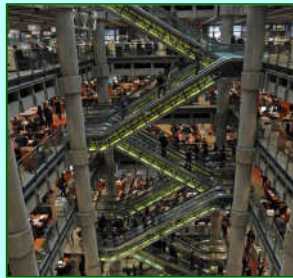




MARINE INSURANCE



University of Trieste



3rd & 8th May 2018

Aldo Salcioli



What we mean by:
MARINE



A PROBLEM



Because there was **danger** to the public from the violence of the weather **in the transport** of stores to the armies, ... they would make false reports of shipwrecks; and the shipwrecks which really did take place and were truly reported were occasioned by their own fraud and not by casualty.

They would put a **few things of trifling value** on board old and shattered ships, and when they had sunk those ships in the sea, the sailors would escape in boats prepared for the occasion and then falsely pretend that a **great deal of merchandise** was on board.



Titus Livius (Livy) (59BC - 17AD)



Insurance of
Public Interests

SOME HISTORY - 1



Rhodes (916-700 BC) : the idea of General Average (coming probably from the Phoenicians) is part of legal customs



Titus Livius (59 BC-17 AD) : in **(215 BC)** for all military supplies the Government of Rome accepted "all risks of loss, arising from the attacks of enemies or from storms"



Svetonius (ab. 70-122 AD) : "I think I shall receive sureties for all the public money, so as to secure both myself and the people from the dangers of the voyage".

Liability
Insurance

Emperor Claudius (10 BC-54 AD) : issues guarantees to all importers for losses arising from storms.

Insurance of Private Interests





SOME HISTORY - 2

Emperor Justinianus (483-565) :

General Average is introduced in his famous Code.



Genoa and Florence (around 1250) :

first “modern” insurances
at a “premium”



Genoa (1393) : One Notary attested 80
policies in a space of little more than 3 weeks



Insurance Broker (14th Cent.) :
already known in England and
Belgium



Genoa (1369) : Doge (Duke) Adorno passes
the first legislation regarding insurance only



SOME HISTORY - 3

First known insurance document (1384) : a shipment
of 4 bales of cloth from Pisa to Savona, “**written**” by
a **group** of insurers



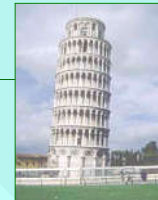
Venice (1468) : there is a Court to enforce the
honouring of marine insurance contracts and to
repress fraudulent claims

England (1547) : Admiralty Court papers: policy for
a cargo from Cadiz to London on the “Santa Anna”.

The body wording is in Italian;
the subscriptions and other notes are in English.



Florence (1552) : Organized marine insurance market;
“magistrates” charged with fixing clauses and premium
rates and supervision of brokers



SOME HISTORY - 4



England (1601) : first Act relating to marine insurance on the Statute Book

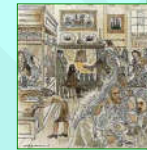


Paris (1668) : The “Chambre d’Assurance et de Grosse Aventure de France”, inspired by Colbert, is officially founded by royal edict



England (before 1688) : **Edward Lloyd** wants to make his Coffee House (Tower Street, London) something more than a mere rendez-vous.

He collects and publishes **shipping intelligence**



London (1691) : Edward Lloyd moves to Lombard Street. His Coffee House is the leading centre for the sale of ships, cargoes and policies of marine insurance



SOME HISTORY - 5



1696 : “Lloyd’s News” is first published



1734 : “Lloyd’s List” is first published



1771 : customers (underwriters and brokers) pay a “**subscription**” to find new premises. Lloyd’s ceases to be a coffee house. The first **Committee** is elected.

1774 : “**subscribers**” rent rooms in the Royal Exchange.



