



Global Marine Insurance Report 2008

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Facts & Figures Committee

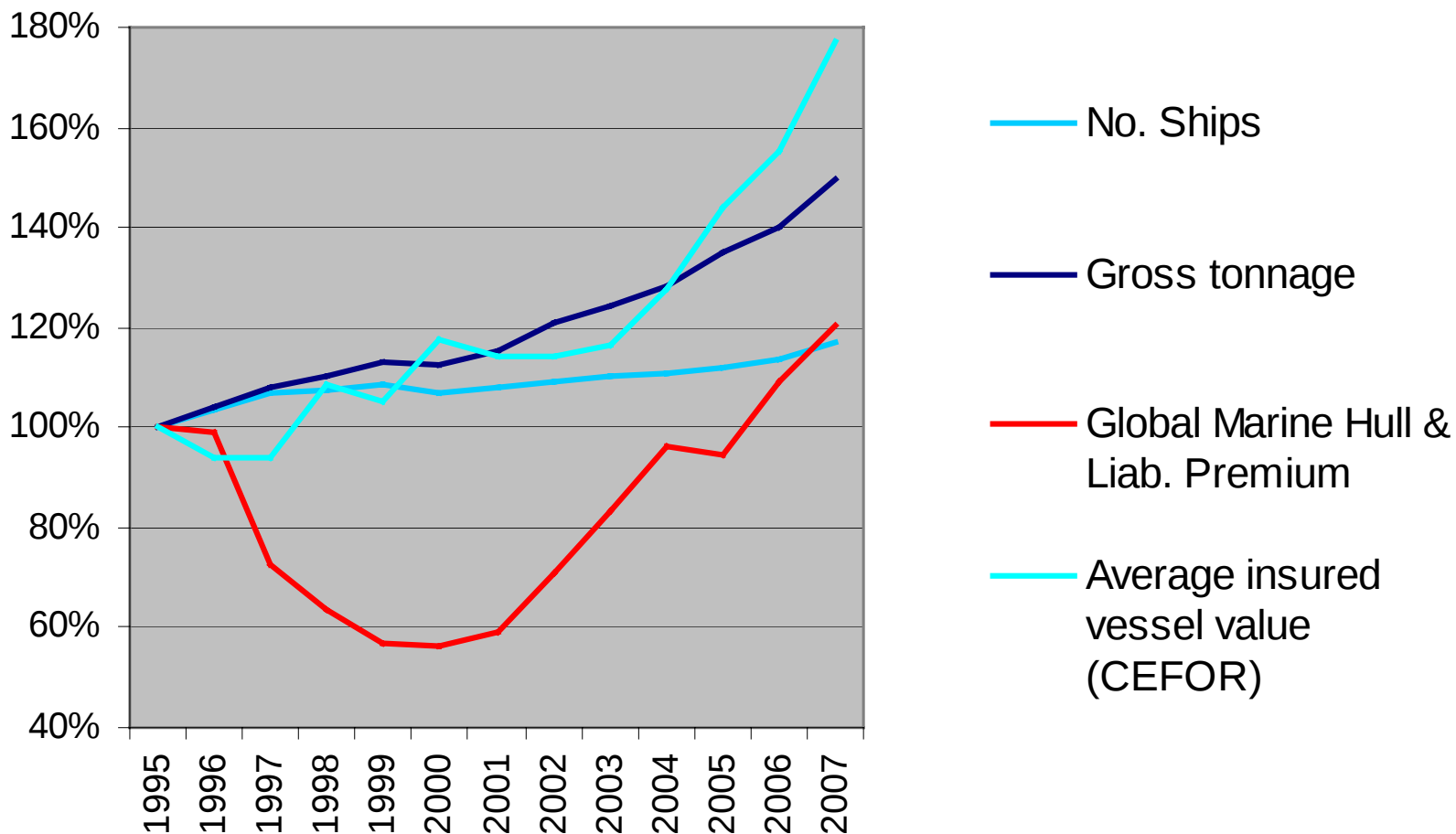
Analyst/Actuary, CEFOR, Norway

Report on marine insurance premiums 2006 and 2007

- By end of August 2008, 49 of 54 members (ex 45 of 53, new IUMI member Brasil) reported their country's marine premium figures for accounting years 2006 and 2007.
- The reporting countries represent approximately 97% of the total marine premium written by all IUMI members.
- Total premium for 2007 is therefore estimated to reach approx. USD 22.8 billion*, and increase of 9.8% from 2006 (excl. premium from mutual P&I Clubs).
- Taking into account the exchange rate impact, the increase is estimated to be only 5%.

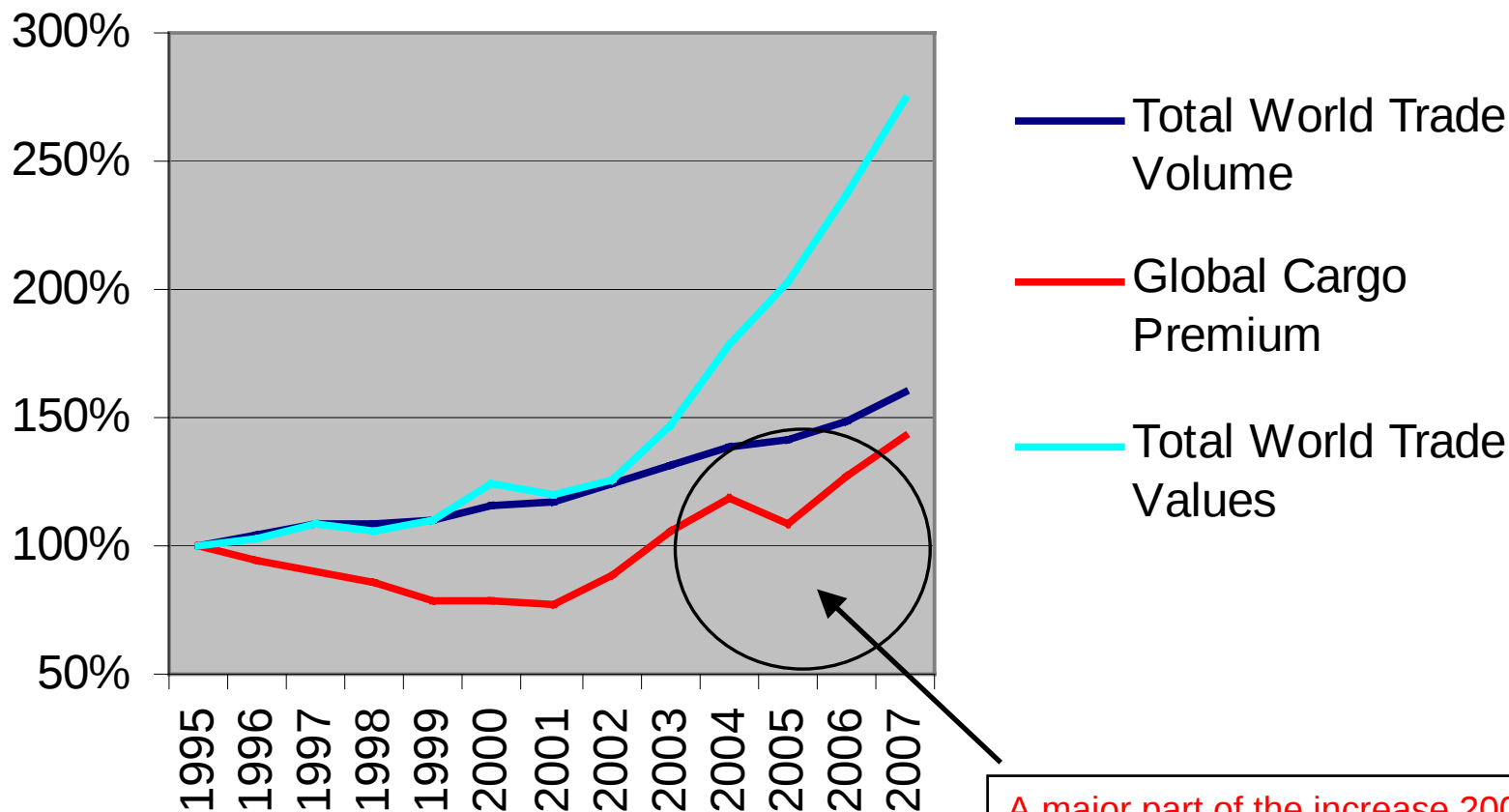
World Merchant Fleet and Global Marine Hull & Liability Premium

