



Global Marine Insurance Report 2009

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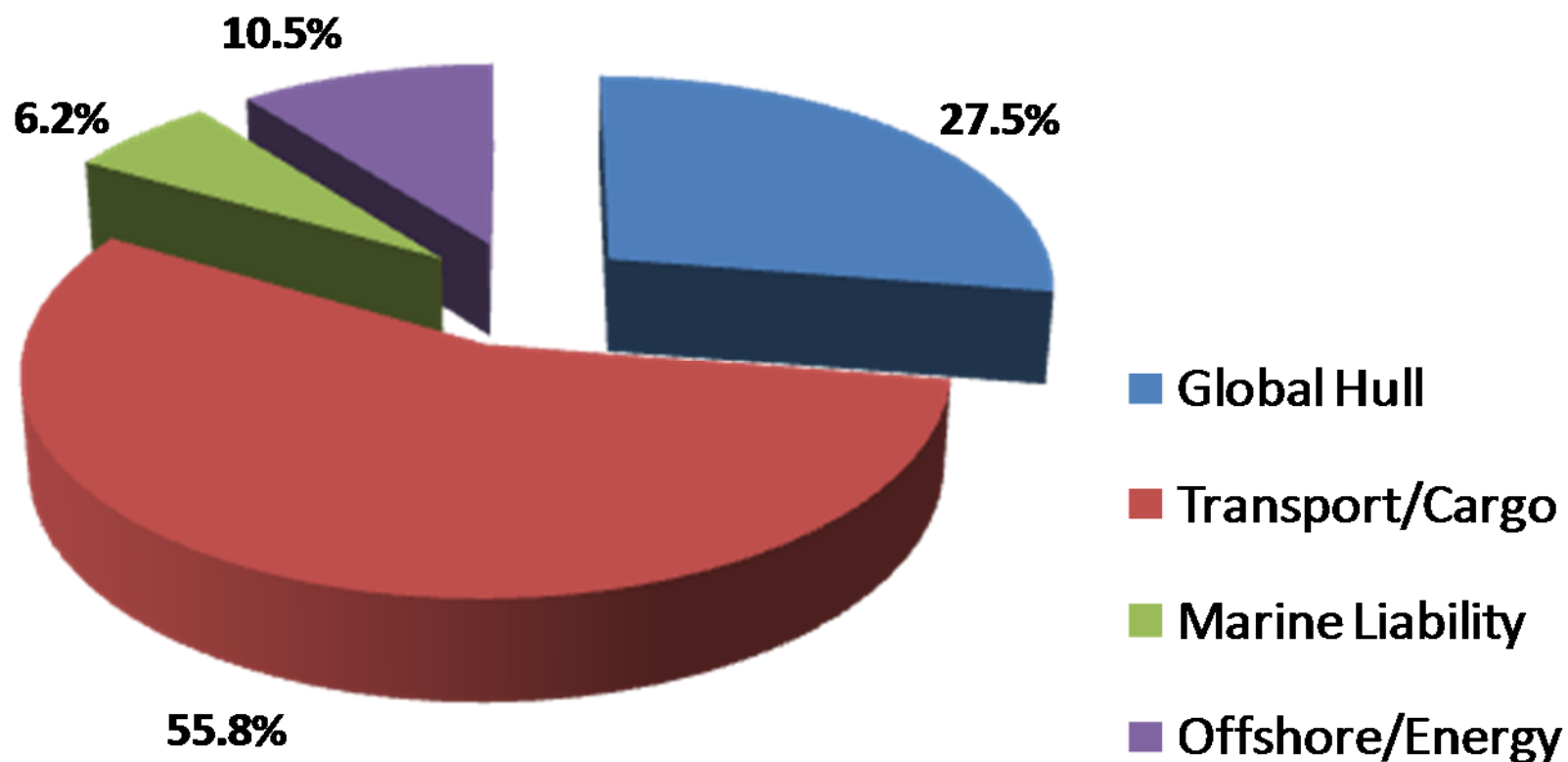
- Global **Marine Insurance** – Overview
- Global **Hull** market
- Global **Cargo** market
- Global **Offshore Energy** Market
- Addendum (in download only):
Tables with underlying reported figures

