

MARINE INSURANCE

University of Trieste





9th May 2019



Aldo Salcioli













What we mean by: MARINE

























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



<u>Titus Livius</u> (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".

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

Liability
Insurance



Insurance of **Private** Interests







Emperor Justinianus (483-565):

General Average is introduced in his famous Code.



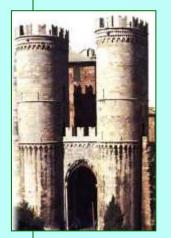
Genoa and Florence (around 1250):

first "modern" insurances at a "premium"

Genoa (1369): Doge Adorno passes the first legislation

regarding insurance only





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



First known insurance document (1384):

a shipment of 4 bales of cloth from Pisa to Savona, "written" by a group of insurers



Co-Insurance

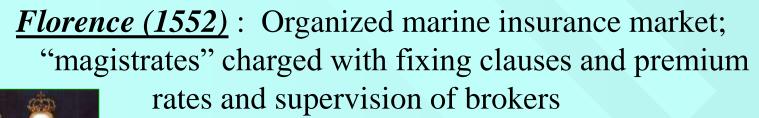


Venice (1468): there is a **Court** to enforce the honouring of marine insurance contracts and to repress fraudulent claims



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.









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



London (before 1688): Edward Lloyd wants to make his Coffee House in Tower Street not just a mere rendez-vous. He publishes shipping intelligence



LLOYD'S NEWS London, Other 15, 1696

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



1734: "Lloyd's List" is first published

<u>1771</u>: customers pay a "subscription". Lloyd's ceases to be a coffee house. The first Committee is elected.

1844: Lloyd's moves to the Royal Exchange.





MAN MADE CATASTROPHES



(Types of catastrophe - 1998 - Data taken from SIGMA" - Swiss Re, 1999)

a) large fires, explosions	34	(')
b) catastrophes of aviation and space	33	(*)
c) catastrophes of navigation	30 (7 cargo - 20 passengers)	(*)
d) catastrophes of land transport	79	(*)
e) accidents in mines and wells	15	
f) falling of buildings and bridges	7	(^)
g) various large claims	21 (of which terrorism/riots: 8)	(°)

Observations

- (*) they are Marine (MAT)
- (°) terrorism: often during transport (less control)

If we take just 1/4 of g) (terrorism):	Marine catastrophes	144
	Non-Marine catastrophes	75

Furthermore (of the other 75 left):

- (^) bridges: infrastructures of transport
- (') among which: one crash between two tank trains in Cameroon.







FOOD FOR THOUGHT

(I wonder why)

















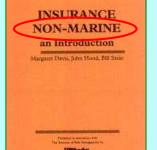




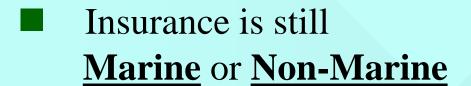




中华人民共和国交通运输部



Marine rates are percent











A FEW REASONS

CONTROL

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











HIGHER RISK OF TOTAL LOSS













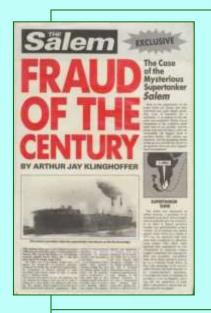








TALKING ABOUT CONTROL ...



The case of the oil tanker "SALEM"



One shipment of Crude Oil (value US\$ 56 million) from Iran to the United Kingdom for Shell UK.

In January 1980 the tanker "<u>Salem</u>" was reported lost off the coast of Senegal. Subsequently it was discovered that, although the ship was lost (sunk by explosive charges), not all the cargo went down with it. Most of the oil had been unloaded in Durban, South Africa, in violation of the UN embargo against the South African Government.

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 <u>authorised</u> to issue Insurance Policies, <u>not only for Maritime Risks</u>, but also for ... <u>any other</u> 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







✓ International laws, conventions, customs



✓ Wordings should be understood in any insurance market (as much as possible)







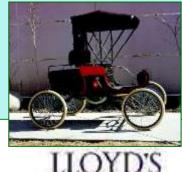


Italiano

English

MARINE INSURANCE and flexibility

1901







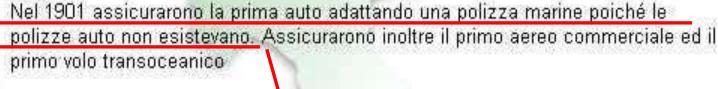
INNOVAZIONE

rischio.