Index of evolution, vessels > 100 GT, 1995 = 100%



World Seaborne Trade Volume and Trade Values, Global Cargo Premium

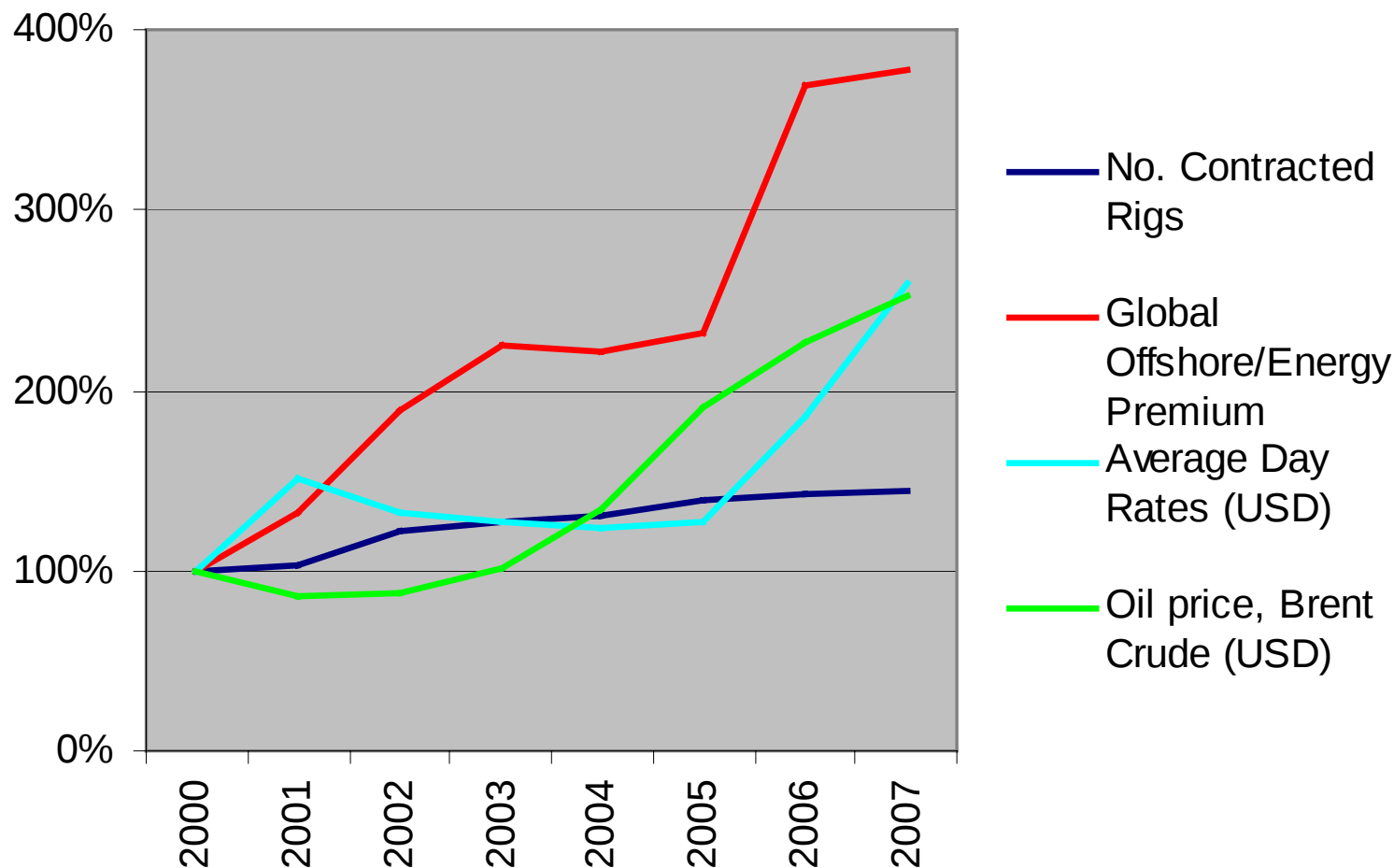
Index of evolution, 1995 = 100%



A major part of the increase 2001-04 & 06-07 and decrease 2004-2005 is due to variation in exchange rate against USD! (Cargo mostly written in local currency)

Energy Mobiles, Day rates, Oil Price Global Offshore/Energy Premium

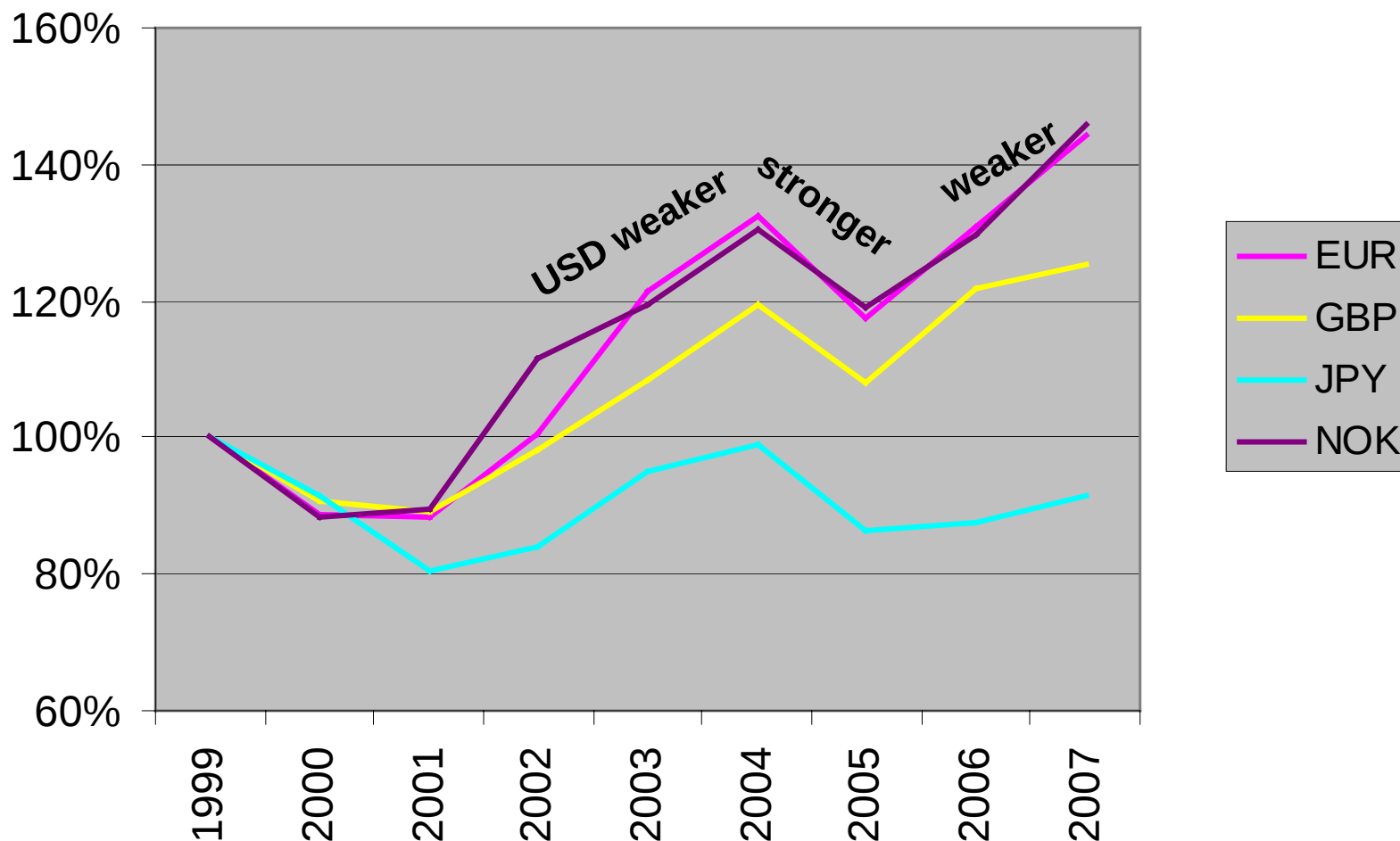
Index of evolution, 2000 = 100%



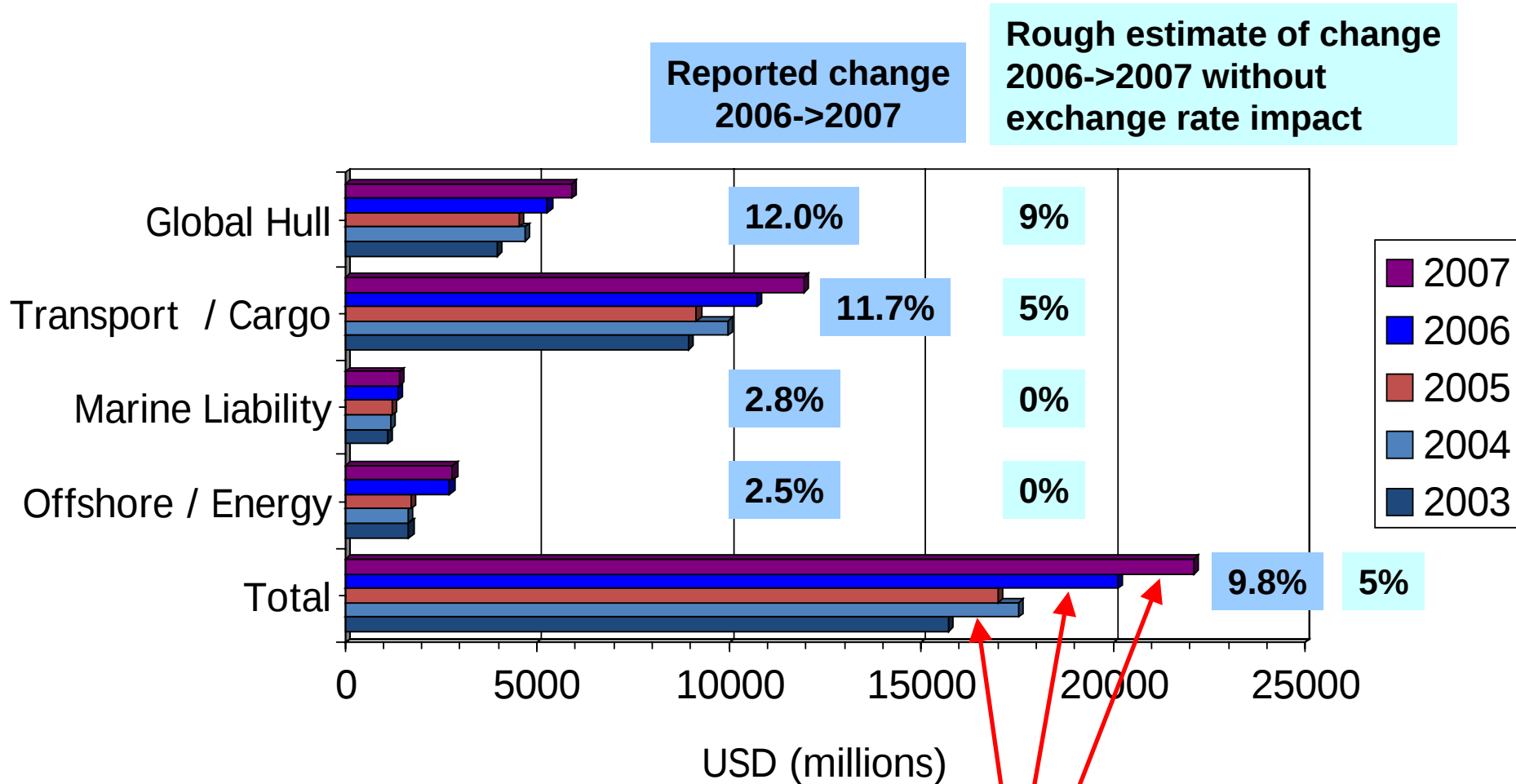
Sources: No. Contracted rigs, day rates: RigZone, Oil price: Energy Information Administration (US)

Index of evolution of Exchange rates between US\$ and selected currencies

(as of December each year)



