

# IUMI



## IUMI Update

Lars Lange - IUMI Secretary General, Hamburg



IUMI  
International Union of  
Marine Insurance

**Genova**  
18-21 September 2016

## IUMI – WHAT'S THAT?

- International Union of Marine Insurance e.V., based in Hamburg
- Represents world marine (property) insurance
- 45 national member associations, far more than 90 percent of the world premium
- Core tasks:
  - Lobbying
  - Services
  - Providing network in the industry and with other maritime stakeholders
  - Representing the industry's views and opinions

*„IUMI - at the forefront of marine risk“*



# AGENDA

1. Statistics
2. A few topics
3. Education
4. IUMI Business



# AGENDA

- 1. Statistics**
2. A few topics
3. Education
4. IUMI Business

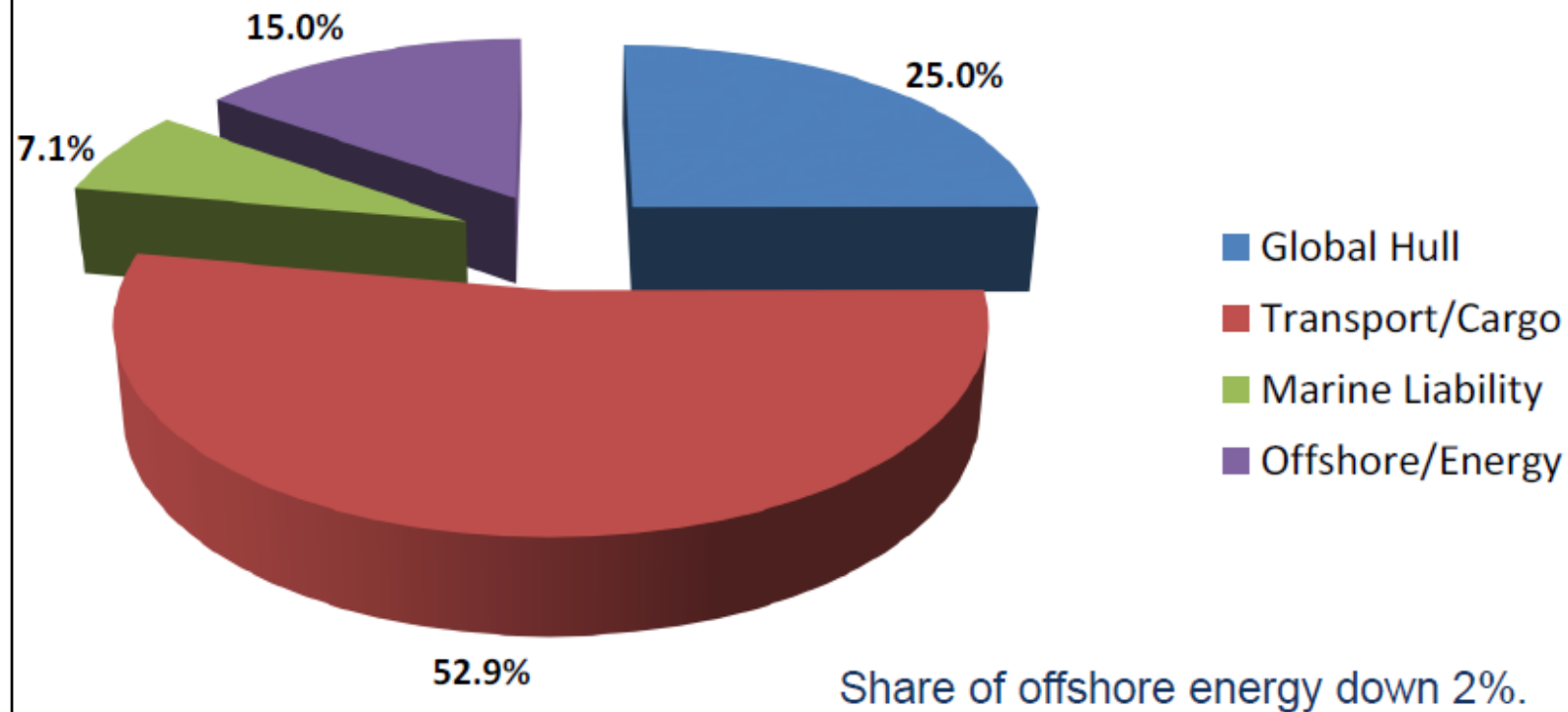


# MARINE PREMIUM 2015

## BY LINE OF BUSINESS

Total: 29.9 USD billion / Change 2014 to 2015: -10.5%

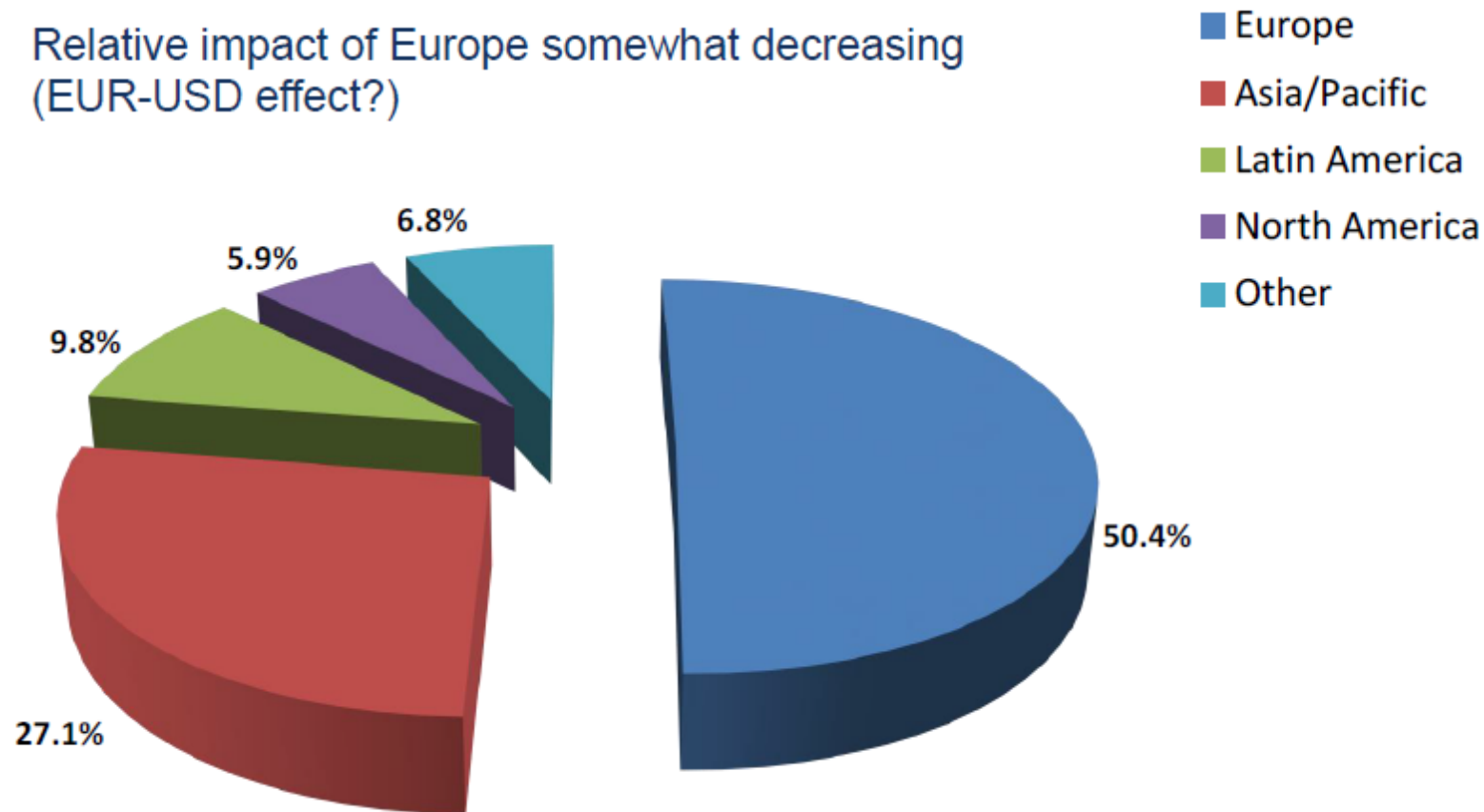
NB: Strong USD «reduces» premium in USD as compared to local currency!



# MARINE PREMIUM 2015

## BY REGION

Relative impact of Europe somewhat decreasing  
(EUR-USD effect?)



Total: 29.9 USD billion

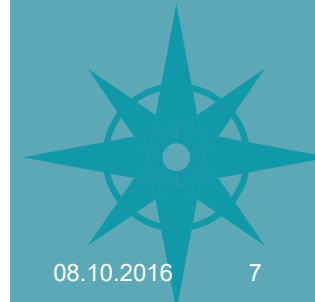
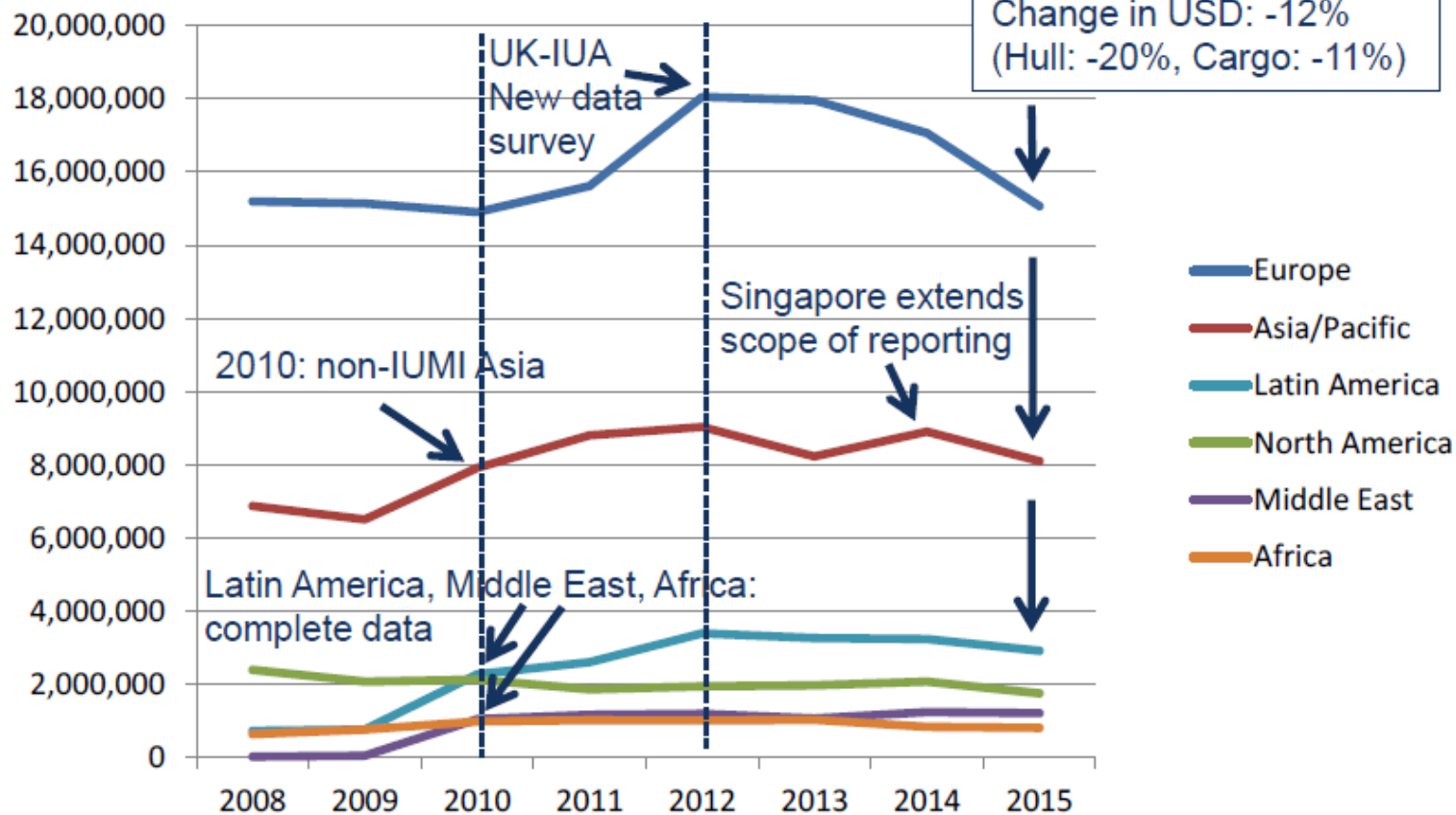


