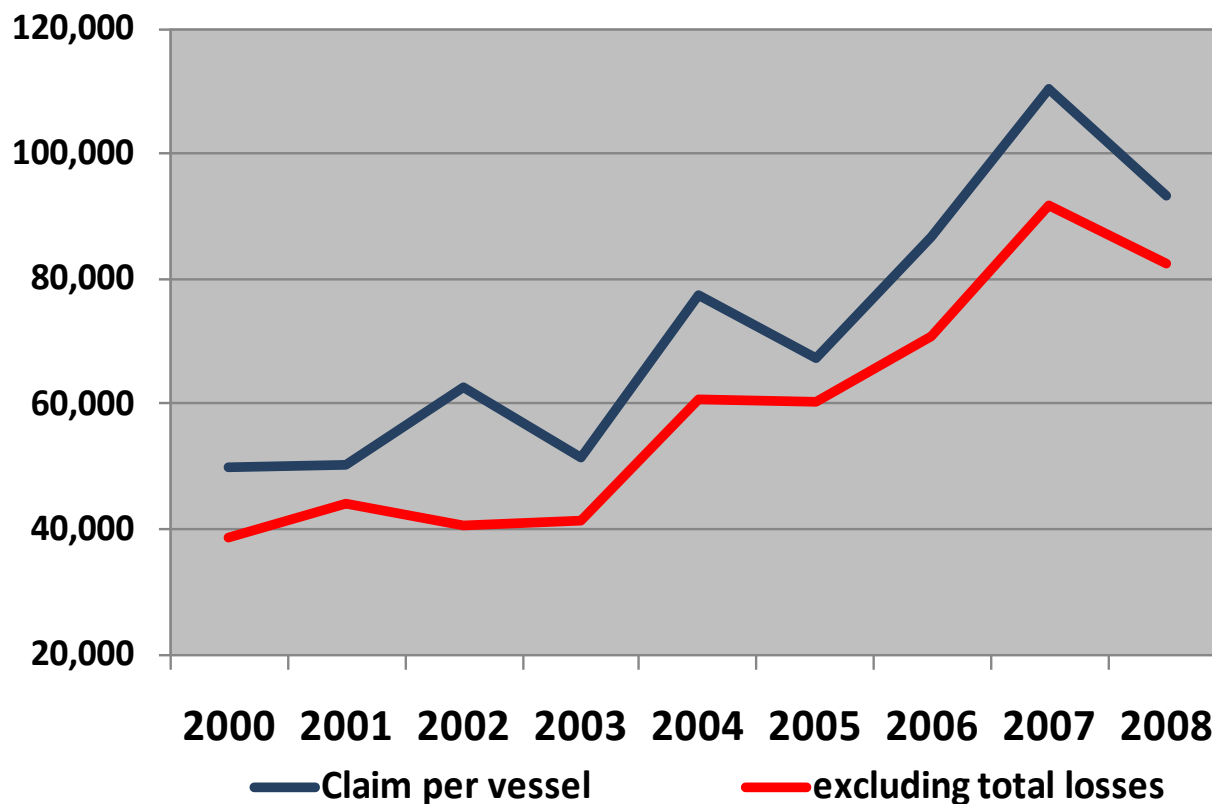
ESTIMATED ULTIMATE LOSS RATIO



Estimated ULR

