
Astrid Seltmann, Facts & Figures Committee Analyst/Actuary, CEFOR, Norway

Thanks also to Pamela Frood and Cédric Charpentier
By end of August 2007, 45 of 53 (ex 47 of 54) members reported their country’s marine premium figures for accounting years 2005 and 2006.

Reported figures represent approx. 97% of the total marine premium written by all IUMI members in 2005 and 2006.

Total premium for 2006 is therefore estimated to reach approx. USD 20.3 billion*. (excluding P&I from mutual P&I Clubs).

* Strong exchange rate effects on premium volume, see explanations in presentation.
World Merchant Fleet and Global Marine Hull & Liability Premium

Index of evolution, vessels > 100 GT, 1995 = 100%

Sources: Indicators for World Fleet from ISL Bremen, Vessel value index: CEFOR
World Seaborne Trade Volume and Trade Values, Global Cargo Premium

Index of evolution, 1995 = 100%

A major part of the increase 2001-04 and 06 and decrease 2004-2005 is due to change in exchange rate against USD! (Cargo mostly written in local currency)

Source: Indicators for World Trade Volume from ISL Bremen
Index of evolution of Exchange rates between US$ and selected currencies

(as of December each year)

Source: Norges Bank Exchange Rates Statistics
Global premiums reported 2002 to 2006 (accounting years)

Increase 01-04 and 05-06 partly due to weakening of USD against major European and Asian currencies.

Stagnation 05 due to strengthening of USD against major European and Asian currencies.
Market Shares 2006

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

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

North America: Bermuda, Canada, USA

Rest of the World: Congo, Egypt, Israel, Kenya, Lebanon, Mexico, Morocco, Nigeria, South Africa, Tunisia, United Arab Emirates

Countries in italics did not report in 2007
Report on marine insurance premiums by economic areas

(USD Millions)

Europe, Asia: Exchange rate effects due to weakening/strengthening of USD
Global Marine Premium 2000 - 2006

(USD Million), as reported
Global Hull Premium
Major Markets, 2000 - 2006 (USD Million)

From 2004 building risk is officially included in figures.
Europe/Asia: exchange rate effects.
Marine Hull –
Evolution of Paid Claims, Gross Premiums
as reported, U/W Year 1999 to 2006 (USD)

Blue line = Gross Premium; Red line = Paid Claims

Totals of 9 IUMI members –
Belgium, France, Germany, Italy, Netherlands, Norway, Spain, UK Lloyds, UK IUA
Marine Hull – Evolution of Paid and Total Claims, Gross Premiums as reported, U/W Year 1999 to 2006 (USD)

Totals of 8 IUMI members – Belgium, France, Germany, Italy, Netherlands, Norway, Spain, UK Lloyds

Blue line = Gross Premium; Red line = Paid Claims, Yellow line = Paid+Outstanding claims
Technical break even is achieved when the gross loss ratio does not exceed 100% minus the expense ratio (between 20% and 30%, acquisition costs, capital costs and management expenses).

Ultimate calculation based on figures of 9 IUMI members: Belgium, France, Germany, Italy, Netherlands, Norway, Spain, UK Lloyds, UK IUA
Transport/Cargo –  
Evolution of Paid Claims, Gross Premiums  
as reported, U/W Year 1999 to 2006 (USD)

Blue line = Gross Premium; Red line = Paid Claims

Totals of 8 IUMI members –  
Belgium, France, Germany, Italy, Netherlands, Spain, UK Lloyds, UK IUA
Transport/Cargo – Paid and Total Claims, Gross Premiums as reported, U/W Year 1999 to 2006 (USD)

Blue line = Gross Premium; Red line = Paid Claims, Yellow line = Paid+Outstanding claims

Totals of 7 IUMI members – Belgium, France, Germany, Italy, Netherlands, Spain, UK Lloyds
Transport/Cargo, Gross Loss Ratio paid claims, Actual and estimated towards ultimate U/W Year 1996 to 2006

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

Ultimate calculation based on totals of 8 IUMI members – Belgium, France, Germany, Italy, Netherlands, Spain, UK Lloyds, UK IUA
Technical break even is achieved when the gross loss ratio does not exceed 100% minus the expense ratio (acquisition costs, capital costs and management expenses, usually between 20% and 30%).

Impact of major claims in 2007 attaching to 2006 + further increase in partial claims costs in 2007
Examples of Major Hull claims in 2007, attaching to Underwriting year 2006

<table>
<thead>
<tr>
<th>Date</th>
<th>Vessel Name</th>
<th>Casualty</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.01.07</td>
<td>MSC Napoli</td>
<td>Grounding</td>
</tr>
<tr>
<td>08.03.07</td>
<td>MSC Joanna</td>
<td>Collision</td>
</tr>
<tr>
<td>08.03.07</td>
<td>W.D. Fairway</td>
<td>Collision</td>
</tr>
<tr>
<td>08.03.07</td>
<td>Repubblica de Genova</td>
<td>other</td>
</tr>
<tr>
<td>05.04.07</td>
<td>Sea Diamond</td>
<td>Grounding</td>
</tr>
<tr>
<td>12.04.07</td>
<td>Bourbon Dolphin</td>
<td>Capsize</td>
</tr>
</tbody>
</table>

Claims xs 20 MUSD occurred in 2007, but attaching to 2006, are estimated to sum up to about 600 USD million, adding roughly additional 18% to the 2006 hull gross loss ratio.
Marine Hull - Quarterly evolution

**Net loss ratio paid+outstanding claims**

**Hull & Machinery insurance**
(excluding LOH, freight and hull interest, building risk)

**Net loss ratio***(net of acquisition costs)*

\[
\text{Net loss ratio}^* = \frac{\text{Paid} + \text{Outstanding claims}}{\text{Net premium}}
\]

Source: CEFOR, Underwriting years 2005 and 2006
Summing up

- Marine Hull
  - Underwriting years 2004, 2005:
    - Few major claims
    - But increase in average attritional claims amount
  - Underwriting year 2006:
    - Increase in the number and severity of major claims
    - Continuing trend towards higher attritional claims amounts
  - Quo vadis?

- Transport/Cargo
  - Exposures in values increases significantly, but not reflected in premium development
  - Even so, stability in results since 2002