

IUMI Daily

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IUMI Sails Back to Japan

It's the fourth time IUMI is being held in Tokyo—Asia's largest marine market. And this year's theme, "Risk Assessment and Loss Prevention—A Common Goal" is especially timely against the global backdrop of the recent spate of hull losses and concerns over falling rates and abundant capacity.

This year's meeting, which will see a gathering of over 500 delegates from the marine world, will address these key issues, along with the current crisis in the Middle East, terrorist atrocities, concerns from tsunami, hurricanes and pirates' threats and the uncertainty surrounding the effects of a revised Athens Convention.

It is also fitting that IUMI returns to Asia as the region is experiencing an unprecedented economic boom and growing trade which herald increasing marine insurance business, substantiated by the fact that in 2005, approximately 65% of the world container traffic, in terms of TEU, were attributed to Asian ports, whereby the top-eight Chinese ports alone represented 26.5% of the total container traffic. Europe had a share of 18.5% of the world container port traffic and America 15.2%.

IUMI's Focus

Much of the debate at this year's forum will also include fair pricing and the extent of cover that underwriters give. A plethora of wisdom will be shared as IUMI's seven technical committees host sessions and workshops. The offshore energy workshop will look at Operational Risk, while the Ocean Hull workshop will tread uncharted waters of Managing Claims Costs.

The spotlight will also be on IUMI, with

its unique status in the world of maritime insurance, whether it can make a persuasive difference and take a more proactive role in marine education.

Japan's Numbers

As for Japan, the host country for IUMI, it accounts for Asia's lion share of marine insurance business by revenue and one of the largest in the world, registering a total premium of ¥217 billion (US\$1.9 billion). The Japanese merchant fleet, at around 100 million dwt, accounts for one-eighth of world tonnage and carries roughly 13% of world seaborne trade. Japan's shipbuilding order book currently stands at a staggering 46 million tons and is continuing to push up towards the all-time record high of 50 million tons set in 1974.

However, although standing tall in the international arena, domestically, marine insurance premium only makes up a mere 3% of the country's total premium volume. This is mainly due to the fact that the growth of the other industries, property, engineering, manufacturing, etc, has grown hugely in comparison over the years.

Still a Leader

But while domestically, the numbers may look small, Japan still leads on the international market. So it is timely that after hosting the IUMI in 1985 and 1995, it is now hosting the conference again, in a region where international trade is booming and potential for insurance is huge.

Over the next few days, join the *Asia Insurance Review* team, as we present incisive daily coverage of the discussions and presentations at the IUMI conference in Tokyo.

Wendy Koh & Irene Yeo

Lloyd's Marine Intelligence Unit

Lloyd's Marine Intelligence Unit (MIU) is not only the largest provider of maritime data, it is the best. Our partnership with the insurance industry can be traced back over centuries and allows us to provide you, the insurer, with information which is relevant, timely and accurate.

Before you make a commitment to any vessel, fleet or owner, you need to know everything about them. You need to know about a vessel's history, the owner's past operating record and, most importantly, any other company and vessel linked to the owners, however distant that relationship may be.

24 hours a day we pool reports received from a network of experts as unique as it is wide. This extensive network – based around the renowned Lloyd's Agency Network and our industry leading Automatic Identification System (AIS) – allows us to maintain the industry's only truly global database. We can also immediately identify any changes in a vessel's ownership, flag, classification and name and report every casualty, detention or inspection as they occur. To complete our coverage, we now have extensive details on the engines and machinery linked to each vessel to allow you to add an extra dimension to your underwriting by matching past casualties to specific engine or machinery types.

Since we first published the Lloyd's Confidential Index in 1886, our primary objective has been to provide you with quality information. Lloyd's Confidential Index has an unparalleled reputation for publishing the complex ownership structures behind today's merchant vessels and remains the world's only source able to provide a vessel's complete ownership details from the beneficial owner to charterer or manager. With over 56,000 vessels listed and published twice a year, one can see why it is universally regarded as "The Bible" in the industry.

Unlike our competitors, we have not been ignoring the pace of progress at Lloyd's MIU and have launched the online version of Lloyd's Confidential Index – Seaway. Seaway covers every vessel over 99gt. As a result, the site has an additional 30,000 vessels and allows you access to an additional nine years worth of casualty data and 20 extra vessel characteristics to those published in the book.

The real strength of SeaWay, however, lies in its software. As well as offering searches for specific vessels or companies, SeaWay also contains an advanced search facility that allows the user to build a query using as many criteria as required.

