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MARINE INSURANCE MARKET MARINE MONEY BUSAN 2016

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In Asia. For Asia.



Chaba:- Korean Coastguard successfully rescued six crew members



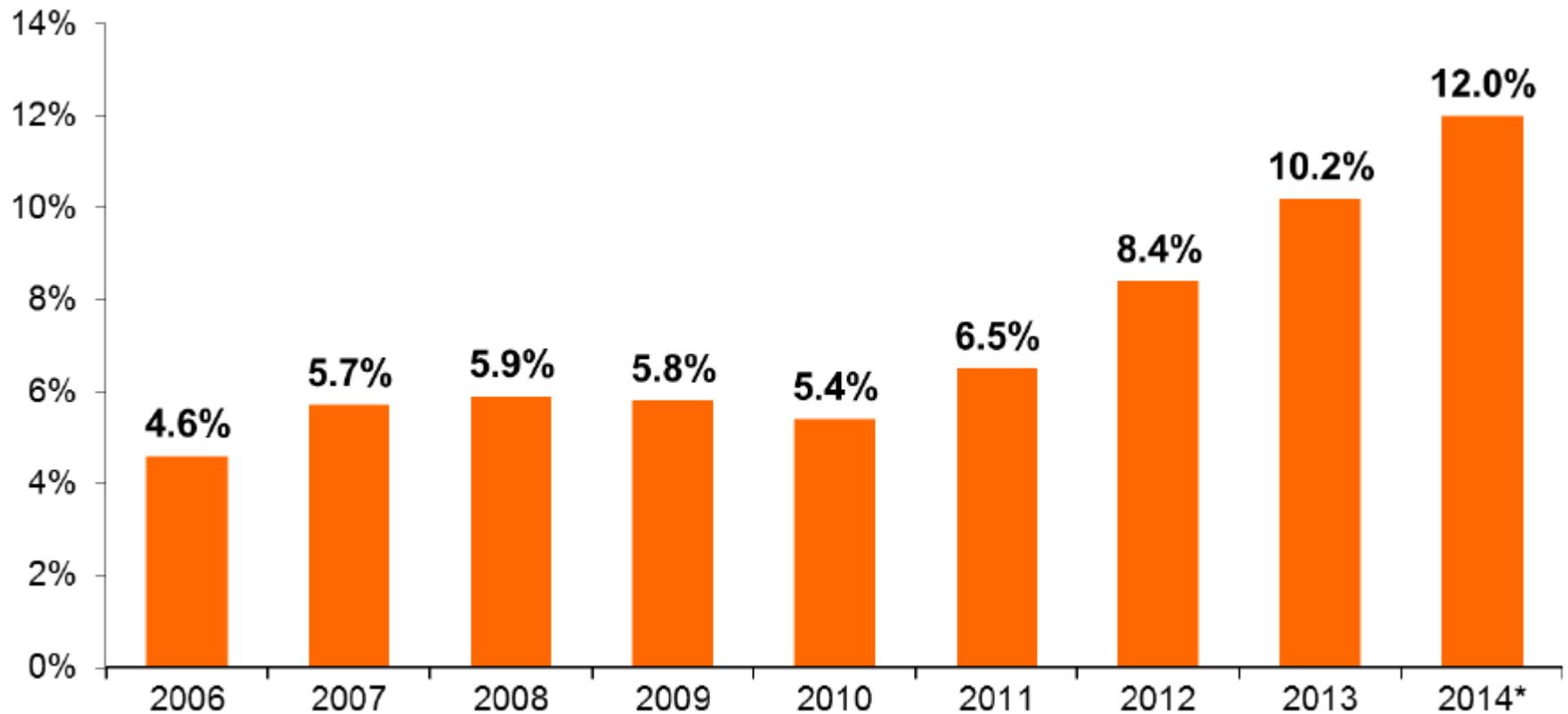
South Korean coast guard rescued six people from rough waters in Yeosu on Wednesday after they were swept from a ferry which had broken its moorings in wild weather caused by Typhoon Chaba.



Insurance & Shipping at all time low!

- Ship Values
- Slow down in new buildings
- Growth at all time low
- Cargo value values down especially oil
- More competition in the insurance space
- Countries protective about shipping and insurance
- Insurance rates
- What is the effect of the underwriters Figures?

