


Allianz Global Corporate & Specialty

---

## Ocean Marine Pricing Overview and Current Issues

CARE – May 6<sup>th</sup> and 7<sup>th</sup>, 2010  
Henry Newman



---

---

---

---

---

---

---


---

Allianz Global Corporate & Specialty

---

### Agenda

- Ocean Marine Insurance
- Pricing
- Market Issues
- Data/Information



---

---

---

---

---

---

---

---

Allianz Global Corporate & Specialty


---

### General

First insurance  
Started 1300's  
Lloyd's 1700's

Losses

- CTL (Constructive Total Loss)
  - Loss > 1/2 insured value
  - Insurance recovery if repair/replace
  - Vessel agreed value
- Particular average
- Partial
- One insured interest (vessel or cargo owner)
  - General average
- Partial
- Multiple insured interests with all bearing portion of loss



---

---

---

---

---

---

---

---

Allianz Global Corporate & Specialty

---


Ocean Marine Insurance

Auto on Water (Or "Watered down coverage")

- Hull
- Cargo
- Liability
- Energy

- Matt to discuss
- Some insurers consider this property, especially onshore

---

**Allianz** 

---

---

---

---

---

---

---

---

Allianz Global Corporate & Specialty

---

Hull

Vessels

- Blue, brown or green
- Voyaging
- Laid up (repair, idle)

Damage to other vessels

- Collision
- Allision - hitting a fixed object


Sue & labor clause (covered claims)

- Protection from impending or further loss
- Inspection or repair (to prevent more or larger loss)

Tail

- Voyage
- Getting into drydock to inspect or repair

---

**Allianz** 

---

---

---

---

---

---

---

---

Allianz Global Corporate & Specialty

---

Cargo

Land and air shipments, too


Connected to water shipment or international

Ocean or inland waters

Generally no expiration date

- Shipment date as "inception date"
- Insured/insurer cancellation

---

**Allianz** 

---

---

---

---

---

---

---

---

Allianz Global Corporate & Specialty

---


Liability

P&I (Protection and Indemnity)

- Crew
- Passengers
- Other 3<sup>rd</sup> party
- Removal of wreckage
- Inadvertent fines and penalties

Other liability

- Ship repairers
- Terminal operators
- Bumbershoot (umbrella)



---

---

---

---

---

---

---

---

Allianz Global Corporate & Specialty

---

Pricing

Problems with traditional methods


- Data (or lack thereof)
  - AIMU
  - IUMI
- No "ISO"
- Actuaries (or lack thereof)

Market driven

Subscription - primarily Hull

Ways actuaries price

- Market
- Underwriters input
- "Traditional"
- Simulation



---

---

---

---

---

---

---

---

Allianz Global Corporate & Specialty

---


Market Issues

Hull

- Insured values
- Shipping volumes down
- Backordered vessels
- Steel/repair prices up & down
- Insufficient repair yard capacity
- P&I: Crew quality and availability

Cargo

- Globalization
- Reduced shipments
- Other consideration
- Accumulation (cat modelling)
- Moral hazard (theft frequency)



---

---

---

---

---

---

---

---


Market Issues

Piracy

- War risk generally excluded
- "Piracy excepted"
- Hull
- Ransom

Cat Modeling

- Cargo and ships move
- Port Accumulation
- Data availability and usefulness



---

---

---

---

---

---


---

---

Data/Information

IUMI

- International Union of Marine Insurers
- WWW.IUMI.COM
- Facts and Figures Committee
- Industry data
- economic (shipping volumes, vessel values)
- Insurance (premiums, losses, triangles)
- Future
- Size-of-loss distributions?
- Trend/claim cost indices?



---

---

---

---

---

---


---

---

Data/Information

AIMU (American Institute of Marine Insurers)

- Facts and Figures Committee
- Insurance data
- Calendar Year Operating Ratios
- Underwriting Year Development Triangles
- Education
- Seminars & classes
- Forms



---

---

---

---

---

---

---

---

 **Disclaimer**

This presentation is intended for educational purposes only and does not replace independent professional judgment. Statements of fact and opinions expressed are those of the participant(s) individually and, unless expressly stated to the contrary, are not the opinions or positions of Allianz, its respective affiliates, or subsidiaries. Allianz does not endorse or approve, and assumes no responsibility for, the content, accuracy or completeness of the information presented. Attendees should note that sessions may be published in various media, including print, audio and video formats without further notice.



---

---

---

---

---

---

---

---