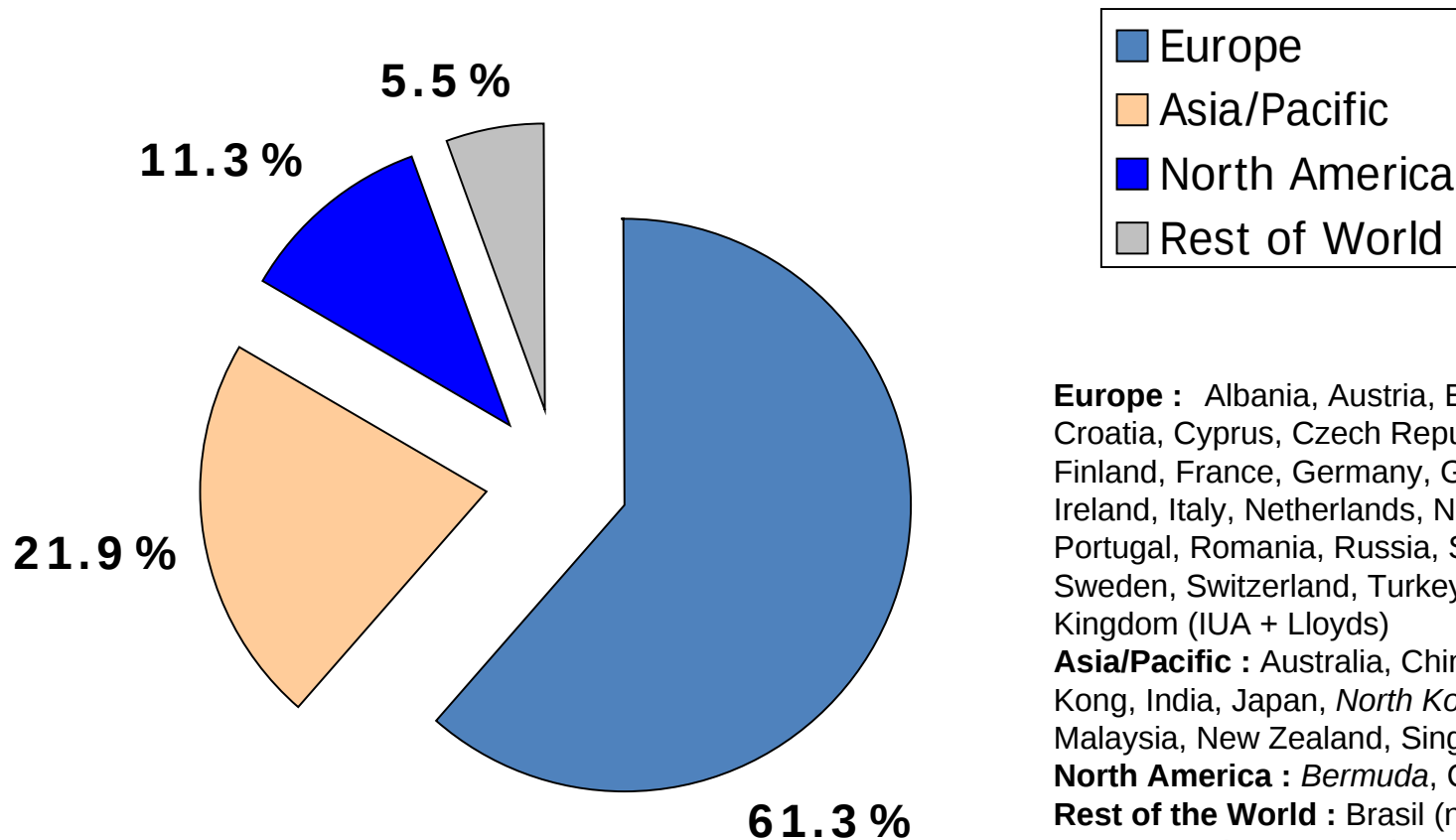
Global premiums reported 2003 to 2007 (accounting years)



Increase 01-04 & 05-07 partly due to weakening of USD against European and Asian currencies.

Stagnation 05 due to strengthening of USD against major European and Asian currencies.

Market Shares 2007



Europe : Albania, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovenia, Spain, Sweden, Switzerland, Turkey, *Ukraine*, United Kingdom (IUA + Lloyds)

Asia/Pacific : Australia, Chinese Taipei, Hong Kong, India, Japan, *North Korea*, South Korea, Malaysia, New Zealand, Singapore

North America : *Bermuda*, Canada, USA

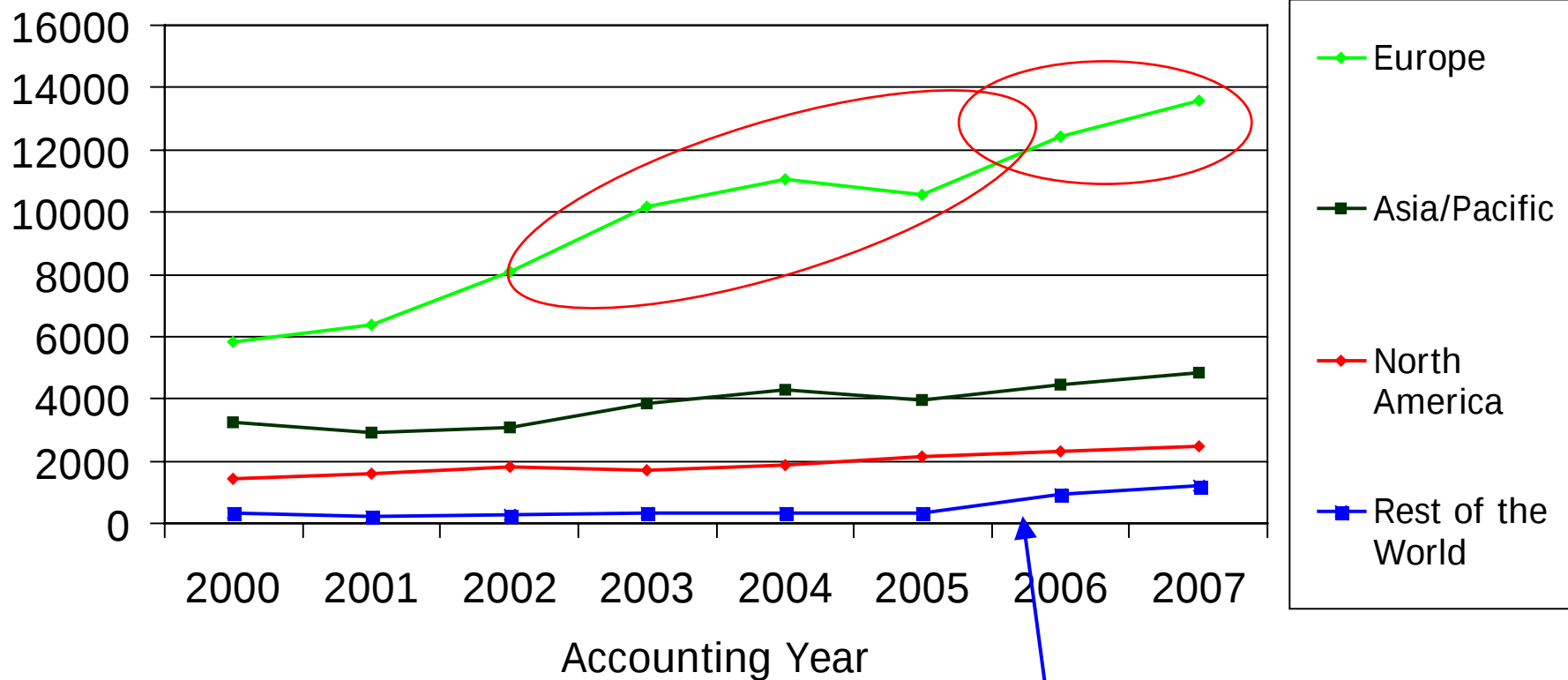
Rest of the World : Brasil (new 2007), *Congo*, Egypt, Israel, Kenya, Lebanon, Mexico, Morocco, Nigeria, South Africa, *Tunisia*, *United Arab Emirates*

Countries in italics did not report in 2008

Report on marine insurance premiums by economic areas

(USD Millions)

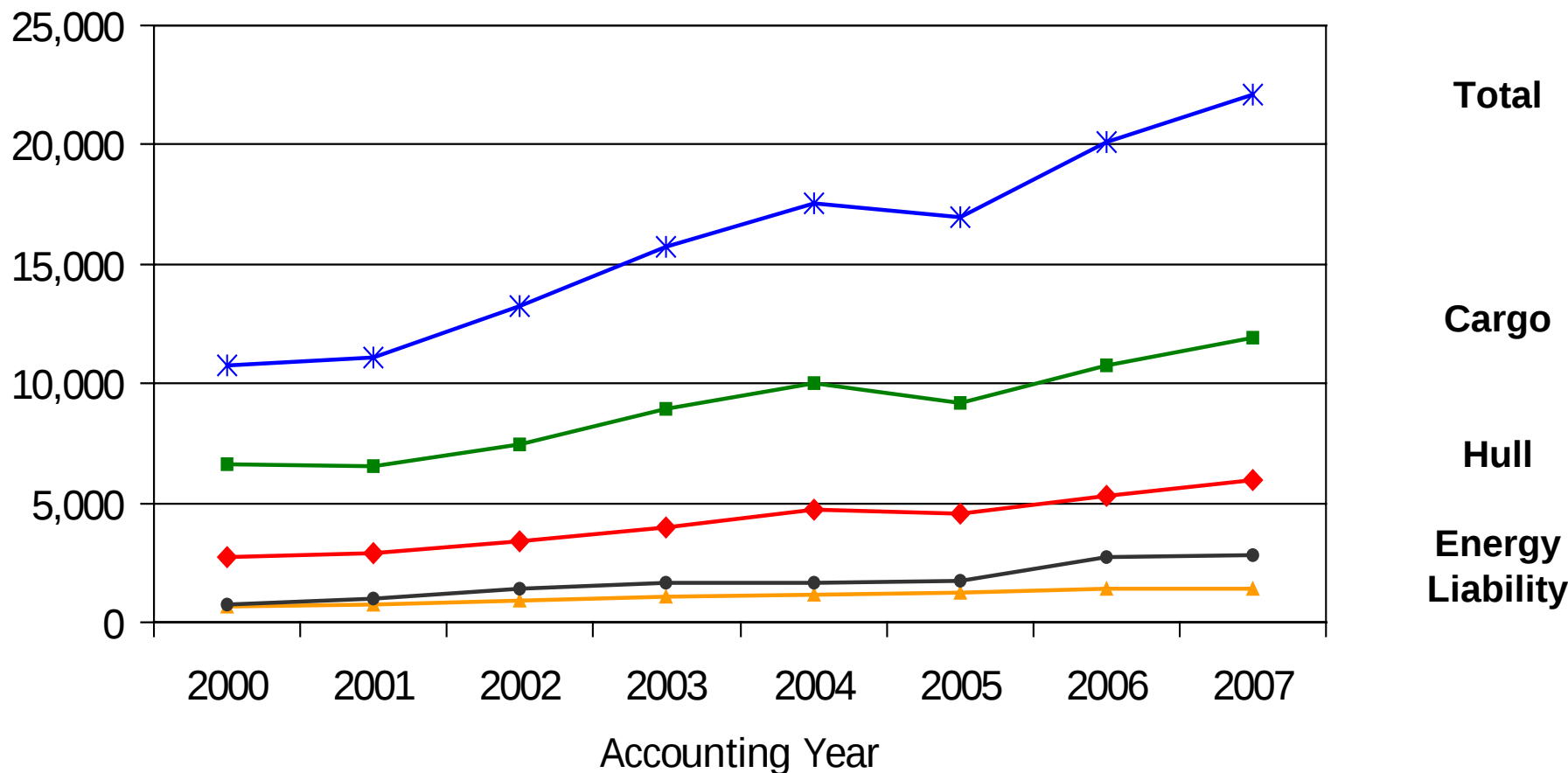
Europe, Asia: Exchange rate effects due to weakening/strengthening of USD