# MARINE PREMIUM 2008-2015

DATA AS REPORTED AS OF 2016

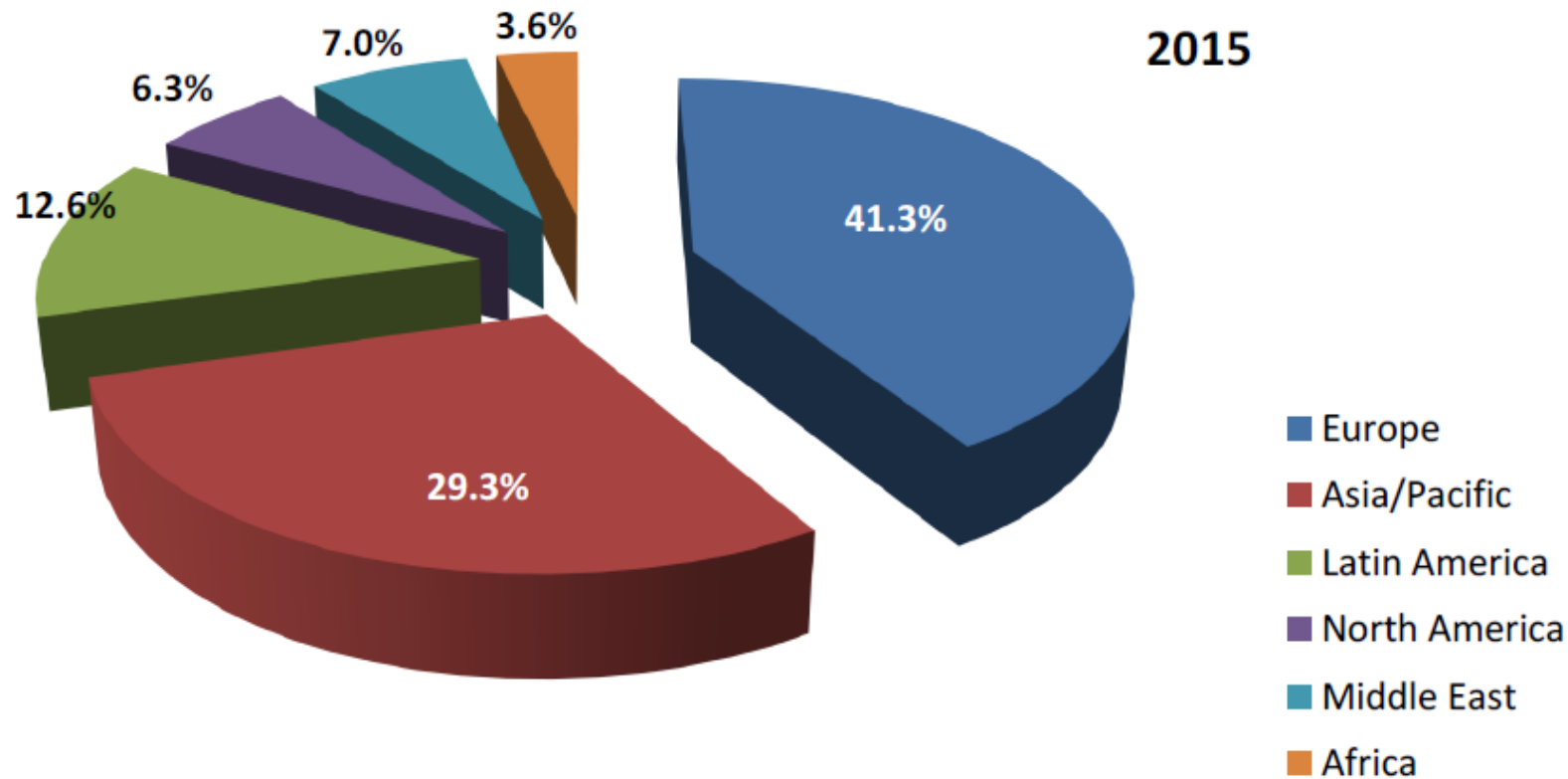
2014: 33.4 USD bill. / 2015: 29.9 USD bill.  
Strong USD «reduces» income in most currencies!

**Currency effect – Example Germany**  
Real change: -2%  
(Hull: -12%, Cargo: 0%)  
Change in USD: -12%  
(Hull: -20%, Cargo: -11%)



# CARGO PREMIUM 2015 - BY REGION

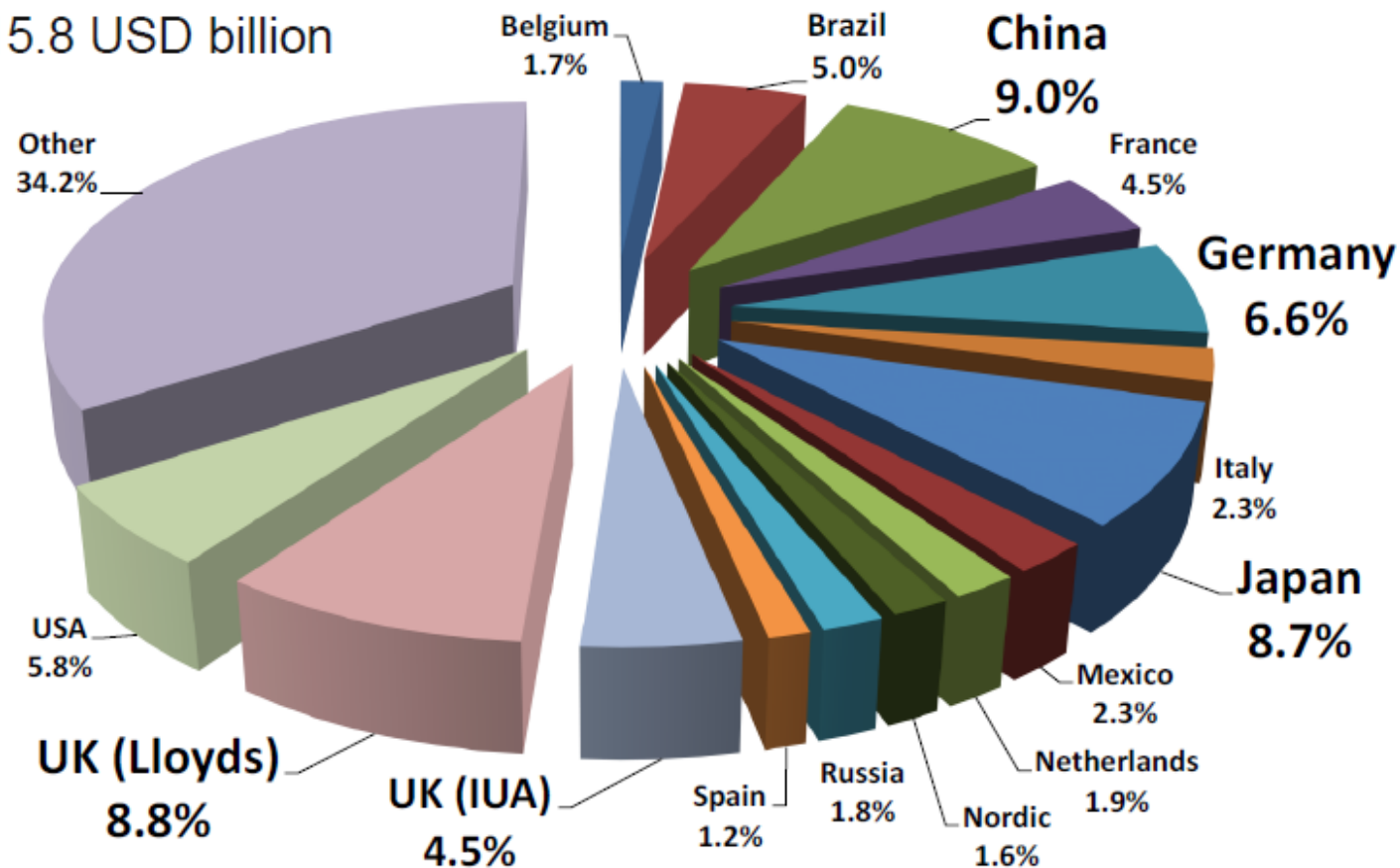
Total: 15.8 USD billion / Change 2014 to 2015: -9.1%  
Reduction partly due to strong USD.