Another of our products which has proven to be an immense success is the Hull Risk Engine. Our Hull Risk Engine has been designed to provide marine insurers with an immediate and

The screenshot shows the Lloyd's Marine Intelligence Unit website. At the top, there is a navigation bar with links for Products, Services, Free Trial, Buy, About Us, Feedback, and Glossary. Below this is a search bar with the text "Lloyd's MIU" and "Search LMIU Products". The main content area features a banner for "A new experience in Marine Intelligence..." with bullet points: "Detailed characteristics of 120,000 vessels", "Over 200 million weekly AIS position reports", "Casualties as they happen - 20,599 casualty messages in 2005", "Over 163,000 shipping companies", "12,000 credit reports", and "Extensive details on 2,800 of the world's commercially active ports". Below the banner are sections for "Lloyd's MIU News", "Welcome to Lloydsmiu.com", "Latest Credit Reports" (with a table of reports), "Showcase", "Lloyd's Marine Directory", and "Breaking News from Lloyd's List".

Company	Location	Date	Action
USL Shipping FZE	United Arab Emirates	13 Sep 2006	buy
American President Lines, Ltd	Singapore	12 Sep 2006	buy
Belaris Dis Ticaret Ltd Sirketi (Tasfy	Turkey	12 Sep 2006	buy
mv Asari (IMO: 8228270)	Latvia	12 Sep 2006	buy
Royal Jordanian Airlines	Jordan	12 Sep 2006	buy
APL Co Pte Ltd	Singapore	12 Sep 2006	buy

accurate assessment of the insurance risk associated with a particular owner, manager, fleet or vessel. This groundbreaking resource was put together in conjunction with insurance professionals, utilising not only lloydsmiu.com but also the highly respected Lloyd's Confidential Index in order to provide the best risk analysis tool available.

To calculate risk, we take into account many factors, including a vessel's flag, classification, age, tonnage, detention and inspection history. These are then cross-referenced with a plethora of additional scoring techniques to produce an accurate and immediate risk assessment based on the best information in the marketplace today.

Lloydsmiu.com is the ultimate marine information portal. Launched earlier this year, it provides detailed characteristics on over 120,000 vessels and 2,800 commercial ports as well as comprehensive information on 163,000 shipping companies.

The inclusion of 12,000 company reports, accessible online and used for credit risk analysis as well as for compliance purposes and due diligence, ensures that Lloydsmiu.com is the most up-to-date, accurate and reliable marine database in the world.

In addition to all this, our industry-leading AIS tracking system reports on millions of daily vessel movements. These are also uniquely corroborated by visual reports from thousands of contacts around the globe.

Whatever your business need – you can rest assured that Lloyd's MIU has the answer.

Please feel free to contact Vandana Oza on +44 (0)77 6636 5869 who is currently here at IUMI if you wish to find out how Lloyd's MIU can help you.

www.lloydsmiu.com

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The leader in global
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Loss Adjusting in Marine Insurance



Mr Nehemiah Neo, Managing Director and Founding Partner, Insight Group, Singapore, looks at how technology and telecommunications have today transformed the role of the adjuster and surveyor in Asia in the maritime sector.

Underwriters in London, Paris, New York or any other city can now contact an experienced claims adjuster in the Asia-Pacific region in a matter of seconds.

It means that as an adjuster, our job is made easier – technology and communications do assist the role of the adjuster. But it also lays even more emphasis on the service levels that we can provide.

It has also produced a situation in which our work for underwriters has become much more transparent – something we, at Insight, have always supported.

Communication between the major marine underwriting centres in Europe and the Asia Pacific has undoubtedly improved in the past decade.

But differences of opinion and perspective also get magnified to a greater extent, and nowhere was this more apparent than in the recent controversy over Additional Premium War Risk Rates which the Lloyd's – London Market Joint War Committee (JWC) decided to charge shipowners whose vessels were transiting the Straits of Malacca.

This decision was widely challenged by owners and governments in Southeast Asia.

But the positive thing was that Asian shipowners and the three littoral states bordering the Straits were able to make their views heard clearly and speedily in London.

The JWC recently agreed to remove the Straits from its list of War Risk – Additional Premium zones.

It was a move widely applauded by shipowners and shipping associations in the region.

We, at Insight, as Lloyd's Agents both in Singapore and Malaysia, welcome the JWC decision and believe the move has heralded the start of a closer era of communication between London marine underwriters and the shipowners and wider maritime community in Southeast Asia.

We welcome the decision because, as adjusters engaged in a wide variety of marine work, we appreciate the importance of free trade to our region.

