



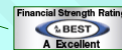
## “MARINE” IN COMPANY NAMES

You might remember Tokio Marine (the largest insurer in Japan)

There are a few other companies with “Marine” in their names:  
in Japan



Mitsui Marine and Fire Insurance Co. Ltd. (3rd largest in Japan)  
The Fuji Fire & Marine Insurance Co. (AIG in Japan)  
The Asahi Fire & Marine Insurance Co.  
The Daido Fire & Marine Insurance Co.  
The Kyoei Fire & Marine Insurance Co.  
The Nisshin Fire & Marine Insurance Co.



in South Korea



Samsung Fire & Marine Insurance Co.  
Hyundai Marine & Fire Insurance Co.  
Meritz Fire and Marine Insurance Co.

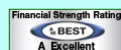


in the USA

St. Paul Fire & Marine Insurance Co.  
International Marine Underwriters  
Samsung Fire & Marine Management Corporation, New Jersey  
Navigators Group, Inc. (also at Lloyd's)



and in Europe



Marine Insurance Co. (subsidiary of RSA) (UK)  
Sunderland Marine Mutual Insurance Co.  
Samsung Fire & Marine Insurance Company of Europe Ltd, London

## MARINE PREMIUMS - WORLD-WIDE



Marine Premium (US.\$)

**2015**

30,268 m

**2016**

27,525 m

A strong US\$ “reduces” income in most currencies

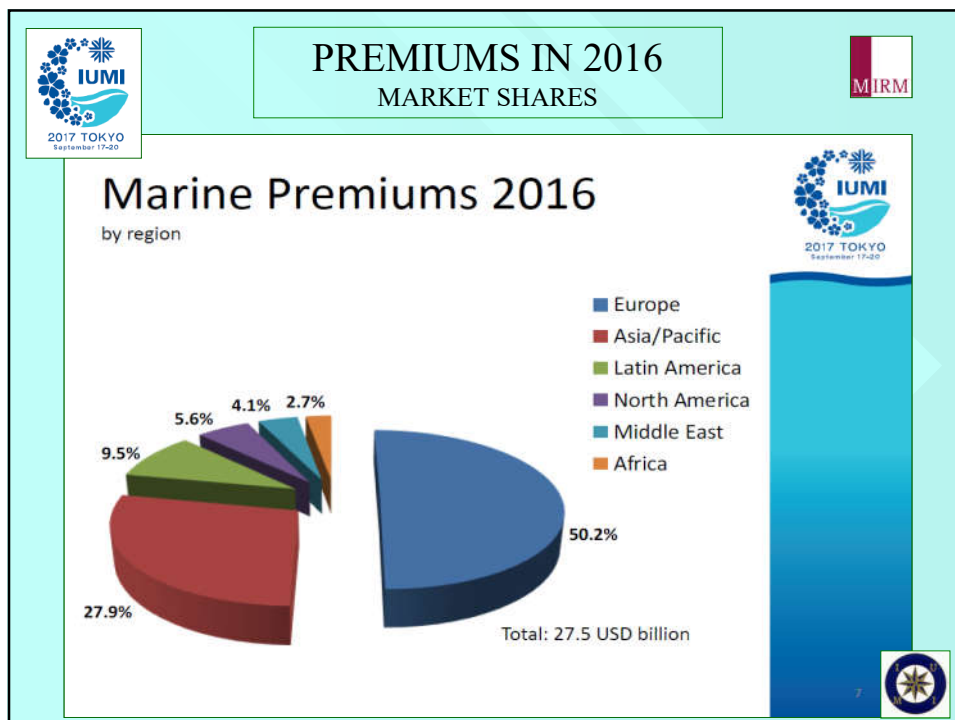


Cargo	\$ 13,800 m
Hull	\$ 6,800 m <sup>(*)</sup>
Liability	\$ 2,000 m
Energy	\$ 3,600 m

P. & I. Premium **2016** US.\$ 3.3m (not included above)

<sup>(\*)</sup> Hull: technically at loss for 18 consecutive years, until 2014.  
In 2015 results are reasonable.