# CARGO PREMIUM 2015 - BY MARKETS

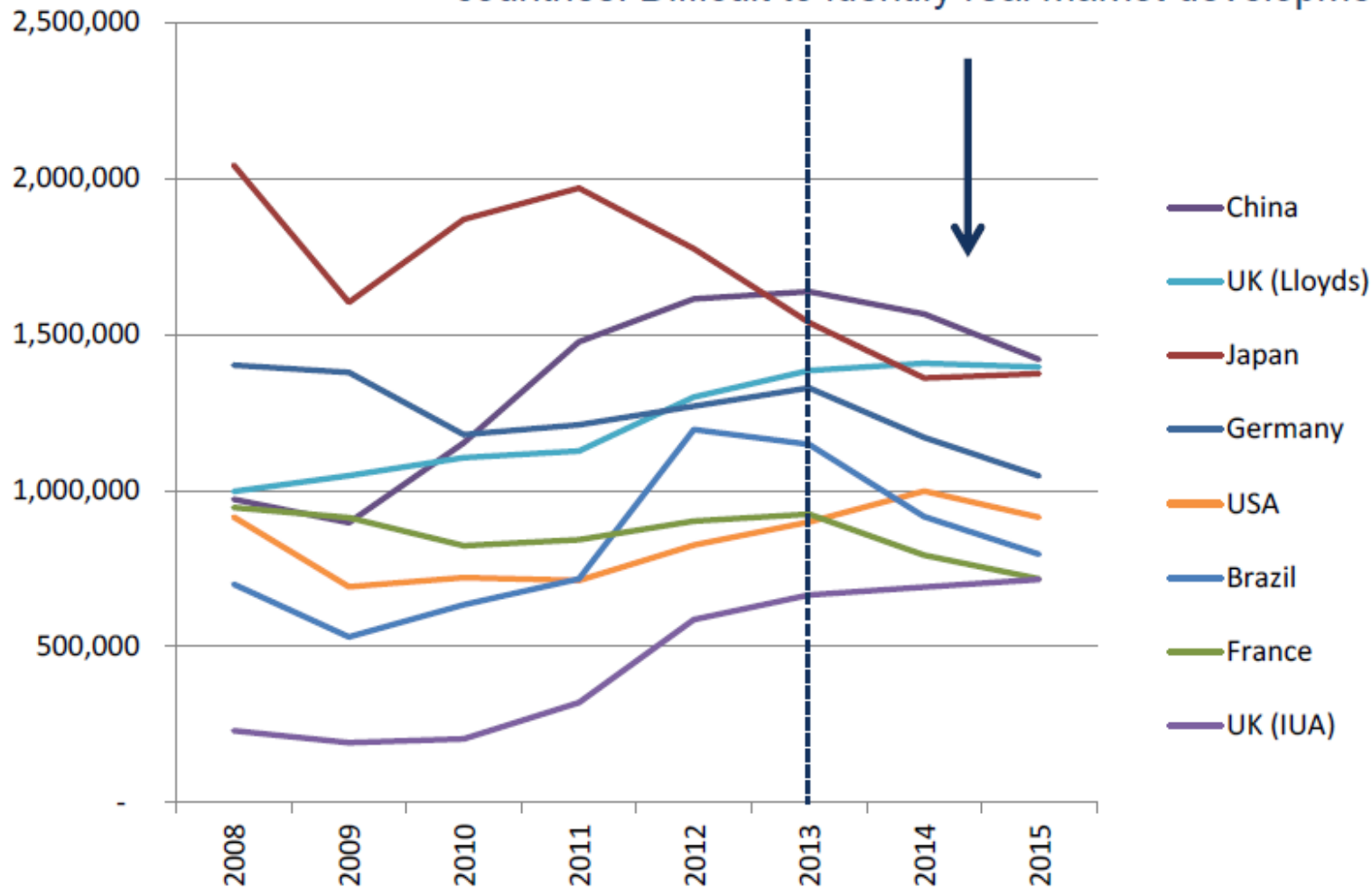
Total: 15.8 USD billion



# CARGO PREMIUM 2008-2015

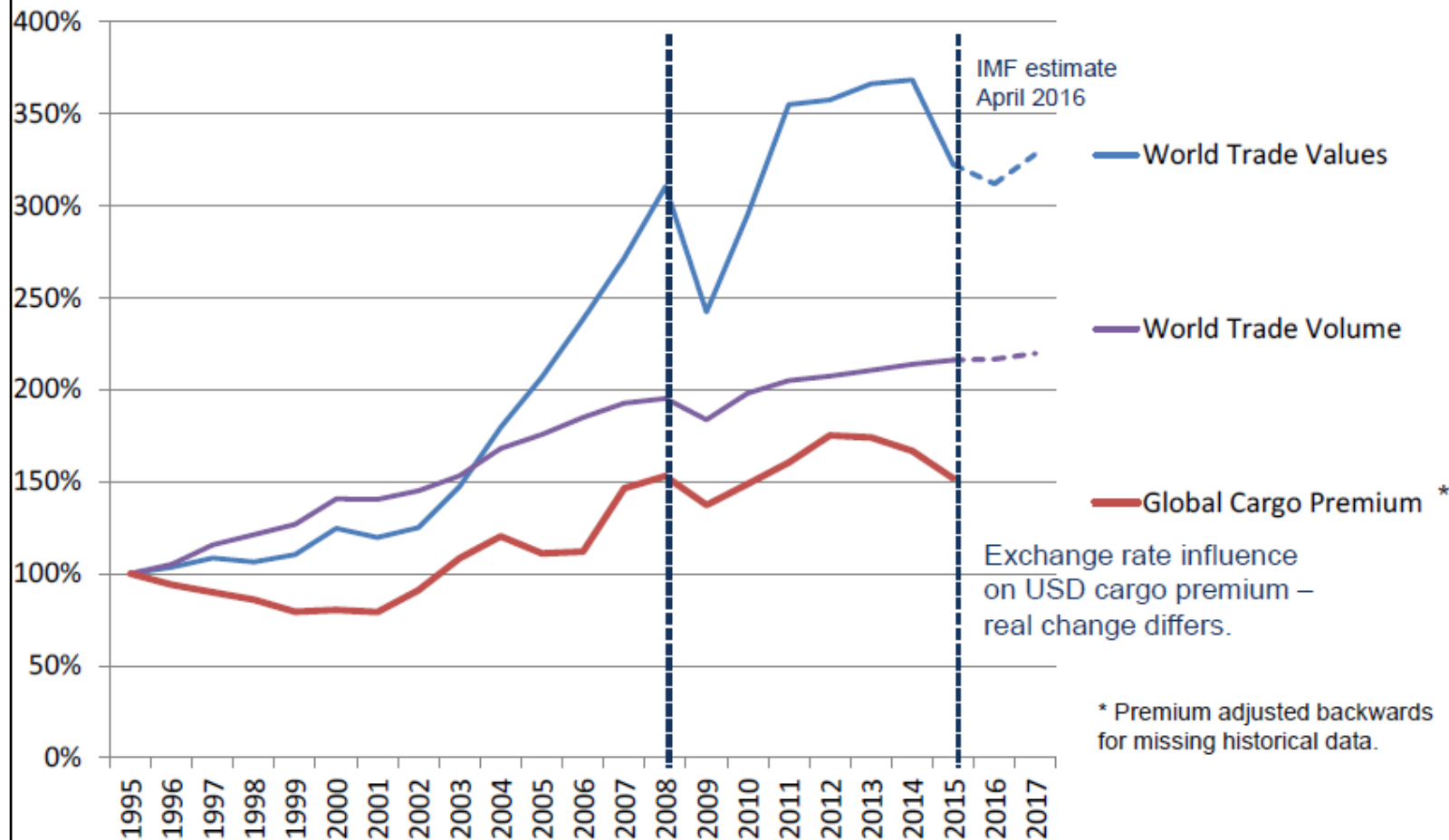
## SELECTED MARKETS

2014/15: strong USD «reduces» income of most countries. Difficult to identify real market development.



# CARGO PREMIUM / WORLD TRADE VALUES & EXPORTS

Index of evolution, 1995=100%

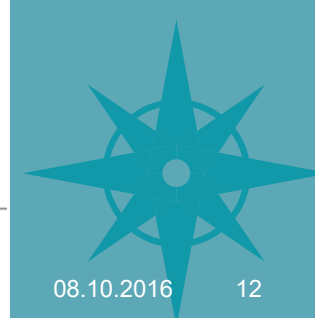
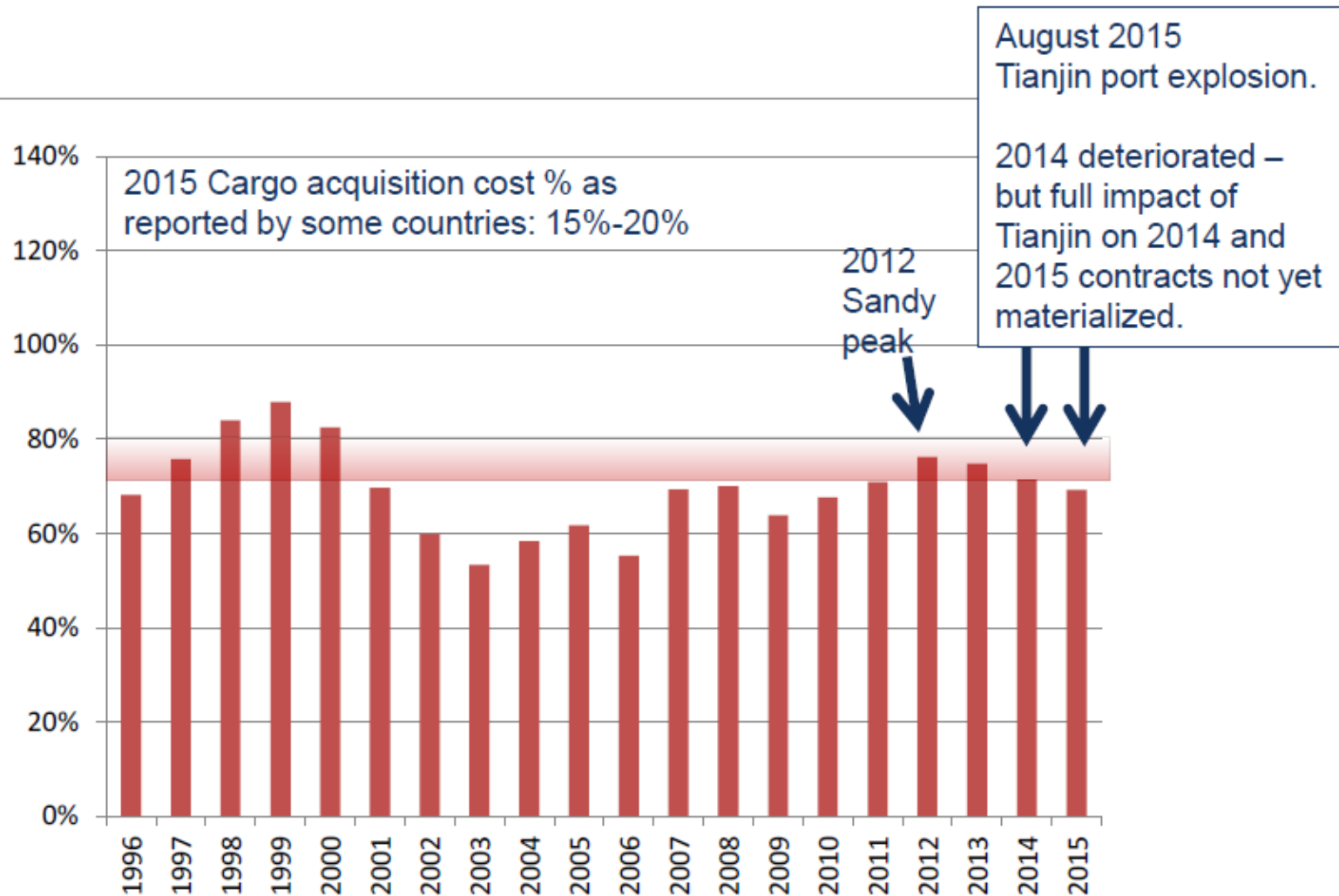


Source: World trade volume & values: IMF World Economic Outlook, April 2016



# CARGO – ULTIMATE\* LOSS RATIOS

EUROPE/USA\*\*, UNDERWRITING YEARS 1996 TO 2015

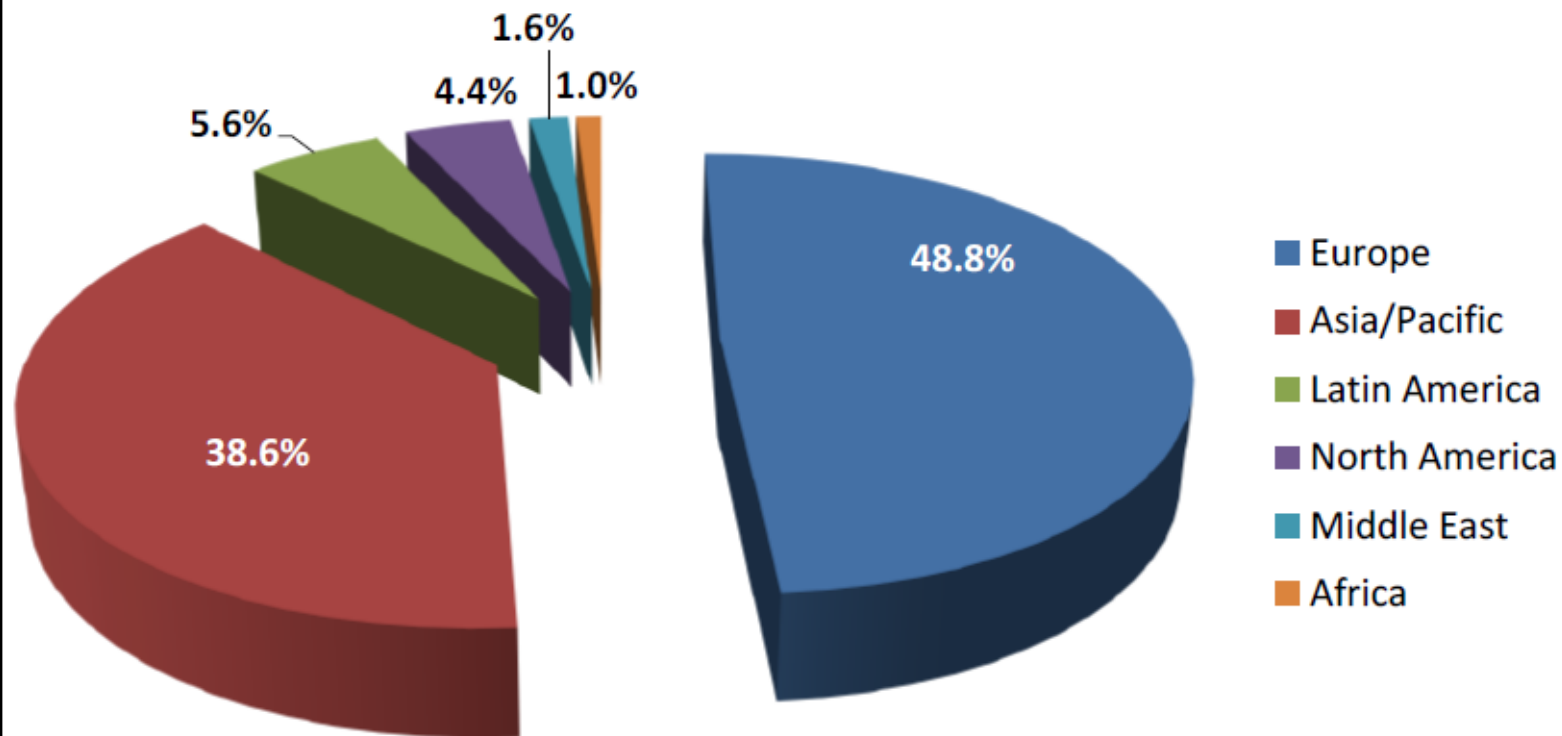


\* Technical break even: gross loss ratio does not exceed 100% minus the expense ratio (acquisition cost, capital cost, management expenses)

\*\* Data: Belgium, France, Germany, Netherlands, Italy, Spain (until 2007), UK, USA