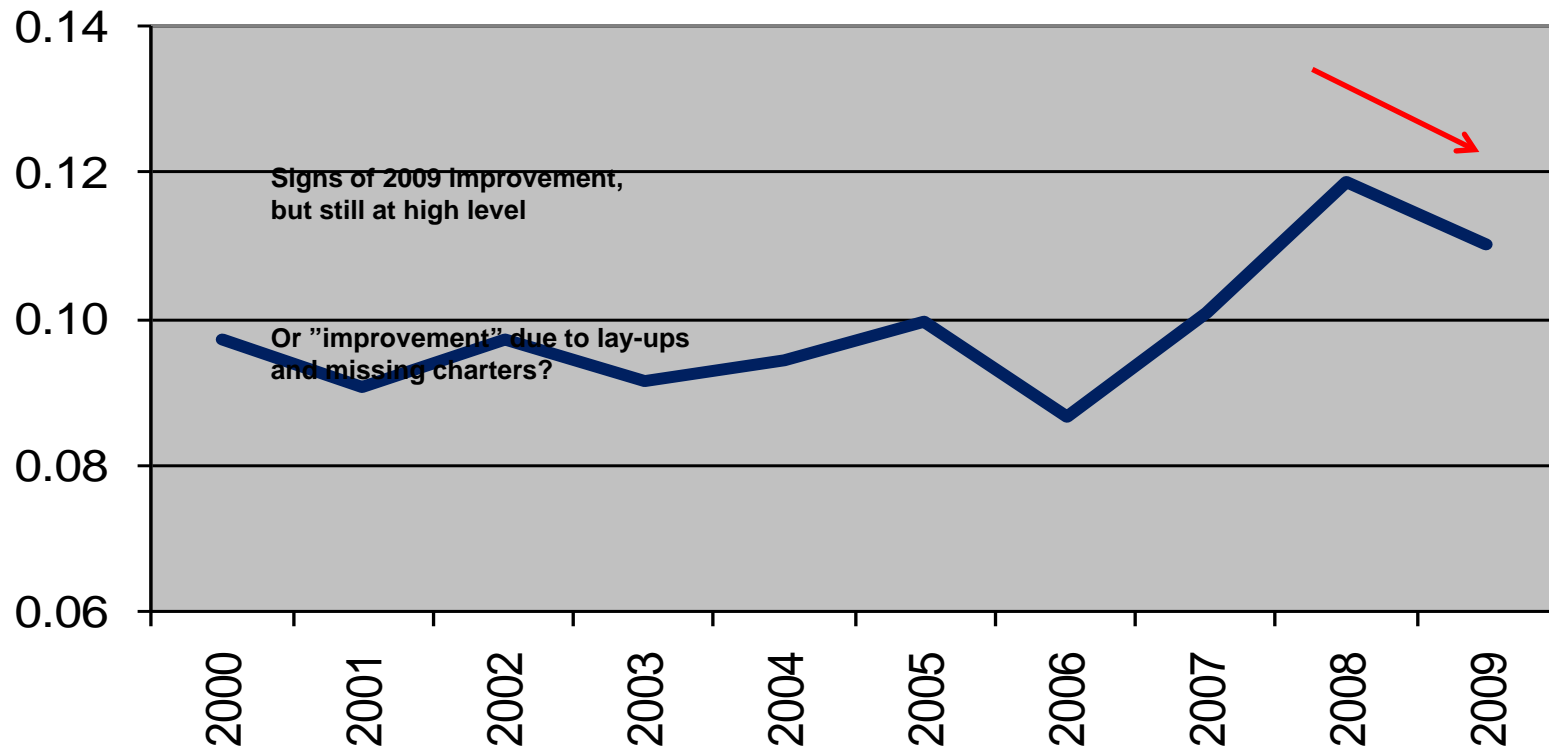
Source: LMA Risk Code Data

## Claim cost per vessel (USD) by date of