

Welcome

to the Canadian Board of Marine
Underwriters
2014 Semi-Annual Meeting

from

American Institute of
Marine Underwriters (AIMU)

John A. Miklus
President
May 22, 2014





The Ship *New York* is depicted on the official seal of AIMU



OUTLINE OF TOPICS

- The Economic and Trade Outlook
- U.S. Marine Results & Global Hull Loss Statistics
- Market Challenges
- Renewal Status of TRIA
- AIMU Activities

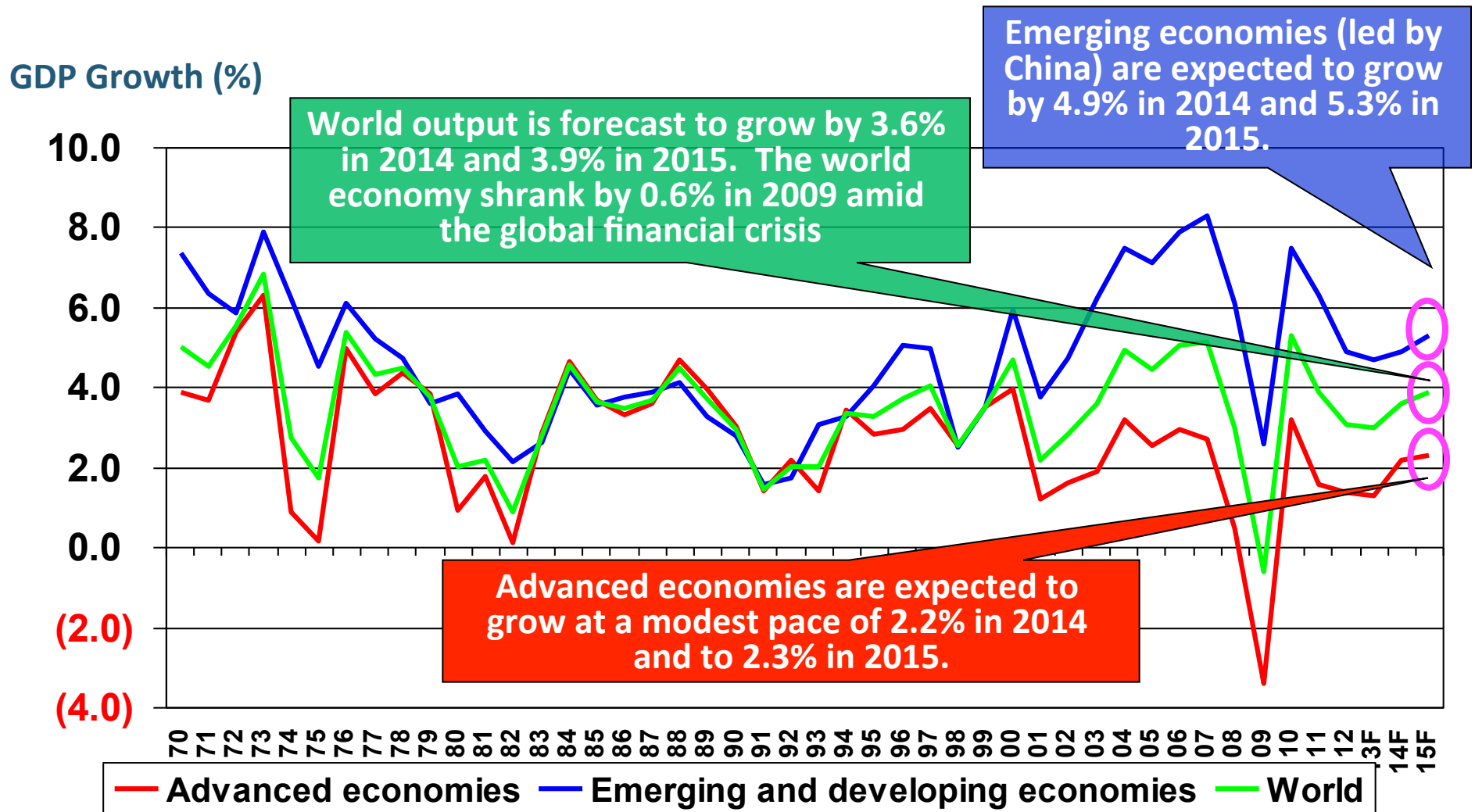


THE ECONOMIC AND TRADE OUTLOOK

- The International Monetary Fund projected global growth of 3.7 % this year and up to 4% for next year
- Emerging markets are expected to lead the way with a 5.1% growth and growth in the advanced economies – 2.2%, double from last year
- World Trade Volume is expected to grow 4.5% this year and over 5% next year
- Low Inflation in advanced countries, mainly euro-zone, can affect emerging markets
- The European Central Bank is expected to use negative interest rates to fend off low inflation