Global Marine Premium 2008

by line of business

Total reported: 22.23 USD billion

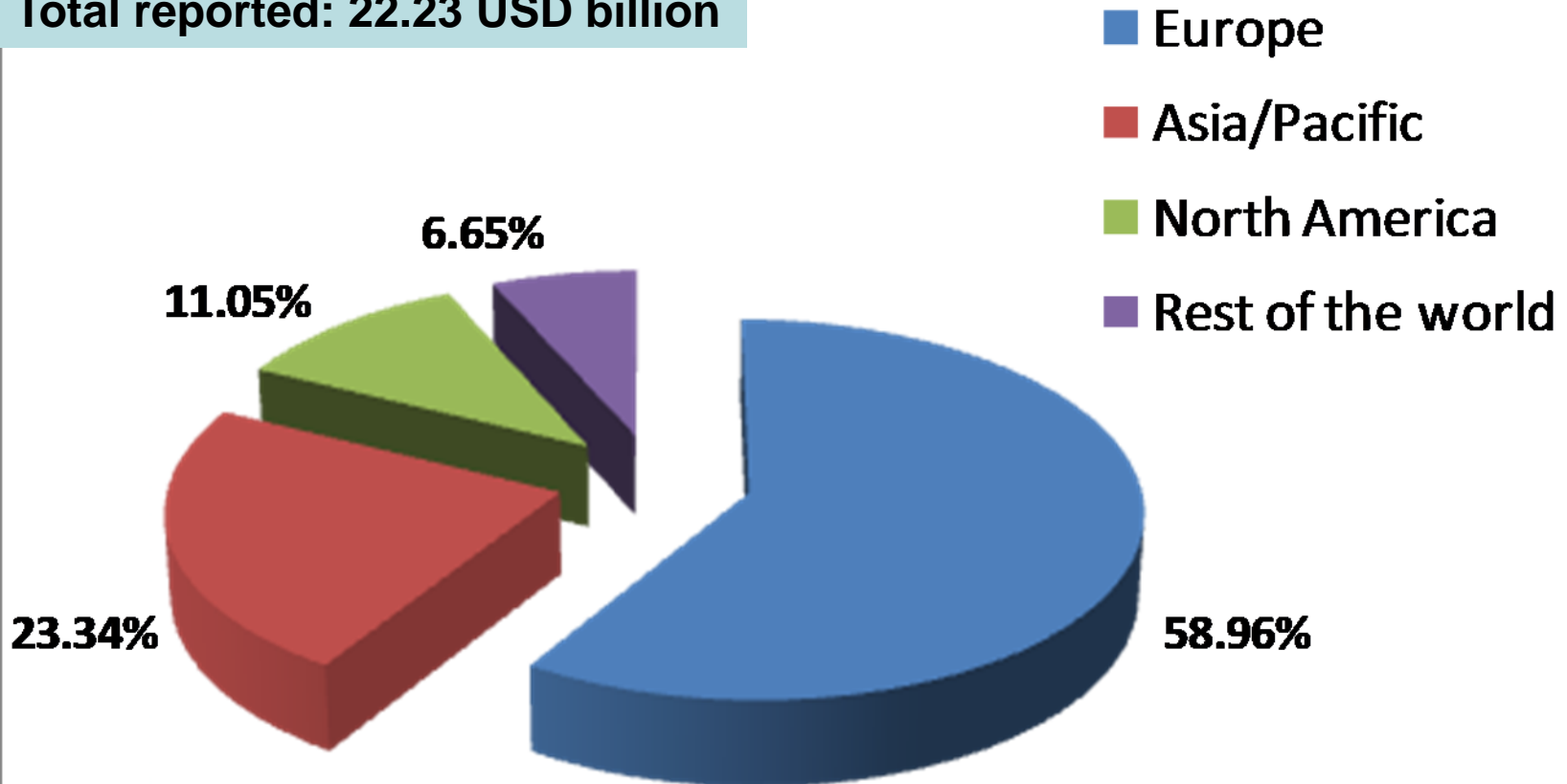
2008



Total estimated including not reported: 22.9 USD billion

Market Shares 2008

Total reported: 22.23 USD billion



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

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

North America : *Bermuda*, Canada, USA

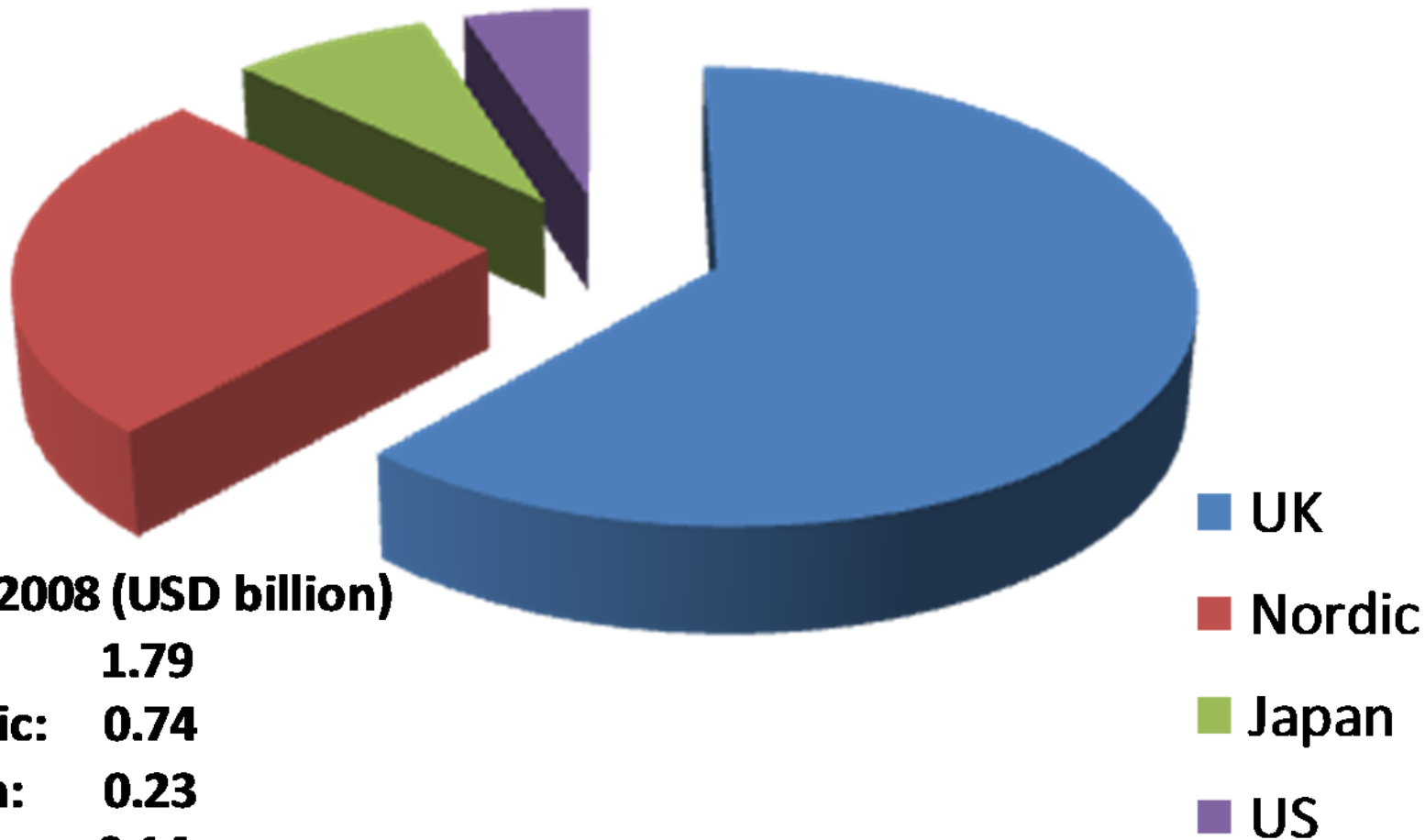
Rest of the World : *Bahrain (new 09)*, Brasil, Congo, Egypt, Israel, Kazakhstan (new 09), Kenya, Lebanon, Mexico, Morocco, *Nigeria*, South Africa, *Tunisia*, *United Arab Emirates*

Countries in italics did not report in 2009

MARINE MUTUAL MARKET

P&I Clubs in International Group

Gross Calls 2008 (Premium) – Operational location



Calls 2008 (USD billion)