loss



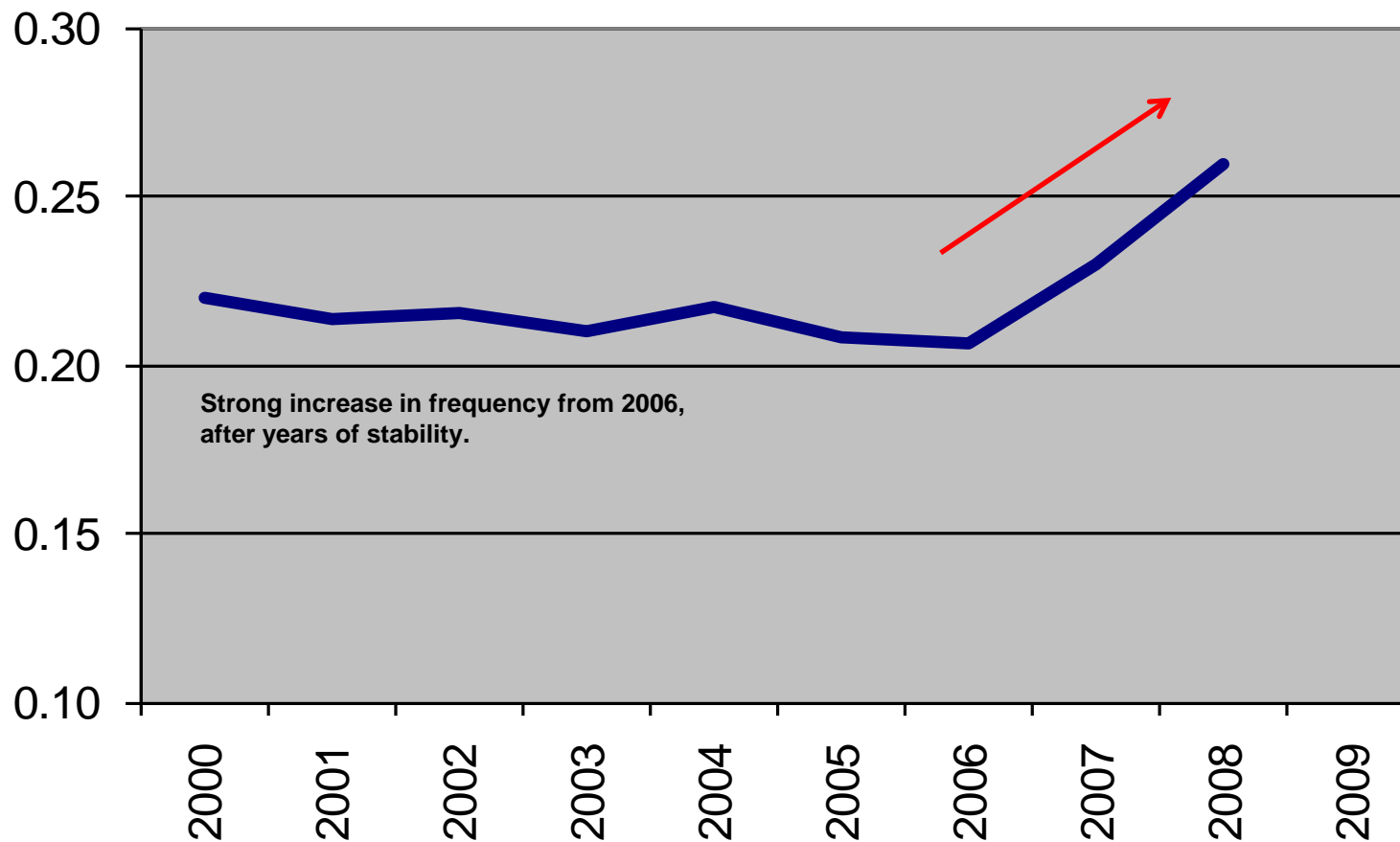
Source: CEFOR Actual figures as at 30 June 2009