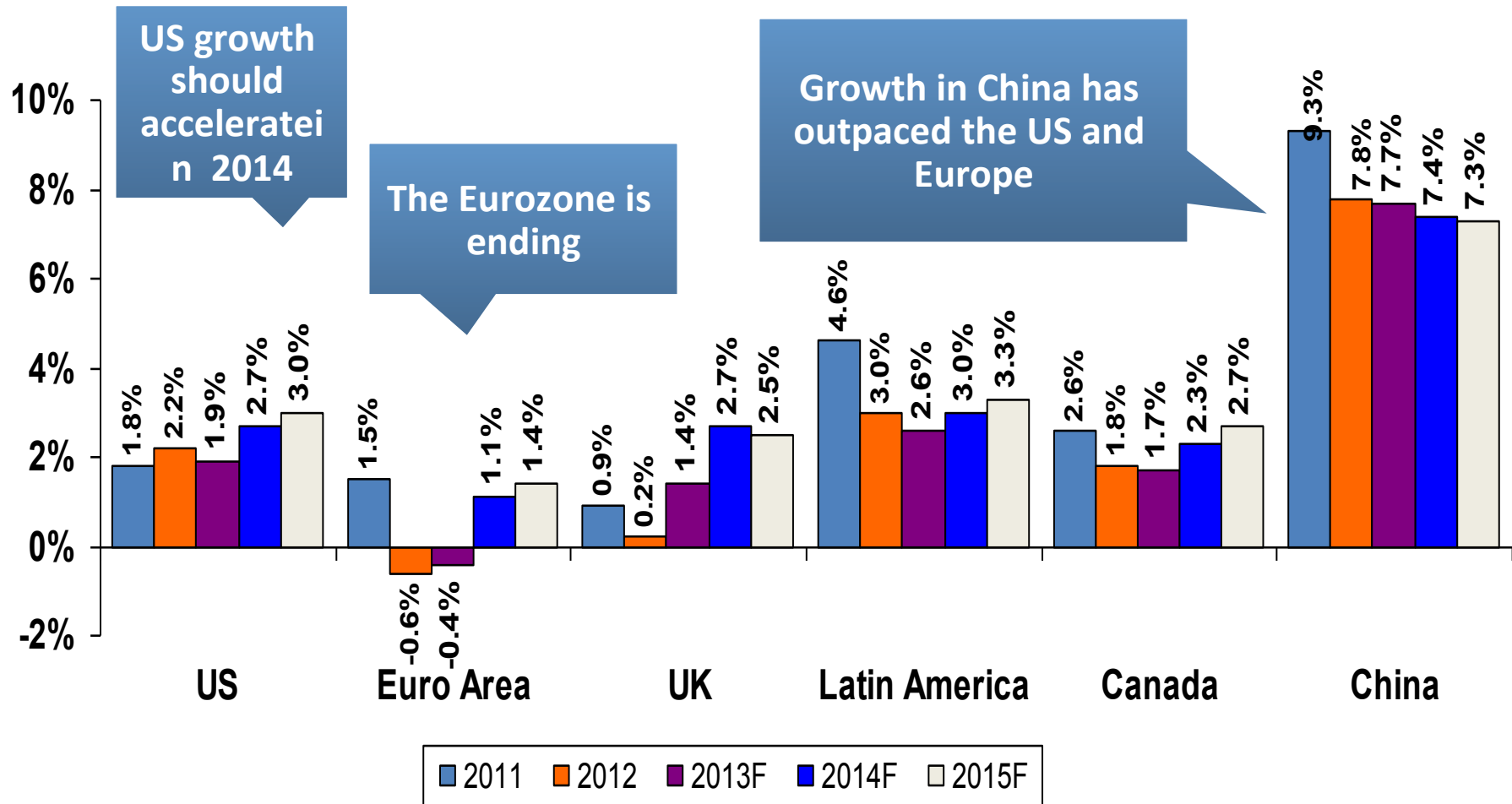


GDP GROWTH: ADVANCED & EMERGING ECONOMIES VS. WORLD, 1970-2015F



Source: International Monetary Fund, *World Economic Outlook*, April 2014; Insurance Information Institute.

REAL GDP GROWTH FORECASTS: MAJOR ECONOMIES: 2011 – 2015F



Growth Prospects Vary Widely by Region: Growth Returns to Most Areas Even as China Slows; Some strengthening in Latin America



Sources: Blue Chip Economic Indicators (4/2014 issue); IMF; Insurance Information Institute.

U.S. OCEAN MARINE RESULTS – A.M. BEST (000'S)