UK: 1.79

Nordic: 0.74

Japan: 0.23

US: 0.14

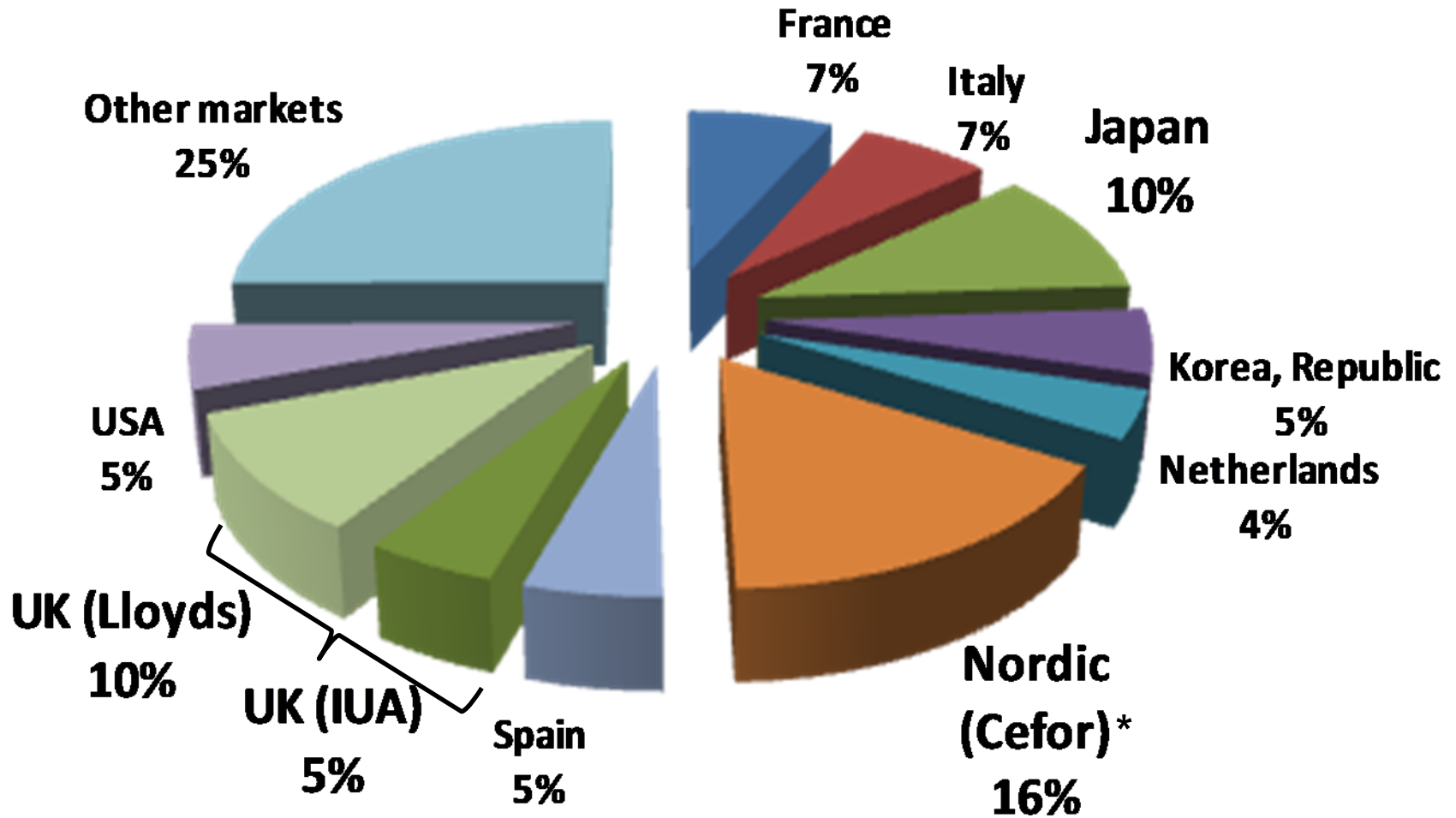
Total: 2.91

Source: Standard & Poors Marine Mutual Report 2009

Global Hull Premium by markets

Total: 6.1 USD billion

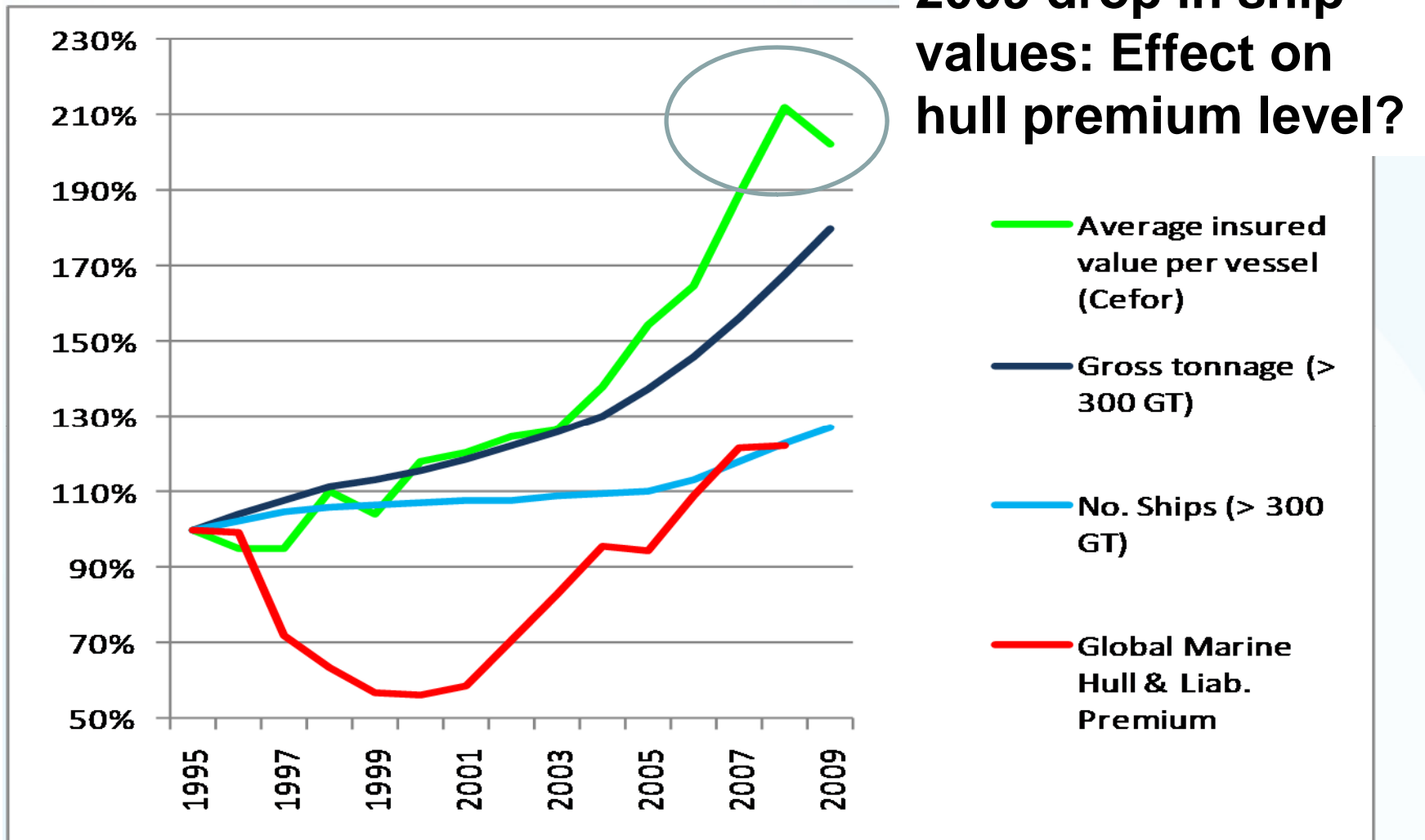
2008



* including Non-Norwegian members