## Claim frequency - losses reported as of 2nd quarter of each calendar year



Source: CEFOR Actual figures as at 30 June 2009

## Claim frequency - losses reported as of 4th quarter of each calendar year



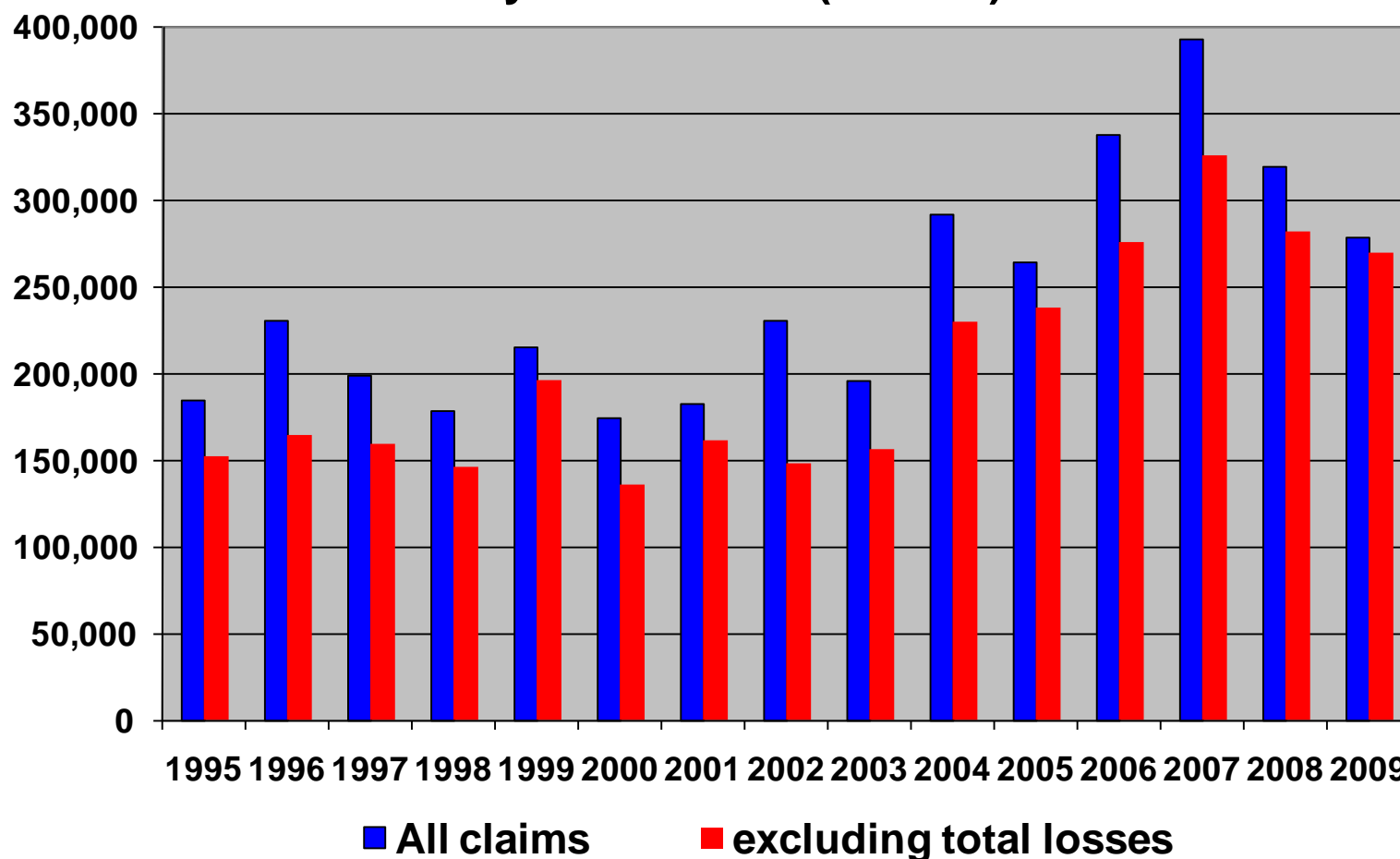
Source: CEFOR Actual figures as at 30 June 2009