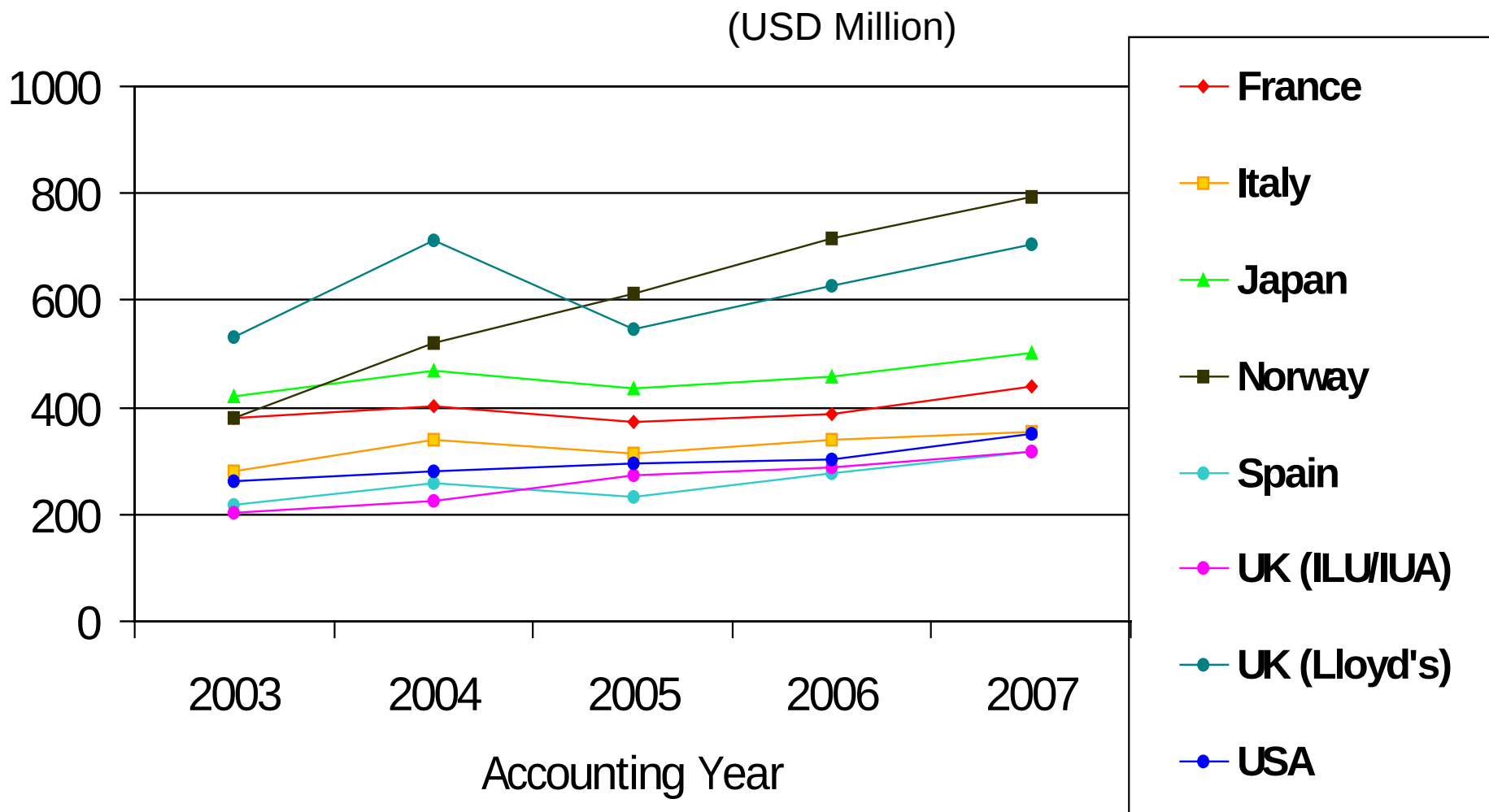
Rest of World: Brasil figures included from 2006

Global Marine Premium 2000 - 2007

(USD Million), as reported



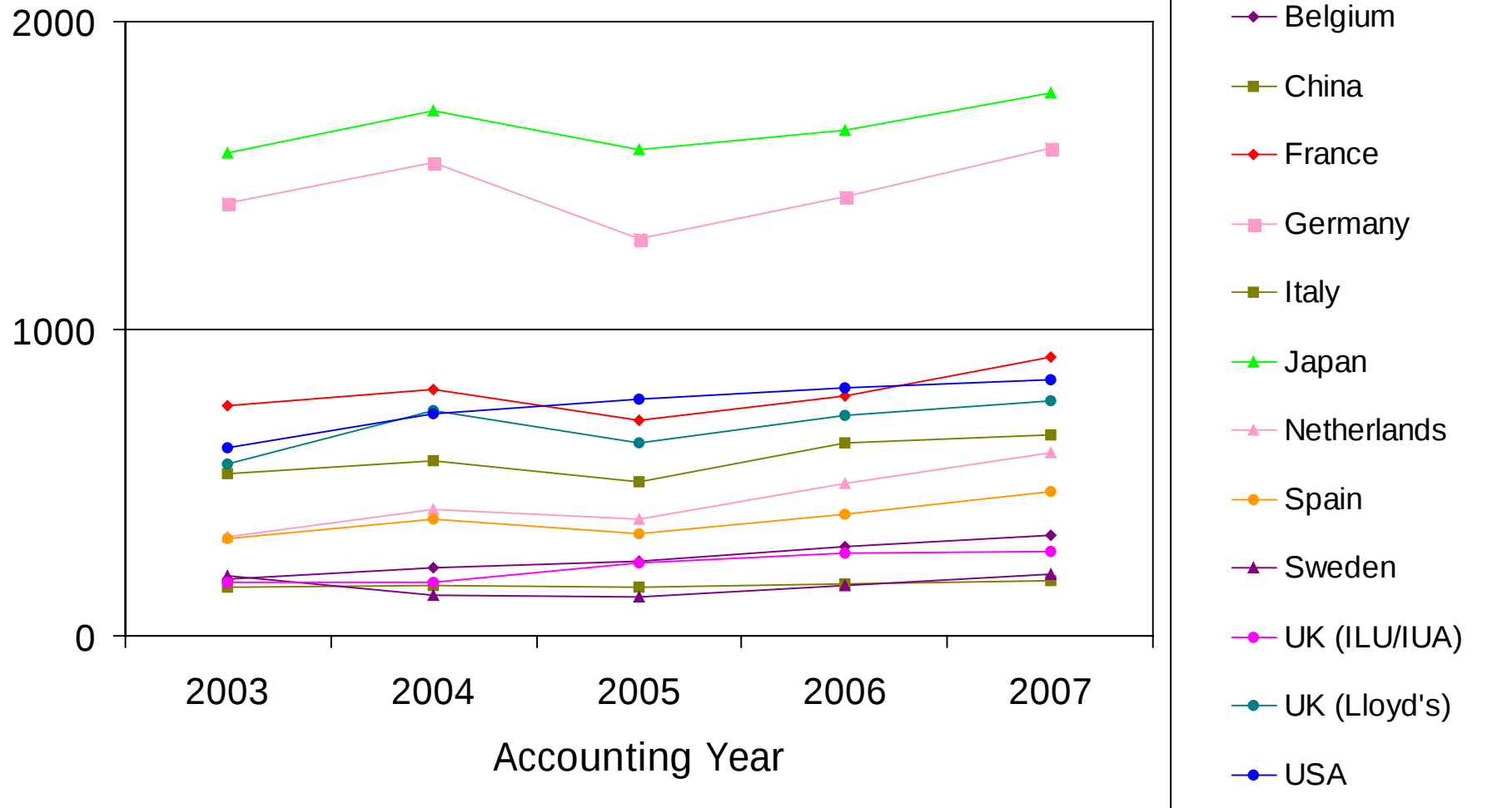
Global Hull Premium Major Markets, 2003 – 2007



“**Hull**”: commercial vessels only; direct insurance for: Hull&Machinery, increased value, freight and other ancillary interests, Loss of Hire, Construction risks.

Global Cargo Premium Major Markets, 2003 – 2007

(USD Million)

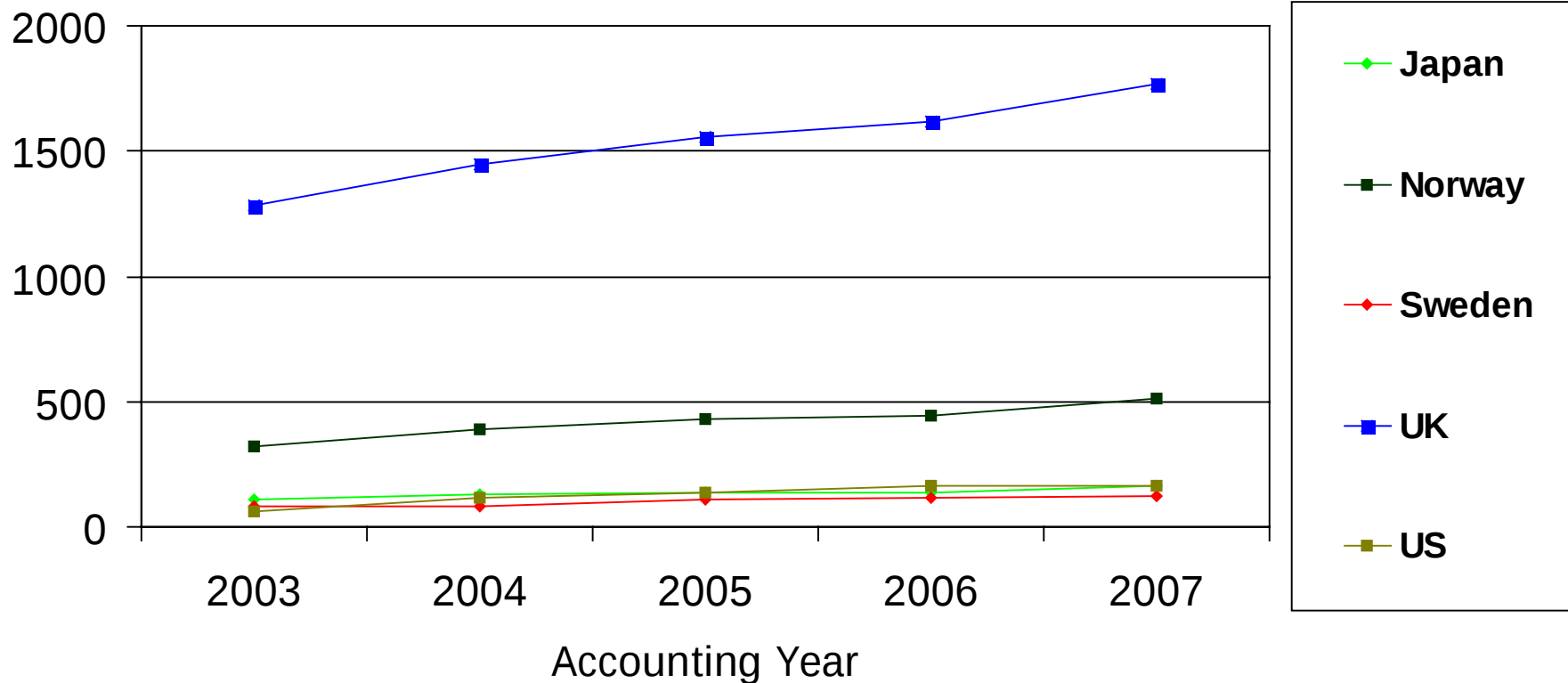


Europe/Asia: exchange rate effects.