1844 : after the 1838 fire, the Lloyd’s Market moves to the rebuilt Royal Exchange.





after
floods
(USA)

THESE ARE ALL MARINE RISKS

after an earthquake (Chile)



after a tsunami (Japan)



AND ANOTHER





A FEW REASONS

CONTROL

- Not under the control of the Insurers
- Not under the control of the Assured



GEOGRAPHICAL SCOPE

INTEREST IN A “STRANGE”

ENVIRONMENT (out of its natural context)

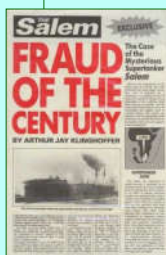
(Marine Underwriters insure things where they shouldn't be)



HIGHER RISK OF TOTAL LOSS



TALKING ABOUT CONTROL ...



The case of the
oil tanker
“SALEM”



One shipment of Crude Oil from Iran to the
United Kingdom for Shell UK.

In 1980 the tanker “Salem” was reported lost off the coast of Senegal. Subsequently it was discovered that, although the ship was lost, not all the cargo went down with it.

Most of the oil had been unloaded in South Africa, in violation of the UN embargo against the South African Government at that time.

Shell had to pay back the claim to the insurers: their cargo did not exist.

“OSSERVATORE TRIESTINO” 21st September 1795

... the BANK OF INSURANCE AND
MARITIME EXCHANGE OF TRIESTE ...

contract approved by His Imperial Majesty, are **authorised**
to issue Insurance Policies, **not only for Maritime Risks,**
but also for ... **any other** Risk, ...

Life of the people,

Ransom money in case of captivity,

Fire,

Dwellings,

Merchandise and Titles **in warehouses,** ...

SOME OTHER CHARACTERISTICS

- Purely “NATIONAL” Account
 - ▶ INTERNATIONAL scope
- More subject to FRAUD
- High risk of ACCUMULATION
- Wide scope: ALL KINDS OF INTERESTS
- CAUSES OF LOSS (“presumed sunk”)
- WAR RISKS

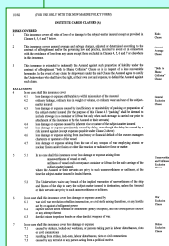
INTERNATIONAL SCOPE



- ✓ Contacts with other markets
- ✓ Competition from various markets



- ✓ Common language
- ✓ Traditions



- ✓ International laws, conventions, customs
- ✓ Wordings should be understood in any insurance market (as much as possible)



MARINE INSURANCE and flexibility

1901



Italiano
English

I Lloyd's in Italia

LLOYD'S

From Lloyd's internet site in Italy

INNOVAZIONE

I sottoscrittori dei Lloyd's si distinguono da sempre per il fatto che vanno oltre l'assicurazione tradizionale ed aprono la strada verso nuove aree di gestione del rischio.

Nel 1901 assicurarono la prima auto adattando una polizza marine poiché le polizze auto non esistevano. Assicurarono inoltre il primo aereo commerciale ed il primo volo transoceanico.

Più recentemente i sottoscrittori dei Lloyd's hanno sviluppato la prima polizza per salvaguardare le organizzazioni finanziarie dalle truffe ed hanno provveduto alle necessarie assicurazioni a supporto del tentativo riuscito di battere il record di velocità su terra da parte della Thrust Supersonic Car di fabbricazione britannica.

Home

Search

In 1901 they insured the first car by adapting a **marine policy** (motor policies did not exist).



RELATIVE “WEIGHT” OF MARINE INSURANCE - 1



ONCE 100% of all insurance
NOW more likely to be 8-10%
of Non-Life Insurance

Where Insurance is less developed, Marine business looks more important (basic needs still come first ...)