ALTERNATIVE CAPITAL'S SHARE OF GLOBAL REINSURANCE CAPITAL



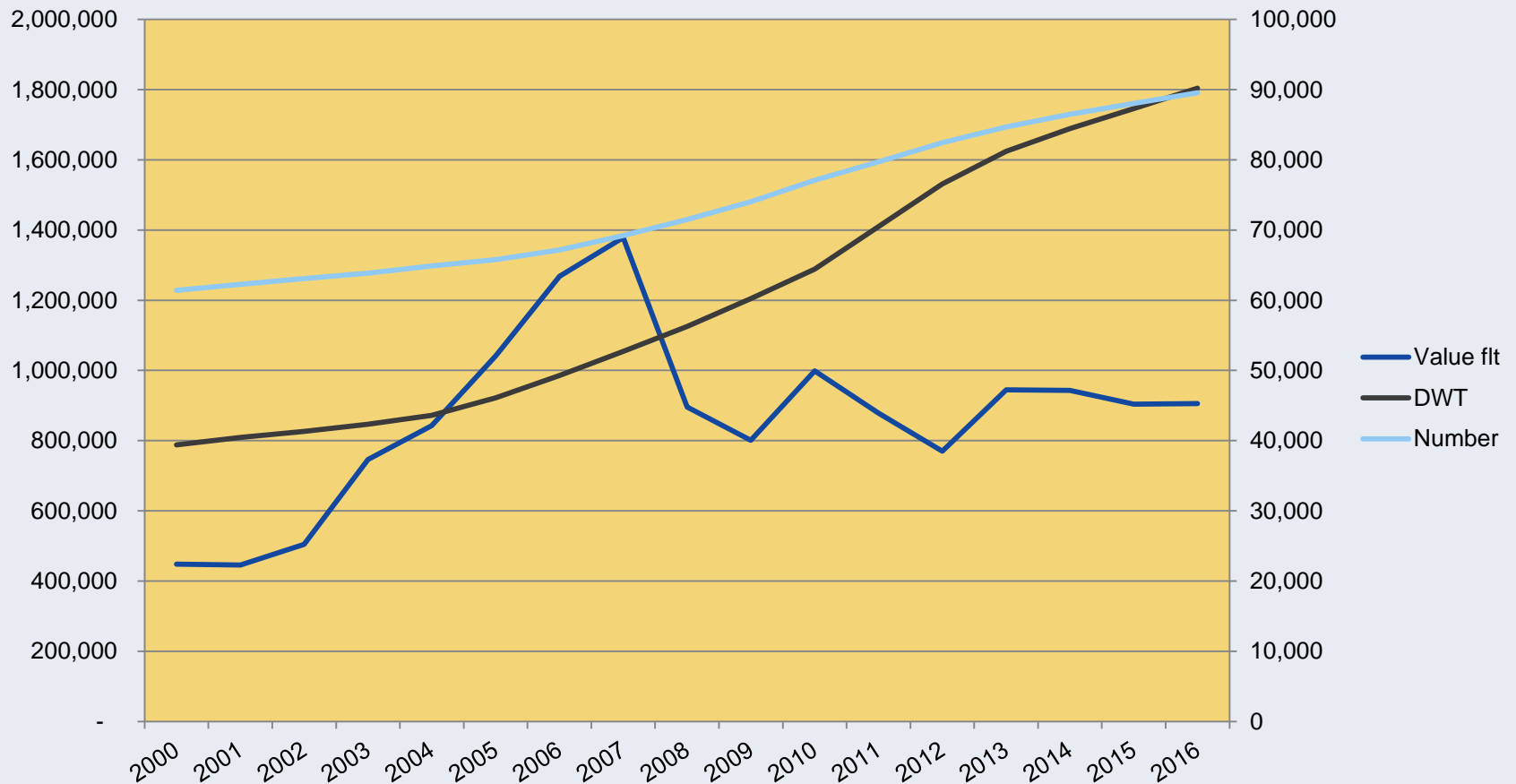


Stretched shipowner scuttled bulker

Intent to cast away vessel leaves principal of Turkish shipping group exposed to large cargo claims.

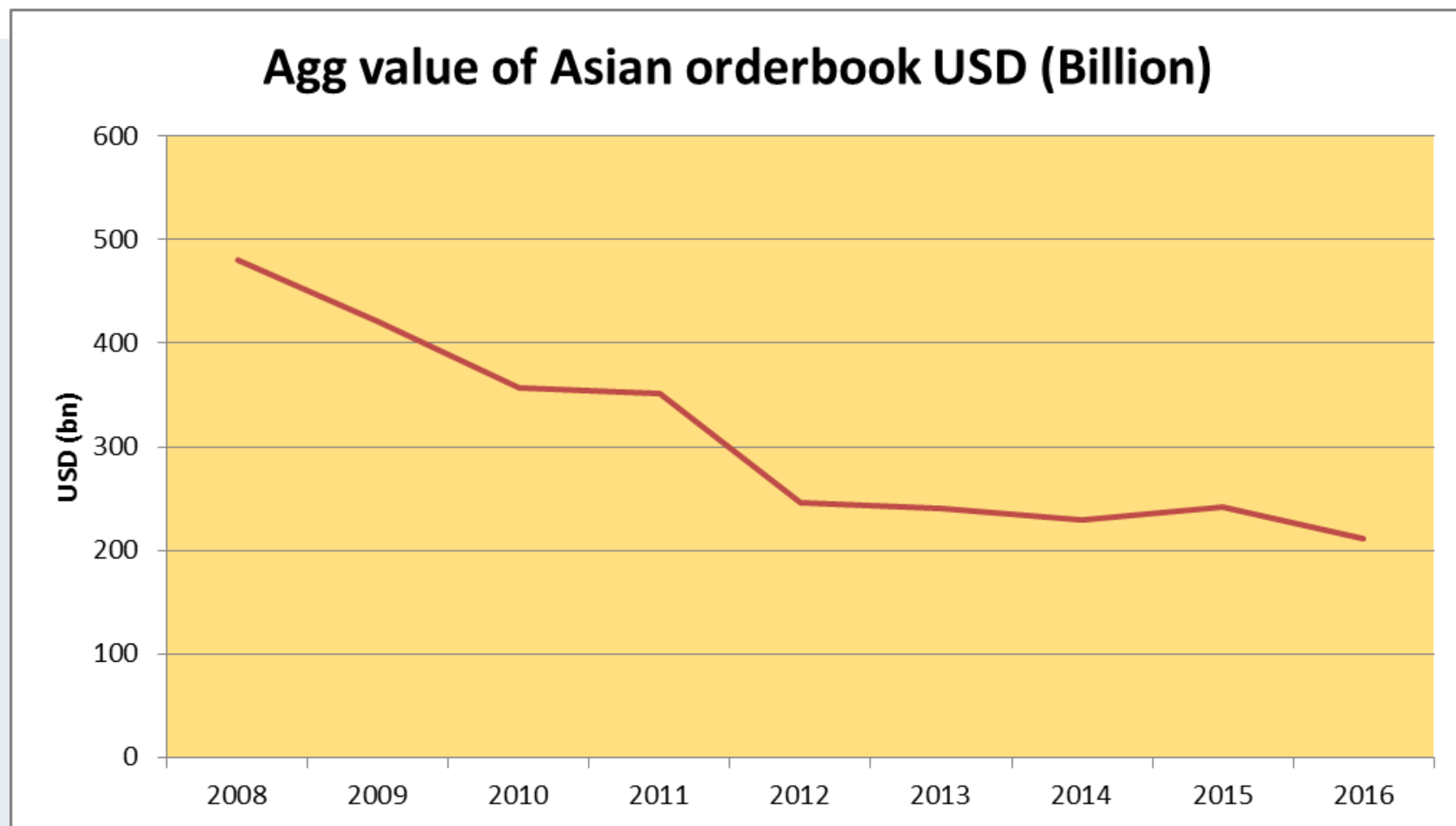
**XXX : Shipowner Arrested for Fraud After
Insurers Question Alleged Pirate Attack**