MARINE MUTUAL MARKET SECTOR

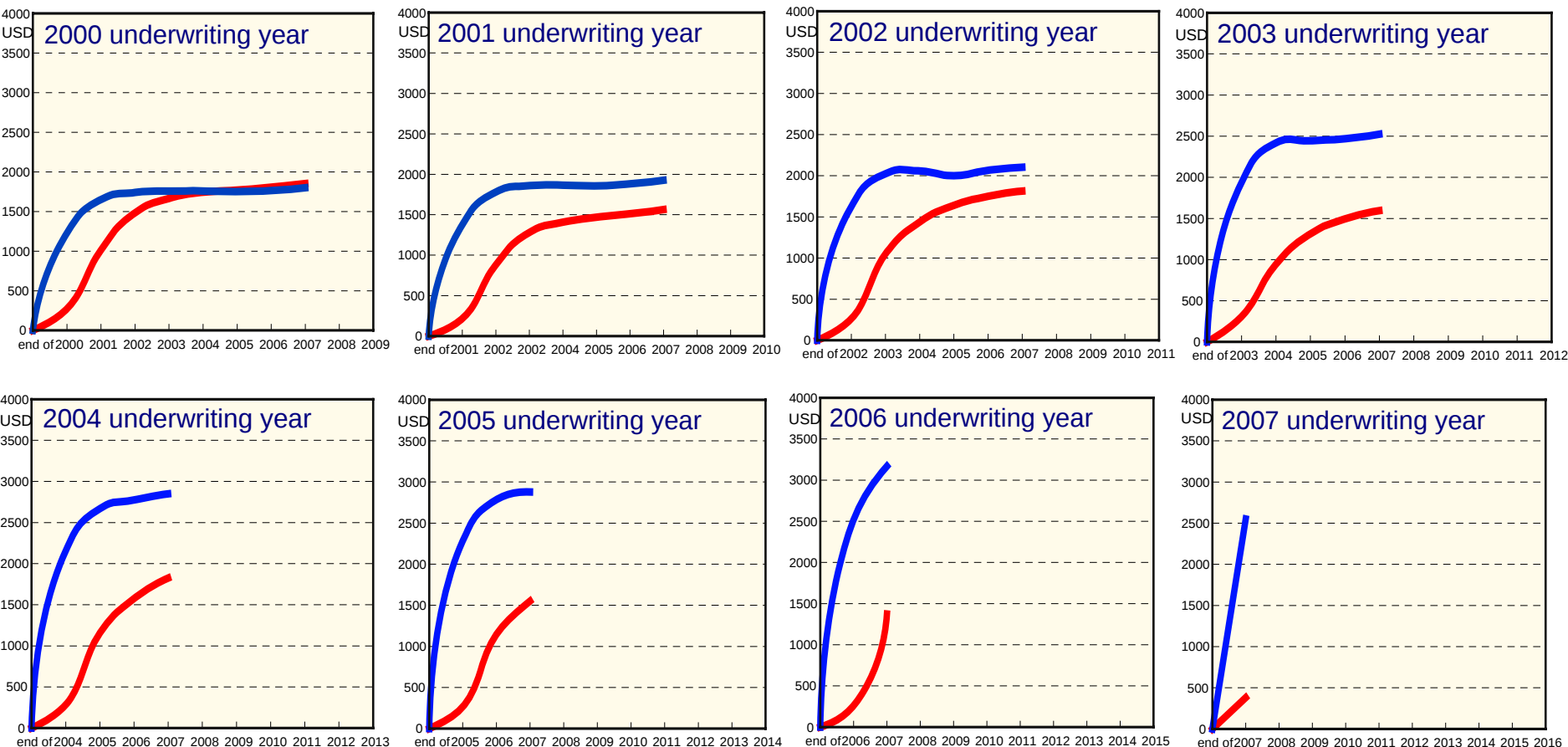
Gross Calls (Premium) – Operational location

Per accounting year – USD Million



Marine Hull – Evolution of **Paid** Claims, Gross Premiums

as reported, U/W Year 2000 to 2007 (USD)



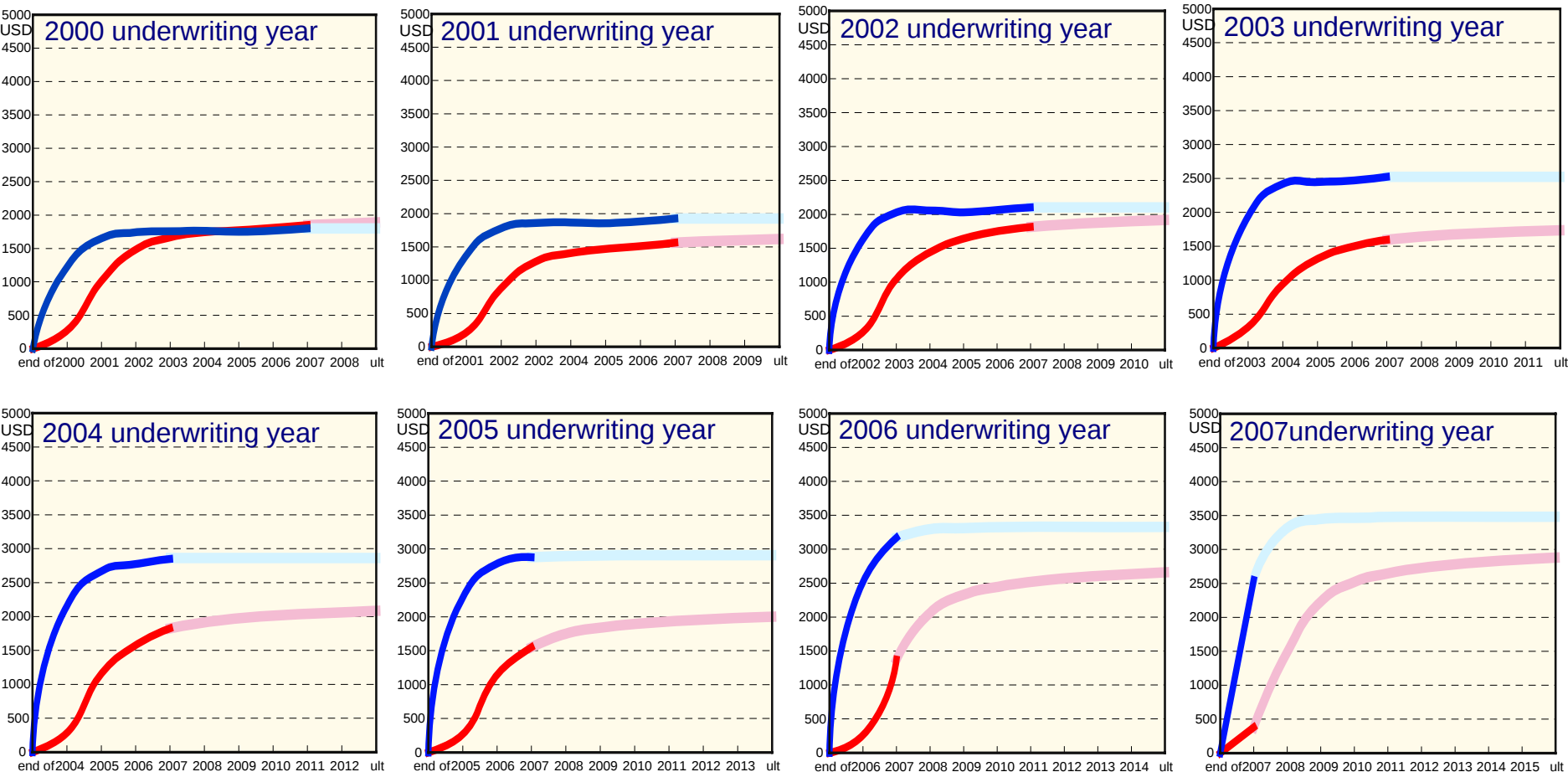
Blue line = Gross Premium; Red line = Paid Claims

Totals of 10 IUMI members –

Belgium, France, Germany, Italy, Netherlands, Norway, Spain, UK Lloyds & IUA, USA

Marine Hull – Evolution of **Paid** Claims, Gross Premiums

with estimation towards ultimate, U/W Year 2000 to 2007 (USD)