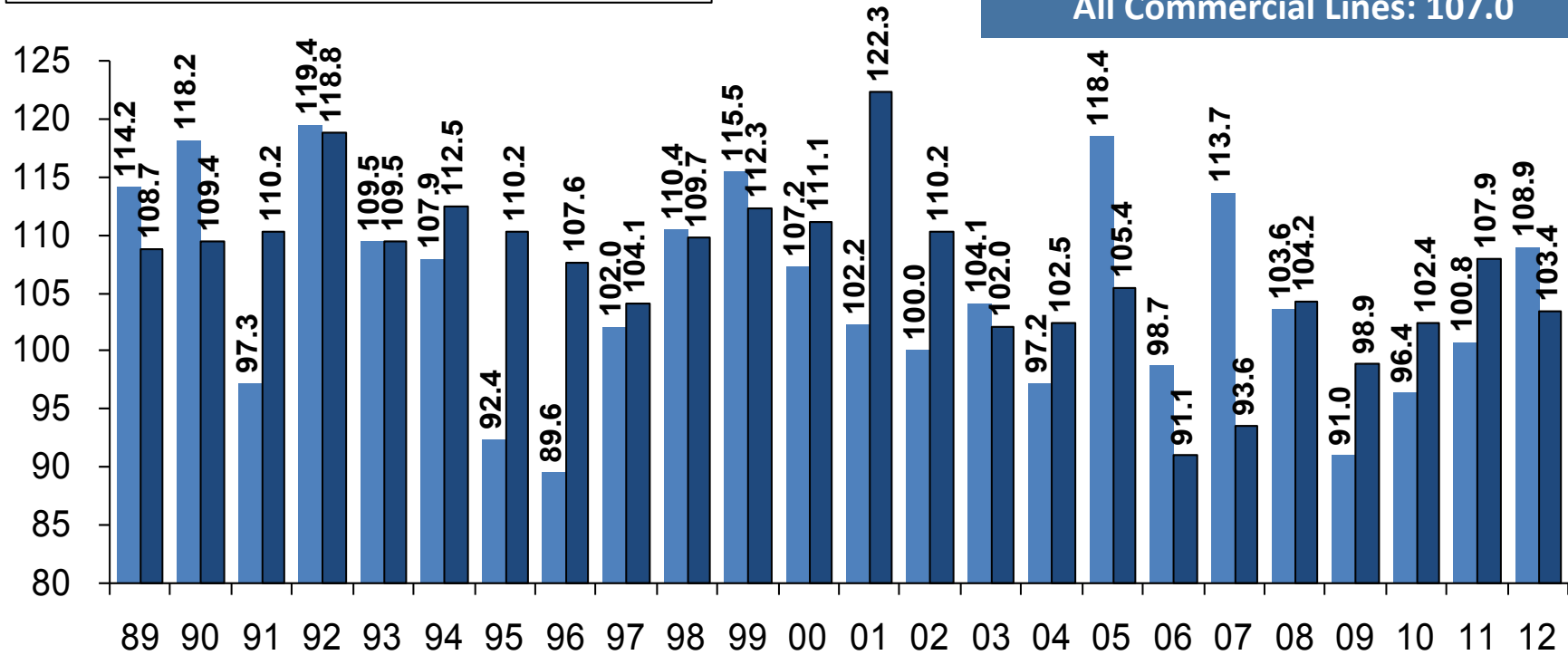
Year	Direct W.P.	Direct E.P.	Paid Loss	Inc. Loss	Pd L/R	Inc L/R
2012	2,868,744	2,872,160	1,795,788	2,367,774	62.5%	82.4%
2011	2,793,606	2,793,040	1,514,737	1,413,095	54.2%	50.6%
2010	2,790,015	2,779,595	1,595,090	1,445,710	57.4%	52.0%
2009	2,833,251	22,876,625	1,843,350	1,540,129	64.1%	53.6%



Ocean Marine vs. Commercial Lines Combined Ratio: 1989–2012

■ Ocean Marine ■ All Commercial Lines

Average: 1989-2012
Ocean Marine: 104.9
All Commercial Lines: 107.0



Ocean Marine has marginally outperformed Commercial Lines overall over the period from 1989 – 2012



Sources: A.M. Best; Insurance Information Institute.