From Lloyd's internet site in Italy



- I Lloyd's in Italia
- Le domande più comuni
- Comunicati Stampa
- "The Market"
- Eventi
- Servizi ai Correspondenti



Più recentemente i sottoscritton dei Lloyd's hanno sviluppato la prima polizza per salvaguardare le organizzazioni inanziarie dalle truffe ed hanno proweduto 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.

l 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

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



"In order to be successful you have to have the right culture because you must innovate" Bill Scaldaferri, CEO Allianz Global Corporate & Specialty S.E., North America

BUSINESS INSURANCE

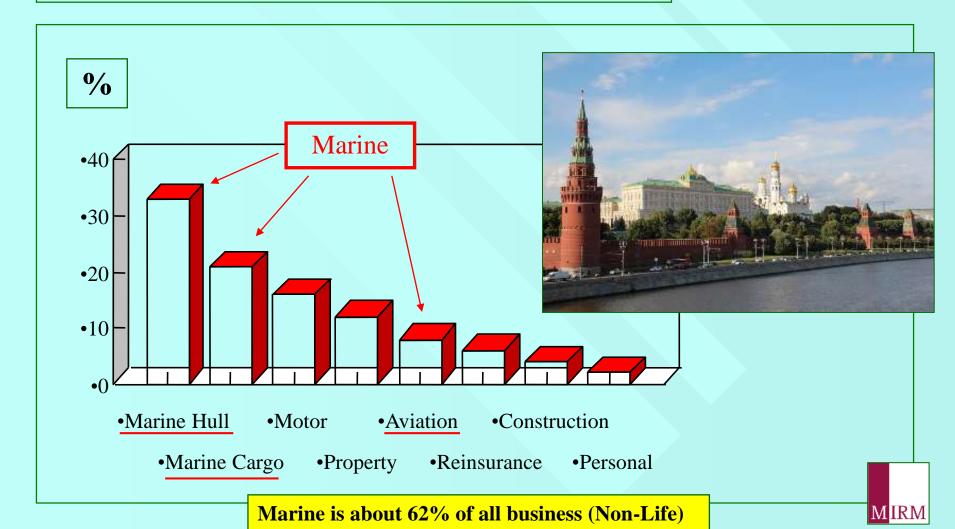
5th March 2018

RELATIVE "WEIGHT" OF MARINE INSURANCE - 1

INGOSSTRAKH (Russian Federation)

Portfolio for the first 9 months of 1995





RELATIVE "WEIGHT" OF MARINE INSURANCE - 2

INSTITUTO DE RESSEGUROS DO BRAZIL





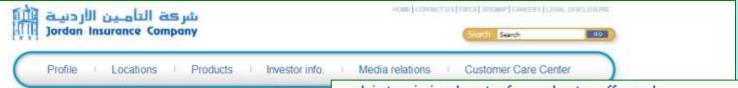
2007: % of premiums retained by IRB

		Em R\$ milhões	
RETENÇÃO IRB - PF	RÉMIOS RETIDOS 20	07	
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. 5	0% Marine (offshore oil
Riscos de Tratados	20.549	/ O 7n	Marine can be ated as 26.28%
Total	1.597.198	100,00%	
Marine and Non-Marine	In 2017 Mari	ne can he estimated at n	ninimum 23 6%



JORDAN INSURANCE COMPANY

RELATIVE "WEIGHT" OF MARINE INSURANCE - 3



List original set of products offered:

o 1951 through 1957 only Marine insurance

Jordan Kuwait UAE

Jordan Insurance Company

"A.M. Best Assign Jordan to Jordan ins In 2017 Marine business generated only 3.39% of all premiums, but it still is in a good position in their internet site







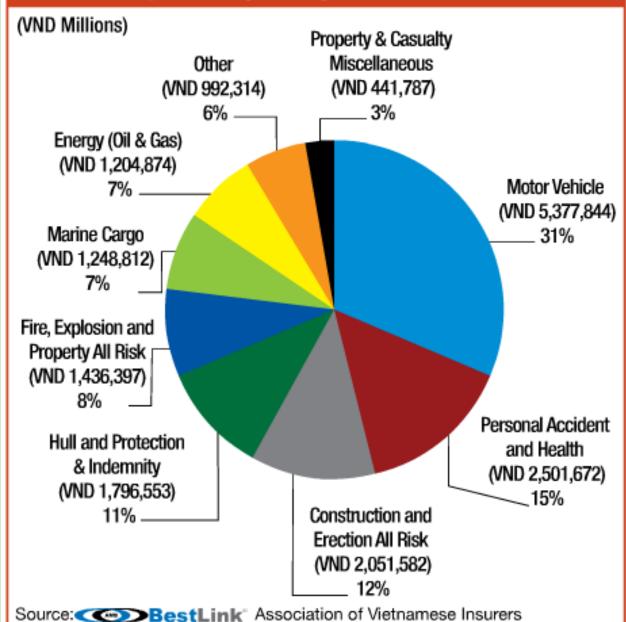
RELATIVE "WEIGHT" OF MARINE NSURANCE - 4