World Fleet Value/ No./ DWT



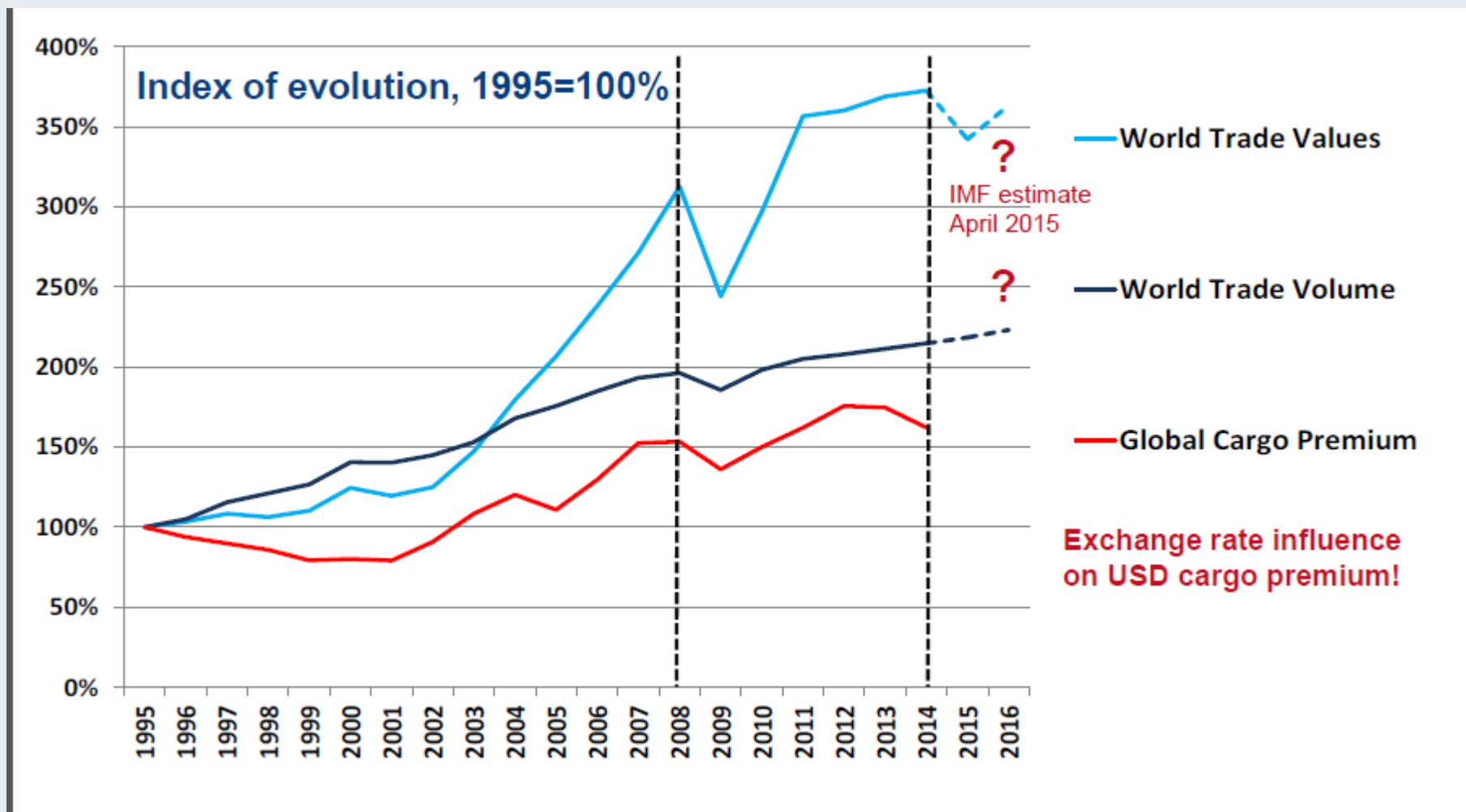
- 32% reduction in value from the peak
- Large amount of vessels will be recycled by the end of their normal life