## ITALY AND THE MARITIME WORLD - 2



### Italian Ro-ro cargo, ro-ro pax and cruise markets continue to expand

Genova  
18-21 September 2016



#### World leading ro-ro fleets

Paesi/Countries	Passenger ro-ro cargo		Ro-ro cargo		Totale Total	
	N.	GT	N.	GT	N.	GT
1 ITALIA/Italy	191	2.353.429	60	2.673.368	251	5.026.797
2 Giappone/Japan	261	900.327	75	563.048	336	1.463.375
3 Regno Unito/UK	108	898.224	17	428.531	125	1.326.755
4 Svezia/Sweden	56	798.041	20	497.955	76	1.295.996
5 Cina/China	117	1.224.316	9	49.387	126	1.273.703
6 Finlandia/Finland	46	562.397	33	550.671	79	1.113.068
7 Panama	55	489.853	86	577.306	141	1.067.159
8 Grecia/Greece	174	982.868	5	33.471	179	1.016.339
9 Malta	13	199.785	24	562.762	37	762.547
10 Turchia/Turkey	67	144.008	34	612.144	101	756.152
11 Francia/France	47	708.564	3	28.394	50	736.958
12 Danimarca/Denmark	64	388.230	14	402.433	78	790.663
13 Indonesia	224	491.075	33	180.059	257	671.134
14 Usa	102	264.590	12	401.201	114	665.791
15 Norvegia/Norway	300	660.066	5	288.523	305	948.589
16 Cipro/Cyprus	37	552.531	6	94.311	43	646.842
17 Paesi Bassi/Netherlands	18	279.586	17	312.970	35	592.556
18 Canada	98	489.792	11	86.352	109	576.144
19 Bahamas	23	464.889	8	79.446	31	544.335
20 Spagna/Spain	33	481.092	6	47.124	39	528.216
Altri/Others	850	3.229.475	342	3.230.016	1.192	6.459.491
<b>TOTALE TOTAL</b>	<b>2.884</b>	<b>16.563.138</b>	<b>820</b>	<b>11.699.472</b>	<b>3.704</b>	<b>28.262.610</b>

Include/Included Passenger/Ferry, Passenger ro-ro cargo, Passenger ro-ro/Cargo Ferry and ro-ro freight/passenger ships

Fonte/Source: elaborazione Confitarma su dati Clarkson Research Services Ltd Confitarma processing of Clarkson Research Services Ltd data



### MARINE INSURANCE MARKETS IN 2006


(\*) London Market: 5,507

5 times Italy



Market	2006 Premiums (\$m)	
01. Lloyd's (UK)	(*) <b>4,791</b>	4.39 times Italy
02. Japan	2,222	
03. USA	2,063	
04. Germany	1,587	
05. France	1,171	
06. Italy	<b>1,092</b>	
07. Norway	773	
08. IUA (UK) (former ILU)	(*) <b>716</b>	0.66 times Italy
09. Spain	675	
10. Netherlands	649	
11. South Korea	549	
12. Brazil	533	
13. Australia	412	
14. Belgium	320	
15. Malaysia	286	
16. Sweden	279	
17. Switzerland	278	
18. India	260	
19. Canada	241	
20. Singapore	205	
TOTAL (excluding P&I)	22,330	



	Market	2016 Premiums (\$m)
<p><b>MARINE INSURANCE MARKETS IN 2016</b></p> <p><b>Total US\$ 27,525m</b></p> <p>(*) Total UK: 7,440m</p> <p><b>MIRM</b> 10 times Italy</p>	01. <b>Lloyd's (UK)</b>	(*) <b>5,381</b> 7.3 times Italy
	02. <b>IUA (UK)</b>	(*) <b>2,059</b> 2.8 times Italy
	03. China	2,015
	04. Japan	2,009
	05. USA	1,326
	06. Germany	1,181
	07. Singapore	1,158
	08. Brazil	1,021
	09. France	973
	10. Mexico	775
	11. <b>Italy</b>	<b>735</b>
	12. Nordic (NO-SE-DK-FI: mainly Hull)	693
	13. Russia	470
	14. India	455
	15. South Korea	416
	16. United Arab Emirates	410 (estimated)
	17. Netherlands	358
	18. Australia	315
	19. Spain	312
	20. Belgium	309
	21. Malaysia	288
	22. Qatar	287 (estimated)
	23. Switzerland	242
	24. Turkey	212
	25. Saudi Arabia	195 (estimated)
	26. Sweden	179
	27. Vietnam	167 (estimated)



## IMPORTANT ORGANIZATIONS - 1

**LLOYD'S**  
(1688)




**I. L. U.**  
(1884)  
(now part of IUA)



**SALVAGE ASSOCIATION**  
(1856)  
(incorporated by Royal Charter, non-profit)  
(in 2001 acquired by BMT Ltd.)

- conducts surveys
- supervises salvage operations
- available to underwriters, shipowners and others



**I. U. M. I.**  
(Berlin, 1874)

- to provide a forum for the improvement of the business
- to defend common interests
- to make contacts between markets
- to exchange information




