

# A PRESENTATION TO:

## Club Assicuratori Romani

Robert Dorey  
Active Underwriter s1884

Roma  
14<sup>th</sup> April 2015

## OVERVIEW: P&I CLUB

- concept of mutuality
- history of P&I clubs
- why / how do they share risk?
- risks covered
- why limits are important

# CONCEPT OF MUTUAL INSURANCE

claims + reinsurance + management + other expenses

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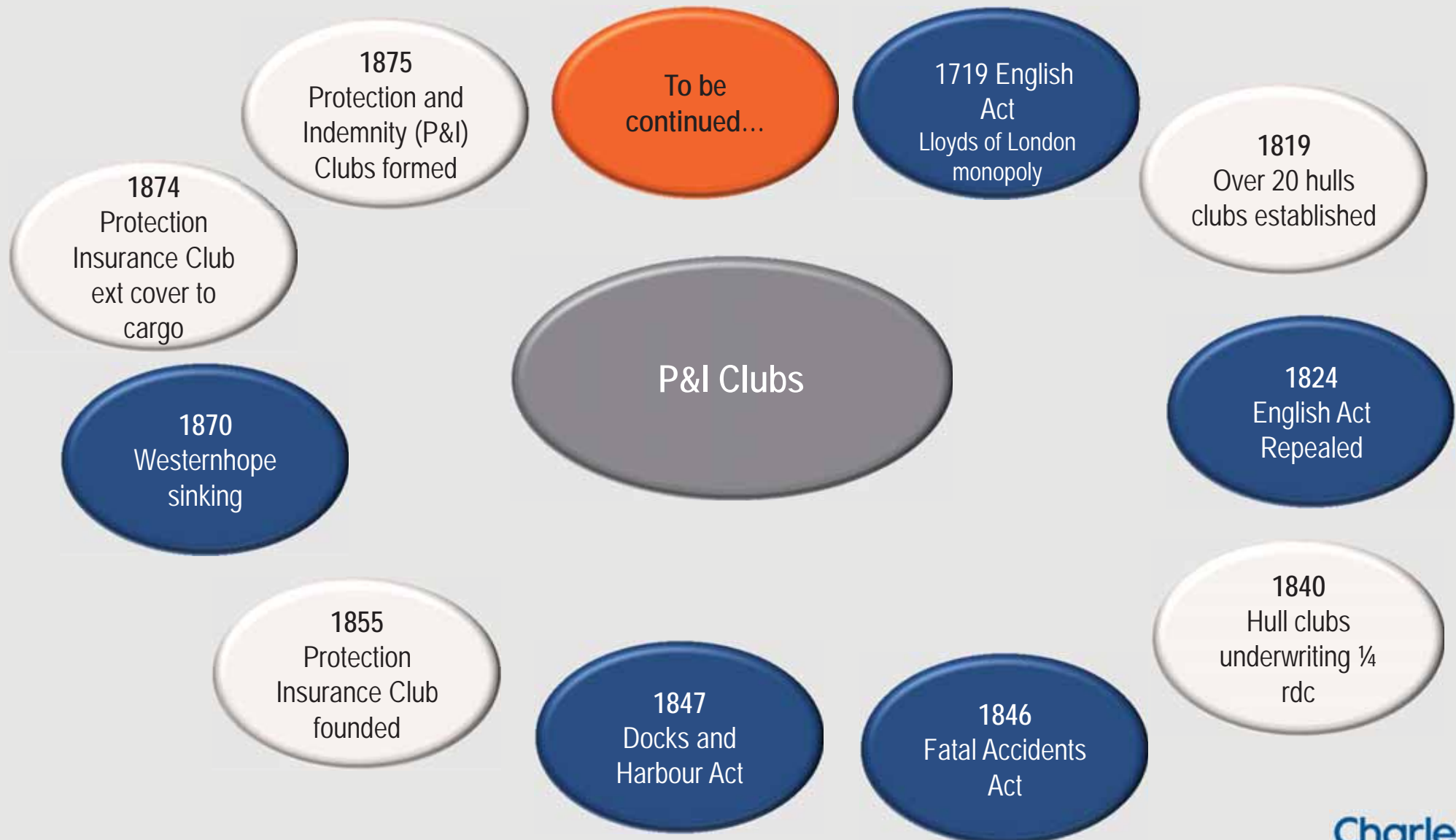
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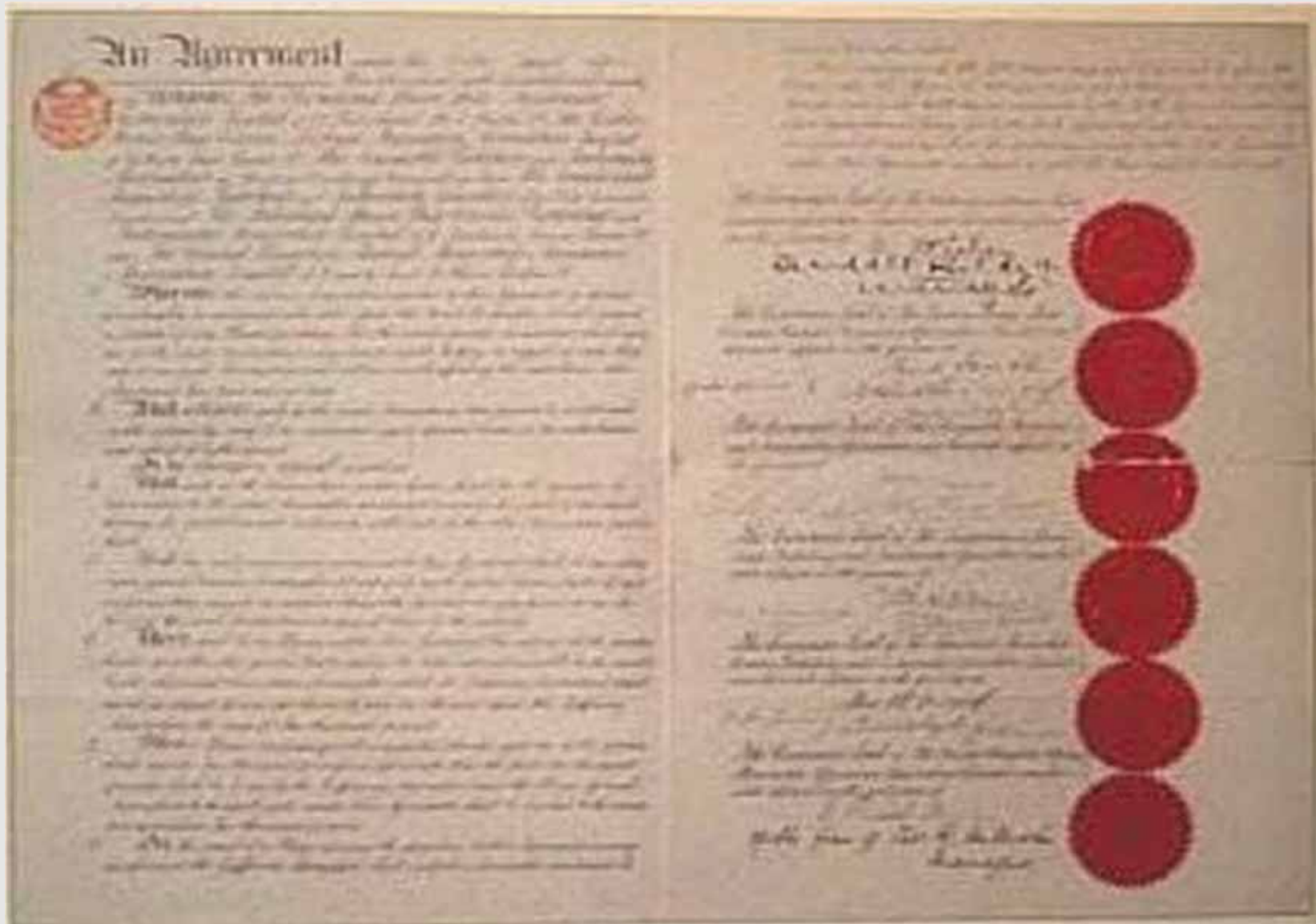
premium + investment income