Value reduced by 60%







Oil Price – Effect on Sum insured

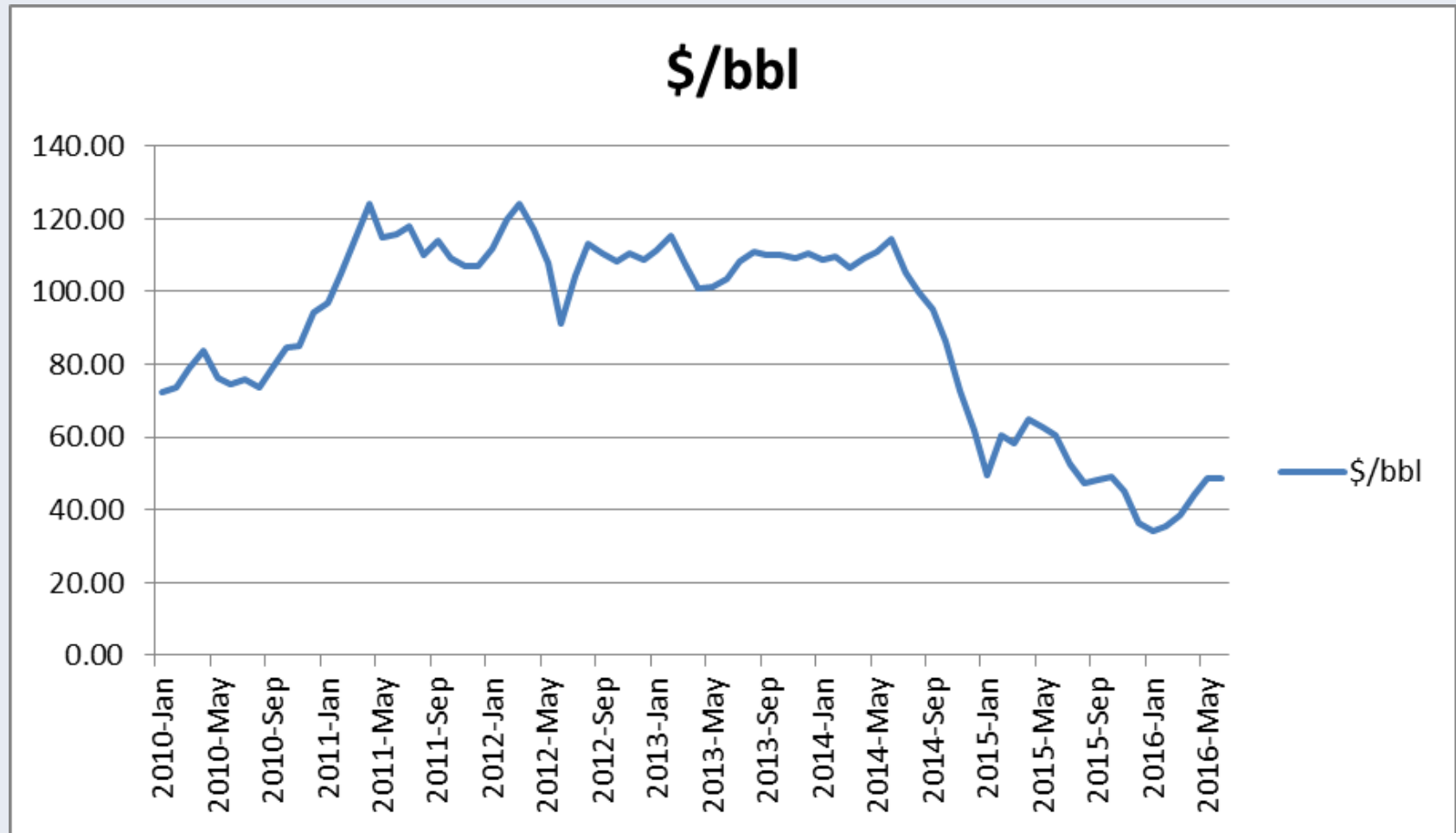


Table 1: Trade Performance, by Region

	Annual Growth 2003-2008	Annual Growth 2012-2014
Developed Countries	11.2%	0.7%
East Asia	15.4%	3.1%
Latin America	14.7%	1.0%
South Asia	20.4%	0.5%
Sub-Saharan Africa	17.9%	0.1%
Transition Economies	21.1%	-0.5%
West Asia/North Africa	18.9%	2.8%