World Merchant Fleet and Global Marine Hull & Liability Premium

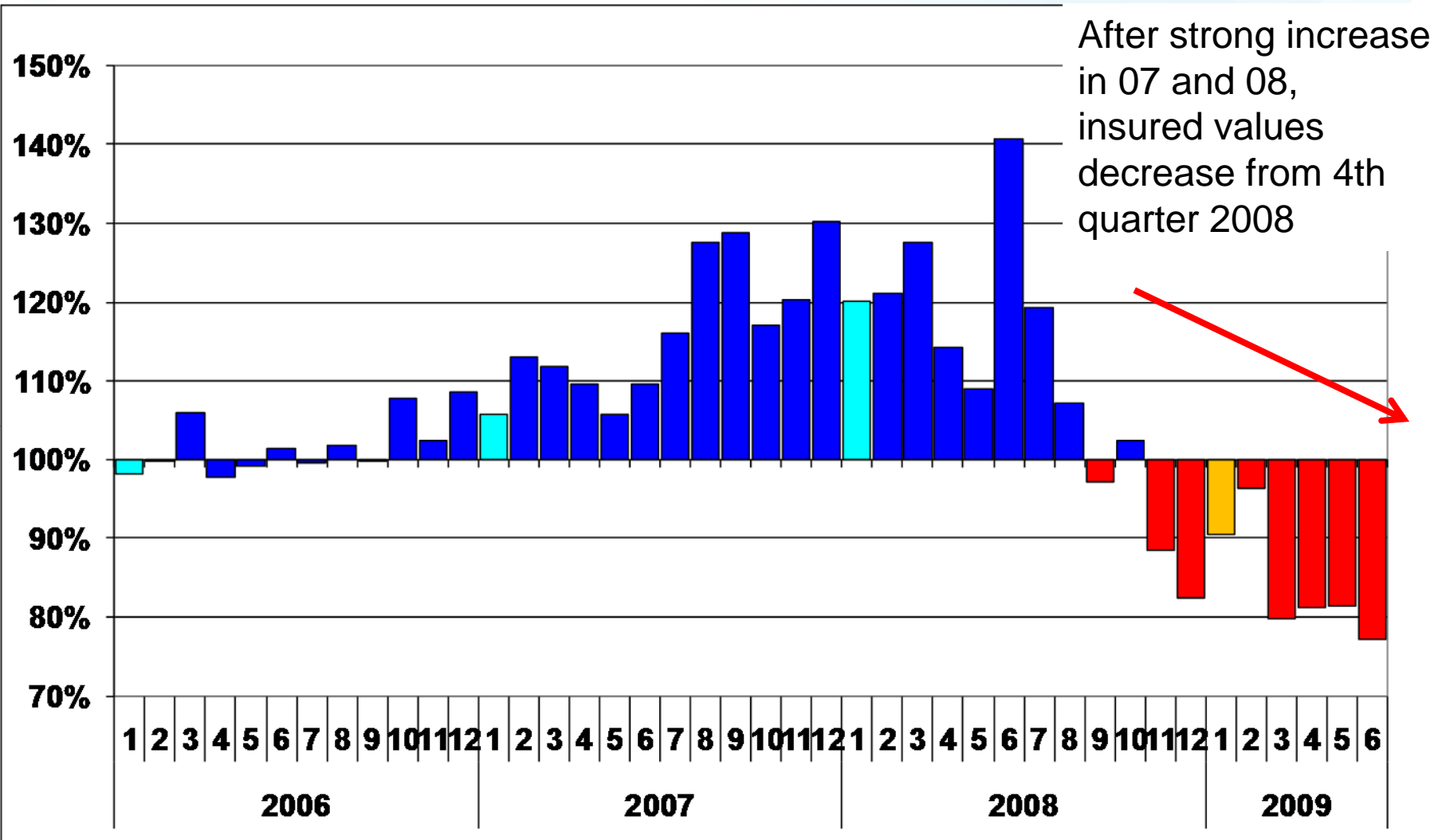
Index of evolution, 1995 = 100%



Renewed Hull vessel values –

Change in insured values, renewals by month

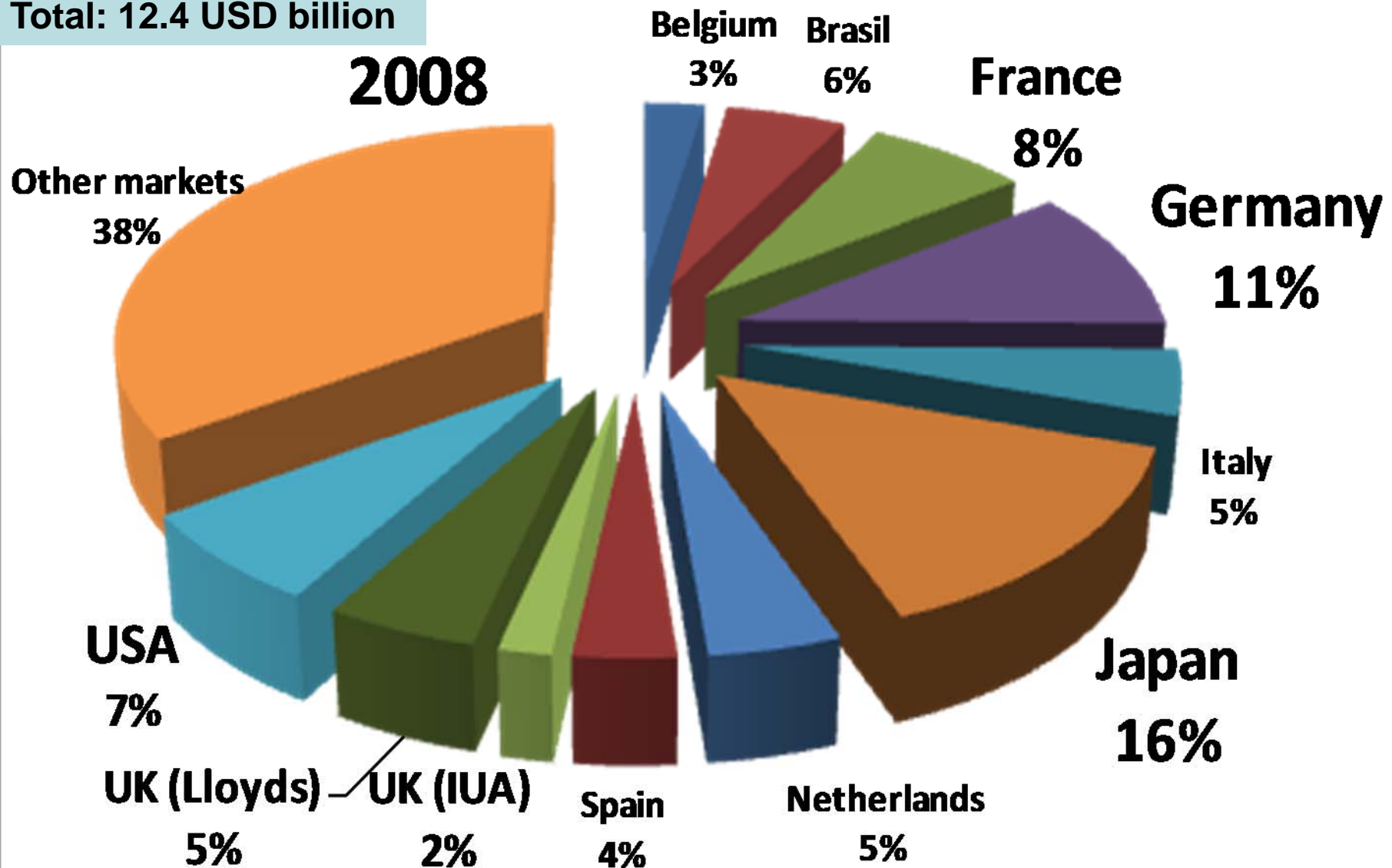
(= insured value on renewal / insured value previous year)



