



IUMI International Union
of Marine Insurance

A Brief Update on IUMI Matters

by

Ole Wikborg

IUMI President



IUMI International Union
of Marine Insurance

IUMI

- International Union of Marine Insurance
- Established 1874
- 55 national members
- Core competencies
 - Statistics
 - Education
 - Influence / lobbying
 - Commercial sustainability



IUMI International Union
of Marine Insurance

IUMI

- Annual conference
- Presence at IMO
- Affiliates



IUMI International Union
of Marine Insurance

IUMI

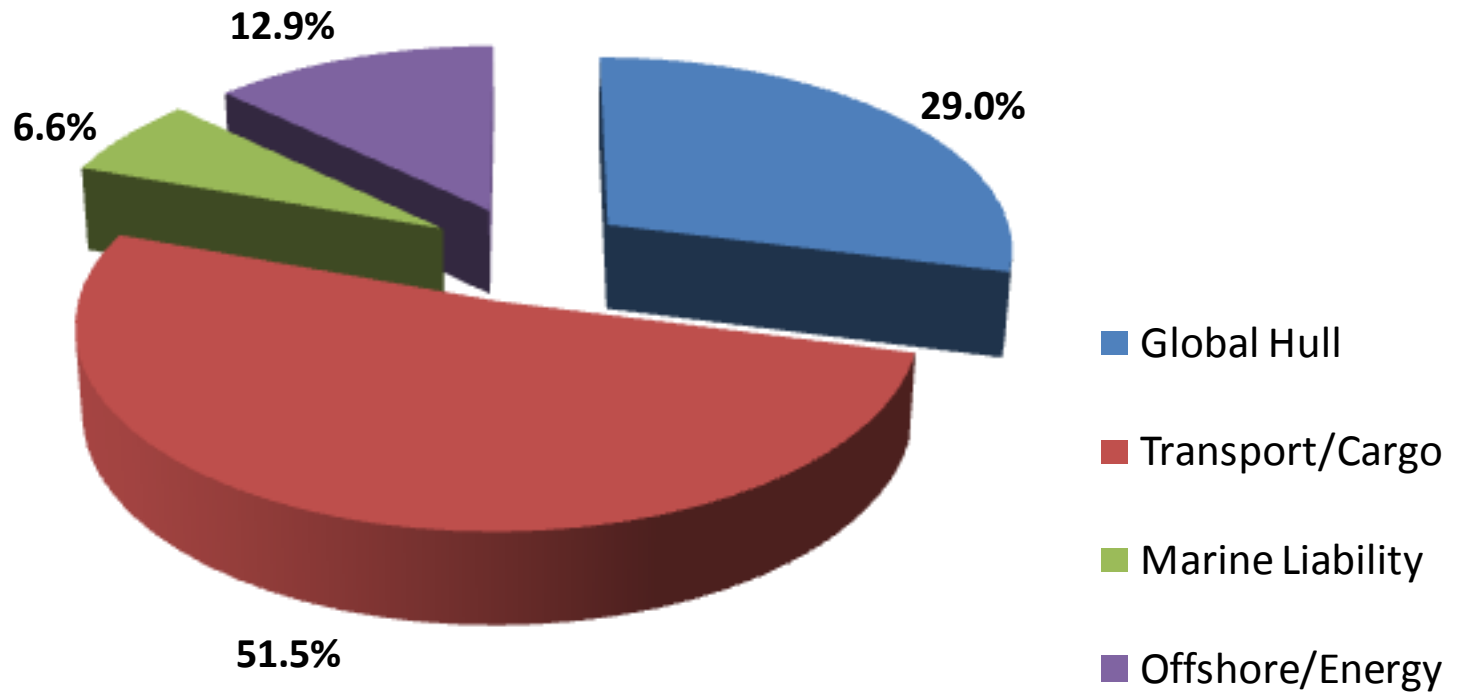
- Executive Committee / Technical Committees:
 - Legal & Liability
 - Loss Prevention
 - Ocean Hull
 - Cargo
 - Offshore & Energy
 - Fishing, Yacht & Inland marine