FERRY SEWOL SINKING IN SOUTH KOREA IS ONE OF THE GREATEST MARITIME TRAGEDIES IN RECENT HISTORY

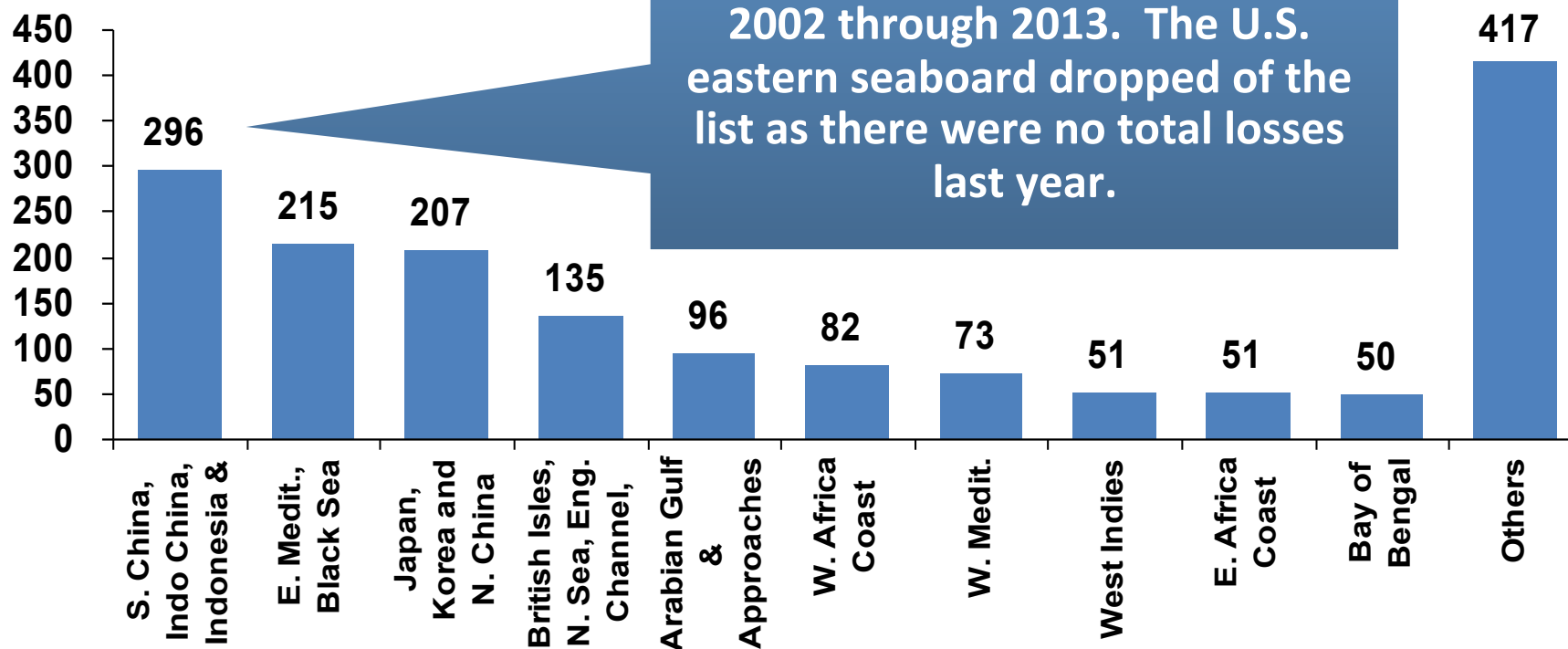


The Sewol and Costa Concordia disasters should impact risk management in the maritime sector



TOTAL VESSEL LOSSES BY TOP 10 REGIONS: 2002 – 2013

Total Vessel Losses



S. China, Indo China, Indonesia and the Philippines was the region that saw the most losses (296) from 2002 through 2013. The U.S. eastern seaboard dropped of the list as there were no total losses last year.

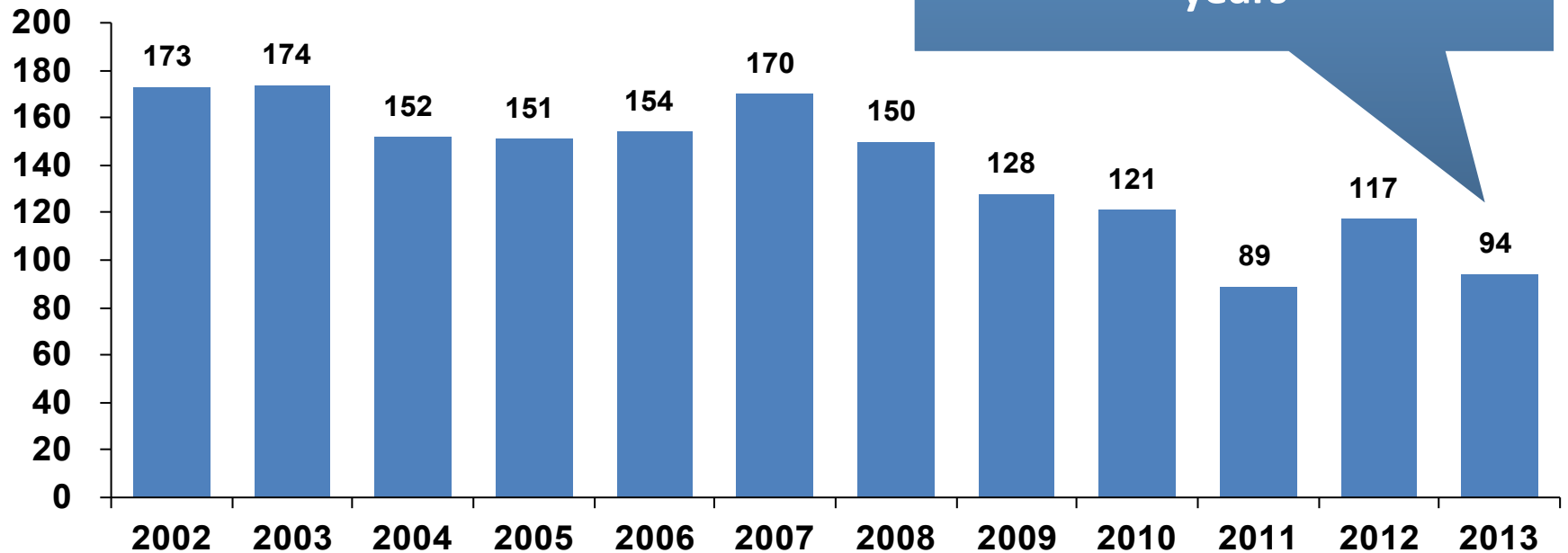
There were 1,673 total vessel losses from 2002 through 2013. The top 10 regions account for about 75% of all total losses



Sources: Lloyd's List Intelligence Casualty Statistics as published in *Safety and Shipping Review 2014*, Allianz Global Corporate and Specialty; Insurance Information Institute.