Global Cargo Premium by markets

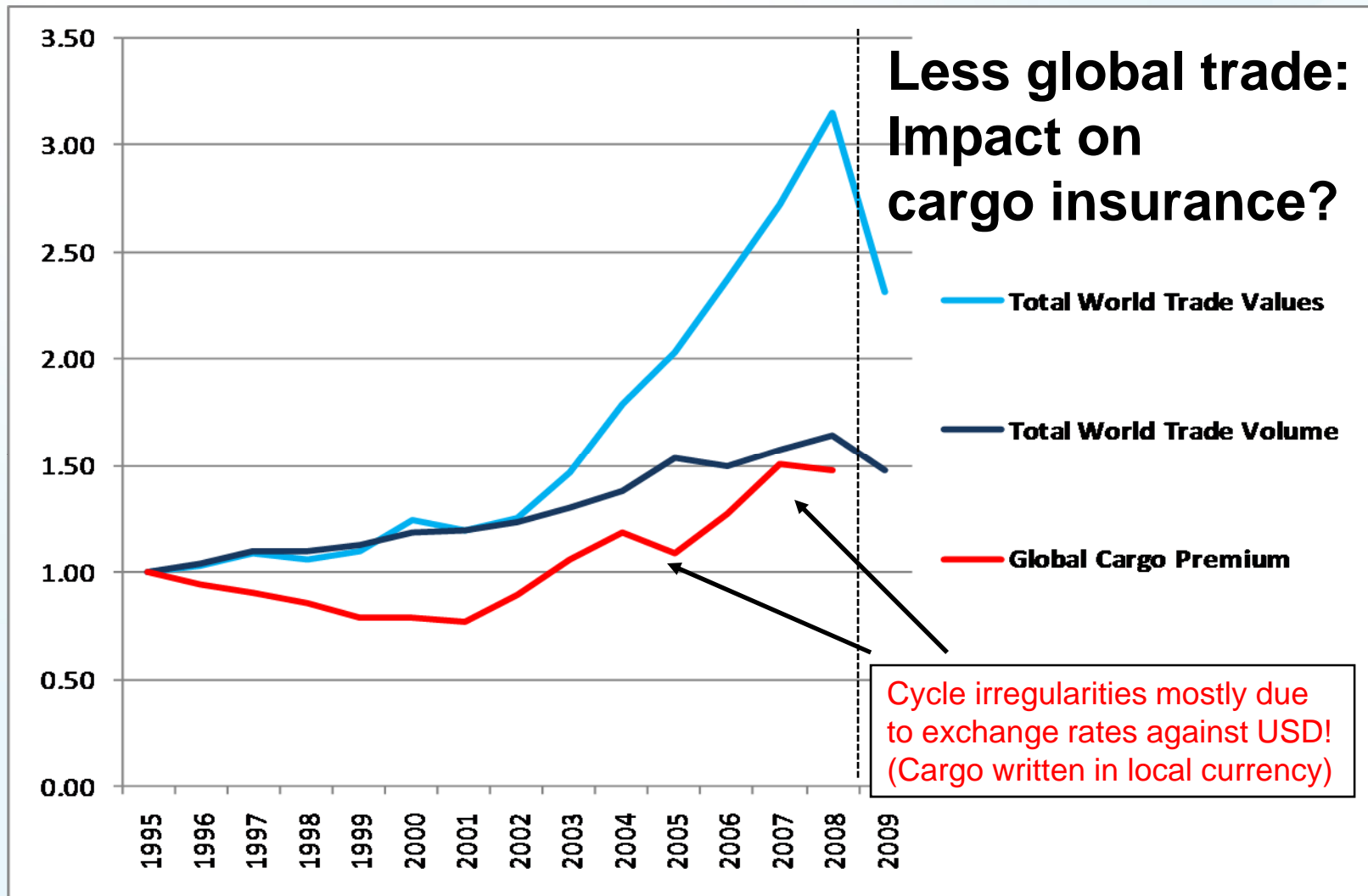
Total: 12.4 USD billion

2008



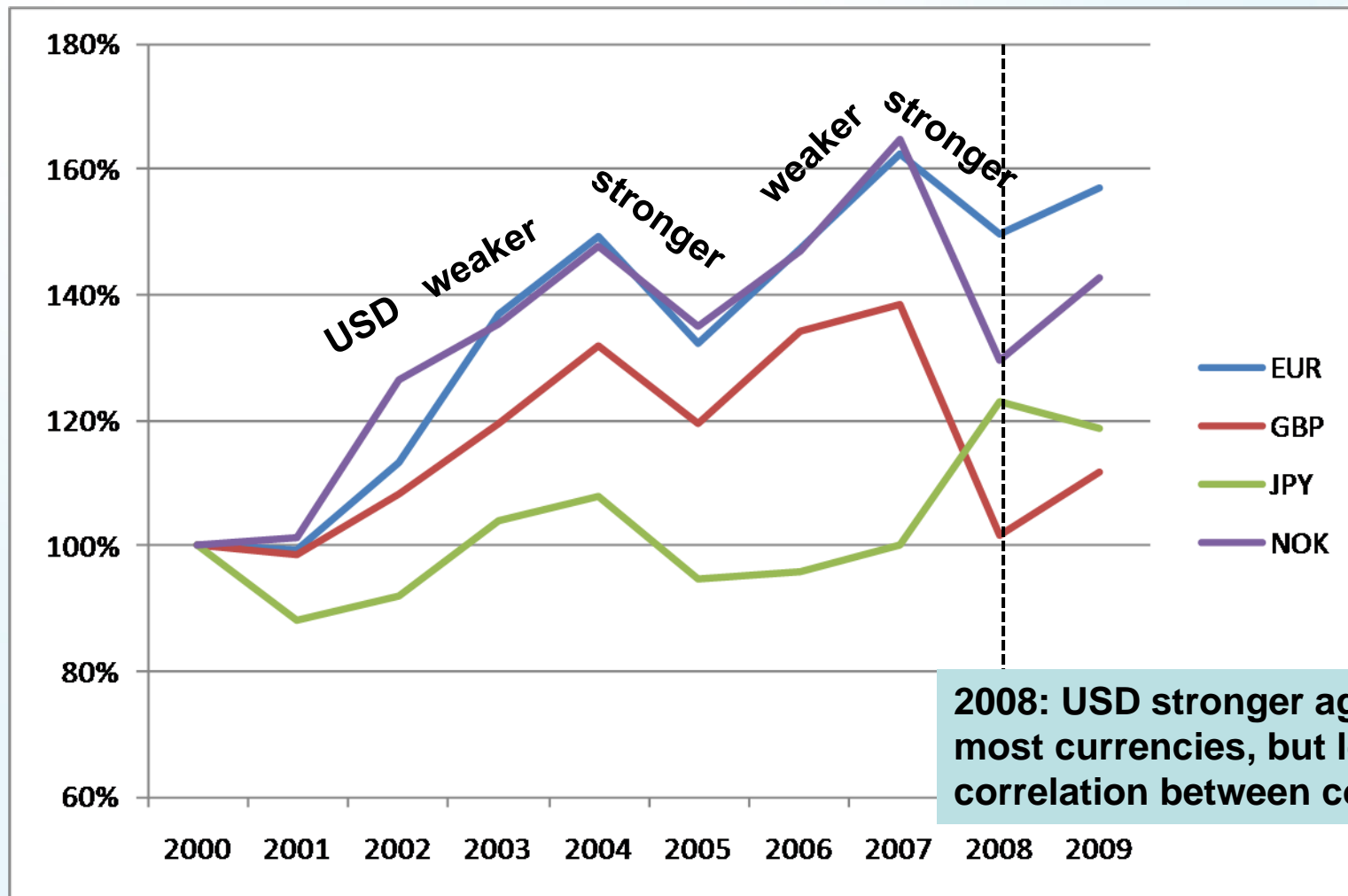
World Seaborne Trade Volume and Trade Values, Global Cargo Premium