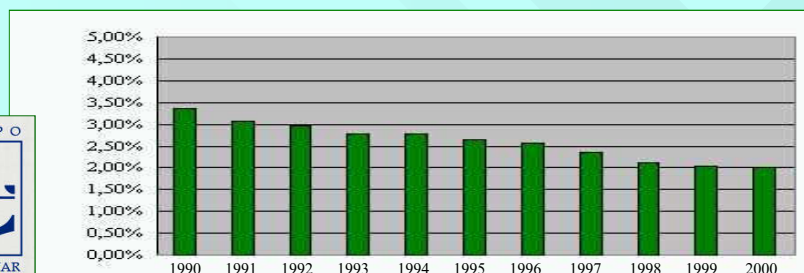
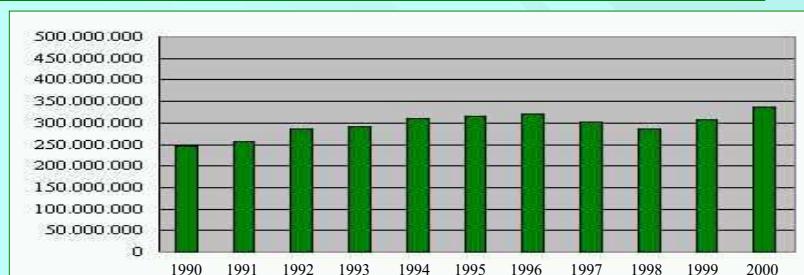
Where insurance has a longer history and its weight on the economy is more relevant, Marine business is relatively “small”, but not less important.
(some Insurers seem to have forgotten the basic needs of our Countries)



RELATIVE “WEIGHT” OF MARINE INSURANCE - 2

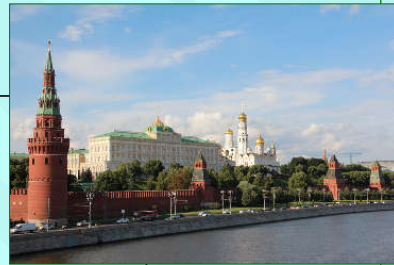
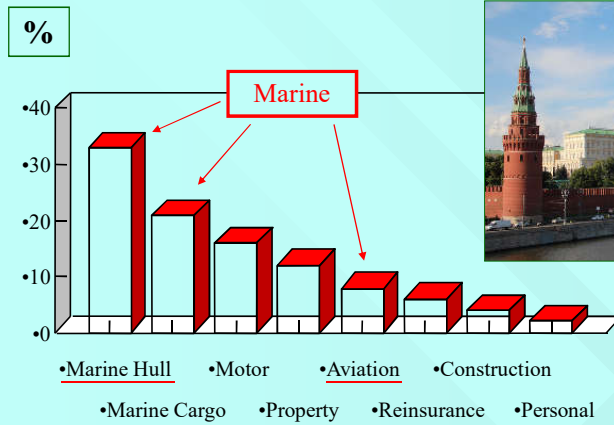


An example: THE SPANISH MARINE MARKET



RELATIVE "WEIGHT" OF MARINE INSURANCE - 3

INGOSSTRAKH (Russian Federation)
Portfolio for the first 9 months of 1995



Marine is about 62% of all business (Non-Life)



RELATIVE "WEIGHT" OF
MARINE INSURANCE - 4

INSTITUTO DE
RESSEGUROS
DO BRAZIL



2007 : % of premiums retained by IRB

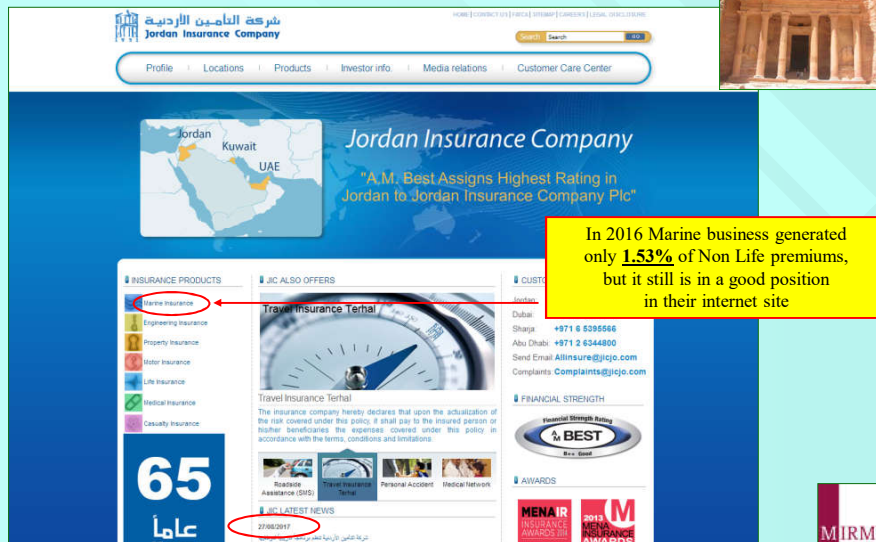
RETENÇÃO IRB - PRÊMIOS RETIDOS 2007			Em R\$ milhões
Riscos de Propriedade	691.985	43,32%	
Riscos de Transportes	376.668	23,58%	Marine
Riscos Financeiros	201.767	12,63%	
Riscos Pessoais	128.703	8,05%	
Seguros de Governo	101.750	6,37%	
Riscos de Energia	75.776	4,74%	Min. 50% Marine (offshore oil)
Riscos de Tratados	20.549	1,28%	Total Marine can be estimated as 26.28%
Total	1.597.198	100,00%	