TOTAL VESSEL LOSSES BY YEAR: 2002 – 2013

Total Vessel Losses



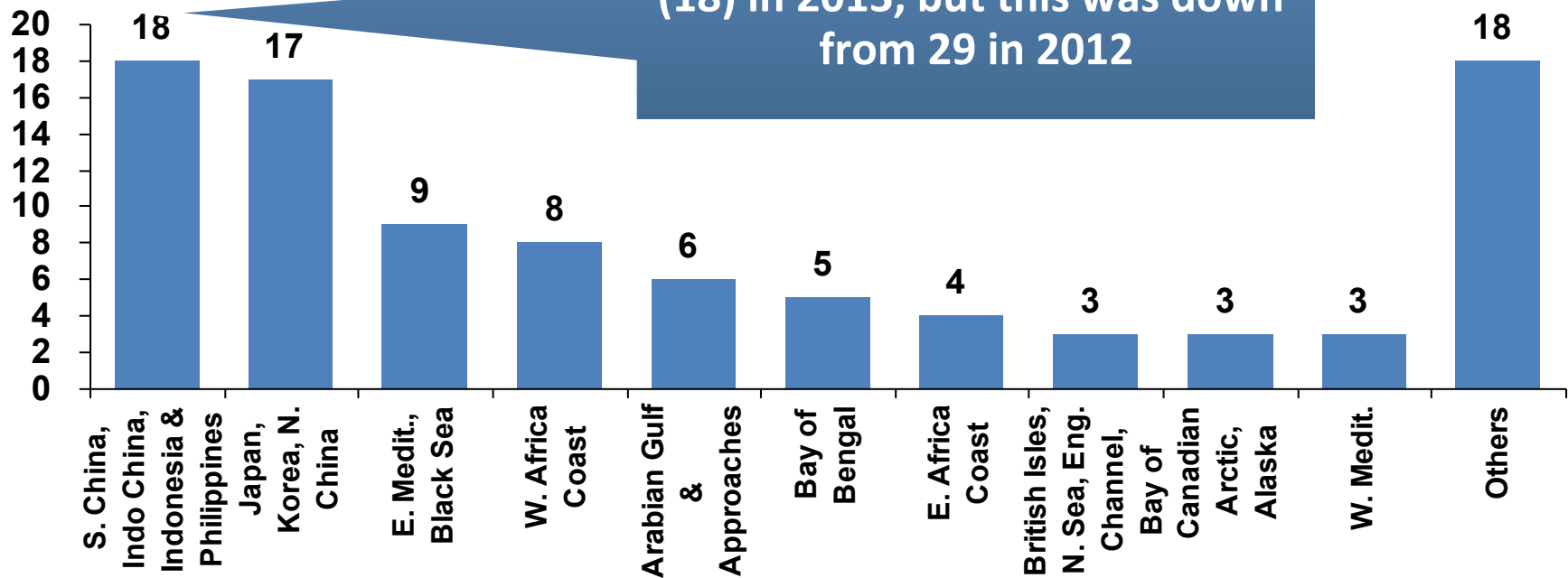
While total vessel losses are down sharply over the past decade, the question is whether this trend will continue



Sources: Lloyd's List Intelligence Casualty Service as published in *Safety and Shipping Review 2014*, Allianz Global Corporate and Specialty; Insurance Information Institute.

