



# Marine LOP / DSU

what an underwriter needs to know

Tillmann Kratz, Munich Re

# Marine DSU / LOP

## what an underwriter needs to know



Munich RE 

- insured interest and terminology
- capacity requirements
- underwriting considerations
- policy wordings

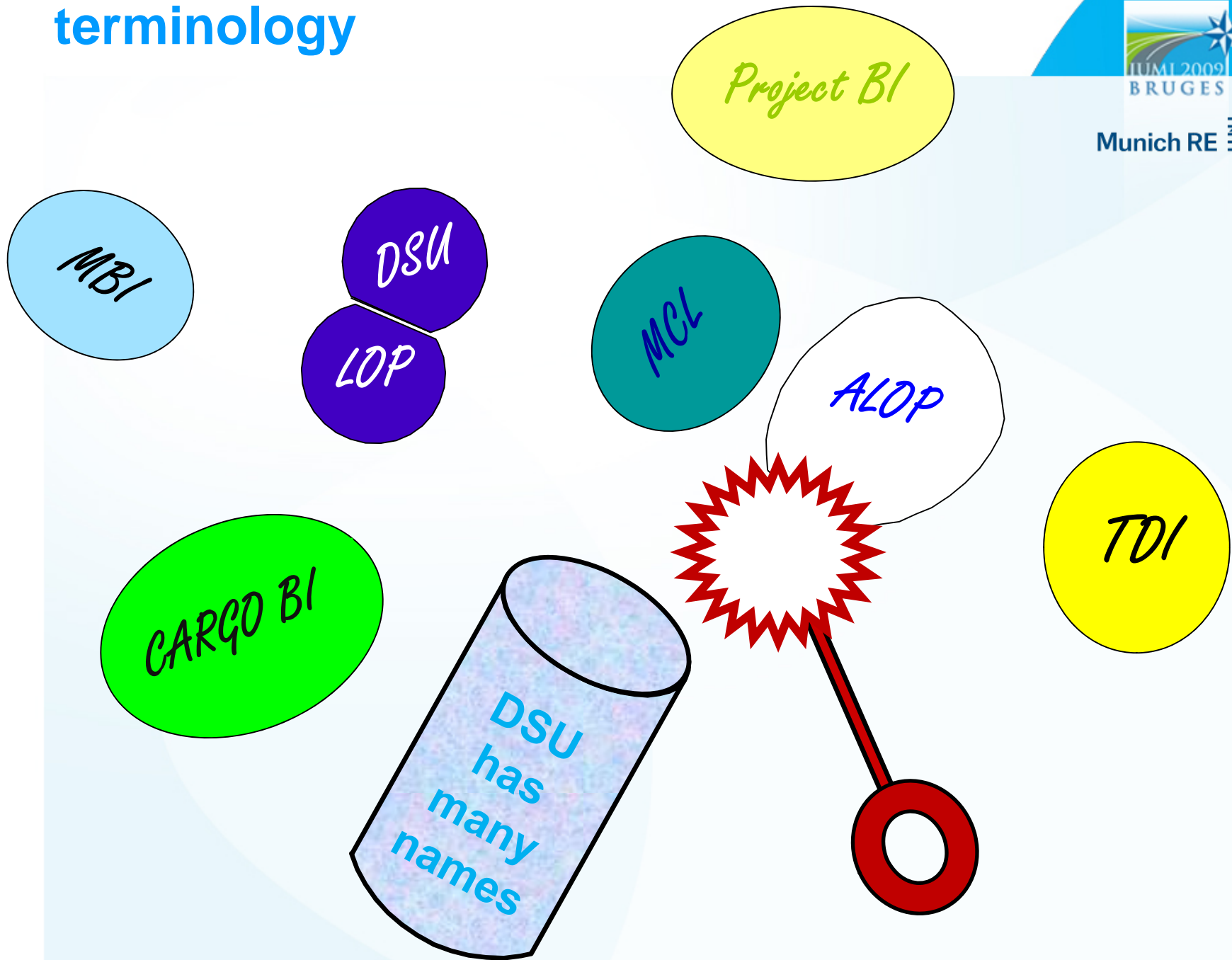
## insured interest



Munich RE 

compensation for a consequential loss which occurs in the insured's business as a result of a loss / damage or accident during the transportation of cargo or other goods (to be) used by the insured.