IUMI International Union
of Marine Insurance

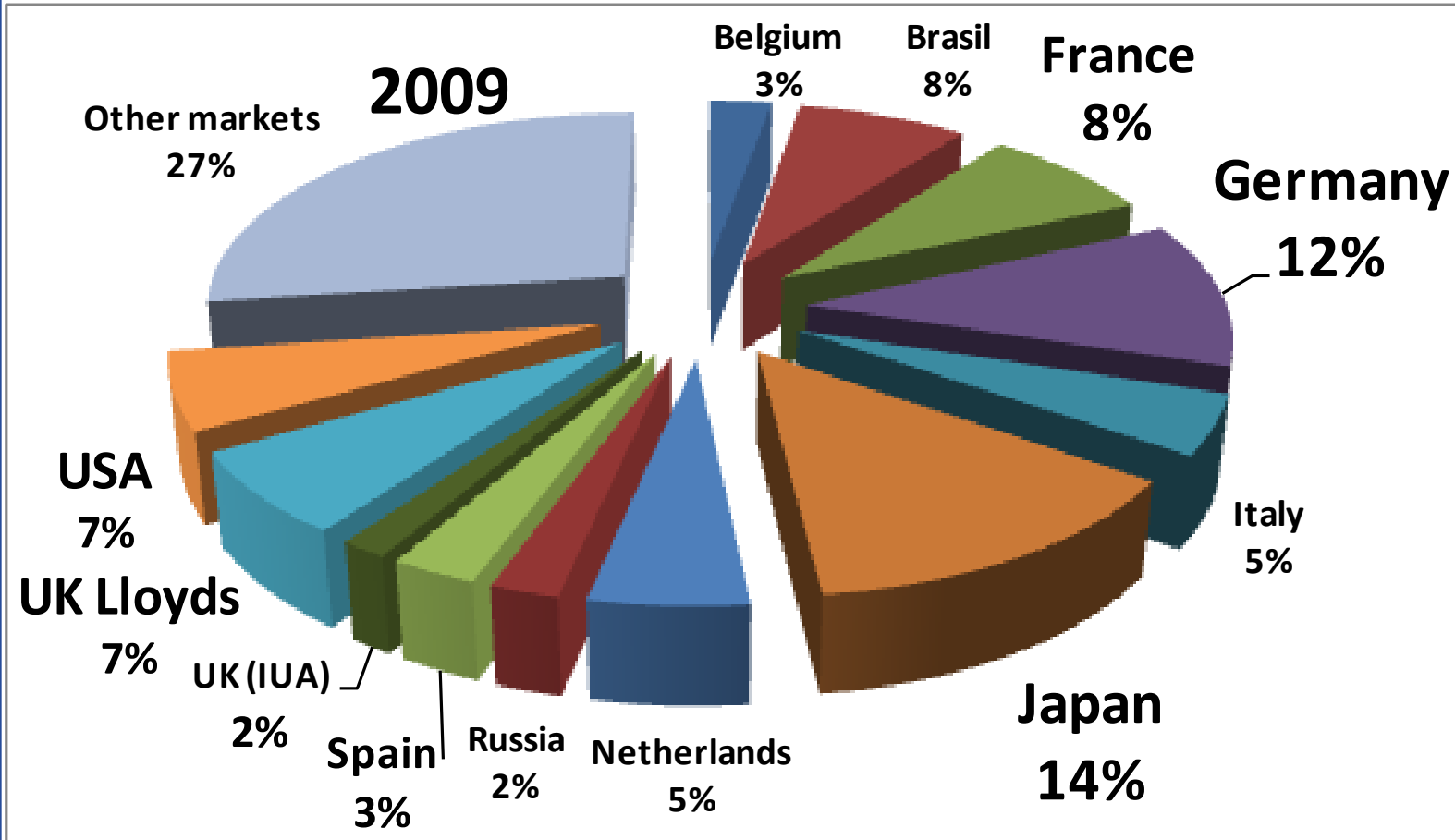
Global Marine Premium

2009





Cargo

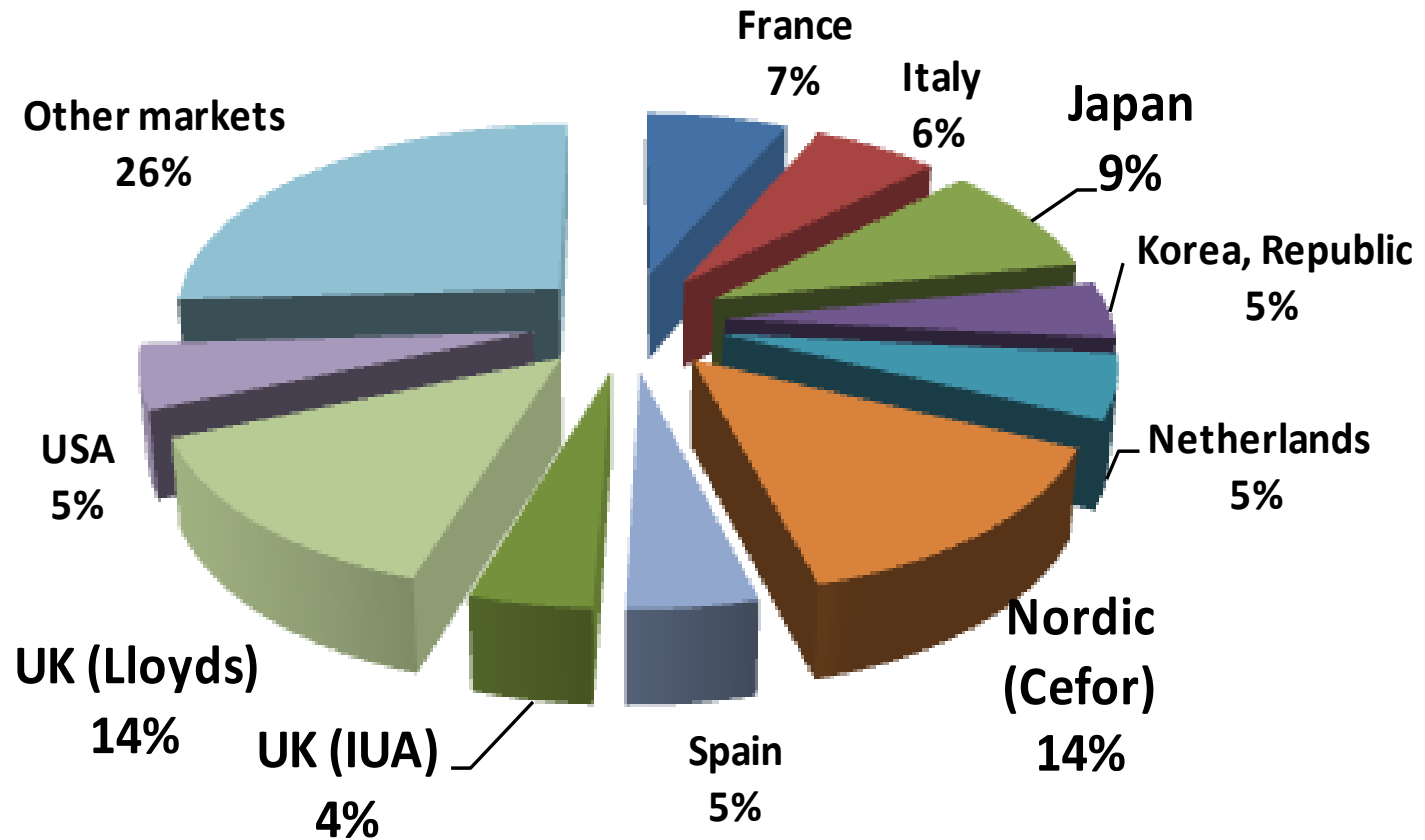




Hull & Machinery

IUMI International Union
of Marine Insurance

2009

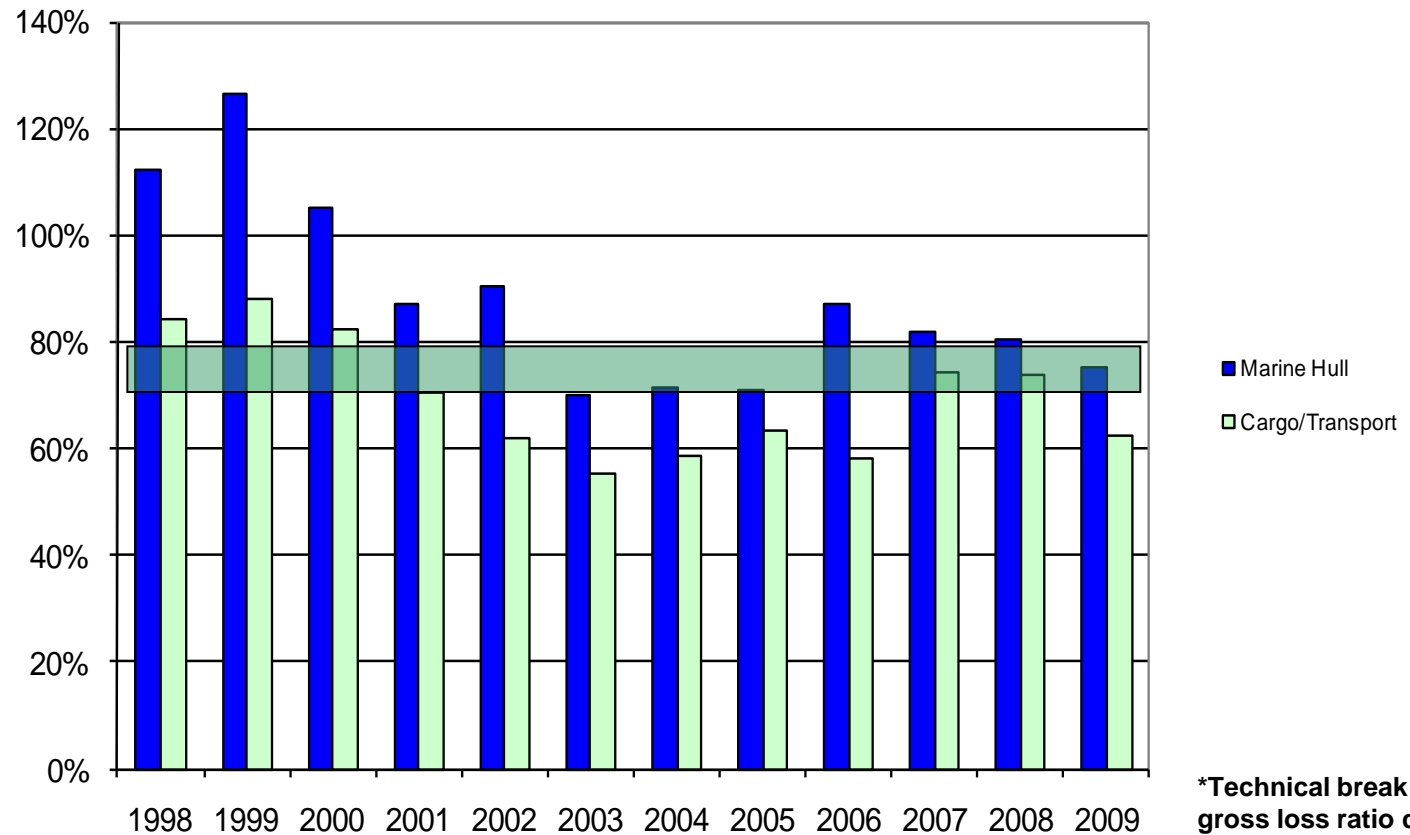




Gross* Loss Ratios

1998 - 2009

IUMI International Union
of Marine Insurance



***Technical break even:
gross loss ratio does not
exceed 100% minus the
expense ratio (usually
20%-30% acquisition
cost, capital cost,
management expenses)**



Summing up H&M

- **Frame conditions** – **swing in various directions:** steel prices / repair yard capacity / exchange rates / world trade / commodity prices / vessels in lay-up
- Changes influence both **income** (vessel values) and **cost** (claim frequency and repair cost)
- **Repair cost** and **claims frequency** increased until 2008. In 2009 signs of returning to more "normal" levels. Too early to tell, strongly depending on further development of frame conditions / price-driving factors in an unstable economical and trade environment
- Strong **major claims impact** in 2006/07, improvement in 2008/09, but **major claims may occur at any time**



Summing up H&M

- **Hull technically at loss for 14 consecutive years**

So not *everything* is changing after all...

- **Future Global Hull Market result depends on**
- Better understanding of dependencies between macroeconomic parameters and repair cost
- Improved models to estimate expected claim cost (= risk premium)
- Trade / Fleet development
- Market discipline / capacity
- *and as always*: the impact of major claims



