

IUMI proves concept for global large loss database

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Speaking at this week's IUMI (International Union of Maritime Insurance) conference in Cape Town, South Africa, Donald Harrell, chair of IUMI's Facts & Figures Committee, reported a successful conclusion to IUMI's large loss database pilot project.

"For the past year, we have been running a project to understand if it is feasible for IUMI, through its member associations, to collect hull and cargo claims data for large losses. Once collected, we also wanted to understand if it was possible to organise that data in such a way as to deliver meaningful information to marine underwriters. I am pleased to say that the initial phase of our project has been a success and we now look forward to widening our network of participants and strengthening our database".



Although IUMI's Facts & Figures Committee has overseen the collection of marine insurance information for many years, it has not – until now – been involved in the significant collection of global loss data. Over the past few months, a small group of IUMI member associations from Belgium, Germany, Japan, Netherlands, Sweden and Singapore has submitted data relevant to individual hull and cargo losses over US\$250,000. The Boston Consulting Group (an IUMI Professional Partner) as an independent party was engaged to cleanse the raw data, eliminate inconsistencies and identify trends and conclusions.

After almost a year, IUMI has proved that member associations are willing and able to deliver data in a usable format and in sufficient quantity to allow meaningful analysis to be performed and trends to emerge.

"The next step in the process", explains Harrell, "is to widen the network of contributors to include as many IUMI member associations as possible. This is likely to take some time as many do not currently request this data from their own national memberships and will need to implement a process to do so. Working with the Boston Consulting Group, we will create a reporting framework for our members to help standardise the data we expect to receive from an ever-widening constituency. We recognise that our database is a work-in-progress, but we are delighted to have proved the concept and built a solid foundation on which to move forward".

Dave Matcham (Chief Executive, International Underwriting Association), who sits on IUMI's Policy Forum and liaises with the Fact & Figures Committee has been project manager for this initiative and explains why it is such an important project:

"This is a unique database of large loss data that will give a global insight into hull and cargo claims. Marine underwriters will not find this information anywhere else. Meaningful global trends on specific causes of losses, or geographic clusters can be compared against an underwriter's own book of business. They can benchmark their activity against global performance, enhance their own underwriting decision-making processes or, perhaps identify where best to place their capital. No insurer or reinsurer currently has access to this breadth of claims information."

Data is submitted anonymously; and to avoid overlap, data is only collected from national organisations where their members have led on a particular claim.

In time, IUMI hopes to create a large and consistent loss database (hull and cargo) with standardised data from member companies in order to analyse major losses with respect to loss severity, frequency, location and cause.

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Notes to editors:

The International Union of Marine Insurance (IUMI) represents 40 national and marine market insurance and reinsurance associations. Operating at the forefront of marine risk, it gives a unified voice to the global marine insurance market through effective representation and lobbying activities. As a forum for the exchange of ideas and best practice, IUMI works to raise standards across the industry and provides opportunities for education and the collection and publication of industry statistics. IUMI is headquartered in Hamburg and traces its roots back to 1874.