Index of evolution, 1995 = 100%



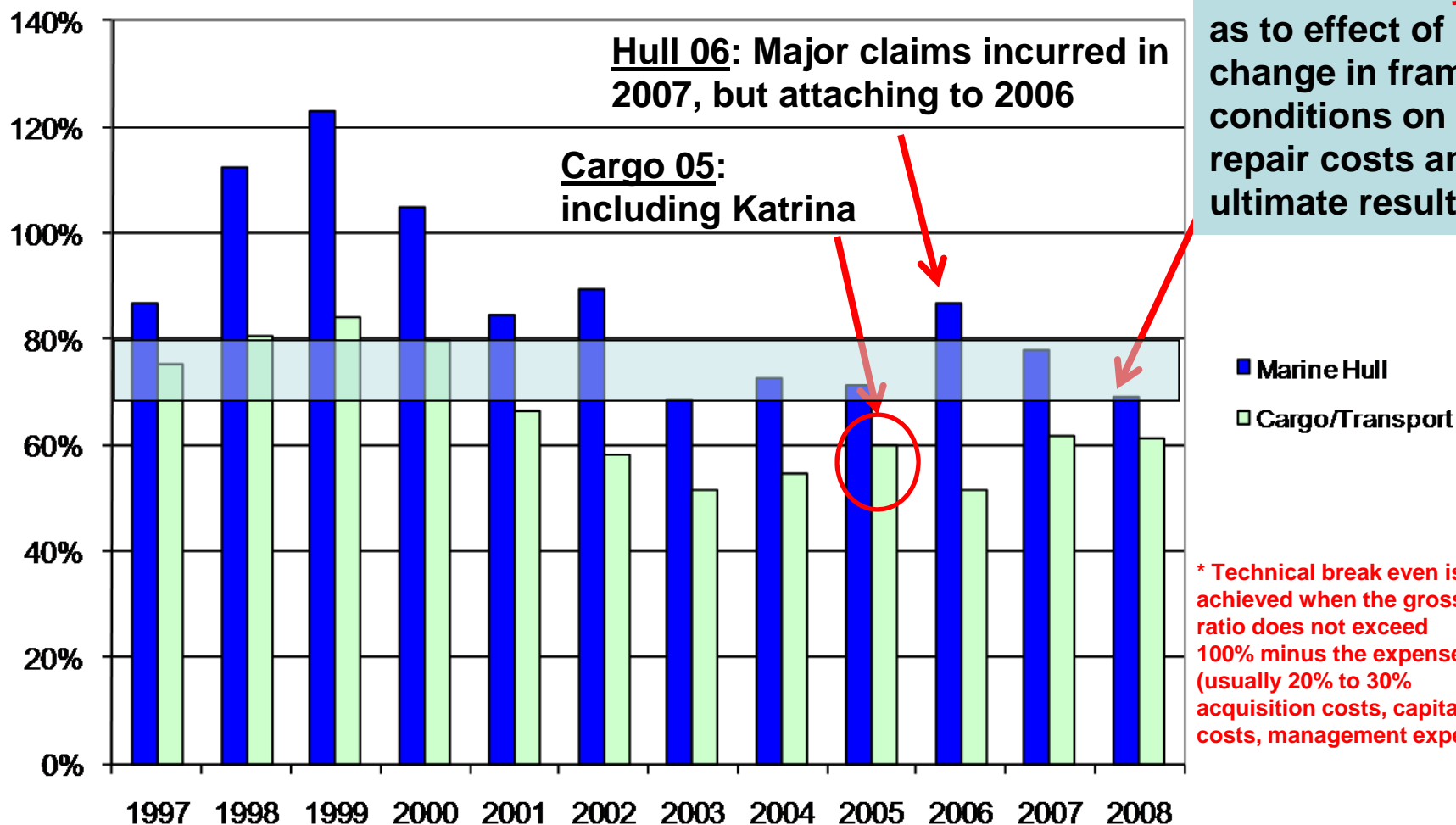
Evolution of USD Exchange rate against selected currencies, Index

(exchange rates as of December each year, 2009 as of July 09)



Marine Hull and Cargo/Transport Gross* Ultimate Loss Ratio

U/W Years 1997 to 2008



Hull 08: fewer major claims, but **uncertainty** as to effect of change in frame conditions on repair costs and ultimate results

* Technical break even is achieved when the gross loss ratio does not exceed 100% minus the expense ratio (usually 20% to 30% acquisition costs, capital costs, management expenses)

Summing up Hull – until 2008...



■ **Frame conditions**

- World trade and world fleet increasing
- Steel prices up (-> hull repairs!)
- Repair yard capacity not sufficient (-> repair cost!)
- Exchange rate effects on repair cost

■ **Major claims**

- Strong impact in 2006! and 2007
- Some relief in 2008

■ **Repair cost / Attritional losses**

- Increase in average repair cost 2004 to 2008

■ **Claim frequency**

- Increasing from 2006, after long period of stability

And Hull into 2009...



- **Frame conditions: change dramatically 4Q 2008**
 - Reduction in world trade/values/freight rates
 - Steel price down / oil price down
 - Many vessels in lay-up
 - But world fleet still increasing, due to previous orders
- **Effects on Hull Insurance**
 - Reduction in insured vessel values
- **But positive effect on hull repairs (?)**
 - Steel prices down
 - Better capacity at repair yards
 - More time for maintenance ?
 - Better availability of qualified seafarers ?

And the future for Hull...