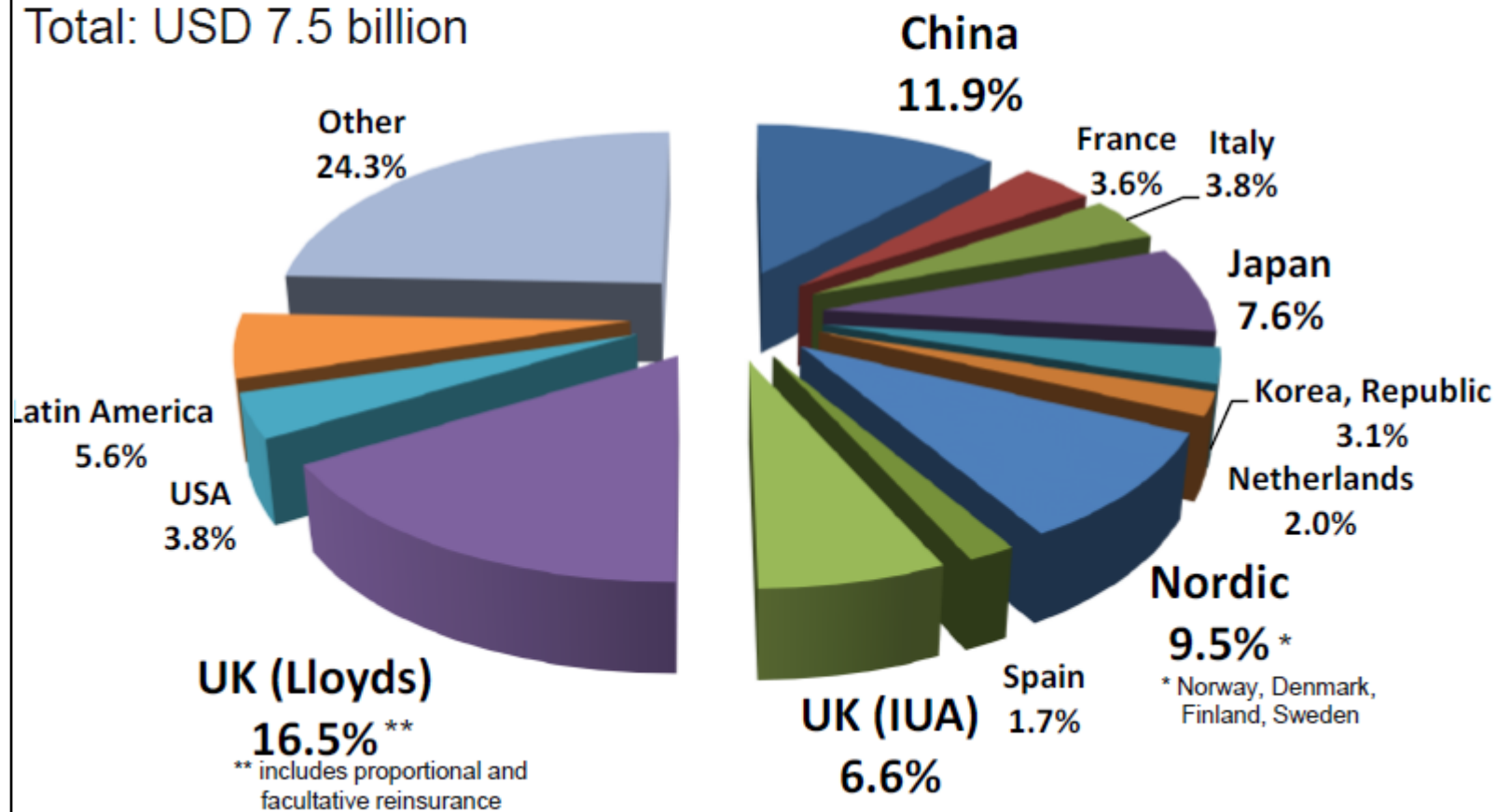
# HULL PREMIUM 2015 – BY REGION

Total: 7.5 USD billion / Change 2014 to 2015: -8.4%



# HULL PREMIUM 2015 – BY MARKETS

Total: USD 7.5 billion

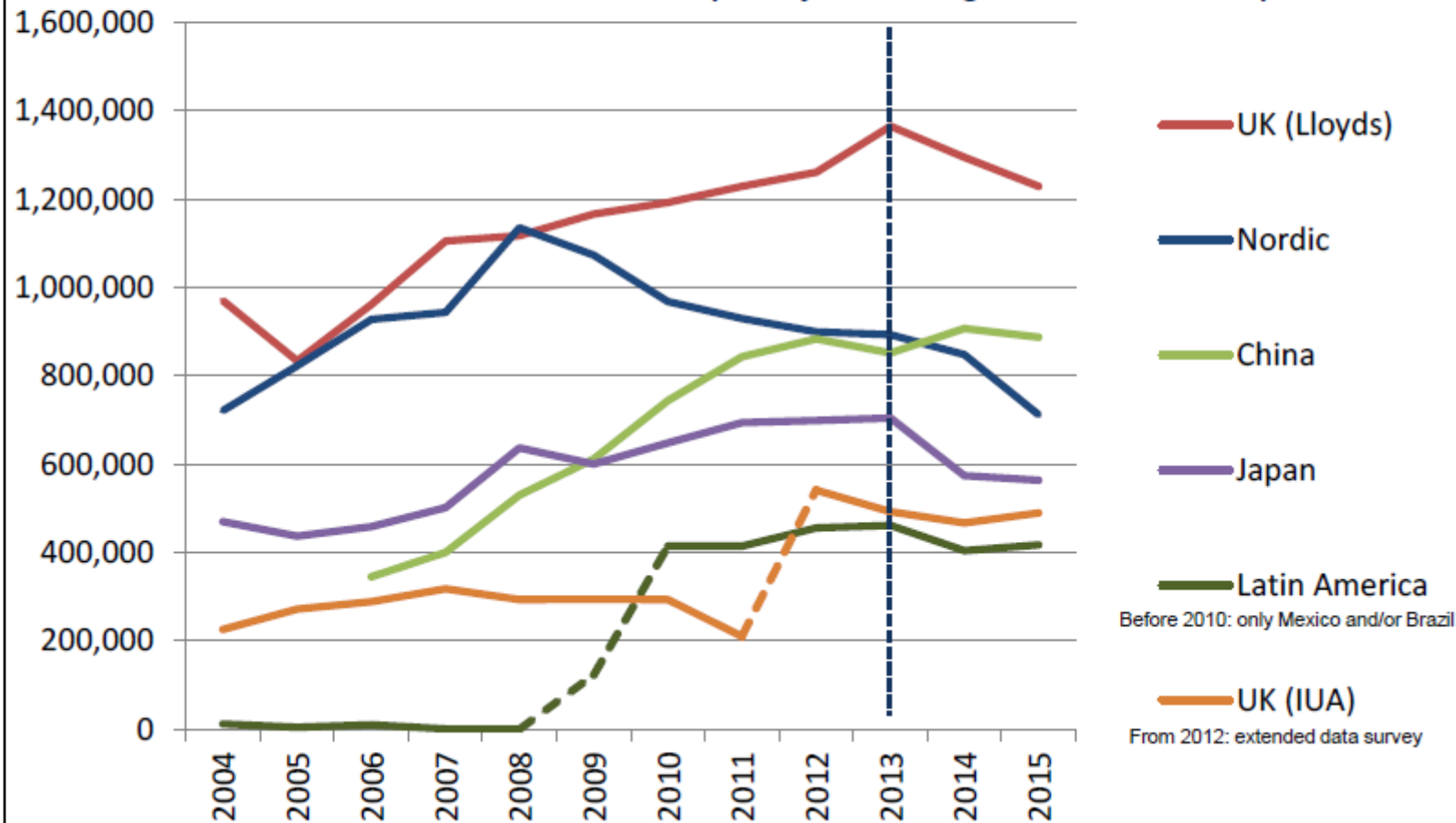


# HULL PREMIUM 2004-2015

## SELECTED MARKETS



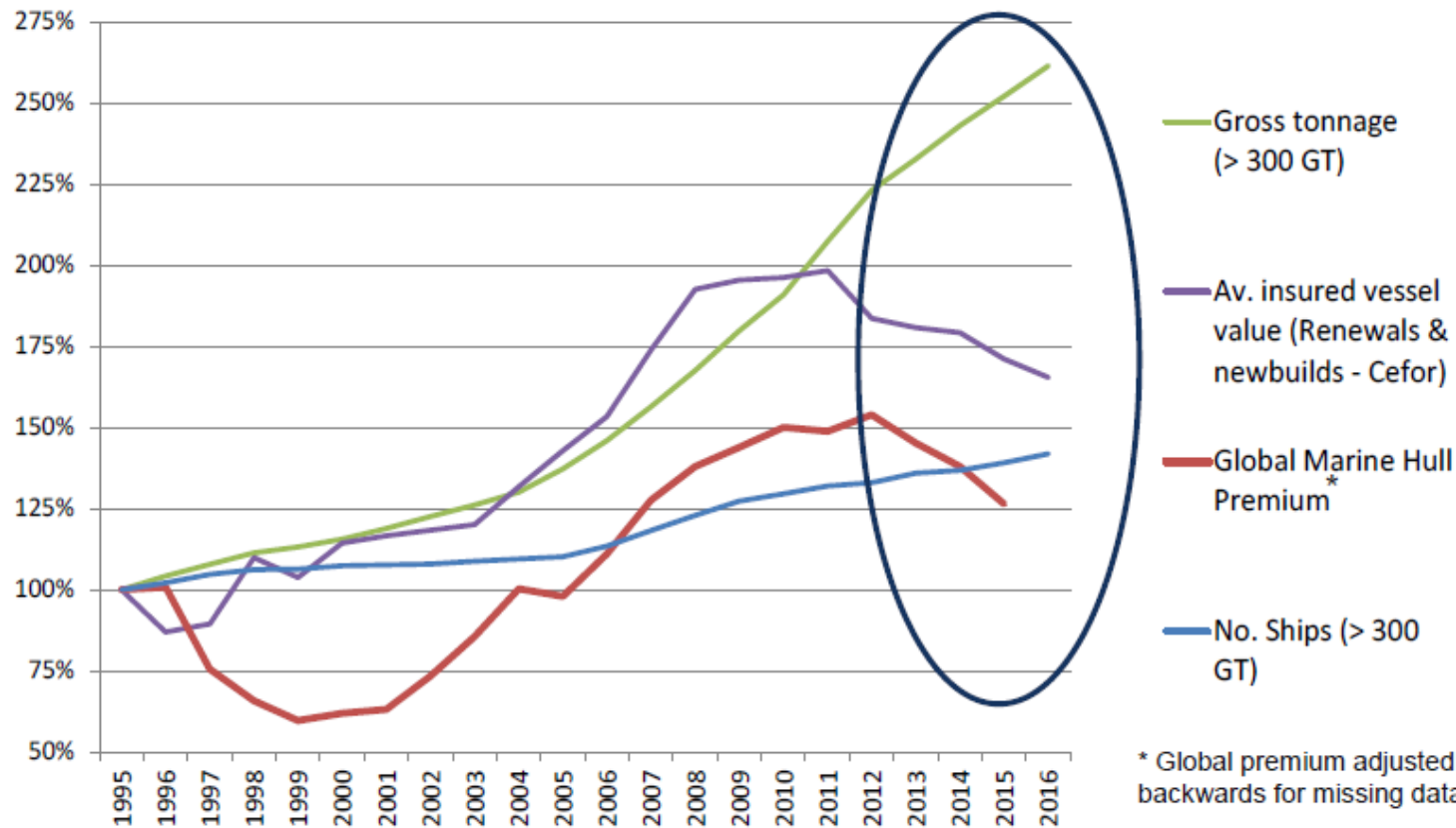
Exchange rate effects, but difficult to specify due to global nature of portfolio.