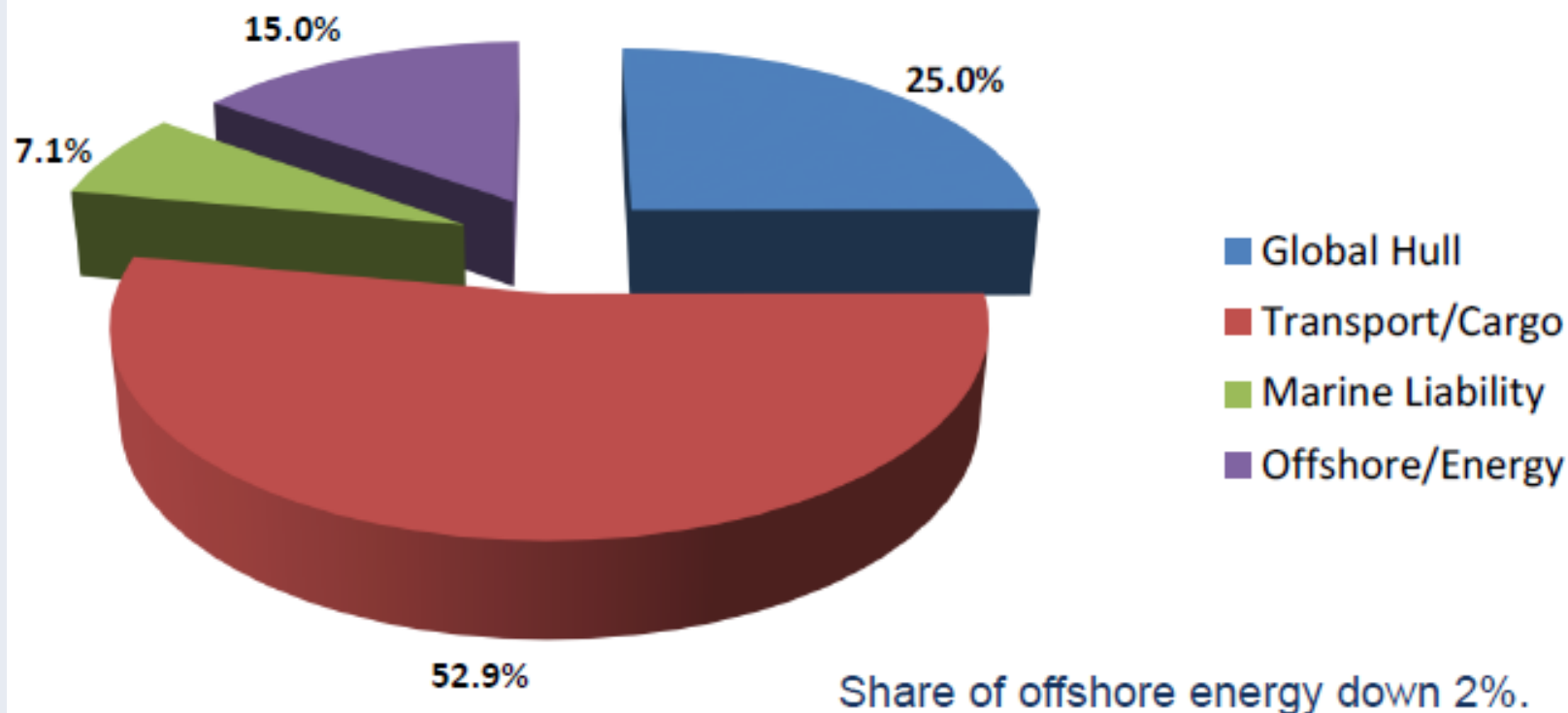
The Insurance Markets



MARINE PREMIUM 2015 BY LINE OF BUSINESS

Total: 29.9 USD billion / Change 2014 to 2015: -10.5%

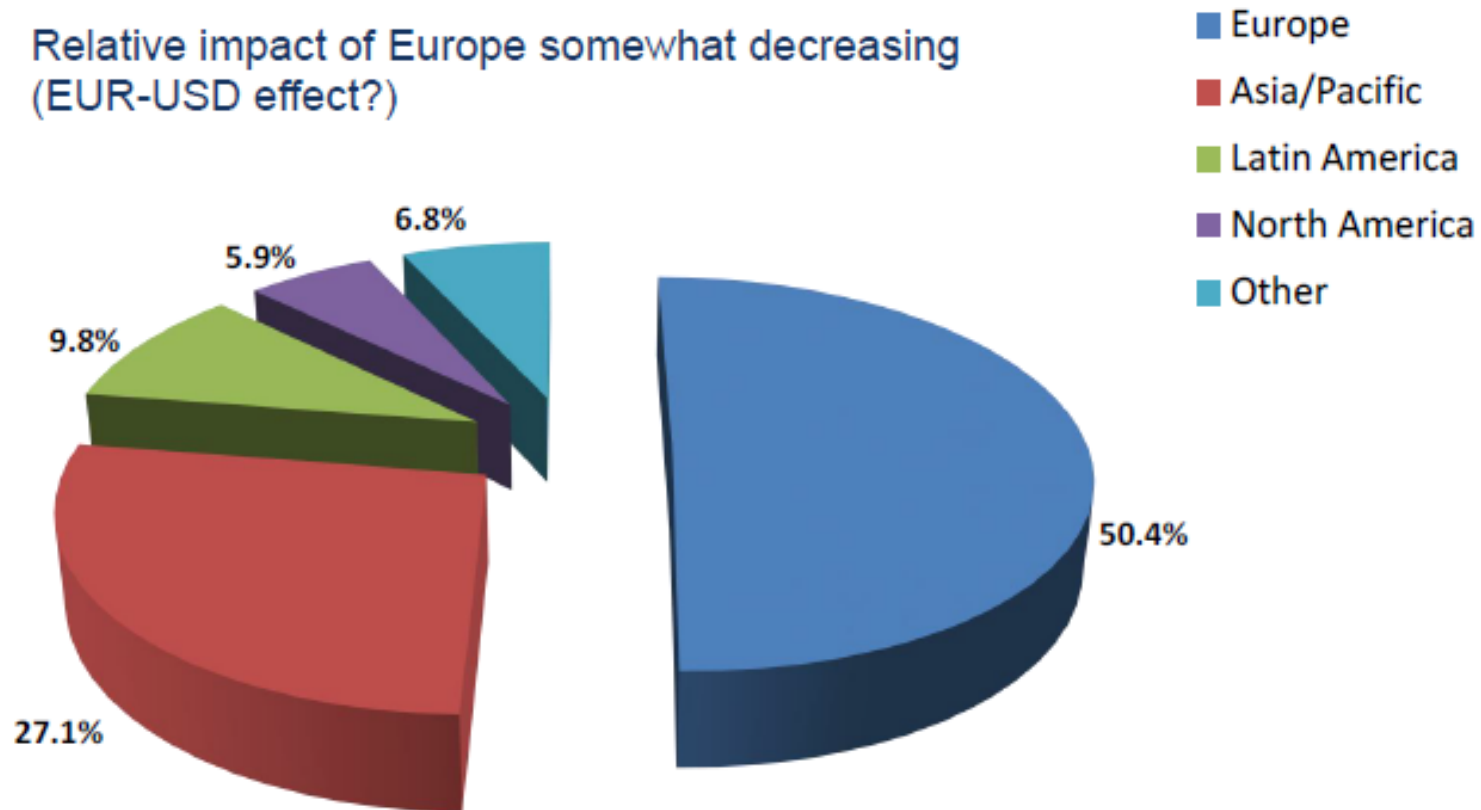
NB: Strong USD «reduces» premium in USD as compared to local currency!





MARINE PREMIUM 2015 BY LINE REGION

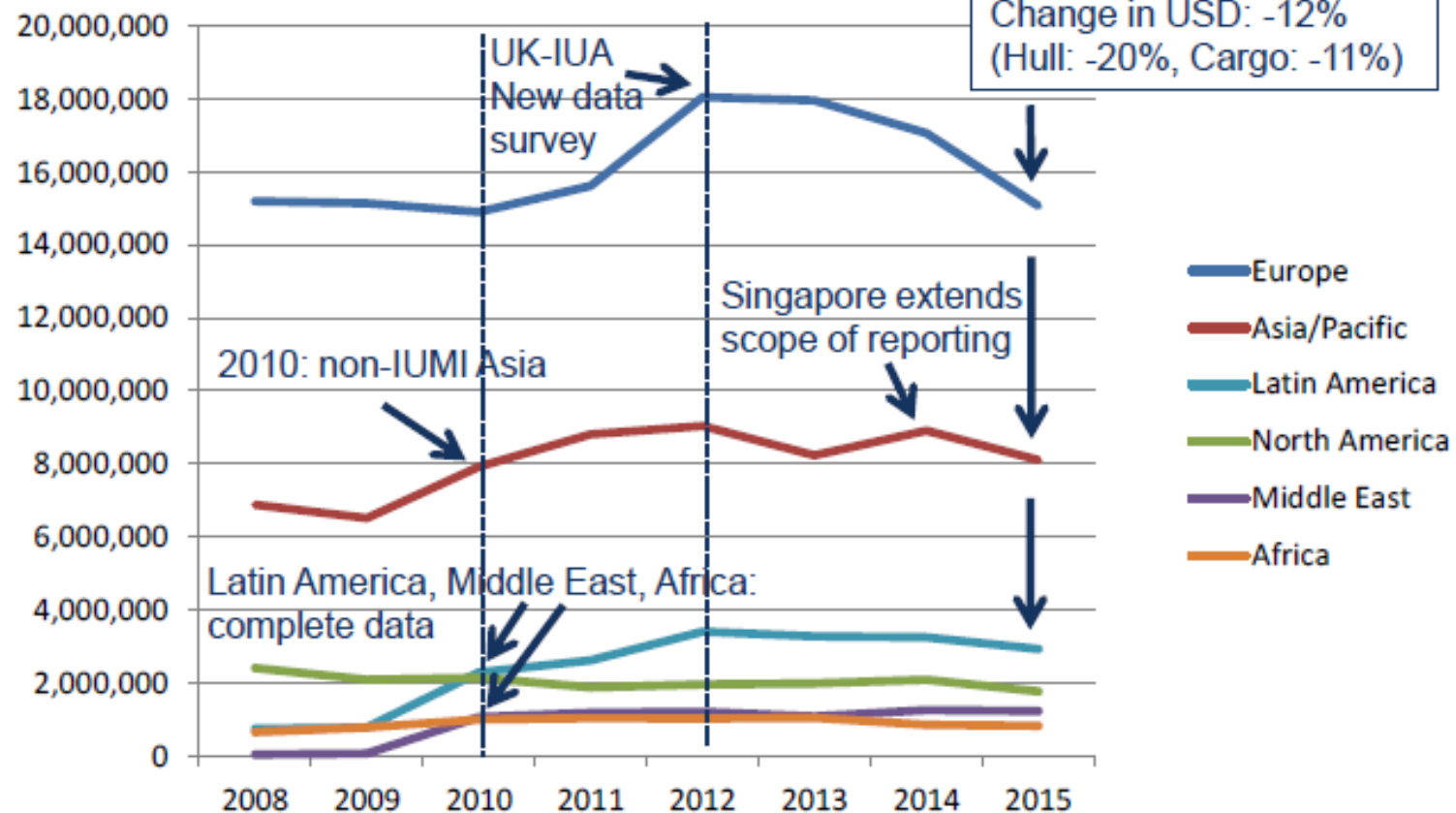
Relative impact of Europe somewhat decreasing
(EUR-USD effect?)