Total Vessel Losses by Top 10 Regions: 2013

Total Vessel Losses



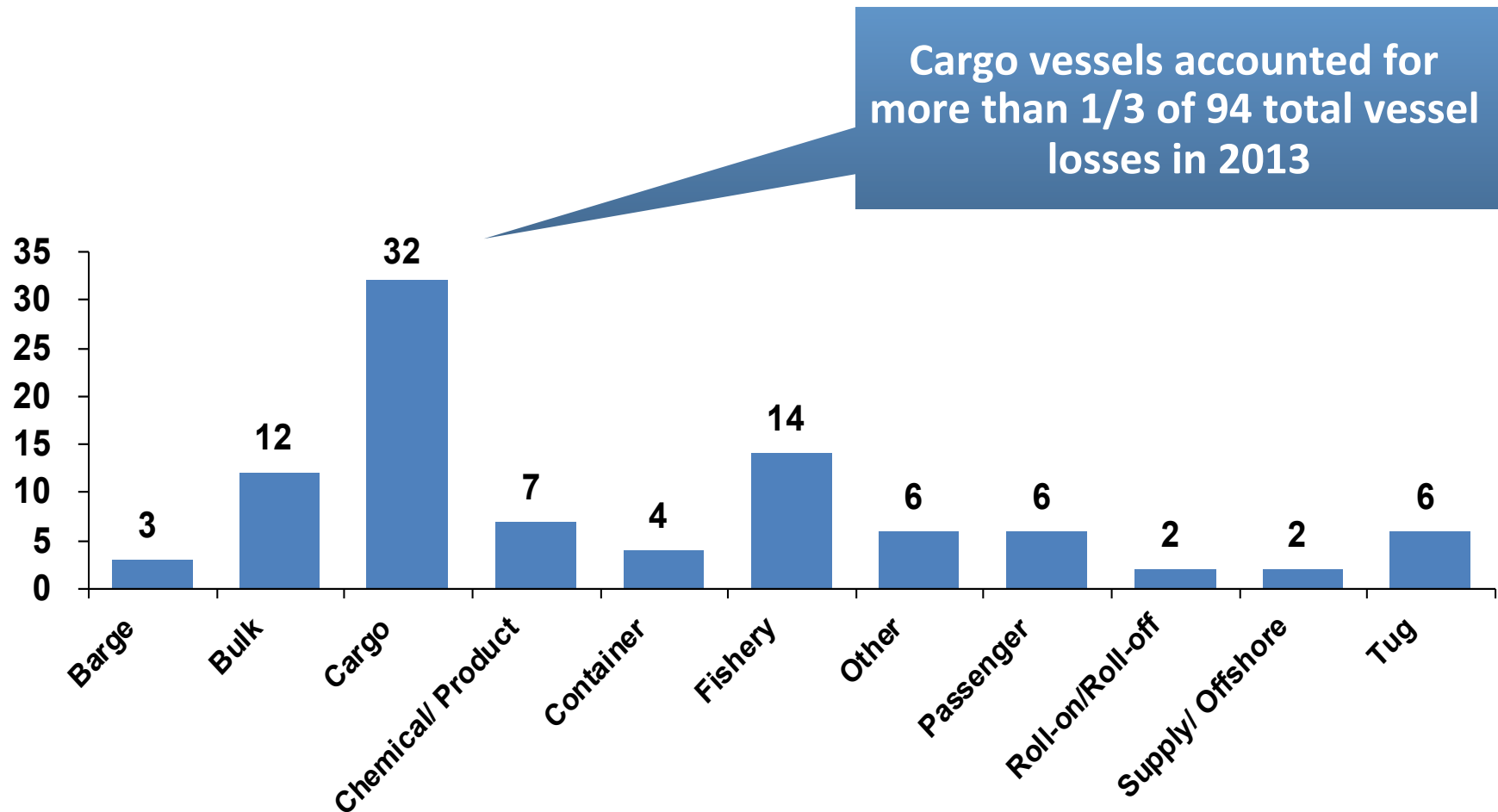
S. China, Indo China, Indonesia and the Philippines was the region that saw the most losses (18) in 2013, but this was down from 29 in 2012

There were 94 total vessel losses in 2013—about 8 per month



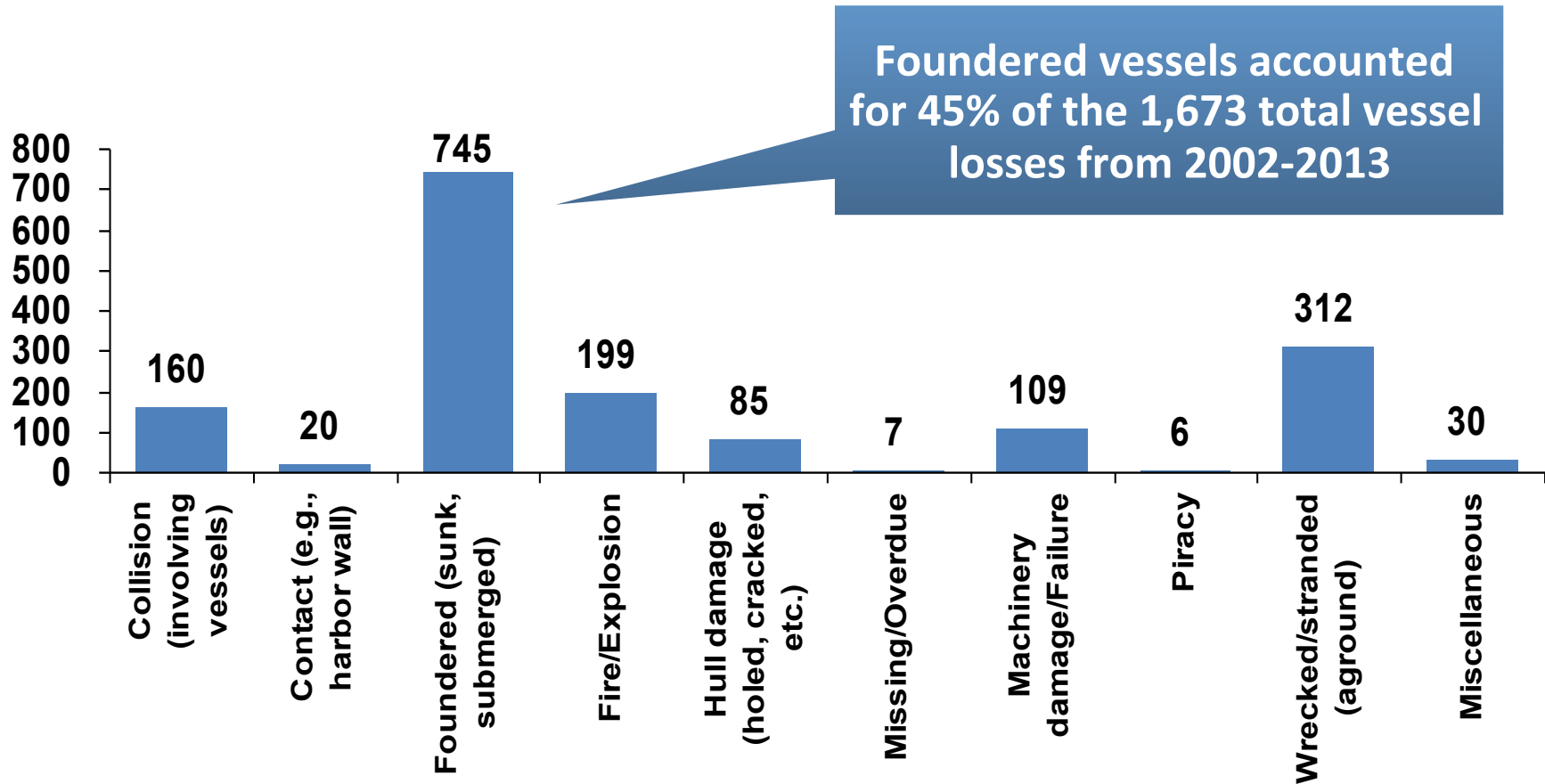
Sources: Lloyd's List Intelligence Casualty Statistics as published in *Safety and Shipping Review 2014*, Allianz Global Corporate and Specialty; Insurance Information Institute.