# HULL PREMIUM / WORLD FLEET

INDEX OF EVOLUTION, 1995 = 100%

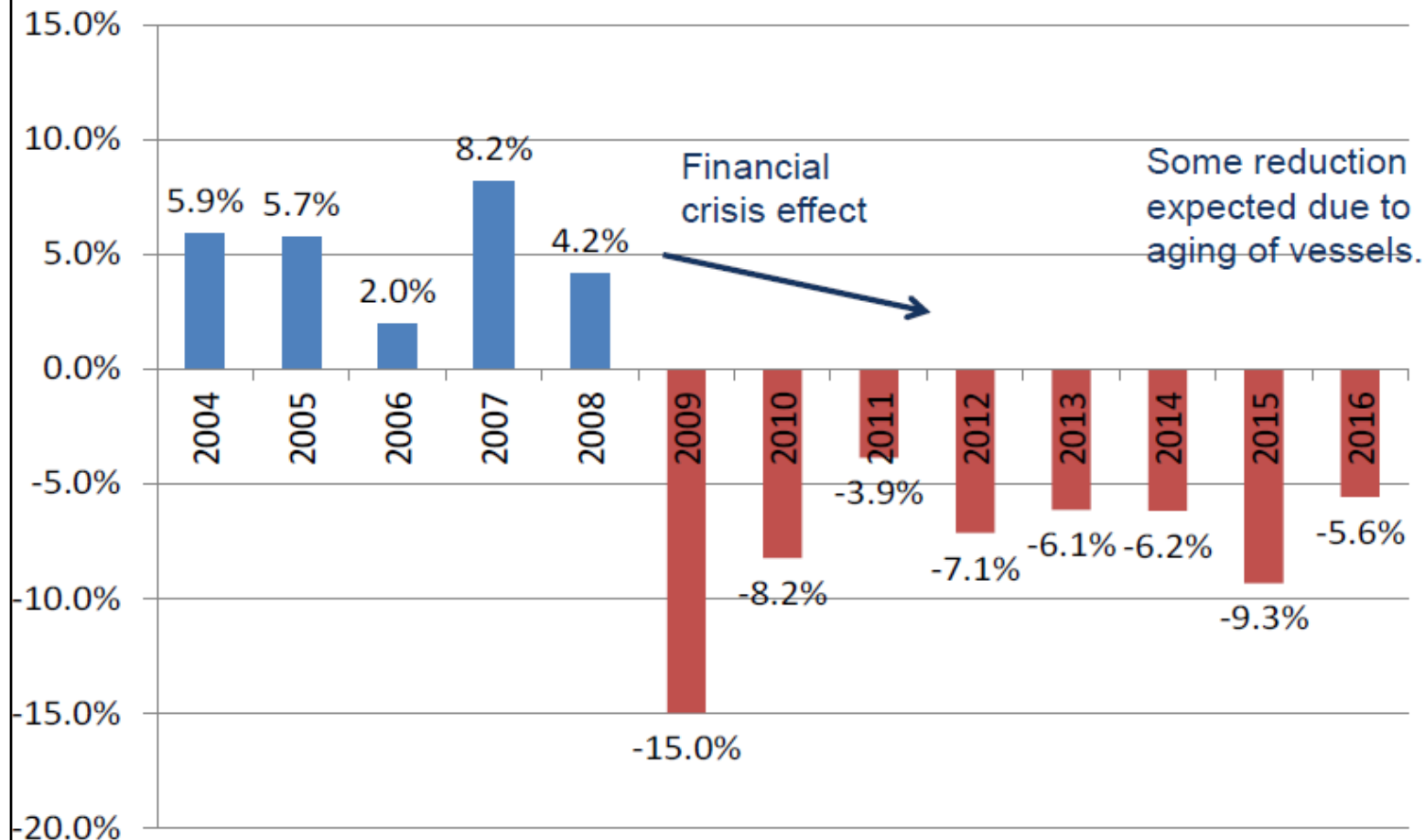
World fleet continues to grow, especially in tonnage.  
Hull premium deteriorates in line with ship values – not only exchange rates.





# CHANGE IN VALUES ON RENEWAL

= VALUE ON RENEWAL / VALUE PREVIOUS UW YEAR FOR SAME VESSELS



Source: Cefor Nordic Marine Insurance Statistics as of June 2016

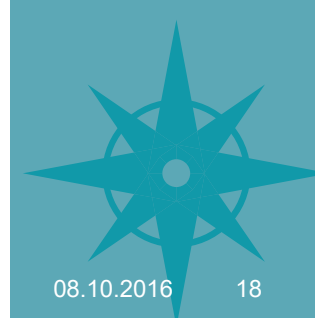
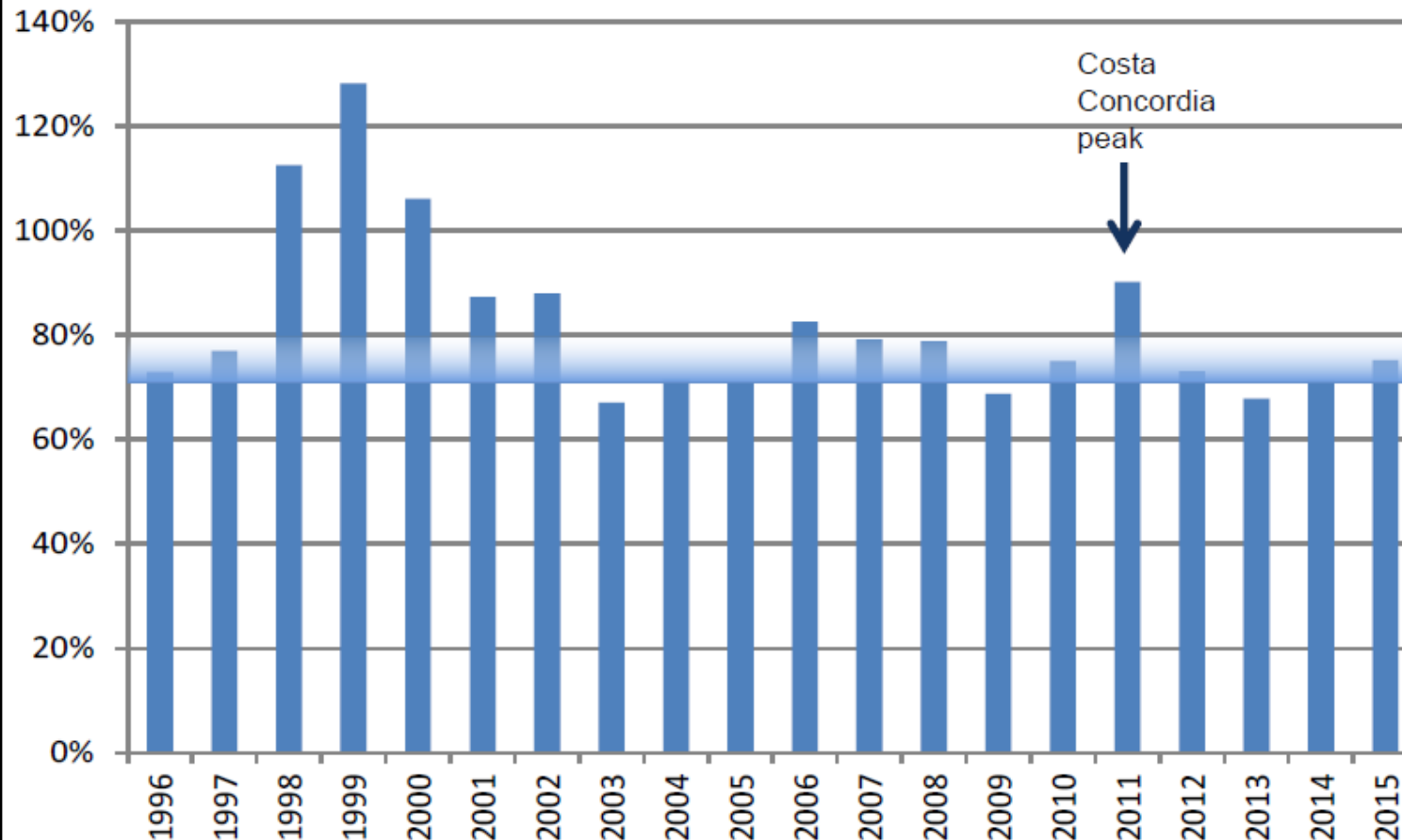


# HULL – ULTIMATE LOSS RATIOS\*

EUROPE/USA\*\*, UNDERWRITING YEARS 1996 TO 2015



2013/2014 profited by low number of major losses in 2014 – but 2014 deteriorated above average (2015 major losses).  
2015: impacted by 2015 major losses and deteriorating premiums.

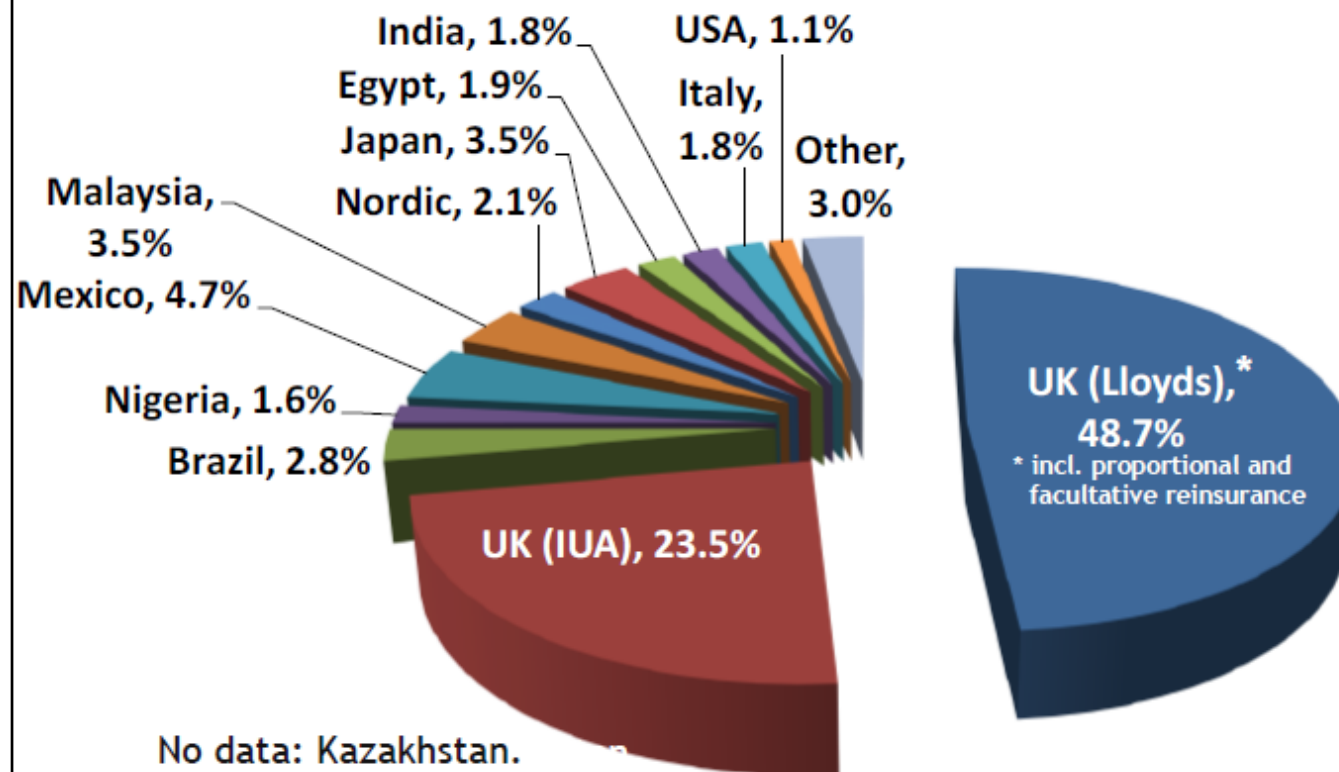


\* Technical break even: gross loss ratio does not exceed 100% minus the expense ratio (acquisition cost, capital cost, management expenses)