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# P&I CLUBS A SHORT HISTORY



# THE FIRST POOLING AGREEMENT



## HOW DOES A CLUB SHARE RISK?

- pooling agreement
  - regulates what claims are shared by the clubs
  - identifies what claims are not shared
  - agrees a contribution formula
  - is amended each year to reflect changes
  - agrees level if claims to be “pooled”

# SHARING RISK - POOLING

- covers those risks that all clubs agree are common to all shipowners
- covers legal liability
  - assumes that shipowners defences are maintained (e.g. limitation)

# SHARING RISK - POOLING

- limits
  - an overall limit is set by reference to the 1976 limitation convention
  - \$1bn oil pollution
  - \$3bn crew and passengers on passenger ships



# SHIPOWNERS - LIMITATION OF LIABILITY

*...habere...  
...causam, et in melius, ultra prefertam  
partem*

*15*

*Item si aliquis naucauum, vel passorum  
durante nauigio fuerit captus, et agor:  
sevel ipse in redimere, redimatur a casa  
paucaua, amiserit si fuerit in dno de  
voluntate faciente, vel communi, et  
si libet. Item si perdit remaneat  
et cetera communi, et cetera a an-  
miserit aliquid, quod non potuerit  
de utilitate communi, et publica.  
Item si proferat a debet per se recipi  
vel cetera*

