



# IUMI

## International Union of Marine Insurance

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### **Annex 4**

to the  
Meeting Minutes  
Council Meeting Bruges – September 2009

### **The President's Closing Remarks and Thanks**

Ladies and gentlemen:

When your business is linked to global trade, charting the best course for the future and planning for the inevitable rough seas that will be encountered along the way will always be a challenge. There will always be unexpected change and you will always be confronted by both positive and negative developments along the way.

There will always be new risks as well as off setting advances in technology.

There will always be emerging global hot spots as well as areas of relative calm and significant expansion.

There will always be human error but at the same time educational gains that enhance human understanding and performance.

There will always be new entrants to the market as well as competitors who disappear from view or change focus, and there will always be price competition as well as new product development. This is and has always been the nature of the business that we as marine professionals deal with on a daily basis – these are the challenges we are and will be faced with.

And while we may be accustomed to constant change I think that the speed with which global trade and the world economy has shifted in a little more than one year has surprised even the most seasoned among us. For nearly a decade before shipowners, cargo interests and offshore energy players had enjoyed a period of steady growth in consumer spending,



increasing trade volumes, full ships, record investments in exploration and busy congested ports. Those involved in global shipping took advantage of this red hot market by increasing freight rates, working vessels and machinery hard and investing in the future with record orders for new vessels and equipment. When IUMI released its Global statistics last year the growth in world seaborne trade volume was strong across all commodity types, the world merchant fleet had grown by 23%, the mobile offshore drilling fleet (outside the Gulf of Mexico) also showed strong growth and both the merchant fleet and the offshore drilling fleet had record order books.

Fast forward to today; governments around the world had to step in to design rescue packages for numerous well known financial institutions, a global recession became the new reality in the EU, the UK, Japan and the USA and the emerging BRIC economies face significantly slower growth as a result of the global financial crisis. In fact, the crisis hit and continues to hit everybody, with no exception. Consumers changed their buying behaviors so rapidly that manufacturers around the globe were forced to shut down factories or significantly scale back production. This has resulted in declining container volumes; cargo accepted at reduced freight rates, new vessel orders cancelled or delayed and ports closing their gates earlier because of greatly reduced traffic. We see the impact of this all too clearly in the IUMI statistics which Cedric and Astrid expertly reviewed with us on Monday.

Our IUMI statistics indicate that world seaborne trade volumes are expected to decline by 10% and world trade values are predicted to decline by 27% across all commodities, the world merchant fleet is predicted to grow by just 3.6% in number and the offshore drilling fleet has shown modest growth year to date of 4%. At the same time we are seeing record scrapping levels and the cancellation or delay of new vessel deliveries.

These events have clearly placed enormous strains on the entire global supply chain and we will undoubtedly continue to see both winners and losers in all segments of our business for some time to come. And while marine insurance is inextricably tied to global trade and rather dark clouds still hang over the world's economy there are a few significant rays of light shining through the economic storm:



To begin with, the insurance sector in general has fared much better than others in the financial sector. While the impact of turmoil in the financial markets has affected individual insurers differently, the insurance industry, as a whole, remains fundamentally strong. Insurance companies continue to write new business, renew existing policies and pay claims.

The economy itself also shows some tentative signs of brightening. Just last month published reports indicate that the Japanese economy, the world's second largest, rebounded in the last quarter for the first time in a year, signaling the possible end of the country's deepest recession since World War II, a turn around led by a boost in exports and a vast Japanese stimulus program. Japan joins Germany and France who both surprised forecasters by reporting positive growth after a string of quarterly contractions.

The US Federal Reserve has indicated that the United States, the world's largest economy appears to be leveling out and that the prospects for a return to growth in the near term are good.

China, Hong Kong, Singapore and South Korea have also reported rebounds as the impact of stimulus efforts across the globe take effect and brighten prospects for a widespread global recovery according to a recent New York Times article. We will have to wait and see if these economic rallies can sustain a recovery after stimulus measures around the world run their course and central banks begin to unwind the vast emergency measures they put in place to fight the crisis.

The global slow down has also resulted in a significant increase in the number of vessels going to the breakers and increasingly these vessels are under 25 years old. Despite cancellations there are still a large number of new vessels on order and being delivered. The combined effect of the surge in scrapping and new vessels coming on line is a younger world fleet - good news for both hull and cargo underwriters. Our IUMI statistics clearly indicate that the number of total loss incidents increases significantly in vessels 25 years and older.

Another serious concern raised by IUMI - the growing shortage of qualified officers and crews and the increase in losses linked to human error which accompanied the shipping boom of the



past should also be positively affected by less frenetic expansion. That is, at least, as long as owners remain committed to and disciplined about training initiatives and a safety culture.

So while the depths of the current global crisis, its longevity and its ultimate implications for today's underwriters remain unclear we can take some comfort in the fact that the marine insurance industry has survived and thrived for over 300 years learning to master numerous rough economic seas along the way and that, in fact, our industry will survive this current economic meltdown. And IUMI, which has been around for 135 of those years, will continue to provide a forum for a unique global dialogue on the constantly changing seascape marine underwriters are required to master.