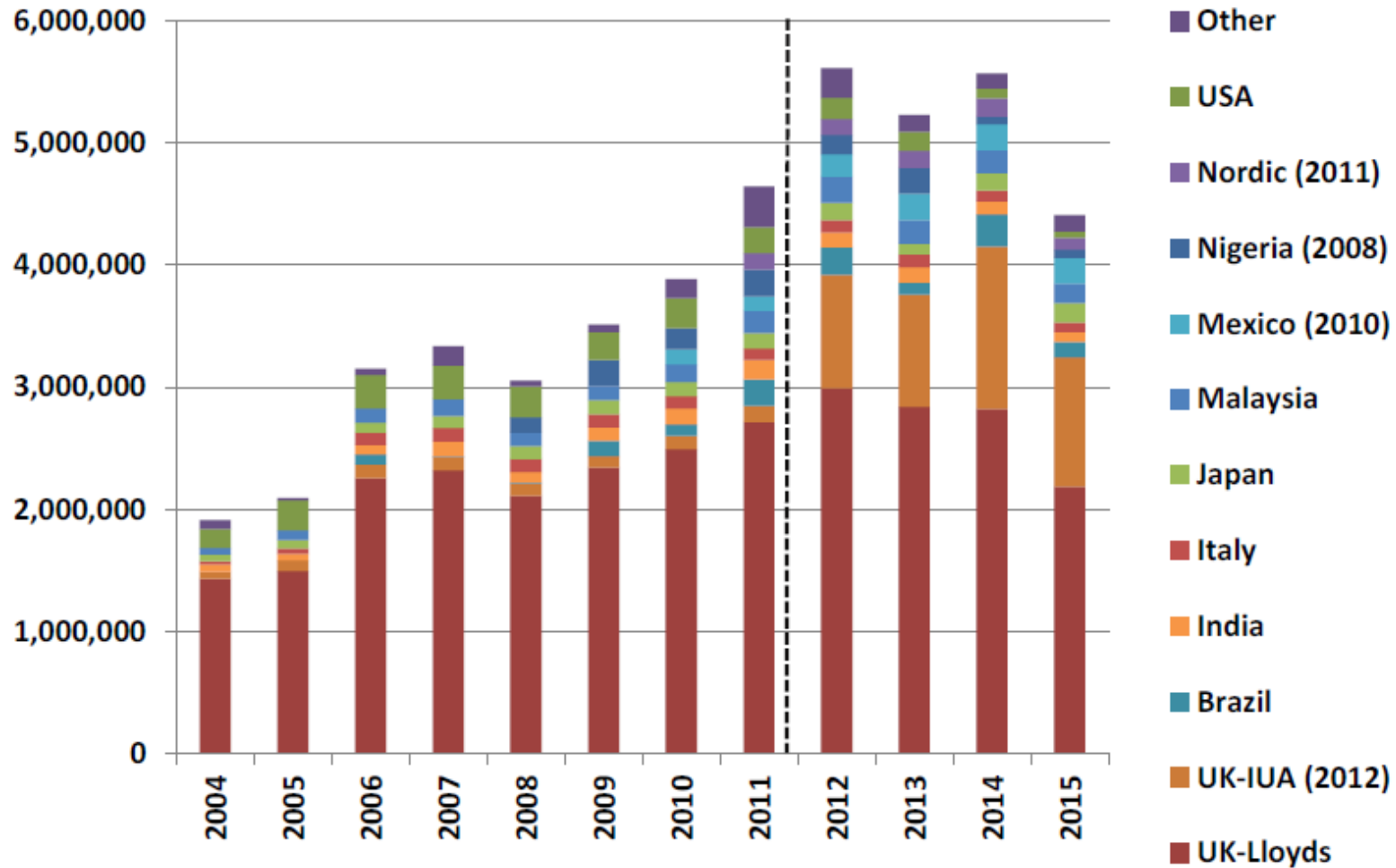
\*\* Data: Belgium, France, Germany, Italy, Spain (until 2007), UK, USA

# OFFSHORE ENERGY PREMIUM 2015

Total: 4.5 USD billion / Change 2014 to 2015: -20%!  
(major part written in USD – no big USD rate effect)



# OFFSHORE ENERGY PREMIUM 2004 – 2015



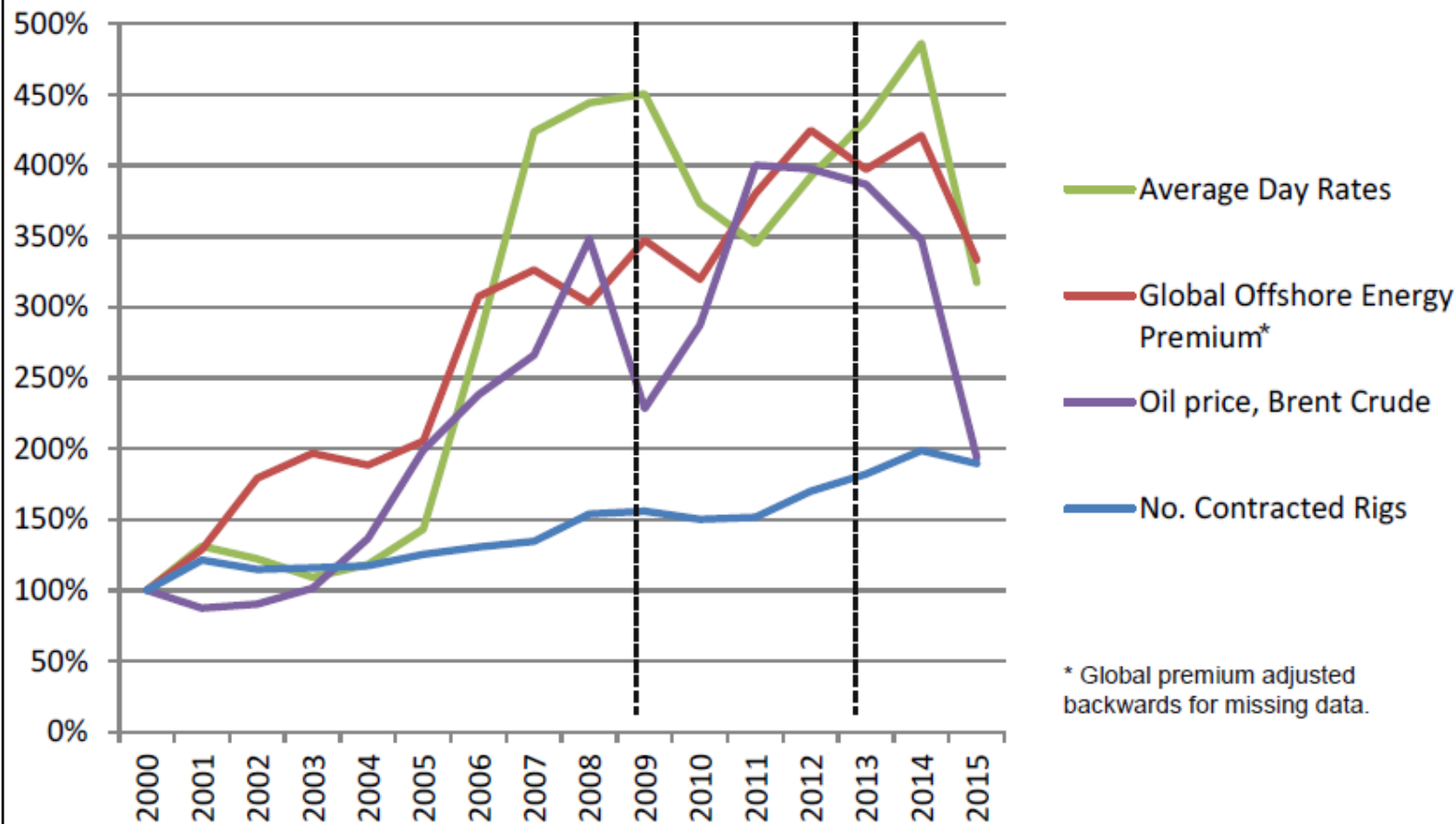
Nordic, Nigeria, Mexico: no data available before indicated year;  
UK-IUA: from 2012 extended data survey; Kazakhstan: no data available;



# OFFSHORE ENERGY PREMIUM

## ENERGY MOBILES, DAY RATES, OIL PRICE

Index of evolution, 2000 = 100%



\* Global premium adjusted backwards for missing data.

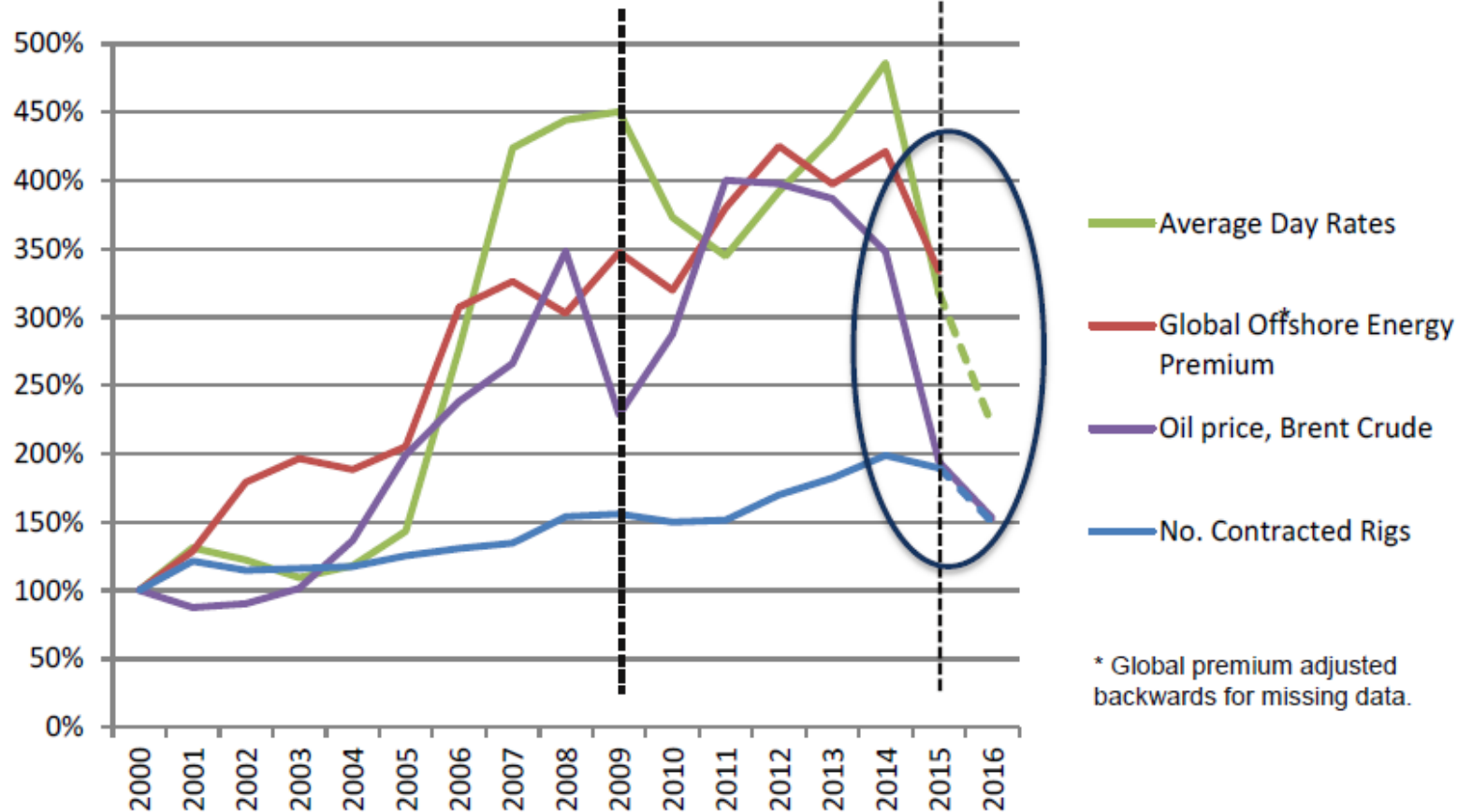
Source: Day rates, contracted rigs: Clarkson Research



# OFFSHORE ENERGY INTO 2016

## ENERGY MOBILES, DAY RATES, OIL PRICE

Index of evolution, 2000 = 100%



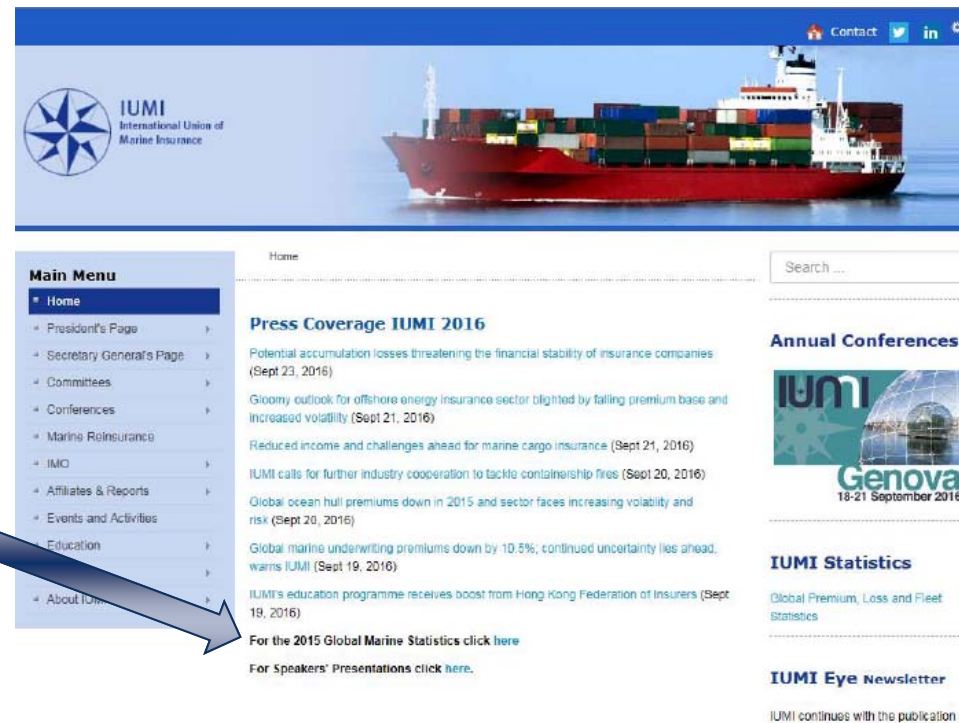
\* Global premium adjusted backwards for missing data.