Marine and Non-Marine

In 2017 Marine can be estimated at minimum 23.6%

RELATIVE “WEIGHT” OF MARINE INSURANCE - 5



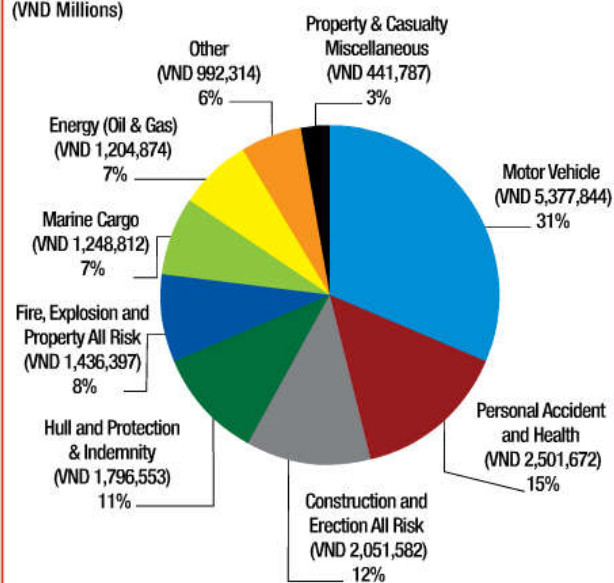
In 2016 Marine business generated only **1.53%** of Non Life premiums, but it still is in a good position in their internet site


MARINE INSURANCE IN VIETNAM

Hull & Liability	11.00%
Cargo	7.00%
Energy (min. 50%)	3,50%
Total	21.50%

of Non-Life premiums

(VND Millions)



Source:  **BestLink** Association of Vietnamese Insurers

RELATIVE "WEIGHT" OF MARINE NSURANCE - 7



TOKIO MARINE GROUP NUMBER 1 IN JAPAN



1879 - The first Japanese made insurance company in Japan

1914 - The first auto insurance in Japan

1996 - Tokio Marine & Nichido expand into the life market

2002 - Milled Holdings was formed as the first listed insurance holding company in Japan

2008 - The holding company is renamed **Tokio Marine Holdings**

2017 - 38,842 employees (13,525 outside Japan)



2017
Tokio Marine & Nichido
the Japanese market leader
over 138 years



AM Best A++ (Superior)

and at Lloyd's

NEW OPERATIONS IN CHINA - 1



Sun Alliance Insurance (China) Gross Premiums by Line

(Yuan million; US\$1 = 6.2 yuan)

Type	2012	2011	2010	2009
Accident & health	17.4	9.8	8.4	8.3
Engineering	9.9	9.6	28.8	...
Liability	49.3	52.5	52.3	49.9
Other classes	4.2	4.6	3.9	...
Property	38.7	34.4	32.0	71.8
Reinsurance	35.1	32.9	39.1	33.7
Transport	39.6	35.4	37.3	...
Total non-life	194.2	179.4	201.9	165.4

Source: BESTLINK, AMB Credit Report

Best's Asia
Pacific Weekly
July 15, 2014

This operation
was sold by
Sun Alliance to
Swiss Re



Marine (Transport) Premiums are 25% of Non life premiums,
excluding Reinsurance (which includes all classes)



NEW OPERATIONS IN CHINA - 2

Marine Insurance is generally considered not so important today by some of the big companies, not as it was once ...