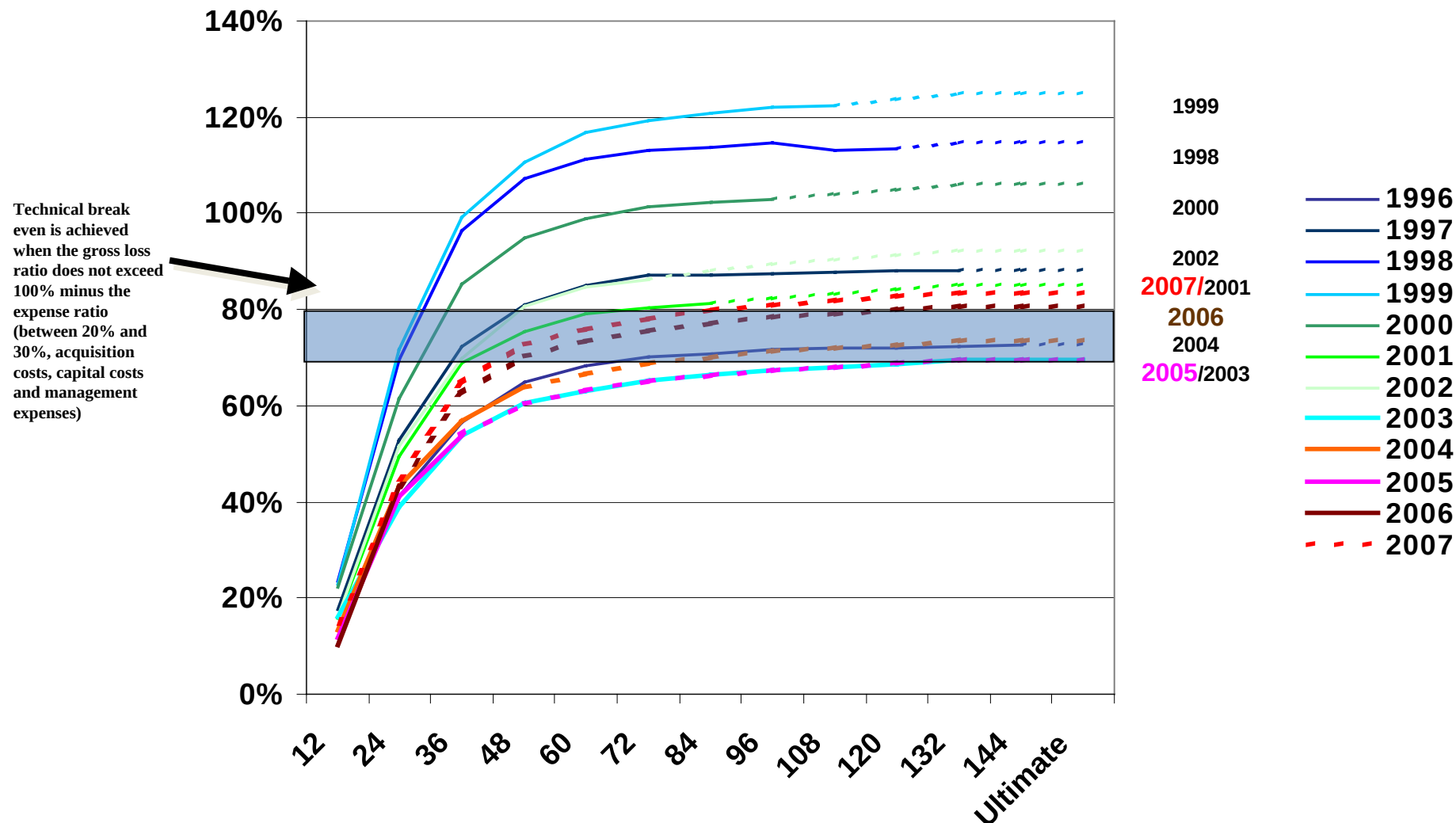
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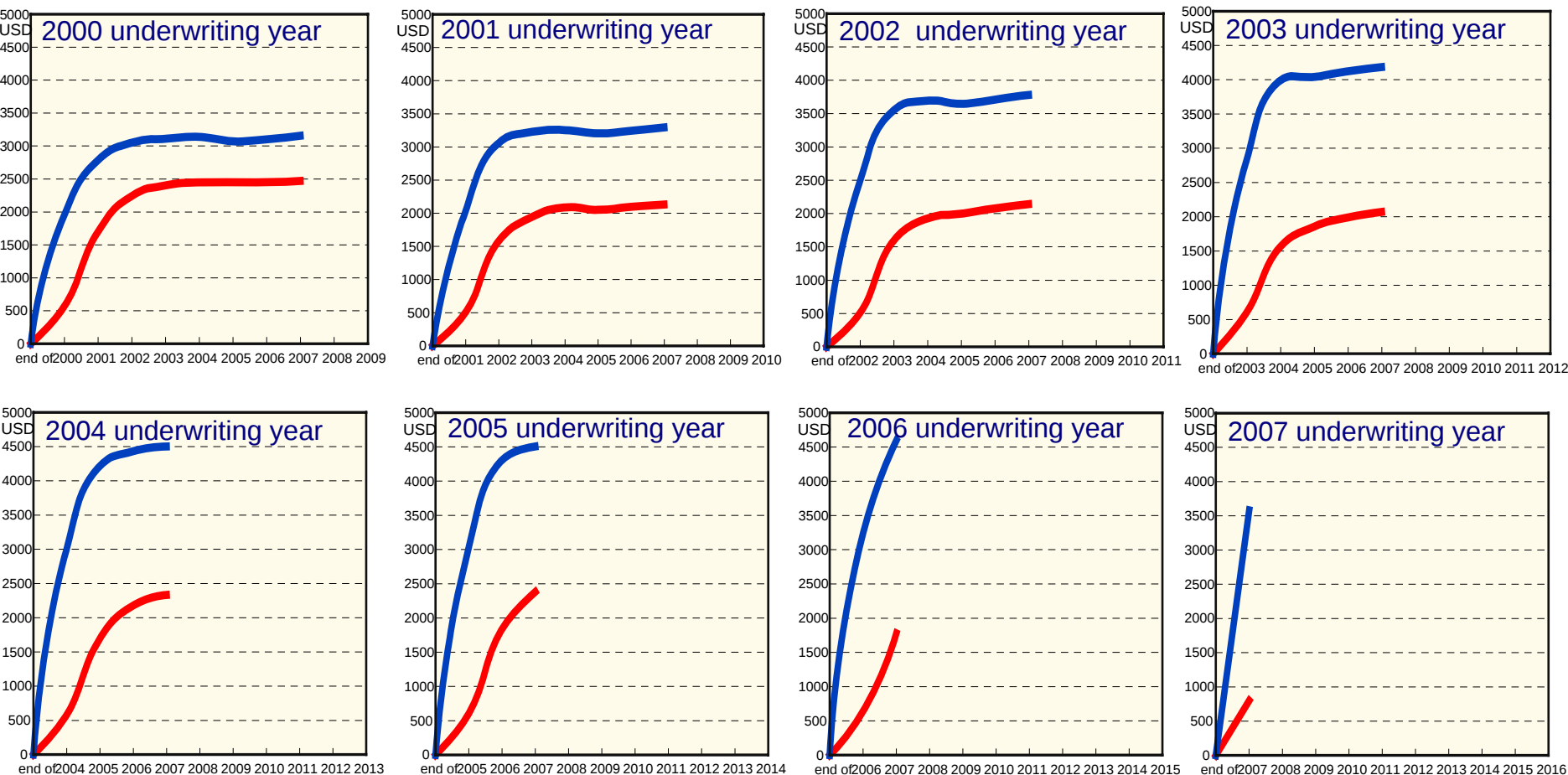
Marine Hull **Gross** Loss Ratio **paid** claims, Actual and estimated towards ultimate

U/W Year 1996 to 2007



Transport/Cargo – Evolution of **Paid** Claims, Gross Premiums

as reported, U/W Year 2000 to 2007 (USD)

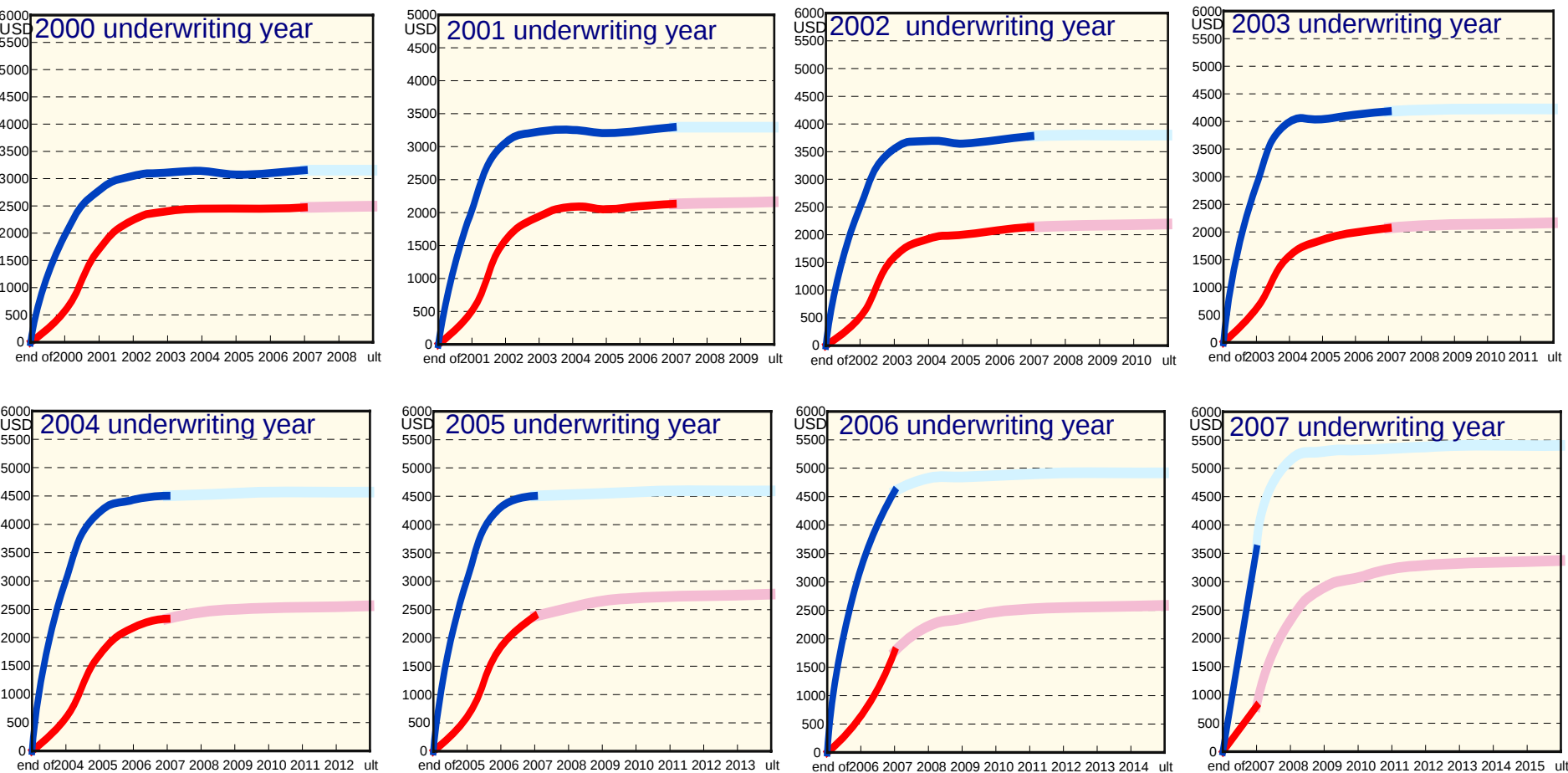


Blue line = Gross Premium; Red line = Paid Claims

Totals of 9 IUMI members – Belgium, France, Germany, Italy, Netherlands, Spain, UK Lloyds & IUA, USA