Source: Day rates, contracted rigs: Clarkson Research



# 1. STATISTICS

- ... many more charts, statistics, analysis and comments on our homepage available
- [www.iumi.com](http://www.iumi.com)



The screenshot shows the IUMI website homepage. At the top, there is a navigation bar with 'Contact', 'Twitter', and 'LinkedIn' icons. Below this is a banner image of a large red container ship. The IUMI logo and name are on the left. A 'Main Menu' is visible on the left side, with 'Home' selected. The main content area features a 'Press Coverage IUMI 2016' section with several news items. A search bar is located on the right. Below the press coverage, there are sections for 'Annual Conferences', 'IUMI Statistics', and 'IUMI Eye Newsletter'. A large blue arrow points from the 'IUMI Statistics' link in the main menu to the 'IUMI Statistics' section on the page.

**Main Menu**

- Home
- President's Page
- Secretary General's Page
- Committees
- Conferences
- Marine Reinsurance
- IMC
- Affiliates & Reports
- Events and Activities
- Education
- About IUMI

**Press Coverage IUMI 2016**

- Potential accumulation losses threatening the financial stability of insurance companies (Sept 23, 2016)
- Gloomy outlook for offshore energy insurance sector blighted by falling premium base and increased volatility (Sept 21, 2016)
- Reduced income and challenges ahead for marine cargo insurance (Sept 21, 2016)
- IUMI calls for further industry cooperation to tackle containership fires (Sept 20, 2016)
- Global ocean hull premiums down in 2015 and sector faces increasing volatility and risk (Sept 20, 2016)
- Global marine underwriting premiums down by 10.5%; continued uncertainty lies ahead, warns IUMI (Sept 19, 2016)
- IUMI's education programme receives boost from Hong Kong Federation of Insurers (Sept 19, 2016)

**Annual Conferences**

**IUMI Statistics**

Global Premium, Loss and Fleet Statistics

**IUMI Eye Newsletter**

IUMI continues with the publication

# AGENDA

1. Statistics
- 2. A few topics**
  - a. Cyber
  - b. Fire Fighting
  - c. Big Data / Accumulation / Modelling
3. Education
4. IUMI Business





## A. CYBER

**Question1:** Cyber risks - threat or opportunity for marine insurers?

1. Cyber risks is no issue for marine insurers – we simply exclude it
2. We fear this is upcoming and hence we should prepare in advance risk assessment and potential insurance cover
3. We have already seen a number of cyber related claims at our insured companies
4. Sorry, can't answer – my voting device has been hacked



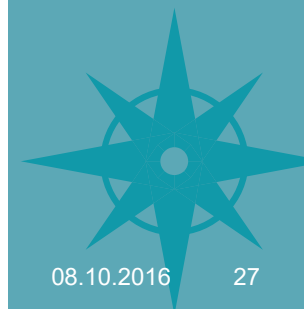
## A. CYBER

- Is this about exclusion or do we want to comply with customers' demands?
  - ... understand the risk
  - ... mitigate the risk
  - ... assess the risk
- Linked with autonomous shipping
- Linked with e-navigation
- ... „perils of the sea“ are always changing



## A. CYBER

### BIMCO / IHS Markit „Cyber Security Survey“



## A. CYBER

### BIMCO / IHS Markit „Cyber Security Survey“

Have you been a victim of cyber attack?

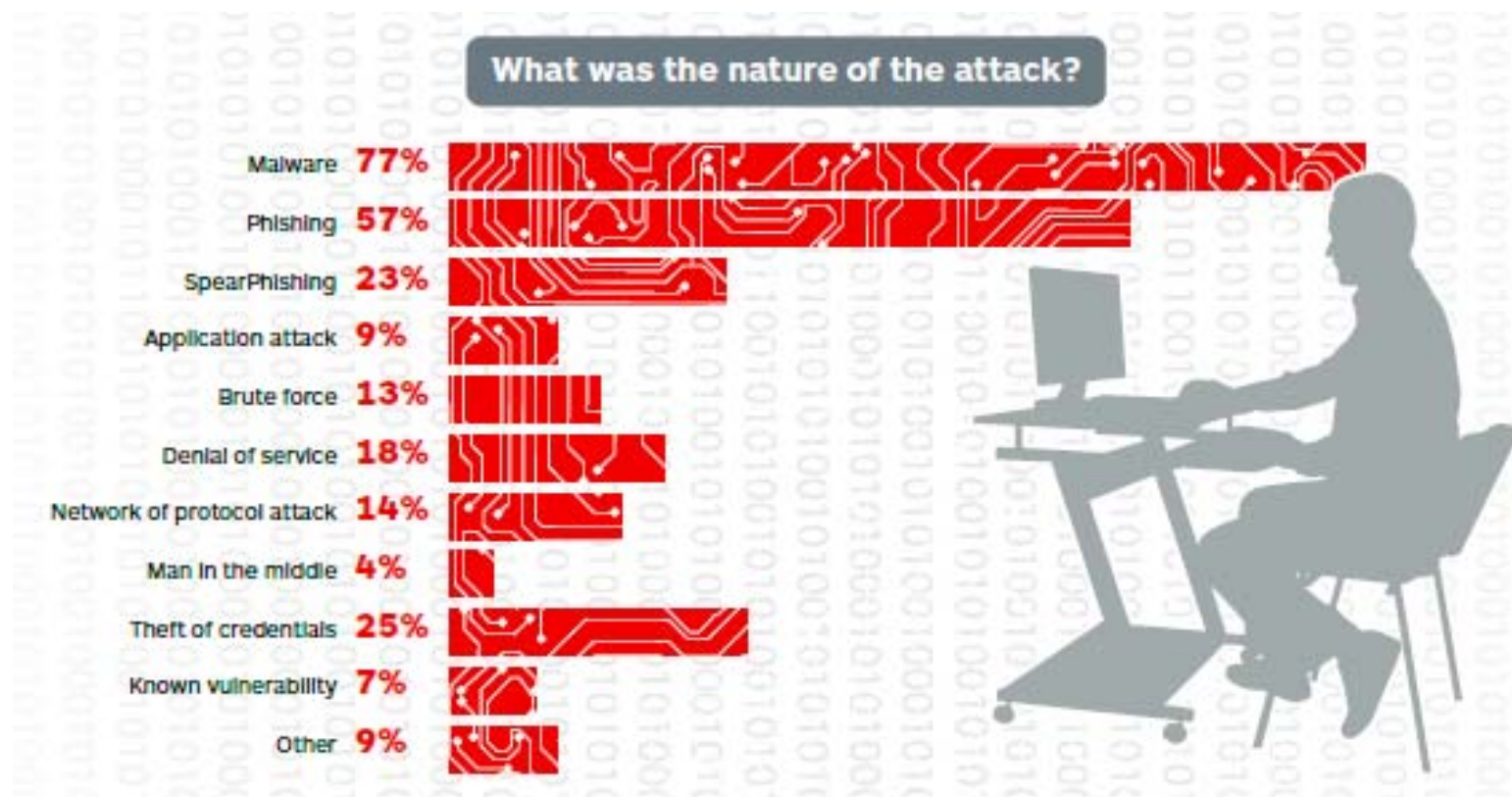


Were protection strategies in place?



## A. CYBER

### BIMCO / IHS Markit „Cyber Security Survey“



## A. CYBER

### BIMCO / IHS Markit „Cyber Security Survey“



... and did you tell your insurers?

... and were you insured?

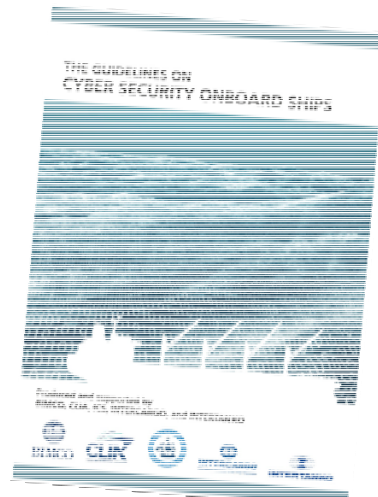
... and was your crew trained?



## A. CYBER

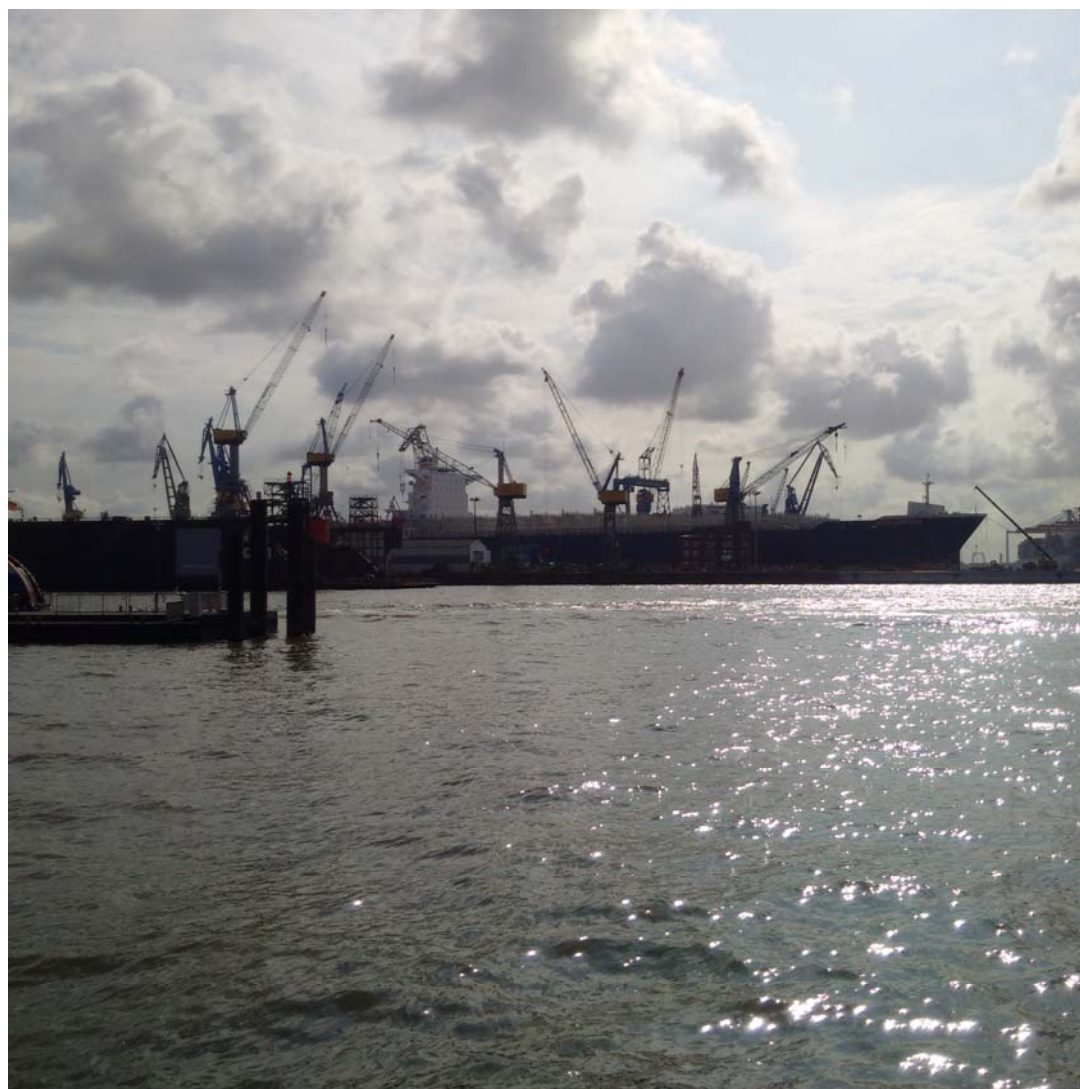
... and how IUMI can support

- Shipowners' „*Industry Guideline on Cyber Security On Board Ships*“ – MSC 96/4/1
- IMO FAL and MSC – Interim Guidelines on Cyber Risk Management – MSC.1/Circ. 1526
- IACS Cyber Panel and IACS Cyber Working Group