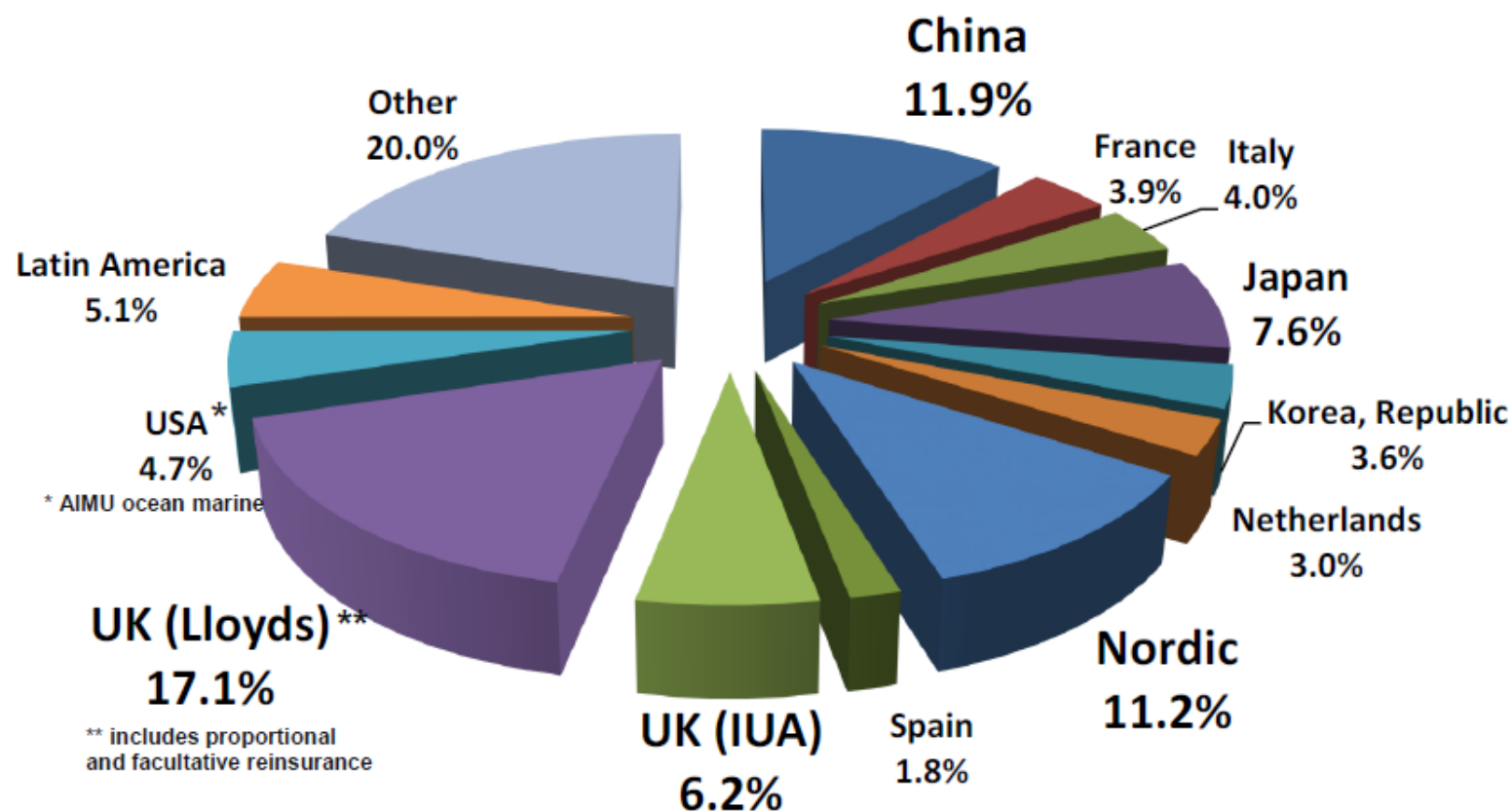
Marine Premium Selected markets 2004 – 2015

2014: 33.4 USD bill. / 2015: 29.9 USD bill.
Strong USD «reduces» income in most currencies!

**Currency effect –
Example Germany**
Real change: -2%
(Hull: -12%, Cargo: 0%)
Change in USD: -12%
(Hull: -20%, Cargo: -11%)



HULL PREMIUM 2014 – BY MARKETS





International Competition

	Value of fleet USD (m)	% of Total	Premium USD (m)	% of total Prem	Difference	Amount placed in Local Market
Greece	91.5	10%	14	0%	-10%	2%
Japan	92	10%	574	8%	-3%	73%
China	75	8%	897	12%	3%	140%
Germany	48	5%	135	2%	-4%	33%
USA	112	13%	352	5%	-8%	37%
South Korea	23.5	3%	272	4%	1%	136%
Norway / Denmark	89	10%	777	10%	0%	102%
Singapore	40	4%	575	8%	3%	169%
Italy	31	3%	300	4%	0%	113%
Malaysia	16	2%	77	1%	-1%	56%
UK	27	3%	1,800	24%	21%	782%
Other	246	28%	1,827	24%	-4%	87%
Total	891	100%	7,600	100%	0%	100%