Transport/Cargo – Evolution of Paid Claims, Gross Premiums

with estimation towards ultimate, U/W Year 2000 to 2007 (USD)

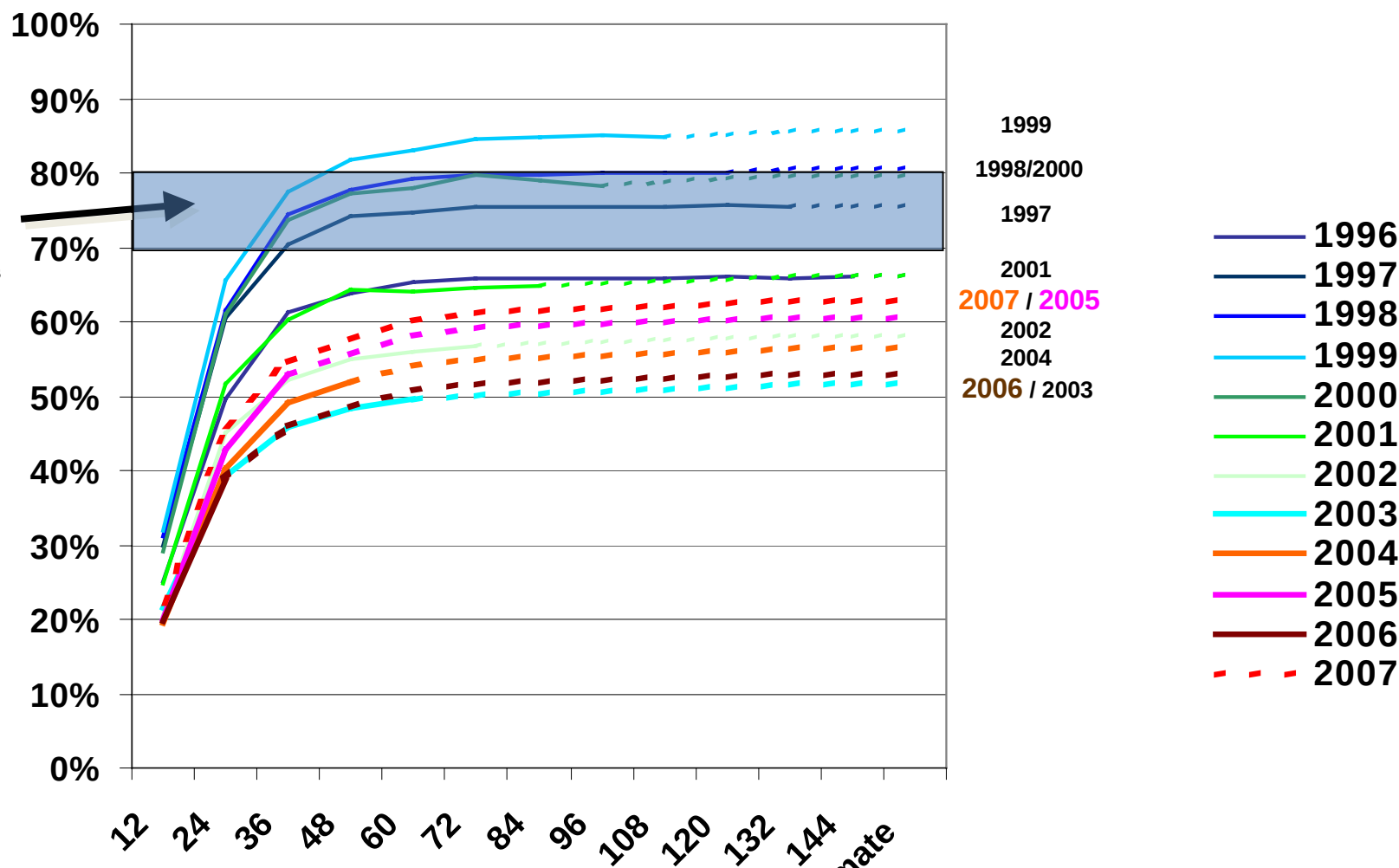


Blue line = Gross Premium; Red line = Paid Claims

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Transp./Cargo, **Gross** Loss ratio **paid** claims, Actual and estimated towards ultimate