# terminology



## LOP / DSU

### what is covered

- loss of profit
- fixed costs and debt servicing costs
- increased cost of working
- extra expenses

## cargo loss triggers

loss/ damage/ mechanical breakdown to/ of

- project cargo
- carrying vessel
- land conveyance

GA/ salvage/ lifesaving operations

## recent values

- project cargo      **€ 60 million to €1.000 million**
- LOP/DSU            **€100 million to € 650 million**

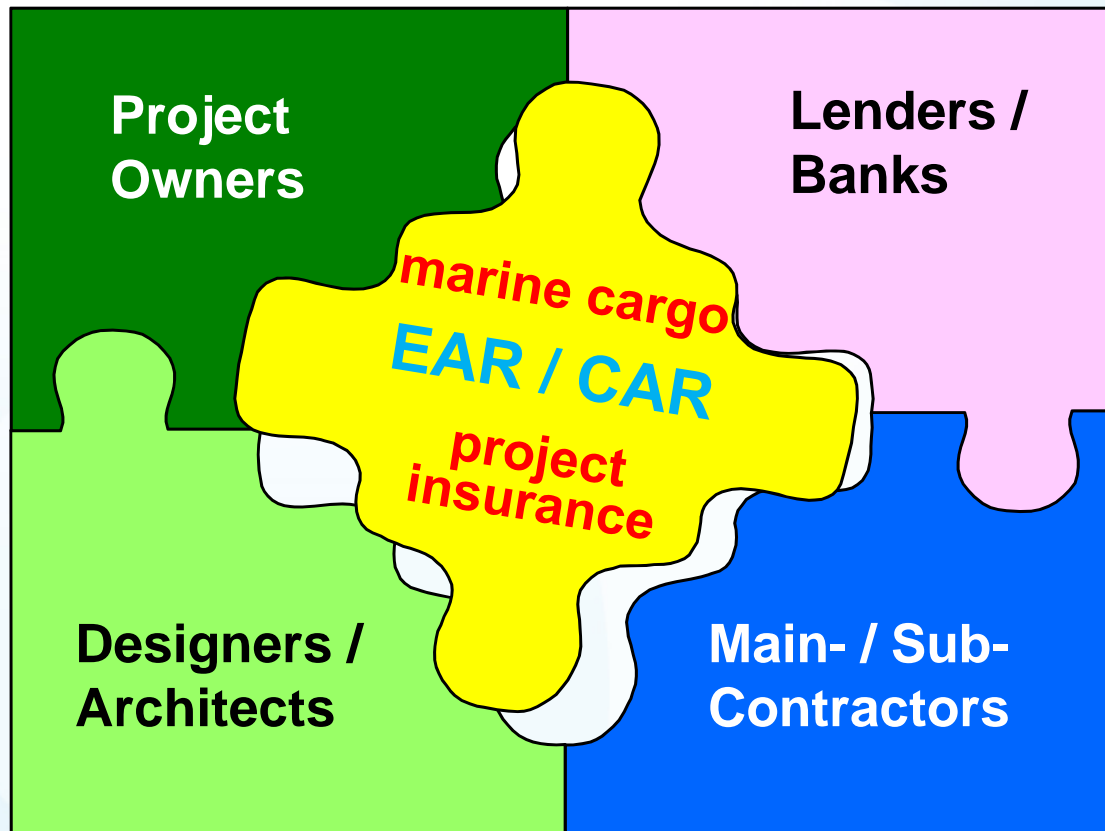
# underwriting considerations



Munich RE 

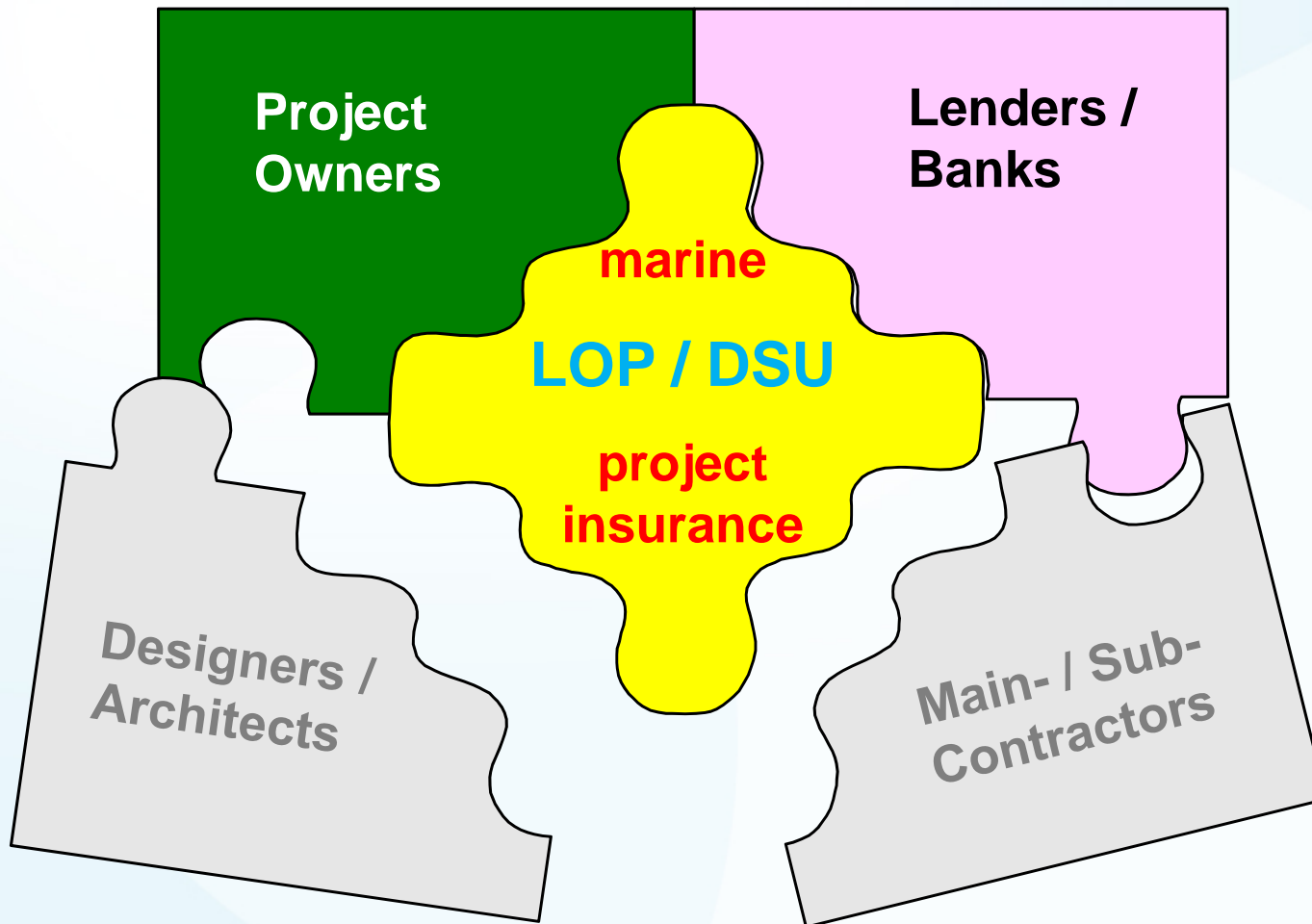
- who are the insured parties
- coverage model & details
- risk assessment
- policy wording / clauses & warranties
- pricing

# CARGO - insured parties





# DSU – insured parties



## popular coverage models

- marine cargo + DSU & construction + DSU
- marine cargo & construction + DSU
- construction incl. (inland) transit + DSU