## IMPORTANT ORGANIZATIONS - 2



### ASSOCIATION OF AVERAGE ADJUSTERS (1876)

- to insure uniformity in the preparation and statement of claims
- great influence on the law and practice of marine insurance



### CLASSIFICATION SOCIETIES (Lloyd's Register of Shipping - **1764**)

- set up by underwriters to be supplied with information on ships
- now controlled by impartial committees representing all shipping interests

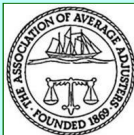


### INTERNATIONAL MARITIME BUREAU (1981) (London) (ICC Commercial Crime Services)

Commercial crime is growing faster than international trade. Frauds are more complex and involve larger sums than ever before. IMB has saved companies and individual investors billions of dollars in potential fraud and theft through its ability to recognize early warning signs. IMB has observer status with Interpol.



## AVERAGE ADJUSTERS



1869



1879



Average Adjusters are expert in the law and practice of general average and marine insurance.

Average Adjusters may be appointed by any party involved in a marine claim.

However, irrespective of the identity of that party, the Average Adjuster is bound to act in an impartial and independent manner.



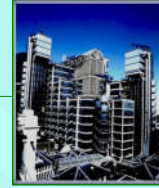
Members of the Association of Average Adjusters have taken exacting examinations to ensure they meet the standards required by industry and then pledge to adhere to strict codes of conduct.



Marine only



## LONDON - Today - 1



- Lloyd's of London
- Institute of London Underwriters (now : IUA)
- Lloyd's Register of Shipping
- Salvage Association
- IMO (International Maritime Organisation)
- LLP (formerly Lloyd's of London Press)
- Chartered Insurance Institute



## LONDON - Today - 2



- The Baltic Exchange (18th Century)
- Institute of Chartered Shipbrokers
- Chartered Institute of Arbitrators
- International Association of Classification Societies
- International Salvage Union
- International Chamber of Shipping
- Witherby's







## LONDON - Today - 3

INTERNATIONAL  
LAW FIRMS

**CLYDE&CO**



**NORTON ROSE  
FULBRIGHT**

Lloyd's List (21st May 2003)

According to a recent International Legal Services' survey on the legal profession, about half of the 100-plus cases tried in the Commercial Court every year are maritime related.



... there are half a dozen barristers' (\*) chambers "in which a third or more of cases are regularly related to shipping".



(\*) Barrister: a lawyer allowed to appear in court to argue a client's case

## LLOYD'S OF LONDON - 1

Years of underwriting  
experience: **329**



### Lloyd's Act 1871

established a legal foundation incorporating the principles accepted previously by the underwriters on a voluntary basis.

The Corporation of Lloyd's does not accept insurance.

It **provides** premises, administration and services. It is financed mainly by **subscriptions** from the **underwriting members**.

The elected **Council** appoints the Chairman and (also through the **Franchise Board**) oversees the Market, sets standards, approves business plans and manages the **Central Fund**.

**2017: 83** Lloyd's **syndicates** (the insurers)(\*) are run by **56 managing agents** (in some cases they are also the capital providers).



(\*) + 12 "Special Purpose Arrangements" (writing quota shares of other syndicates)



Lutine Bell: one stroke for bad news and two for good



## LLOYD'S OF LONDON - 2

Each **member** of a syndicate must provide capital to support its underwriting.

Various departments (ex.: Agency Dept.), accountable to the Council.

**Information** is passed to the Intelligence Department by Lloyd's Agency network and is made available to underwriters and to Lloyd's of London Press.



The loss book

**Risk Management:** a Risk Committee, supported by three sub-committees specialized in different areas. The Franchise Board has overall responsibility

Lloyd's is regulated by the PRA (former FSA) and FCA.



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



## LLOYD'S OF LONDON - 3

### CAPITAL AT RISK AT LLOYD'S

For about 300 years: only "**Names**" with **unlimited** liability. In **1994** corporate capital was introduced.

#### **Lloyd's capital providers (2017)**

US insurance industry	18.8%
Bermudian insurance industry	15.9%
Japan insurance industry	13.7%
UK insurance industry	13.0%
European insurance industry	11.5%
Private capital - limited and unlimited	10.2%
Rest of the World insurance industry	10.0%
Worldwide non-insurance	4.2%
Middle/Far East insurance industry	2.7%

Some examples







## LLOYD'S OF LONDON - 4

### Premium Income (2017)

- ? 50% from USA & Canada  
 15% from UK  
 14% rest of Europe  
 10% Central Asia & Asia Pacific  
 6% other Americas  
 5% rest of the World



These are the principal **categories** of business at Lloyd's (2016).