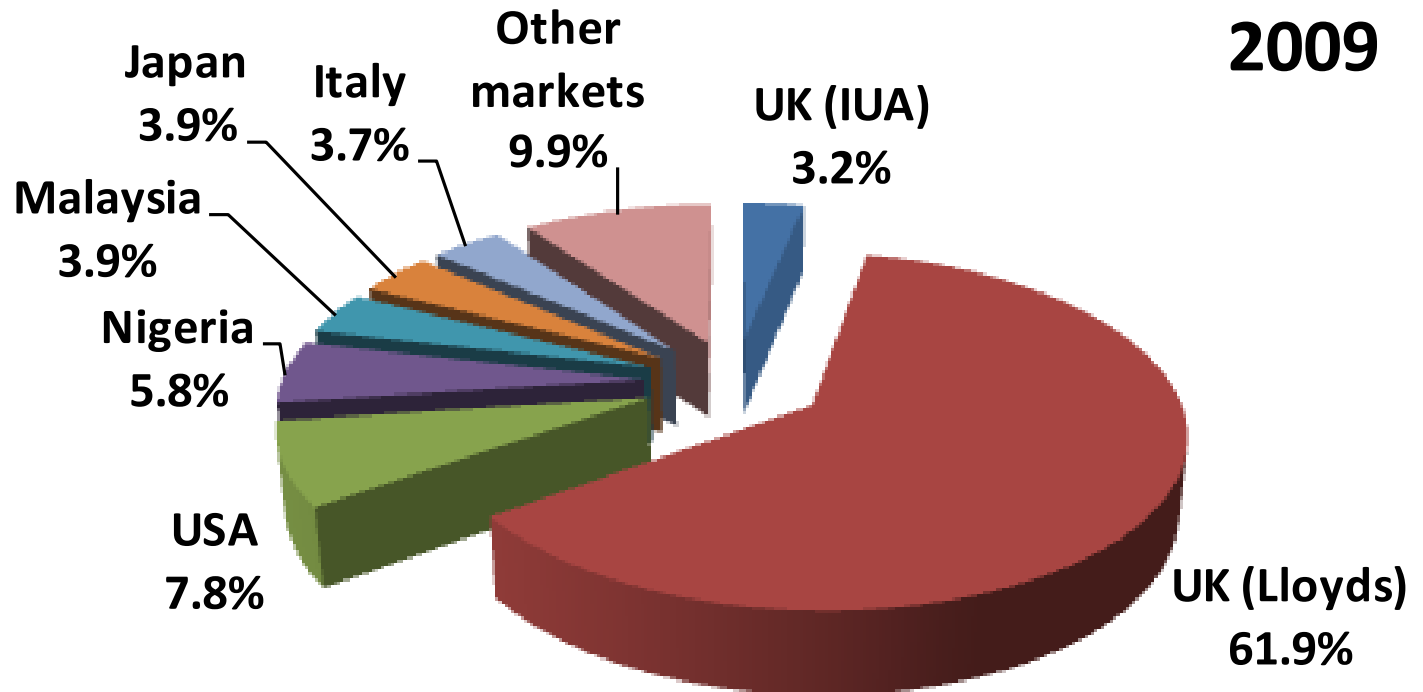
Summing up Cargo

- From 2008 **reduction in insured values**, with respective effect on cargo income
- Strong **upwards adjustment of 2007/2008 claims reserves**. If claims reserves prove to be correct, the result is a **technical loss for the first time since 2000**
- Uncertainties as to the profitability of 2009
- The future: **Claim amounts unlikely to decrease** because of increased risk of accumulation, moral hazard and theft frequency



Offshore Energy

IUMI International Union
of Marine Insurance





Summing up Offshore

- **Volatile** business, results depend strongly on hurricane impact, but trend towards self-insurance in Gulf of Mexico. No hurricanes do not mean no losses
- Rates, terms and conditions improved after 2000, following increased hurricane activity in Gulf of Mexico
- **Long time lag** between accident and claim payment due to technical complexity of claims / insured objects
- **No regular claims patterns:** claim reserves are individually assessed
- **Deepwater Horizon** estimate > USD 2 billion, will make an impact on 2009 & 2010 uwr years
- 2009: **more physical damage losses, less related to wind**



IUMI International Union
of Marine Insurance

IUMI focus 2010

Common Theme
2010 Conference in Zürich:

Marine Insurance –
Meeting the Challenges of the New
Decade



Issues discussed

- Economic growth and changes in customer behaviours (incl shipping)
- Claims inflation
- Developments in machinery technology – e.g. the effect of slow steaming / low sulphur
- Transnational crime
- Iraq - Rebuilding the economy
- Marco Polo – An initiative to increase transport by sea



Issues discussed

- Ultra-large container vessels
- Deepwater drilling and well control
- Accuararians vs. underwriters – A Rose War?
- Status of international conventions
- The liability of classification societies
- International sanctions
- Containers: flexibags



Issues discussed

- Loading of "Flowing Mud" – wet ore fines
- Paris MoU – new regulations
- Lessons learned from MAIB investigations
- Piracy and oil spills – The US view
- On the High Seas – A global responsibility



IUMI International Union
of Marine Insurance

IUMI at IMO (and a few more issues)

- The Rotterdam Rules
- The Year of the Seafarer incl STCW
- Petition against Piracy
- Climate Change incl Low Sulphur Regulation
- Environmental Salvage
- IMO Unique Vessel Numbers
- IOPC Limitation Rules
- and more