Assicurazioni Generali Advertising in 1911

... but sometimes, especially when they enter new territories, they remember that Marine and Non-Marine still exist.



中意财险 GENERALI CHINA INSURANCE	BUSINESS PLAN	中意财险 GENERALI CHINA INSURANCE	BUSINESS PLAN
CLASS OF BUSINESS — Non-Marine <ul style="list-style-type: none"> Property All property insurance, including Fire, Property All Risks and Business Interruption, etc. Engineering CAR/EAR, Electronic Equipment, Boiler, Machinery Breakdown, Machinery Breakdown Business Interruption Liability Public Liability, Products Liability, Employer's Liability Personal Accident Individual/Group Personal Accident, Travel Miscellaneous Burglary, Money, Fidelity Guarantee, etc. 		CLASS OF BUSINESS — Marine <ul style="list-style-type: none"> Marine Cargo <ul style="list-style-type: none"> Cargo Domestic Transportation Cargo Oversea Transportation Marine Crude Oil 	

24
25

MARINE INSURANCE IN ASIA - 1



WORLD'S BIGGEST REINSURER

BEST'S ASIA-PACIFIC WEEK

December 9, 2014 • Issue 49

A.M. Best Insurance

Munich Re Sees Significant Marine Business Growth in Asia

Munich Re aims to establish an Asia-Pacific marine reinsurance underwriting center in Hong Kong by mid-2015, with an eye on the rapid development of marine business in East Asian markets.

Asian marine insurance markets "are of great importance" from a global perspective, said John Wilkinson, chief executive of global marine partnership at Munich Re. The eight largest container ports are located in Asia, which is also home to 90% of all shipping activities. South Korea and China play a key role in the shipbuilding industry, particularly for offshore energy construction and shipbuilding innovation.

Asia accounts for 32% of global marine cargo premiums, with further growth potential.

Munich Re Co. Ltd. (Beijing Branch)

Marine gross premiums written, 2008-2012:

Inside

- 2 ICA: Ins
Brisbane Ha
A\$300 Milli
- 3 UK's Pru
Company's t
- 4 Sanlam
Nonlife Bus
- 5 India's f
Products fo
Distribution
- 6 Australi



MARINE INSURANCE IN ASIA - 2

August 29, 2017 • Volume 1 • Issue 35

A.M. BEST'S WEEKLY INSURANCE NEWSL

Mitsui Sumitomo to Acquire First Capital in Singapore for \$1.6 Billion

Mitsui Sumitomo Insurance Co. Ltd. has agreed to acquire First Capital Insurance Ltd. from Fairfax Financial Holdings Ltd. for US\$1.6 billion, in a move Mitsui said will make it the top insurer in the Singapore nonlife market.

First Capital underwrites both direct and inward reinsurance business from regional Asian markets. Inward reinsurance business gradually grew to contribute 43% of its gross premium in 2015, according to BestLink. It has about an 8.5% market share in Singapore and it is a leading insurer in the marine hull business.

"The acquisition will enable us to become a No. 1 insurer in Singapore nonlife insurance market," said Mitsui Sumitomo. Also, First Capital has diversified its underwriting risk portfolio across geographies and products with limited exposure to natural catastrophe risk.



BESTWEEK
ASIA-PACIFIC EDITION

MARINE INSURANCE IN ASIA - 3

RFIB

BestWeek Asia-Pacific Edition, November 7, 2017



Lloyd's Broker RFIB Group Launches Singapore Operation

RFIB Group Ltd., a Lloyd's insurance and reinsurance broker, has launched operations in Singapore. The unit will serve as a hub for the company's presence across Asia.

The new unit is named RFIB (Singapore) Pte Ltd. and will be central to its continued expansion in Asia, which represents a key growth area, RFI said in a statement. "RFIB Group's expertise in marine and other specialty reinsurance classes will be core to our proposition in the region," said Richard Johnston, managing director of RFIB's international operations.