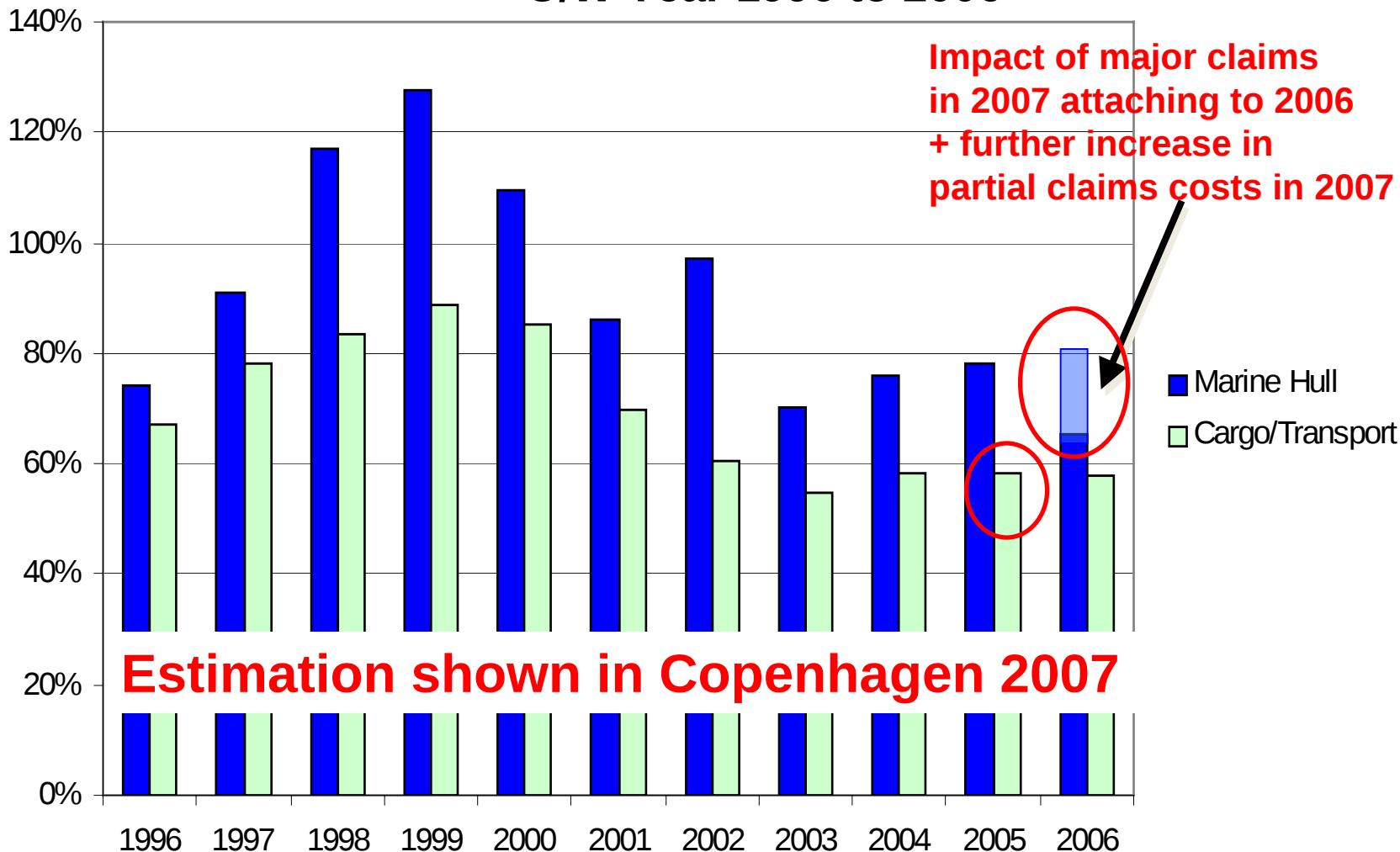
U/W Year 1996 to 2007



Marine Hull and Cargo/Transport

Gross Ultimate Loss Ratio – as of 2007

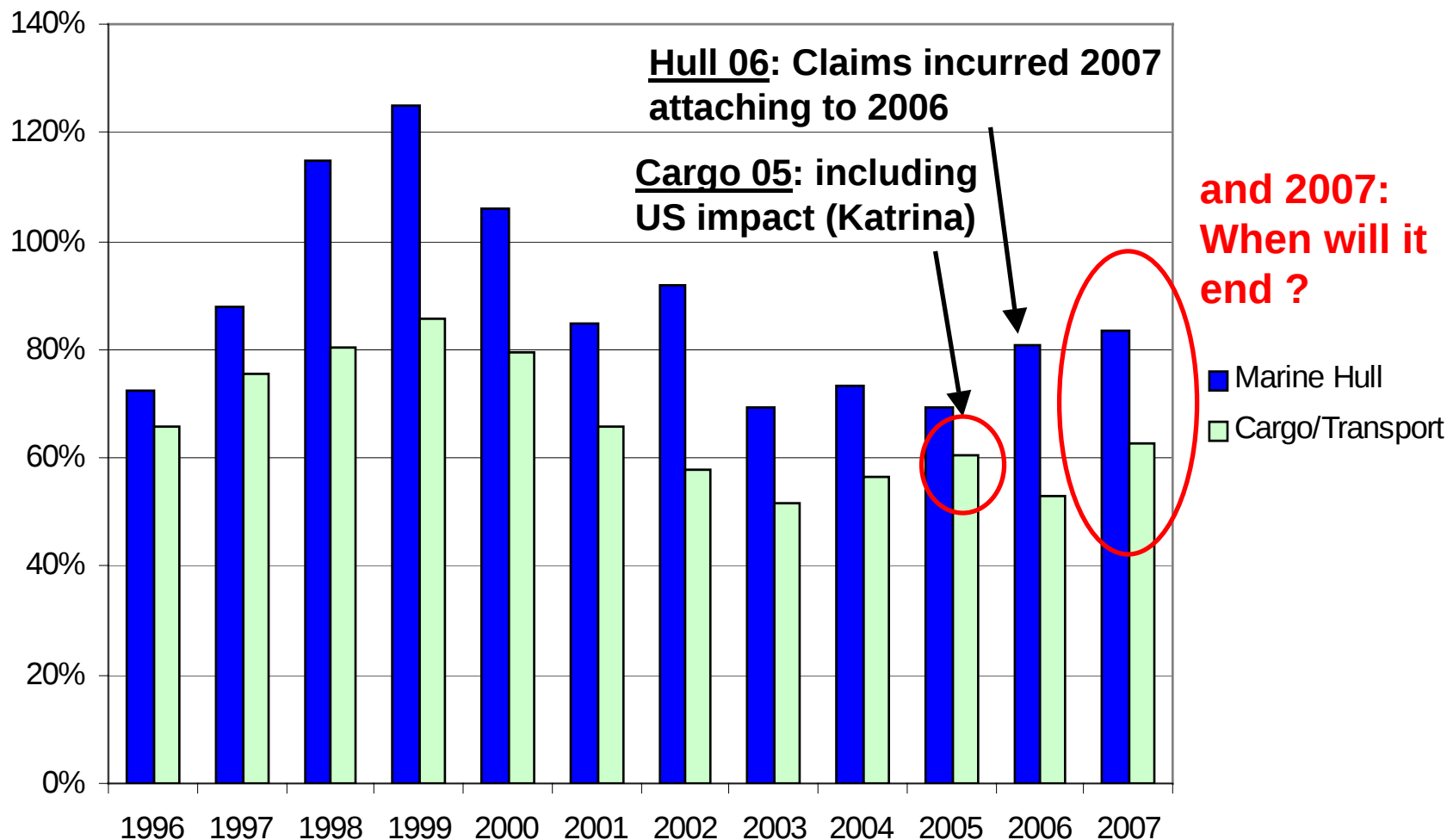
U/W Year 1996 to 2006



Marine Hull and Cargo/Transport

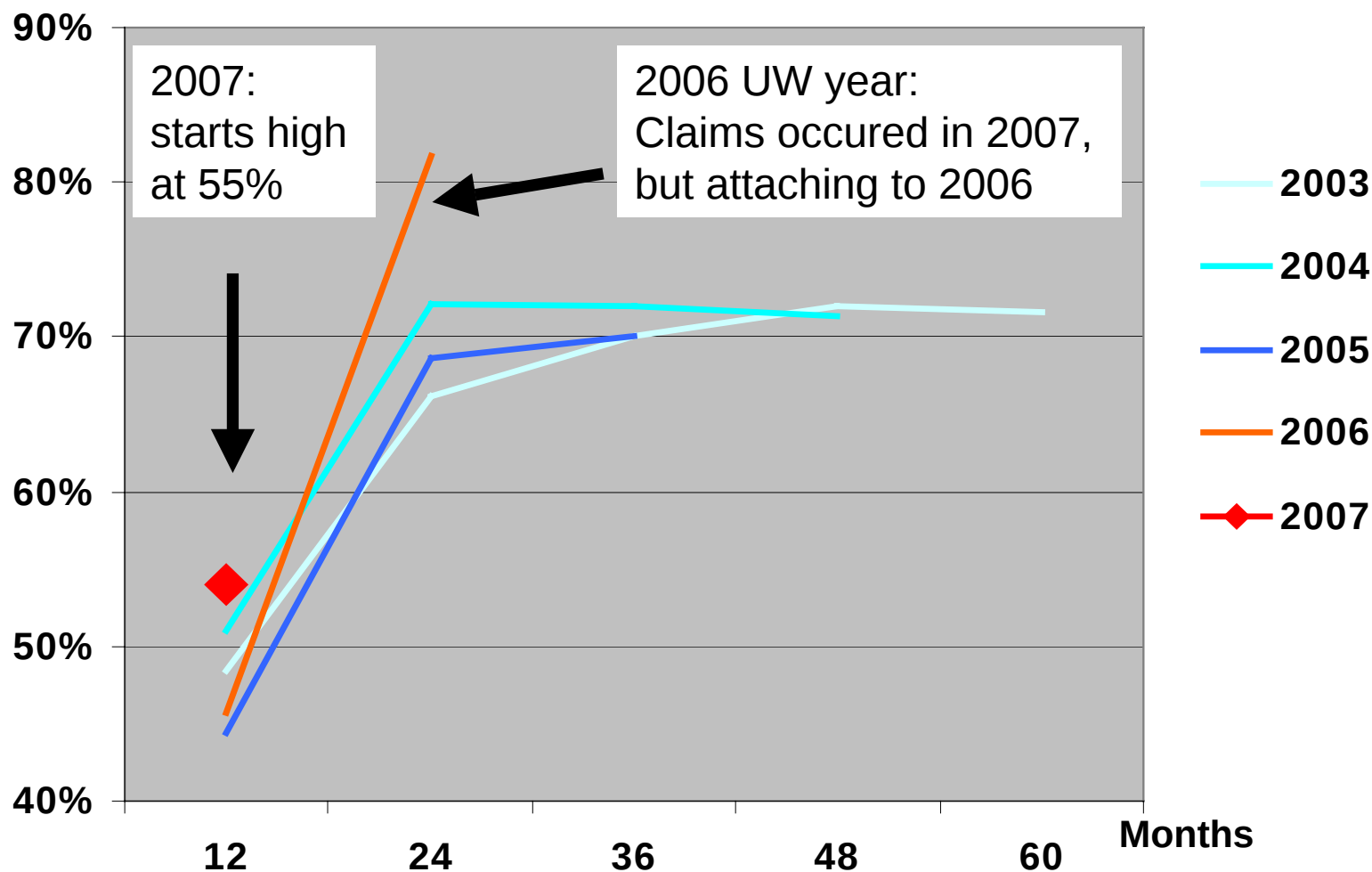
Gross Ultimate Loss Ratio – as of 2008

U/W Year 1996 to 2007



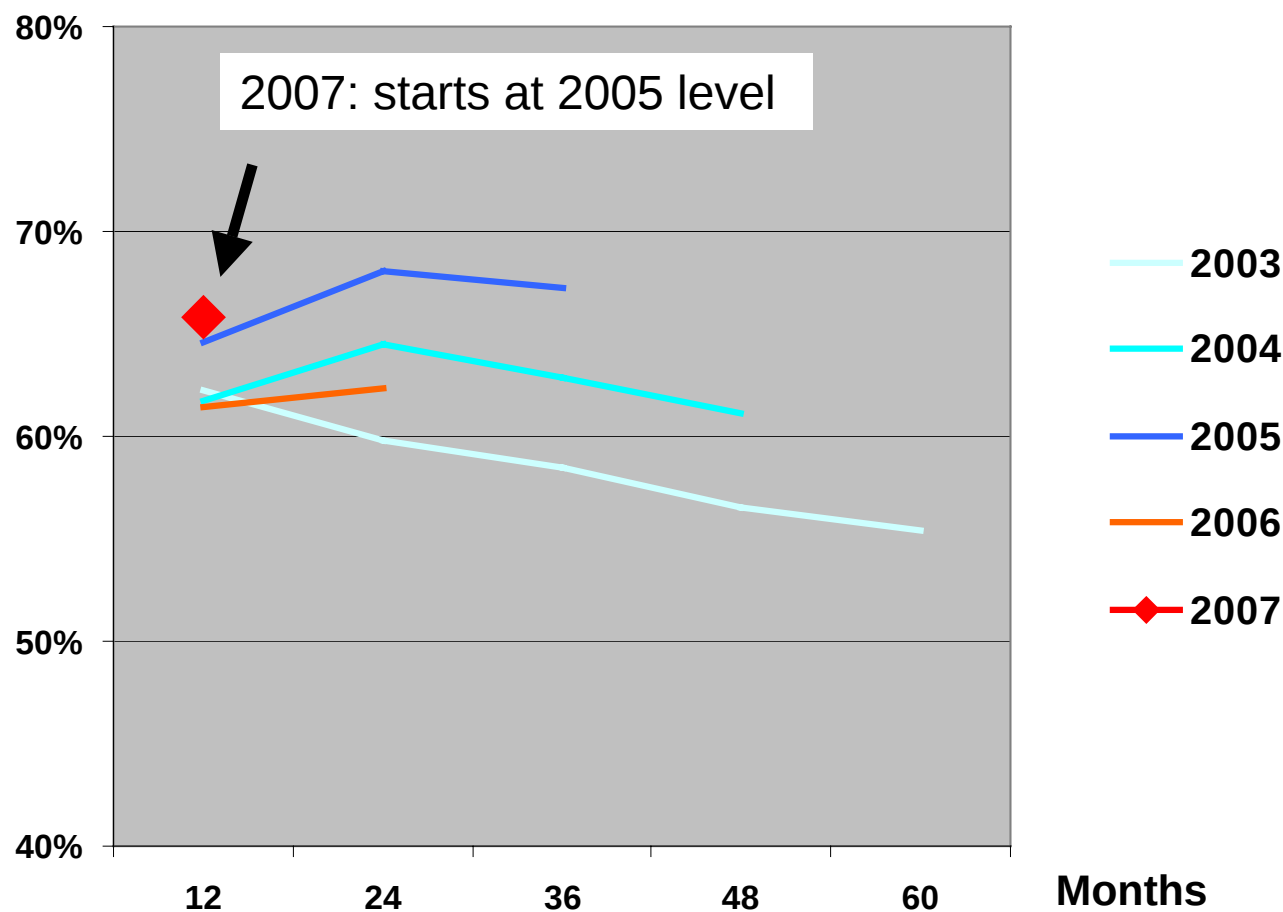
Hull **Gross** Loss Ratio (Paid+Outst. Claims / Gross Premiums)

by UW year, as reported at 12, 14, 36, 48 and 60 months



Cargo **Gross** Loss Ratio (Paid+Outst. Claims / Gross Premiums)

by UW year, as reported at 12, 14, 36, 48 and 60 months



Cargo claims reserved sufficiently at an early stage.

Initial claims reserves include recoveries to be expected later.

Usually uw year results improve over time.

Summing up Hull

- **Marine Hull**
 - 2004, 2005:
 - Few major claims, but increase in average repair cost
 - 2006:
 - Increase in number and severity of major claims
 - Trend towards higher attritional claims cost continues
 - Strong impact on result by claims occurred in 2007, but attaching to 2006
 - 2007:
 - Starts at high loss ratio level, expected to produce a technical loss again.
 - Premium increases do not sufficiently balance cost inflation.

Summing up Transport/Cargo

- **Transport/Cargo**

- Exposures in values increase significantly, but not reflected in premium development
- Stability in results since 2002
- 2005: slightly worse than average result, probably due to Katrina
- 2007: signs of worsening of cargo results