## B. FIRE-FIGHTING ON CONTAINER-VESSELS





## B. FIRE-FIGHTING ON CONTAINER-VESSELS

- Hanjin Pennsylvania, Hyundai Fortune, MSC Flaminia, CCNI Arauco, Wan Hai 307, ...
- SOLAS amendments in 2014 (SOLAS Chapter II-2, Regulation 10) - not sufficient in our view
- IUMI invites IMO, class, shipowners and shipbuilders for further joint efforts to improve



## B. FIRE-FIGHTING ON CONTAINER-VESSELS




### **Question 2:** Sufficient fire-fighting capacities?

1. Fire-fighting capacities onboard ships are sufficient – the remaining risk is up to us to insure
2. Shipowners are currently not in the financial position to pay for enhanced fire-fighting capacities on their new built vessels
3. We have to lobby for improved fire-fighting systems to increase safety for crew, vessel and goods



# MORE TOPICS? IUMI POLITICAL FORUM

- „Current Issue List“ on the IUMI homepage
- last update 02 Sep 2016



INTERNATIONAL UNION OF MARINE INSURANCE

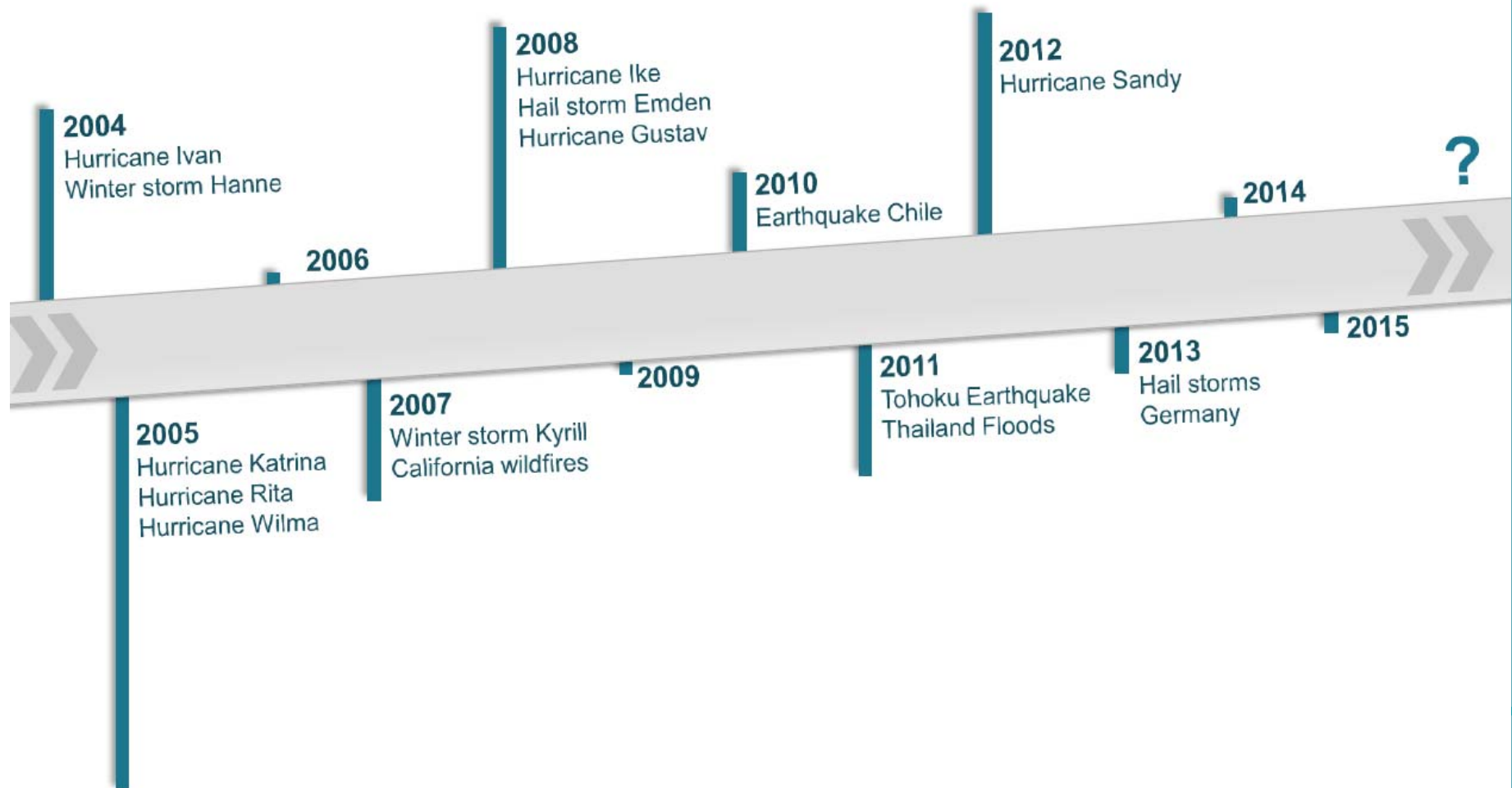
2 September 2016

## CURRENT ISSUES – IUMI POLITICAL FORUM

Contents	
A. ACTION	2
1) EU offshore safety directive	2
2) Liability of carriers of passengers by sea – cc evaluation	4
3) Places of refuge	5
4) General Average and York-Antwerp Rules	7
5) Arctic Sullings	10
6) EU Recognised Organisations and Mutual Recognition	12
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## C. BIG DATA / ACCUMULATION / MODELLING





## C. BIG DATA / ACCUMULATION / MODELLING



### BUILDINGS – WITHIN 1 KM



## C. BIG DATA / ACCUMULATION / MODELLING

### CONTAINERS





## C. BIG DATA / ACCUMULATION / MODELLING



## C. BIG DATA / ACCUMULATION / MODELLING



- **What** is the next possible event?
- **Where** is my portfolio at risk?
- **What loss** could arise out of an **extreme** event?
- **How much premium** do I need to write profitable business over time?
- What methodologies do I have to **quantify** and **limit** my exposure?





## C. BIG DATA / ACCUMULATION / MODELLING



This is needed for:

- Accumulation Control / Capital Requirements
- Portfolio Steering
- (Re)Insurance demand / Retrocession
- Pricing
- Post-event loss estimation



# AGENDA

1. Statistics
2. A few topics
- 3. Education**
4. IUMI Business



### 3. EDUCATION

- IUMI is developing an education programme for the global marine insurance industry
  - War on talents
  - Insurance industry competing with finance, consultancy and high-tech industries
  - Marine insurance is competing internally with other LoB's
  - Strong demand from IUMI members
- IUMI will promote attractiveness of marine insurance !



### 3. EDUCATION

- Link to existing national education programmes
- IUMI database – presentations, webinars, insurance conditions etc.
- IUMI webinars – container weight, perishables, Paris MoU, project cargo, vessel lay-up etc.
  - 04 Oct: Hanjin – first consequences, Mike Roderick, Clyde & Co.
  - 06 Oct: YAR 2016, Ben Browne, Thomas Cooper
- IUMI tutorials / e-learning
- In-class instructions



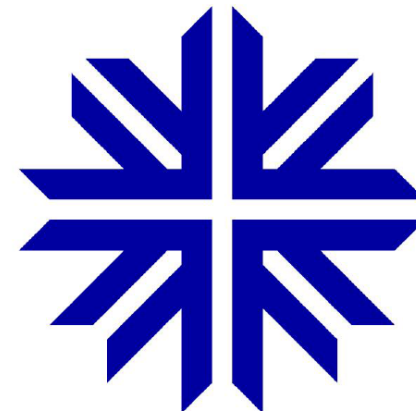
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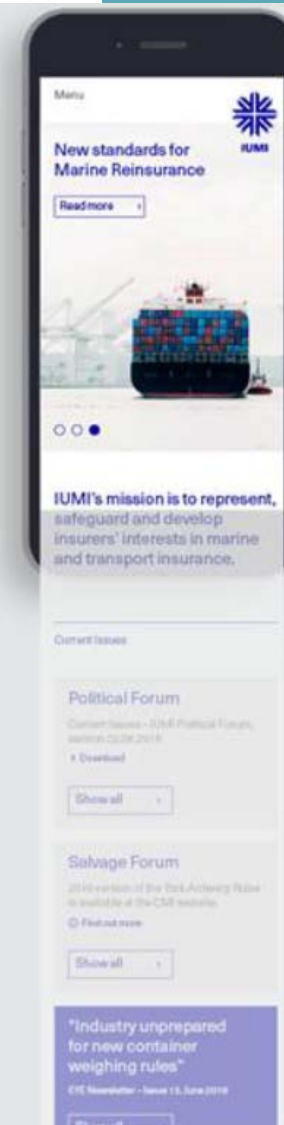
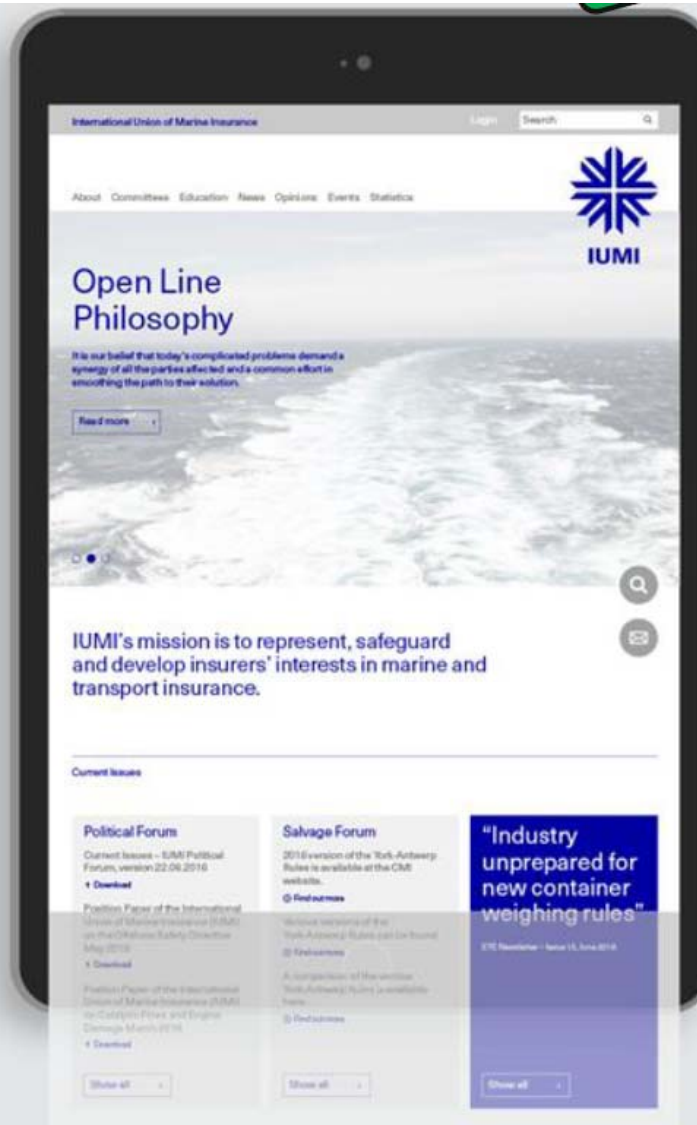


## 4. IUMI BUSINESS

- Networking - maritime stakeholders and IUMI Affiliates
- Strengthen the IUMI office – more capacity, more service
- Smarter communication – newsletter, PRs, member communication
- New Design – logo and homepage



# 4. IUMI BUSINESS





**Thank you!**

**Lars Lange**

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**IUMI**



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