In mastering the rough seas we currently face it is essential that we focus on what we as marine underwriters do best; assess, underwrite and price risk. While we can not directly impact the economy we can directly impact the marine underwriting results of each of the company's we represent. You have seen the underwriting statistics and it is clear that discipline is vital in the underwriting process as there is still ample capacity chasing a dwindling amount of business. It is also clear that with premium income down and investment income virtually non-existent the focus is on underwriting profit!

The current environment requires a close working relationship with our marine clients, for the more we understand about the challenges and opportunities they currently face the better equipped we are to provide them with products and services designed to meet their changing and emerging business needs. Underwriters, their clients and brokers would be best served by building strong working partnerships that encourage open communication, information sharing and strategic planning to help navigate what continues to be a challenging business environment for everyone.

IUMI recognizes that it plays a vital role in this process and will continue to step up its game to meet these challenging times and assist our member associations and the broader maritime community. We will continue to provide you with the statistical analysis you have come to rely on to make informed decisions. IUMI will continue to work with our global partners to champion issues important to marine underwriters and the maritime industry and we are



committed to broaden our geographic platform and knowledge base by attracting and engaging experts from around the world to the IUMI family.

The past year has clearly been difficult and challenging for all of us but I am confident that if we continue working together we will master these rough seas - thank you!

As we come to the end of our program it is my pleasure to say thank you to those who have served IUMI with great enthusiasm and distinction and also to welcome new colleagues.

I would like to begin of course by thanking Fritz Stabinger our Secretary General. Fritz possesses a strong global marine underwriting background, well honed organizational skills and above all a love for IUMI. This unique set of skills enables Fritz to move apparently effortlessly from expertly organizing our many meetings, to representing IUMI at international conferences with great knowledge and professionalism, to building new relationships with global partners and all the while wearing a stylish bow tie! Please join me in a round of applause to recognize and thank Fritz for all of the work that he does on our behalf.

I would also like to thank Andrew Higgs who assumed the post of IUMI alternate liaison officer to IMO. At the end of this morning's program, you had the opportunity to listen to Andrew and to appreciate that working at and with IMO, sometimes, is a sisyphus-task which he undertakes with unwavering and great enthusiasm. For those of you whose knowledge of Greek mythology may be a little rusty - Sisyphus was condemned for eternity to roll a boulder up a hill only to have it roll down again just before it reached the top. But despite the many challenges I am convinced that both Fritz and Andrew will continue to represent and defend your interest at the only true international UN body representing shipping – the IMO.



It is also time to say good-bye to 2 technical committee chairs: Andy Garger, Legal & Liability and Harry Mulder, Inland Hull, Fishing Vessels and Yachts – in short IFY.

Andy began his IUMI career in 2000 when he joined the committee as its US representative. Five years ago, in 2004, he took over as chairman. In addition to the expert leadership Andy has demonstrated during his tenure as committee chair he has also been very active in participating at Uncitral as part of the working group which now presented the Rotterdam Rules. The Rotterdam Rules are scheduled to be signed there in a week's time. Andy will, for the time being, stay on the committee and will also join the nominating committee

He will be replaced by Stephen Barr, UK who will assume the chairmanship of the Legal and Liability Committee.

Harry Mulder participated for the first time 1990 in our London conference.

He became a member of the IFY committee after the TC Spring Meeting in Paris, 2003 and assumed its chairmanship 2006, after our Tokyo conference.

Under Harry's leadership, the IFY committee progressed and has now a representative membership of worldwide specialists.

He will be replaced by Paul Miller, UK.

We must also bid farewell to one of our executive committee members with whom the EC has been privileged to work with over the past two years: Tak Tamai.

Tak joined the Executive Committee following our Copenhagen conference in 2007. He greatly contributed to our union and was instrumental – and successful – in enhancing our membership particularly in South America. His contributions to our meetings were at all times well thought-out and highly constructive, and we are sorry that his professional responsibilities force him to retire from our committee.

Please join me in giving our friend Tak a big hand.



It is now time to say thank you to our wonderful Belgian hosts, and I would like to take this opportunity to once again recognize the members of the 2009 organizing committee as I call your name would you be kind enough to stand : Etienne Haenecour, Arlette Aloo, Bert Nelen, Rene De Niet, Roger Franssen and Paul Buyl.

On behalf of all those attending this year's conference I would like to thank you for an excellent conference and a wonderful experience in this magical city. All of those who had the good fortune to attend Bruges 2009 will long remember this excellent conference -- thank you!

And now, dear friends, it is time to look to our 2010 Conference in Zurich and to commemorate this occasion the IUMI flag will pass from Belgium to Switzerland.

Would Bruno Schiess, chairman of the Swiss organizing committee .....and Etienne Haenecour from Belgium step to the rostrum, please.

Thank you.

(Flag Ceremony)

(Welcome address Zurich – Christian Labhart, Head of the Swiss Delegation)

(Short movie.)

Thank you Christian!

Ladies and gentlemen the time has come to say goodbye to Bruges and welcome to Zurich. Our IUMI 2009 Conference is closed.