	All Regions	Rest of Europe
• Reinsurance	31%	29%
• Property	27%	20%
• Casualty	24%	22%
• Marine	8%	18%
• Energy	4%	4%
• Motor	4%	3%
• Aviation	2%	4%

**Marine Insurance** premium at Lloyd's (% of total income), including Aviation, Energy (estim. 75%) and Reinsurance (21%): **19.51%**. From Rest of Europe: **31.09%**

Licensed to underwrite direct insurance in over **75** countries. It can accept reinsurance from **220** countries and territories.



## LLOYD'S OF LONDON - 5

Why so much (50%) from (mainly) the USA ?



For some obvious reasons, like the **size** of the US economy.

And for a less obvious, but not less important, historical reason: **trust**.

The Call-Chronicle-Examiner  
 EARTHQUAKE AND FIRE:  
 SAN FRANCISCO IN RUINS



On 18 April 1906, San Francisco shook, crumbled and then burned to the ground. A massive earthquake brought the city to its knees, sparking fires that raged out of control for 3 days, taking several thousand lives and making half of the population homeless.

Cuthbert E. Heath



"Pay **all** of our policy holders **in full**, irrespective of the terms of their policies"



## LLOYD'S OF LONDON - 6

### LLOYD'S BROKERS

The only brokers who can place business directly at Lloyd's. All other brokers may obtain a Lloyd's policy only through a Lloyd's Broker. They are regulated by the FCA.



2001

Broker accreditation process: to encourage more brokers to access the market. From the regions of the UK and from overseas. 40 brokers applied, 18 (6 from overseas) were accredited.



WillisTowersWatson

2017 - Number of Lloyd's Brokers : **287**

Brokers are directly responsible to the insurer for the premium (this applies only to **Marine Insurance**)



## THE ACTUAL PLACING OF A RISK

A slip is a piece of light cardboard, bent many times to make it easier to handle. In a standard form it contains all the details of a risk to be placed in the market.

The Broker opens the placing slip in front of the prospective Leading Underwriter and can add any further information on paper, so that the underwriter can decide whether to "write it" (participate in the contract) at his conditions and premium rates and what "line" (participation in percentage) to write. The leader will stamp the slip and write his "line".



The Broker reports progress to his client: he has an interested underwriter at such and such conditions and rates. If the client is happy with that, the Broker continues the placement. He offers other underwriters to participate at the conditions and rates agreed with the Leader. If they also agree, they will stamp the slip and write their "lines".

When he has reached a reasonable percentage of placement and is sure to complete it, he asks his client for a firm order (definite), after which he completes the placement. Sometimes the slip "signs down" (more than 100% is placed): a proportional adjustment will be made.



A signing slip will be prepared, a copy of the placing slip, but all typed and containing the final share of each participant. This slip will be signed only by the leader and then will be taken to the Policy Signing Office to have the policy issued and to prepare all the consequent administrative work (endorsements, certificates, premiums, claims, etc.).





## LLOYD'S OF LONDON - 7

### UNDERWRITING CAPACITY

The underwriting **capacity** of a member of Lloyd's is the maximum amount of premium income (net of brokerage) which may be accepted by the member for any underwriting year.

Also called the "Overall Premium Limit" (OPL).

2001 :	£ 11,100m
2002 :	£ 12,300m
2003 :	£ 14,900m
2004 :	£ 14,960m
2005 :	£ 13,720m
2006 :	£ 14,800m
2007 :	£ 16,100m
2008 :	£ 15,950m
2009 :	£ 17,000m (est.)
2010 :	£ 23,000m “
...	
2014 :	£ 31,680m “
2015 :	£ 26,000m “



## LLOYD'S OF LONDON - 8

### BINDER BUSINESS

**Coverholders** (3,797 in 2017) are local agents with authority to write insurance on behalf of Lloyd's syndicates, allowing them to operate in countries as if they were a local insurer. A Lloyd's Broker may act as a Coverholder.

**Service Companies** (381 in 2017) are wholly owned subsidiaries of managing agents. Unlike Coverholders, they can sub-delegate underwriting authority to other Coverholders.

2002: Underwriters who “**give away their pens**” will need to carry out regular reviews and audits on their coverholders.

Reports should consider underwriting, financial management, staff experience, reserving system.

In 2010 Lloyd's undertook initiatives to improve market access for coverholders.

From the Annual Report 2012: Lloyd's developed a revised application process with the aim of completing branch approvals within a maximum target of one working week.



2015: **4,008** Coverholders generated 31% of total premium income written by the Lloyd's market.