In November 2016, RFIB Group formed a new team to handle marine cargo insurance business in Southeast Asia. "Southeast Asia represents a key growth area for RFIB and the marine cargo sector will be a key pillar in this expansion," said RFIB.

London-based RFIB has eight offices in major international centers. "Our growth strategy is to expand our presence in those geographies where we can add value to clients," said Dennis Mahoney, chief executive officer. He said its business will differentiate itself in Asian markets in specialist areas.



BESTWEEK
ASIA-PACIFIC EDITION



MARINE INSURANCE IN ASIA - 4

Singapore Re Posts First-Quarter Profit Rise, Citing 'Intact' Excess Capacity

Singapore Reinsurance Corp. Ltd. said global excess reinsurance capacity remained "intact" as the company posted a 10.9% rise in first-quarter net income.

... ..

Singapore Re's management has focused its overseas expansion in Asia, "where it believes it has a good understanding of insurance market conditions," according to a Best's Credit Report. The company's top two markets outside of Singapore are China (including Hong Kong) and Malaysia, the credit report said. Proportional treaties and bilateral cessions are the two major types of reinsurance business that Singapore Re underwrites, the credit report said. The company underwrites mostly fire, marine and accident/casualty classes.



MARINE INSURANCE IN AUSTRALIA



(*)

Berkshire Hathaway Specialty Expands Australian Operations With Office in Perth

Berkshire Hathaway Specialty Insurance Co. has expanded its presence in Australia with a new office in Perth, the company said in a statement.

The Perth office adds to the company's current operations in Sydney, Melbourne and Brisbane. Like the three offices, the Perth office will underwrite casualty, property, mining, energy, construction, power, marine, transport and logistics, health care liability, accident and health, and executive and professional lines, BHSI said.

"Expanding our footprint into Western Australia will enhance our ability to build lasting relationships with brokers and customers throughout the country," Chris Colahan, president of BHSI Australasia, said in a statement.


The company has appointed Anthony Prindiville to lead its casualty underwriting and Mark Shepard to lead the property underwriting in Perth. Prindiville joins BHSI from Chubb Insurance Australia where he served most recently as global distribution manager. Shepard also came from Chubb Australia where he was the underwriting manager for property, technical lines and energy.

The company recently received its insurance license from the Dubai Financial Services Authority and established an office in the Dubai International Financial Center to write commercial and specialty lines in Middle East markets.




(*) No. 1 insurer in the world for capitalization

April 3, 2018 • Volume 2 • Issue 14



MARSH & McLENNAN (NUMBER 1 BROKER IN THE WORLD) AND “MARINE”



[INSIGHTS](#) | [INDUSTRIES & SERVICES](#) | [ABOUT MARSH](#)


HOME / INDUSTRIES / MARINE

MARINE


To navigate today's evolving challenges and risks, the maritime industry requires a risk management advisor with innovative technology and decades of dedicated marine expertise.

Over 100 years of marine expertise...600 maritime specialists worldwide...US\$3 billion in coverage globally

decades of dedicated marine expertise



600 marine specialists



HUB INTERNATIONAL LTD and “MARINE”

RISK MANAGEMENT

Hub launches specialty practices


Rob Lenihan

2/12/2018 10:23:00 AM

BUSINESS INSURANCE

SHARE

[Hub International](#) | [Agents & Brokers](#) | [Cor](#)



Hub International Ltd. said Monday it is launching eight specialty insurance practices.

Hub said in a statement that its first specialty practices include transportation, financial institutions, entertainment-sports, construction, agriculture, hospitality, real estate and health care.

The Chicago-based broker said it selected the industries based on position for growth, depth of expertise and strength of industry value proposition, and where it has a substantial portfolio of clients.

The company said Hub Specialties are based on a model that will allow the brokerage to scale and establish future industry specialties based on regional needs and client demands.

Hub International (USA) -10,000 employees - 375 offices in USA and Canada