# Recent Losses





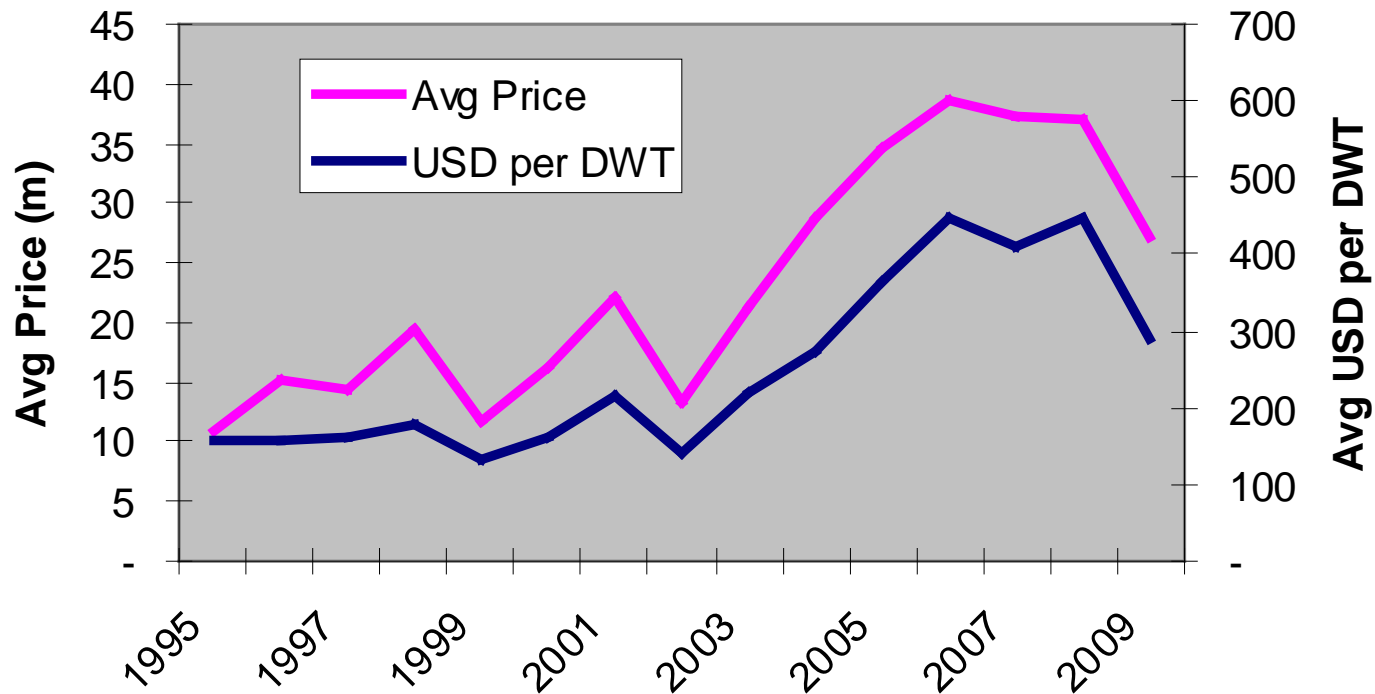
## Average claim cost per individual claim, by date of loss (in USD)