- **Future Global Hull Market will depend on**
 - Adjustment of rates to match expected claim cost in combination with reduction in vessel values
 - No. of vessels in lay-ups, scrapped, new builds
 - Market discipline / capacity
(in 2009 signs towards more prudent underwriting)
 - Effect of changes in frame conditions on repair cost
 - and as always: the impact of major claims

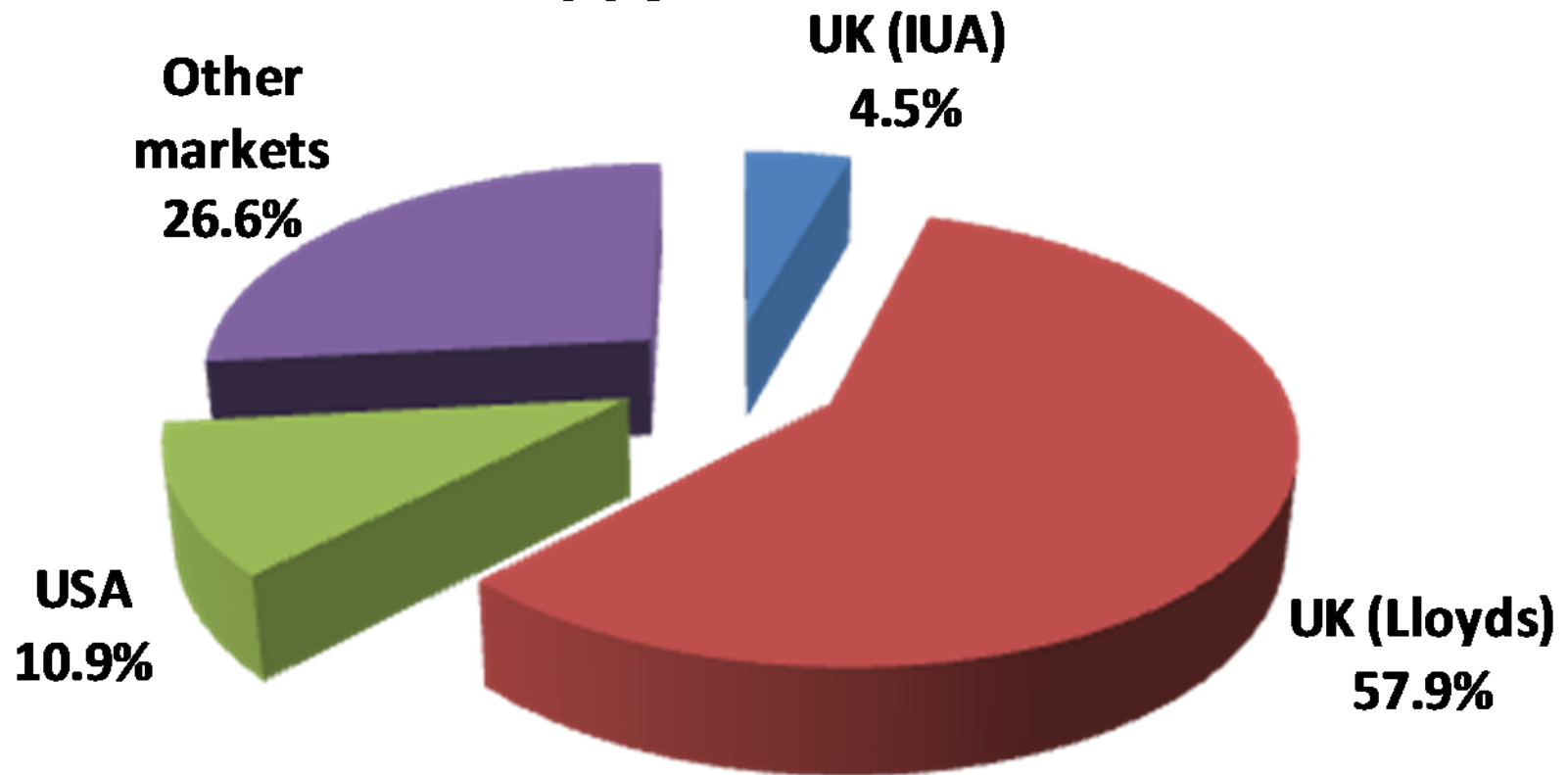
Summing up Cargo

- Dramatical reduction in **insured values**, with respective effect on cargo income.
- Will **claim amounts** be proportionally reduced?
Not too sure because of increasing
 - Accumulation
 - Moral hazard
 - Theft frequency
- Knowing 2008 is close to breakeven, uncertainties on the profitability of 2009.