TOTAL LOSSES BY TYPE OF VESSEL: 2013



Sources: Lloyd's List Intelligence Casualty Statistics as published in *Safety and Shipping Review 2014*, Allianz Global Corporate and Specialty; Insurance Information Institute.

CAUSES OF TOTAL LOSSES: 2002 – 2013



Sources: Lloyd's List Intelligence Casualty Statistics as published in *Safety and Shipping Review 2014*, Allianz Global Corporate and Specialty; Insurance Information Institute.

MARKET CHALLENGES

- Expensive eco-friendly salvage operations (Costa Concordia)
- Arctic Shipping – changing weather conditions present an exposure to marine underwriters worldwide
- Panama Canal Expansion effects global operations (raising Bayonne Bridge, redesigned rescue efforts)
- Enforcement of the new construction standards for vessels fifty feet or greater built after July 1, 2013 and operating below 3 nautical miles of the shores
- Iran Sanctions – subpoenas to four major domestic insurance carriers dealing with Swiss based commodities company connected to Iranian metals trade



RENEWAL STATUS OF TRIA

- TRIA is up for its third renewal at the end of this year
- Contributes to improved financial stability as well as national security
- Stable rates at 60% in the aggregate than in 2003 when the take-up rate was just 27%
- Changes in the current program include raising co-payments by insurer's and increasing the amounts of mandatory policy surcharges



AIMU MEMBERSHIP

- \$2.5 Billion – Ocean Marine Direct Written Premiums Written by AIMU member companies in 2012 per AM Best's
- 41 – Corporate and Subscriber Member Companies
- 82 – Associate Member Companies
- 106 – Global Correspondents appointed both in the U.S. and overseas
- 48 – Appointed Pleasurecraft Surveyors



CORPORATE MEMBERS

ACE USA

AIG

Allianz Global Corporate & Specialty

Allied World Reinsurance Company

Aspen Specialty Insurance Company

Assicurazioni Generali S.p.A. – U.S. Branch

AXA Corporate Solutions Ins. Co.

AXIS Reinsurance Company

Berkley Offshore Underwriting Managers, LLC

Catlin Insurance Company, Inc.

Century Surety Company

Chubb & Son Inc.

CNA Marine

Endurance Specialty Holdings, Ltd.

FM Global

Gen Re Corporation

Great American Insurance Group

Hartford Insurance Group

HDI - Gerling American Insurance Company

IMU/One Beacon

Ironshore Indemnity Inc.

Liberty International Underwriters

Markel American Insurance Company

Mitsui Sumitomo Marine Management (U.S.A) Inc.

Munich Reinsurance America, Inc.

Navigators Group

Ocean Marine Indemnity Company

Platinum Underwriters Reinsurance, Inc.