Fleet Insured Locally 77%
Overseas 23%

The Insurance Figures for Hull & Machinery Insurance

LOSS RATIO

Gross Premium = USD1,000

Claims = USD600

Gross Loss ratio = USD600/USD1000

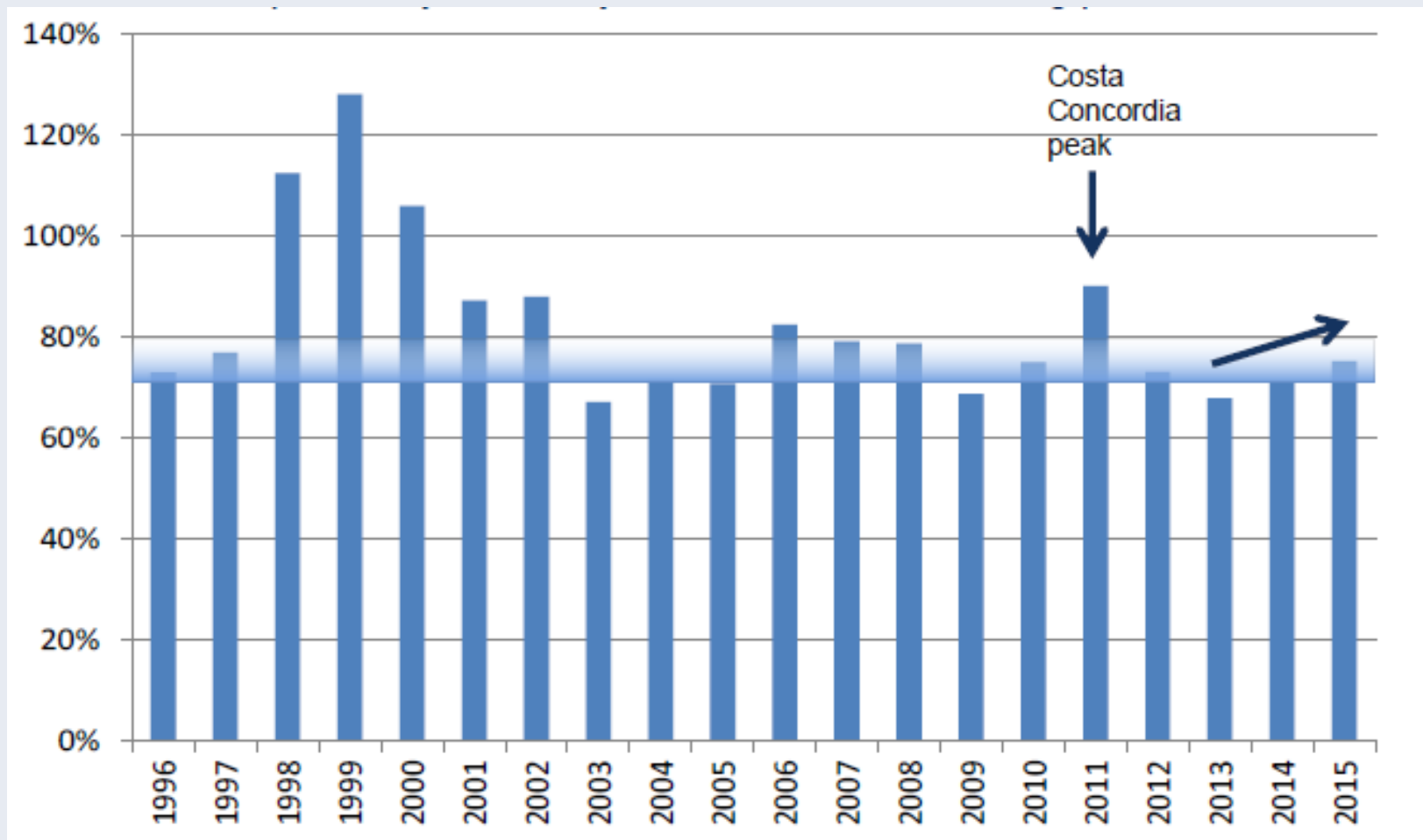
= 60%

But have to add underwriters acquisition cost, expenses and capital cost which is circa 20%.

Therefore Combined Ratio is 80%

A Gross Ratio greater than 80% , effectively means the underwriter is losing money!