Global Offshore Energy Premium by markets

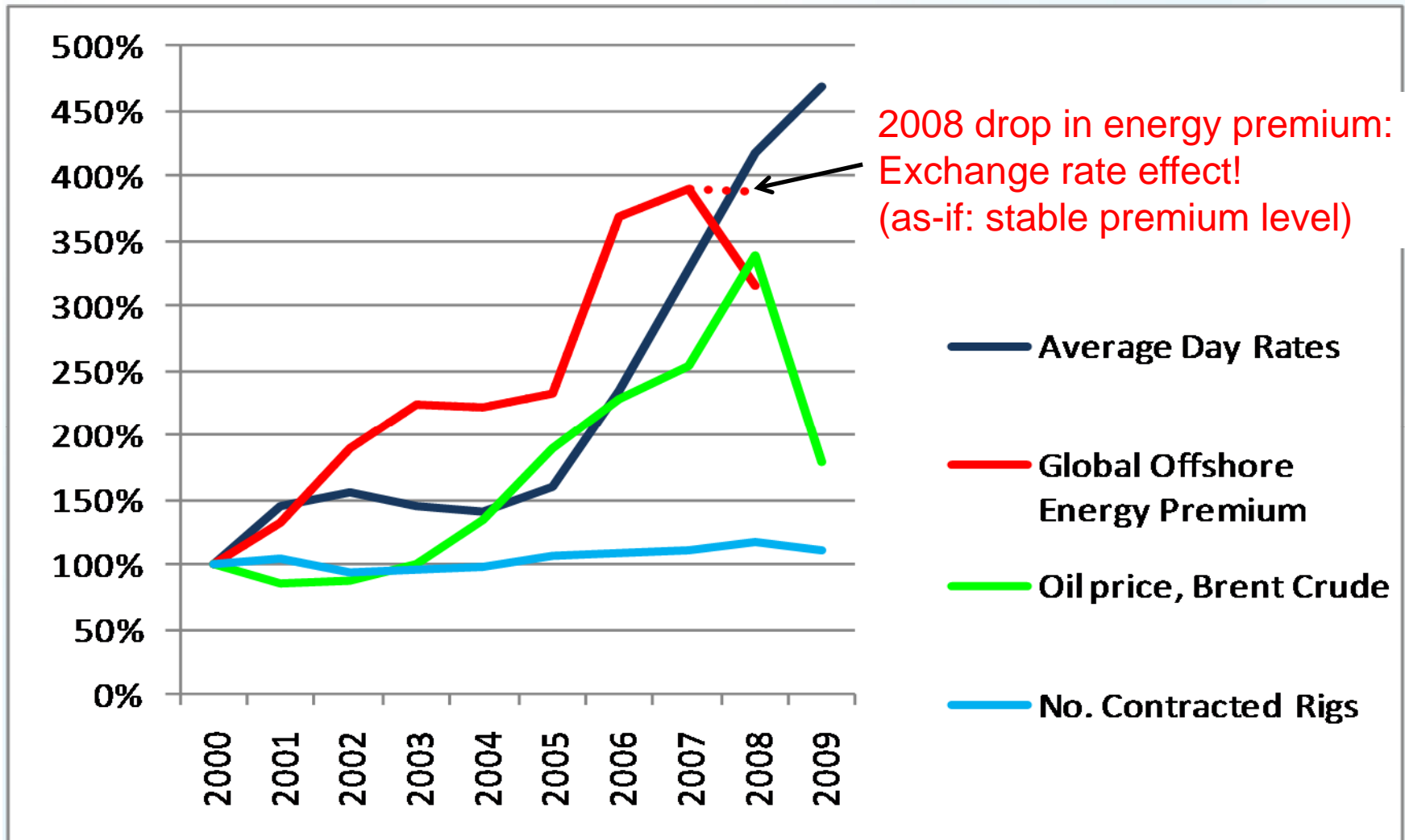
Total: 2.3 USD billion

2008



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

Index of evolution, 2000 = 100%



2005
Katrina & Rita

Insufficient rate levels

2004
Ivan

2008 – Ike loss not yet fully known!

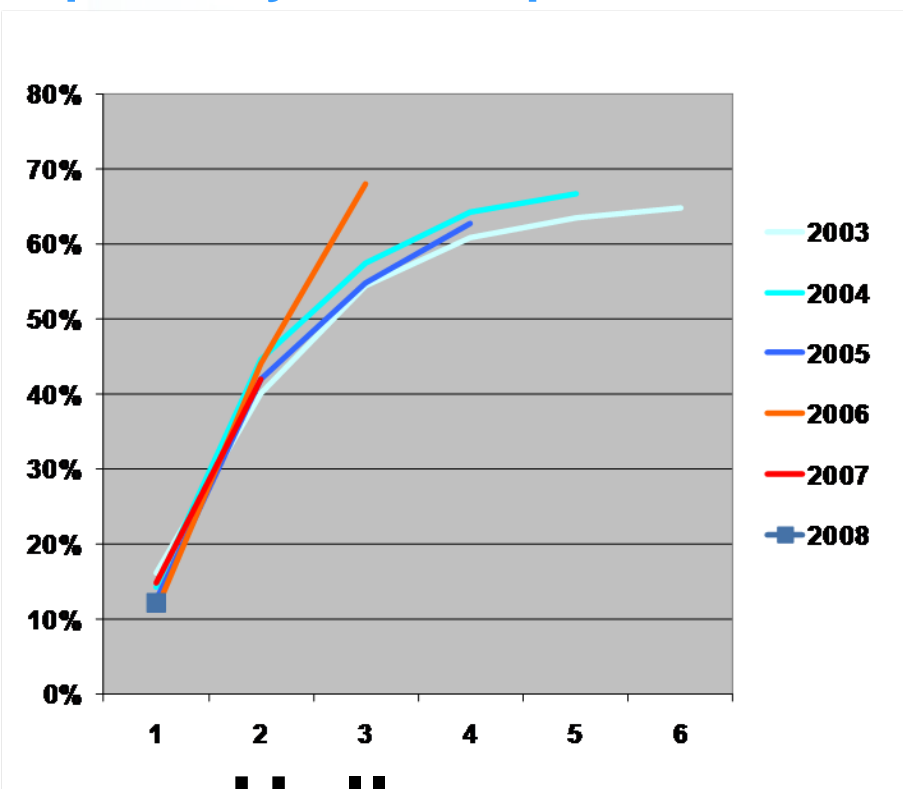
Legend:

- outstanding
- paid 12th year
- paid 11th year
- paid 10th year
- paid 9th year
- paid 8th year
- paid 7th year
- paid 6th year
- paid 5th year
- paid 4th year
- paid 3rd year
- paid 2nd year
- paid 1st year

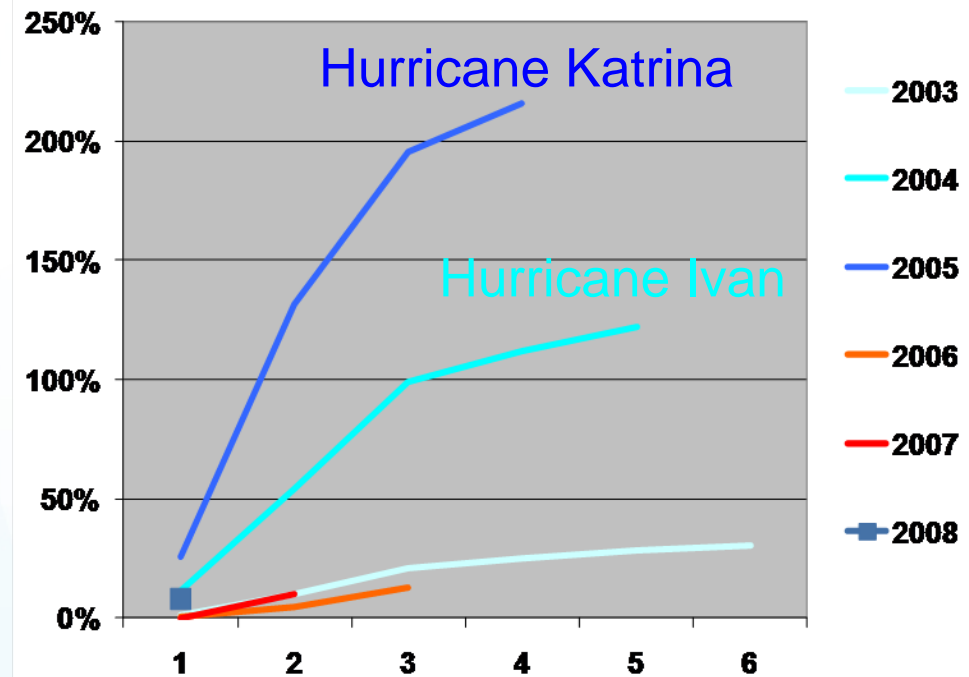
Hull versus Offshore Energy

Development of Gross “Paid” Loss Ratios

per UW year, as reported at 1, 2, 3, 4, 5 and 6 years



Hull



Energy

**A “typical” loss development pattern for Energy?
→ need to analyse Hurricanes separately...**

Summing up Offshore Energy



- Extremely volatile business, results/profitability depend strongly on hurricane impact
- Long time lag between accident and claims payment, due to the technical complexity of the insured objects
- No regular claims patterns. Claims reserves are set depending on knowledge about individual claims.
- Rates and Terms & Conditions have significantly improved since 2001 and following recent hurricane activity in the Gulf of Mexico