## look out for

- ALOP disguised as Penalty
- non-continuous risk covers

# coverage details & capacity

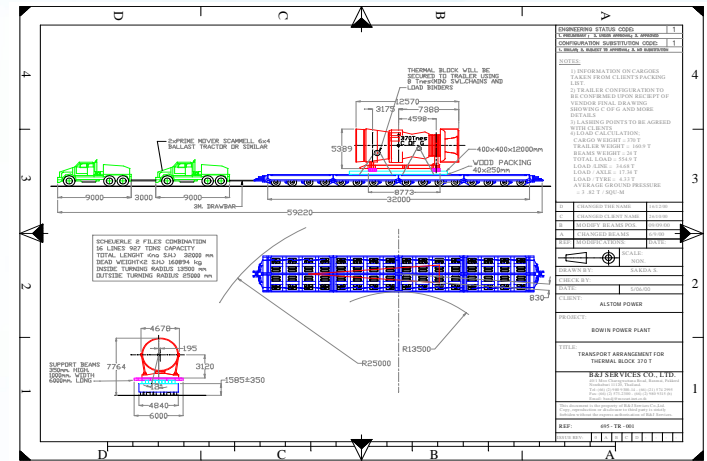


Munich RE 

- stand-alone or combined cover
- influence on cargo loss prevention
- determining the sum insured
- indemnity period
- maximum indemnity per day/month
- deductibles
- required / offered capacity
- available reinsurance

# transport logistics

- transport infrastructure
- just in time delivery
- provision for delays
- critical items
- lead time for replacements
- loss prevention



## standard wordings

- E.C. Bruce
- Munich Re MCL/Penalty
- New JCC Project Cargo DSU

## manuscript wordings

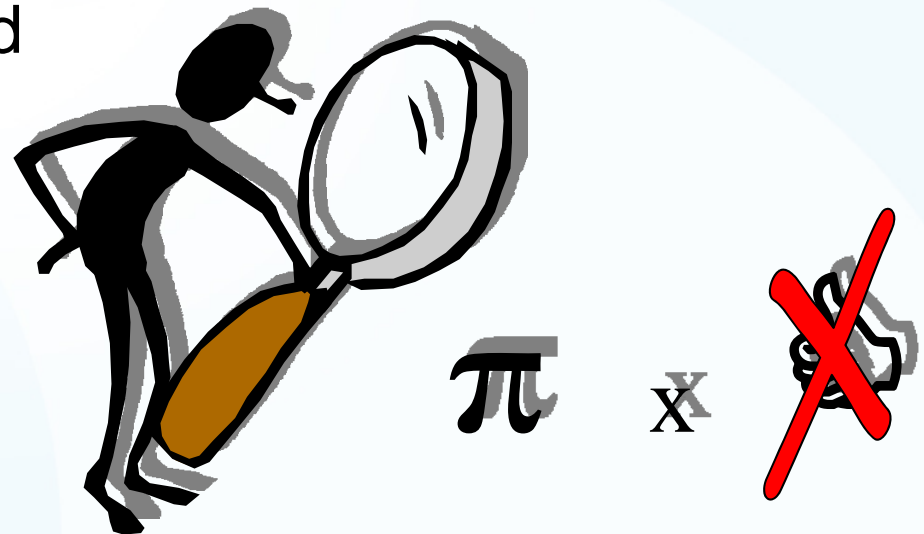
## special cargo and/or DSU clauses

- Lenders / Non-Vitiation clauses
- Deferred unpacking clause
- 50/50 clause



## popular models

- rule of thumb
- x-times daily indemnity
- x-percent of sum insured



## alternative option

- rating tool

and finally...



Munich RE 

**LOP/DSU is the current craze, Everybody must have it**

**BUT**

**Hunger for premium should not override caution**

**A little common sense and risk awareness**

**Will go a long way towards**

**Profitable underwriting**



# Thank you very much

Tillmann Kratz