After a few years of economic downturn, seaborne trade around Asia and in Southeast Asia, in particular, is gathering momentum at a fast pace. It increases across all sectors of the shipping market – from dry bulk, through to container vessels, oil tankers and specialist tonnage.

The Insight Advantage

Today, Insight's role as a partner to the maritime and marine insurance sectors in this region extends across a wide portfolio.

That is because we can match the speed of delivery of our service with the right level of quality and experience. These are values which the leading marine underwriters appreciate and that is why our marine portfolio is growing.

As Lloyd's Agents in Singapore and Malaysia, and as an expanding group with a strong presence in those countries as well as Indonesia, the Philippines, China and now the Middle East, we are engaged in increasing ship valuation work. This is partly due to the fact that the requirement for vessels in this region continues to be strong.

We have especially seen growth in our maritime business in China where Insight now has offices in Shanghai, Shenyang and Guangzhou.

We, as a group, certainly see China as a significant market for our marine expertise in future. We have two Singaporean qualified adjusters and surveyors helming our China operations with the clear mission of making a difference in China by providing service based on best practice and integrity and honesty. Mr Jeffrey Neo, our China Operation Head, makes history as the first foreigner to have been approved by the China Insurance Regulatory Commission to be both the Legal Person and the General Manager of a China adjusting practice as we understand it and Insight are expected to help contribute to the professionalism of the market.

In addition, Insight Marine Services, which is headed by Capt Baharudin Ishak, a qualified Master Mariner, is also engaged in a growing volume of specialised cargo surveys on behalf of underwriters.

We are seeing a return to high levels of infrastructure building activity right across the region and this entails much greater use of Project Cargo shipments.

Some of our most consistent work in recent times has been Pre Risk Loading Surveys which is strongly allied to our growing portfolio of marine loss prevention work.

More than ever, due to the speed of decision making and the need to assess risk speedily and accurately, underwriters have called upon us to advise on vessel stability and related issues.

Underwriters use Insight because we have an established team of surveyors, led by Master Mariners and Marine Engineers, who have a long track record of experience in the most complex of cases over a number of years.

Insight acts also as the Asia Pacific Office for vrs universe adjusters' network, handling and co-ordinating an increasing volume of cargo and hull and machinery surveys and adjustment work for its partners in the US and Europe.

As the insured value of cargoes increases and the sheer volume of cargo also goes up, underwriters see the need for trustworthy, competent and honest adjusters and surveyors and there is a limited number of those in our profession in Asia.



MALACCA STRAITS: Off The War List

Finally, the Joint War Committee (JWC) has taken the Malacca Strait off its list of war risk areas after more than a year. This action follows stepped-up anti-piracy patrols by Malaysia, Singapore and Indonesia.

The news, no doubt, comes as a huge relief to shipowners as they face an estimated insurance premium hike of around US\$50 million a year. Rates have escalated because 40% of world trade and 50% of the world's oil supplies pass through the Strait annually.

Numbers Were Dropping

So were the alarm bells sounded by the JWC justified? The Malacca Strait saw 37 piracy incidents in 2004 raising concerns in 2005. However, the 37 incidents made up only 0.02% of the 63,000 ships that passed through the waterway. In 2005, 12 attacks were recorded, and so far this year, six incidents were recorded.

While the numbers may seem miniscule in comparison to the actual traffic, there is no doubt that the concentration of piracy incidents in the Strait is still one of the highest in a waterway. Although the numbers have been dropping, fears of terrorism and increased sophistication shown by the pirates have kept the JWC on their toes and they remain unmoved by the pleas of the three littoral countries and shipowners.

Increased Security Patrols

Hence, it is only when concerted efforts at security are made and with reduced number of incidents would the JWC allow any reconsideration. On top of the lobbying, the three countries increased anti-piracy patrols, as well as one in the form of an air-patrol.

However, it is not the end, and all stakeholders should not become complacent and efforts and attention should continue as diligently as before.

BY THE NUMBERS

Global Marine Insurance

At the beginning of 2006,

general cargo ships

had an average age of

22.6 years.

Only **2.5%**

of the value of the world maritime trade is spent on marine insurance premiums.

As of 1 January 2006, the world general cargo fleet consisted of

16,544 ships
with **99.4** million dwt
and **2.0** million TEU.



The latest figures show

global piracy

rising

8%

in the first quarter of 2006 from a year earlier, according to the International Marine Bureau.

In 2004, the total gross loss ratio for

cargo was under **70%**

and

slightly over **80%** for hull

The estimated total premiums was

US\$16.4 billion
(2003: US\$16.6 billion)

In 2005, there were

650
kidnappings
at sea,

according to a British House of Commons report.