MARINE INSURANCE IN VIETNAM

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

Total 21.50% of Non-Life premiums

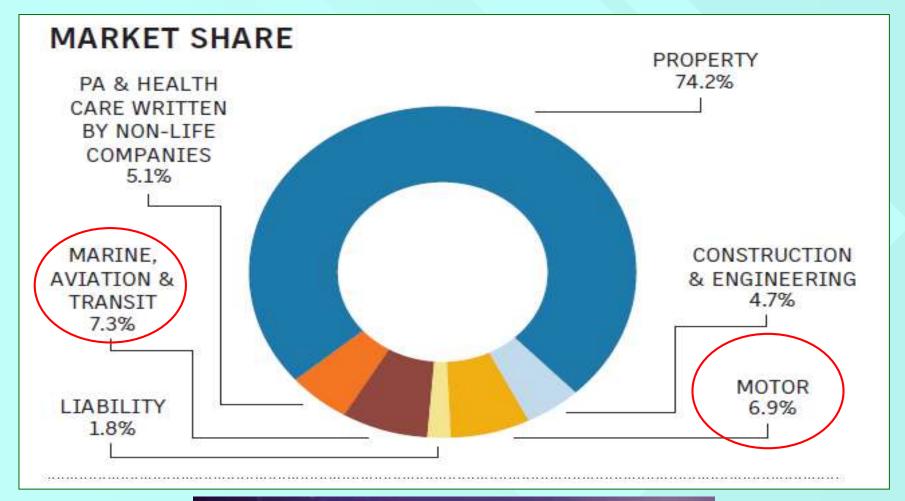
Vietnam Non-Life – Direct Premiums Written by Line (2010)





MARINE INSURANCE IN CUBA

RELATIVE "WEIGHT" OF MARINE INSURANCE - 5





RELATIVE "WEIGHT" OF MARINE NSURANCE - 6



TOKIO MARINE GROUP

NUMBER 1 IN JAPAN





- 1879 The first <u>Japanese made</u> insurance company in Japan
- 1914 The first <u>auto</u> insurance in Japan
- 1996 Tokio Marine & Nichido expand into the <u>life</u> market
- 2002 Milled Holdings was formed as the first listed insurance <u>holding company</u> in Japan



- 2008 The holding company is renamed **Tokio Marine Holdings**
- 2018 39,191 employees (35% overseas)

2018
Tokio Marine & Nichido
the Japanese market leader
over 139 years



RELATIVE "WEIGHT" OF MARINE NSURANCE - 7



TOKIO MARINE GROUP



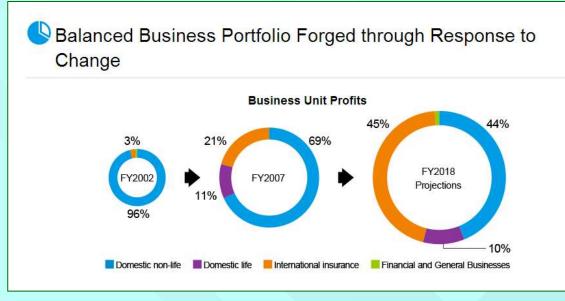




and at Lloyd's

2018
Tokio Marine & Nichido

AM Best A++ (Stable)
S&P A+ (Positive)
Moody's Aa3 (Stable)





NEW OPERATIONS IN CHINA - 1



Sun Alliance Insurance (China) Gross Premiums by Line

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

Туре	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.





BUSINESS PLAN



- 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

- Marine Cargo
 - Cargo Domestic Transportation
 - Cargo Oversea Transportation
- Marine Crude Oil





BUSINESS PLAN

MARINE INSURANCE IN ASIA - 1



Thailand Drafts Marine Insurance Bill

Thailand's Office of Insurance Commission has released the draft of the country's first marine insurance bill as it aims to further promote the development of local marine insurance industry.

MIRM

The regulator in a statement said the proposed bill was drafted with the help of major stakeholders including the General Insurance Association of Thailand, insurance brokers, the local shipping authority, among others. The draft will be sent to the Ministry of Finance for approval and then to the National Legislative Assembly for consideration.

The OIC said the proposed bill, if implemented, would boost the local insurance industry's competitiveness and investor confidence.

Suthiphon Thaveechaiyagarn, the OIC's secretary general, noted marine insurance was worth 5.3 billion baht (US\$160 million) in 2016, or 0.03% of trade value. With the new law, marine insurance premiums may increase almost three times the current value to 14.4 billion baht.







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.





MARINE INSURANCE IN ASIA - 3



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.



MARINE INSURANCE IN THE U.S.A. - 1

MARSH & McLENNAN (No 1 Insurance Broker In The World)



INSIGHTS

INDUSTRIES & SERVICES

ABOUT MARSH



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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



MARINE INSURANCE IN THE U.S.A. - 2

Hartford adds international, specialty business with Navigators buy



... The \$2.1 billion ... deal ... which is expected to close in early 2019, will give <u>Hartford</u> a platform at <u>Lloyd's of London</u>, ...

In addition, Navigators will add **reinsurance capabilities** to Hartford, ... Reinsurance makes up about 13% of Navigators' gross written premiums.

... It broadens their (property/casualty) portfolio" and expands Hartford's international business

spread

... Navigators' ... largest individual line of business is U.S. property/casualty at 42%, followed by <u>international marine at 12%</u>, and <u>U.S. marine</u> and international property/casualty at <u>9%</u> each ...

Marine 21%

22nd August 2018

BUSINESS INSURANCE





MARINE INSURANCE IN THE U.S.A. - 3

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