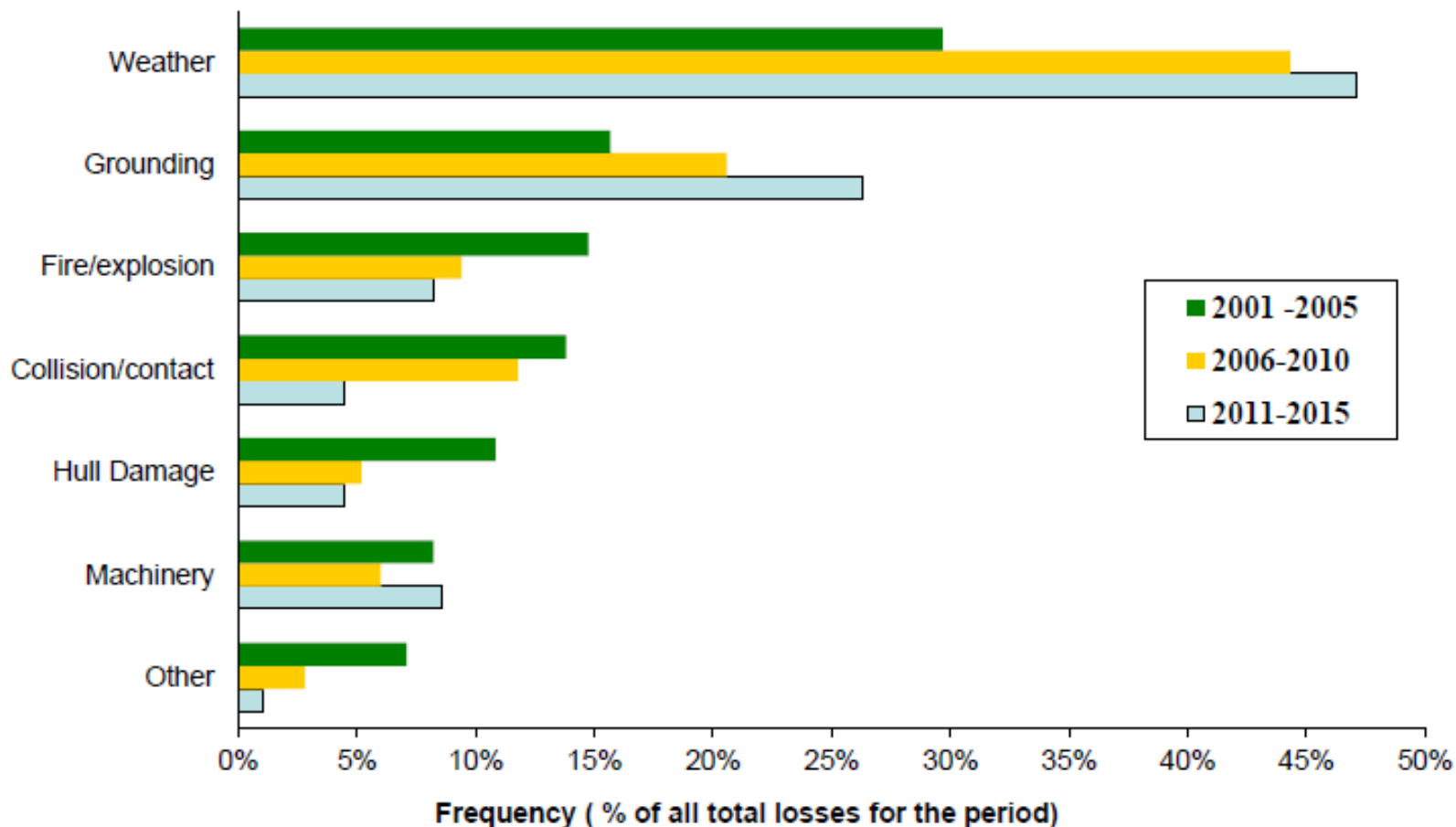
Hull Ultimate Loss Ratios



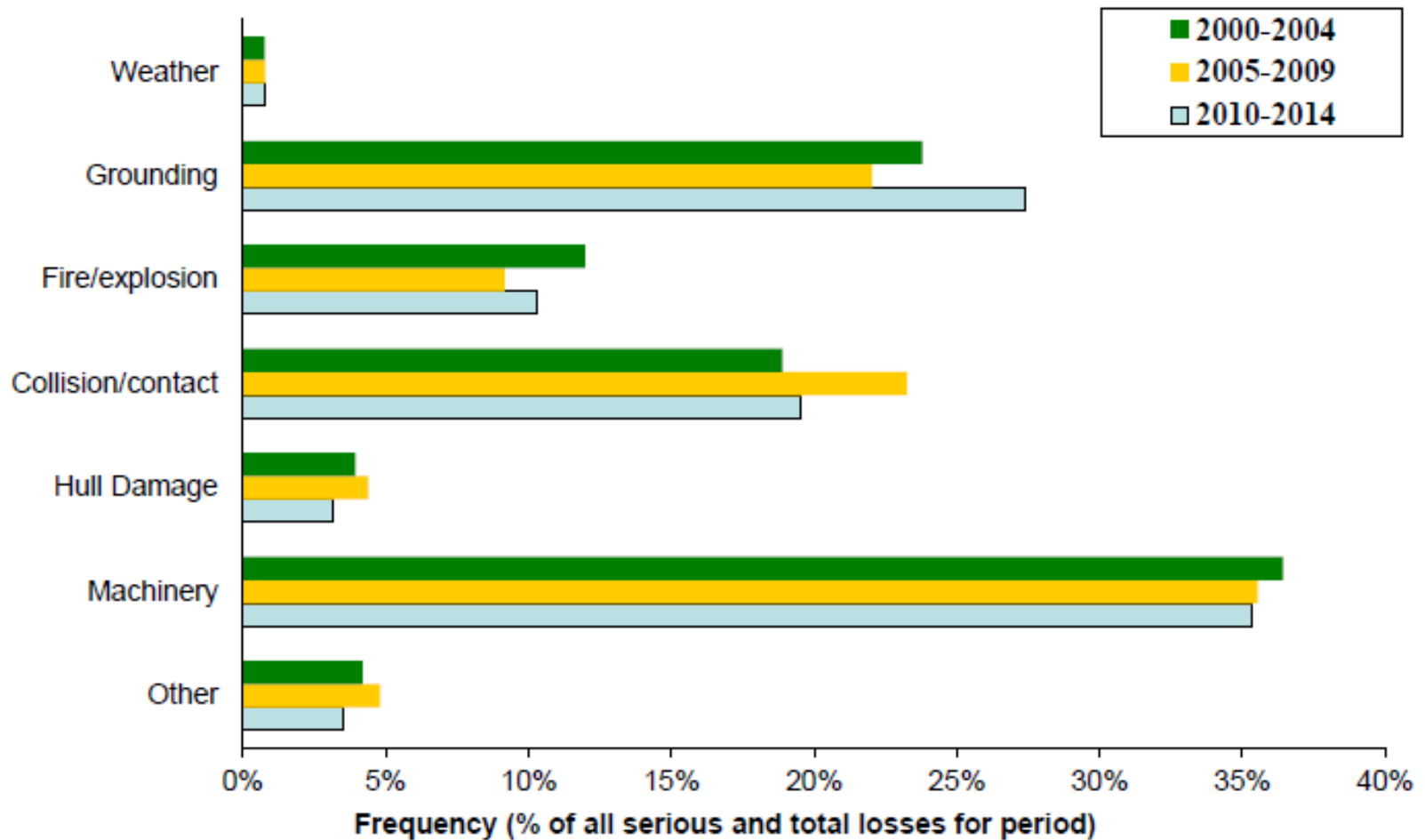


Hull Casualty Figures

Total Losses By Cause All vessel Type > 500gt



Serious Losses



- Changes in legislation
 - Global Sulphur Cap
 - Ballast Water
 - ECDIS
 - Places of Refuge
- Human Factor
- High Value risks such Cruise Vessels
- Artic Risks
- Accumulation in terms of vessel laid up

Shipping Market

“put simply , there are just too many ships-many of them much bigger than ever before-chasing too few cargoes”

Insurance Market

*“put simply , there are just too many **insurers** -many of them much bigger than ever before-chasing **far less business**”*



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