RLI Insurance Company

Scottsdale Insurance Company

Seaworthy Insurance Company

Sompo Japan Nipponkoa America Insurance Services, LLC

Starr Indemnity

Swiss Re

Tokio Marine America Insurance Company

Transatlantic Reinsurance Company

Transguard Insurance Co

Travelers Companies

United States Fire Insurance Company

XL Specialty Insurance Company

Zurich American Insurance Company



BROKERS/MGA

AM RE Syndicate LLC
ANV Global Services, Inc.
Aon Risk Services
Arthur J. Gallagher & Co.
Ascot Underwriting Inc.
Axiom Insurance Management
Capitol Risk Concepts, Ltd.
Continental Underwriters, Ltd.
Expeditors Cargo Insurance Brokers, Inc.
Falvey Insurance Group
Frenkel & Co., Inc.
G & M Marine Inc.
Hugh Wood, Inc.
International Bond & Marine Brokerage, Ltd.
International Special Risks

International Specialty, Inc.
LIG Marine Managers, Inc.
Lockton Companies
Marine Underwriters of America, Inc.
Maritime Program Group
Marsh Inc.
Nausch, Hogan & Murray, Inc.
Pantaenius America Ltd.
Roanoke Insurance Group, Inc.
Robinson & Son, LLC
Starkweather & Shepley Insurance Brokerage, Inc.
Talbot Underwriting Services (US) Ltd.
Trident Marine Managers, Inc.
UPS Capital Insurance Agency, Inc.
Willis



LAW FIRMS

Bullivant Houser Bailey PC
Casey & Barnett LLC
Chaffe McCall
The Chartwell Law Offices, LLP
Clyde & Co. US LLP
Davey & Brogan, P.C.
Farrell McAleer & Smith LLP
Frankfurt Kurnit Klein & Selz P.C.
Galloway Johnson Tompkins Burr & Smith
Gibson Robb & Lindh LLP
Hamilton Miller & Birthisel, LLP
Hill Betts & Nash LLP
Hill Rivkins LLP

Kennedy Lillis Schmidt & English
Killeen & Stern, PC
Maloof Browne & Eagan LLC
Marshall, Dennehey, Warner, Coleman & Goggin
Mendes & Mount
Mound, Cotton, Wollan & Greengrass
Nicoletti, Hornig & Sweeney
Rubin, Fiorella & Friedman LLP
Thomas M. Grasso LLC
Ventker & Warman, PLLC

LEGAL COUNSEL

Wiggin and Dana



REINSURANCE INTERMEDIARIES

AonBenfield Re US
Beach & Associates Ltd.
BMS Intermediaries Inc.
Guy Carpenter & Co.
JLT Towers Re
Willis Re Inc.

AFFILIATE

Board of Marine Underwriters of San Francisco,
Inc.

CLAIMS SETTLING & SERVICES / SURVEYING

AVA Marine Group Inc.
Braemar Technical Services Inc.
Cooper Capital Specialty Salvage, LLC
Crawford and Company
Crowley Maritime Corporation
CSL North America
EIMC
Globex International Group, Inc.
Minton, Treharne & Davies (USA) Inc.
National Association of Marine Surveyors
National Cargo Bureau, Inc.
National Marine Consultants, Inc.
Noble Denton
Oceanwide Inc.
Salvage Sale
Schenker Inc.
Shipowners Claims Bureau Inc.
The Spencer Company
VeriClaim Inc.
Water Quality Insurance Syndicate
W. E. Cox Claims Group
W. K. Webster (Overseas) Ltd.



AIMU IN ACTION

- 12 – Committees that meet 1-3 times a year to discuss industry-related issues, produce various white papers and draft clauses
- 216 – Attendees of our “Intro” level educational classes and various webinars so far this year
- 300+ - Attendees of our annual seminars in 2013
- 1,400+ - Recipients of our AIMU Weekly Bulletin



Education

- ◆ [Education Overview](#)
- ◆ [AIMU Education Schedule](#)
- ◆ [AMIM 121 Program - On Demand](#)
- ◆ [Recorded Webinars On Demand](#)
- ◆ [E-Learning - On Demand](#)
- ◆ [Home](#)

AIMU MICA Seminar

Thursday 12 June 2014
 08:45am - 05:30pm
[For more information »](#)

AIMU Education Schedule

AIMU is committed to providing exceptional learning opportunities that enable individuals to prepare and develop as marine insurance professionals. Most education opportunities are offered with both onsite and remote attendance options. Explore the four categories of options including Education Calendar, AMIM Program; On-Demand, and E-Learning. If there are questions, please contact AIMU Education/Training Specialist, Eileen Monreale, CPCU, AMIM at emonreale@aimu.org

Registration is Open for the Courses Below

Wed May 28 @12:00PM - 01:00PM

[Cargo Theft and Current Global Trends](#)

Thu Jun 12 @ 8:00AM - 05:00PM

[AIMU/MICA seminar \(approved for 7 CE credits in NY and TX\)](#)

[Complete list of courses offered by AIMU](#)

★ Calendar of Events

[View Full Calendar](#)

Wed, May 21st, 2014
[CBMU Semi-Annual Conference](#)

Wed, May 28th, 2014
[Cargo Theft and Current Global Trends](#)

Tue, Jun 3rd, 2014
[MICA Golf Outing](#)

Thu, Jun 5th, 2014
[Marine Underwriters of Southern California's Annual Golf Tournament and Board Installation](#)

Thu, Jun 12th, 2014
[Chicago Ocean Marine Association \(COMA\) Golf Outing](#)

Thu, Jun 12th, 2014





The Ship *New York* is depicted on the official seal of AIMU