Source: CEFOR Actual figures as at 30 June 2009

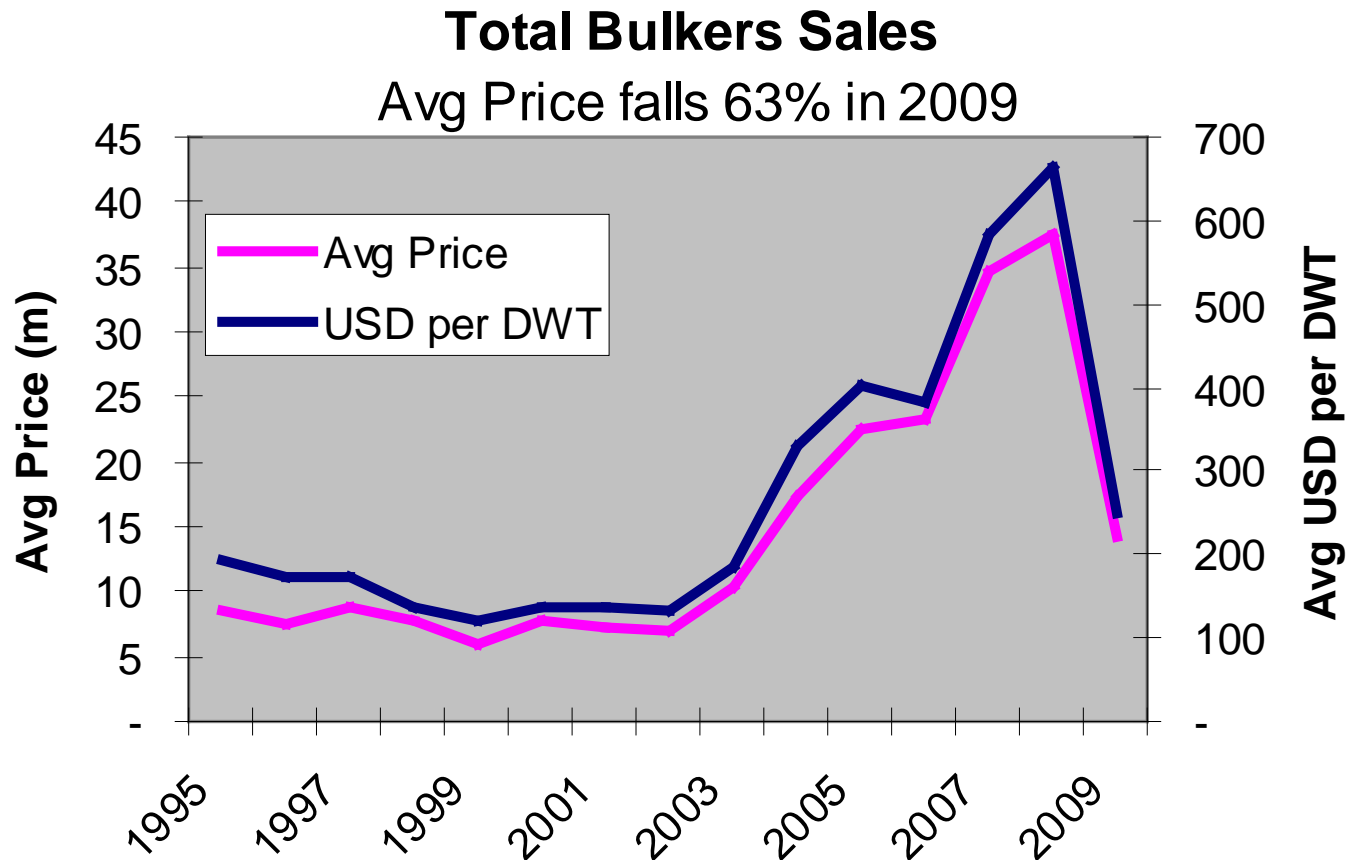
## Total Tankers Sales

Avg Price per DWT falls 36% in 2009



### Information Sources

The source of information for this fact sheet come from either Lloyd's Maritime Intelligence Unit (LMIU) or Clarksons Research or Institute of Shipping Economics and Logistics



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## New Building prices tumble 25%

	end year			Aug	
<b>\$ / DWT</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>%</b>
<b>Tankers</b>	641	716	700	526	-25%
<b>Bulkers</b>	685	896	788	584	-26%

# Machinery Breakdown



**USD 100 million**

## CONCLUSION

## Going forward

- whilst most sectors of the insurance industries are reporting increased income and profits, H&M underwriters as an industry are unable to achieve the necessary balance between exposure, i.e. potential claims, and actual claims costs on one side and risk remuneration, i.e. premium, on the other.
- Well respected leadership in the H&M insurance business is absent.

- Based on the large losses in the first 8 months, 2007 will likely end up being the worst year for Hull Underwriters since 1999 - 2000



- The world fleet continues to grow.
  - 50% - 60% in 10 years.
- The number of large & total losses are increasing.
  - 150% in 10 years.
- The loss costs are increasing.
  - 8% per year in 5 years.
- The results reflect these trends

Prices are starting to rise –

**Is it enough?**

- 12 years of non profitable underwriting
- Is it enough?
- **CLEARLY NOT!!**

# The Hull Underwriter's future?



- “Cold & Hot Lay-Up Rules & Procedures – a Class Surveyor’s View”  
**Mr G. Vezzuto** Country Manager South East Asia RINA
- “Developments in the Shipping Cycle & the Impact on Revenues & Assets Values”  
**Dr M. Stopford** Managing Director Clarkson Research Services Ltd
- “The Shipping Cycle – A view from the Banking Sector”  
**Mr P. Mellet** Managing Director BankServe Insurance Services Ltd
- “An Underwriters’ Perspective & Wrap-Up”  
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