*16*

*Item si aliquis naucauum, vel passorum  
durante nauigio, amiserit remaneat  
non obstat quod communi, et commu-  
nitate, et cetera faciente, et cetera  
et cetera, quod debet deinde se  
cipere.*

*17*

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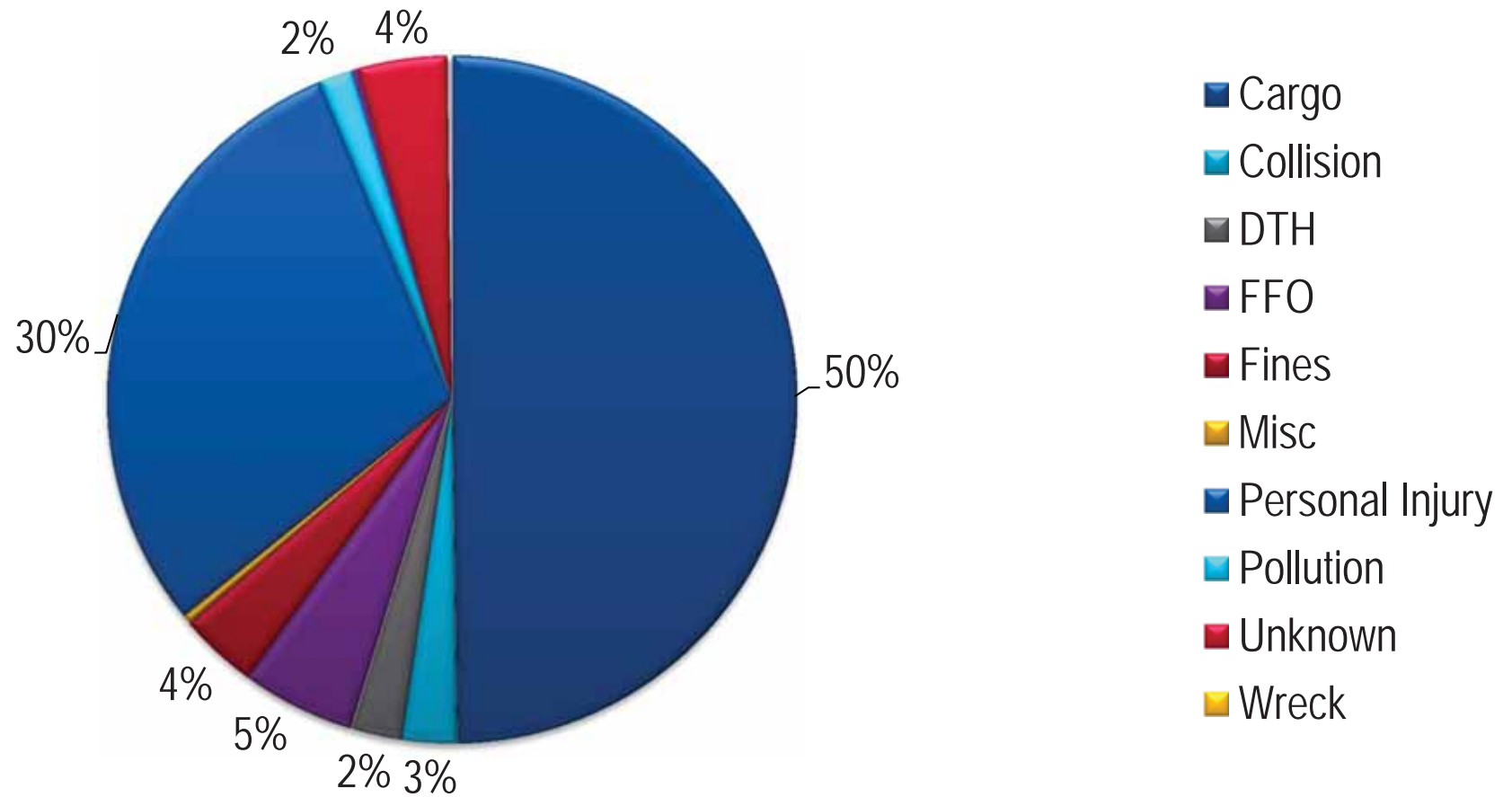
Item se qualcuno dei marinai o dei soci durante il viag-  
gio fosse stato catturato ed occorresse riscattarlo, sia redento  
da tutta la società; similmente, se fosse stato inviato per  
incarico della società o comunità e fosse derubato, ciò che  
perde sia risarcito dalla comunità medesima, salvo che ab-  
bia perduto quel che portava non nell'interesse della detta  
comunità, ma per proprio utile, la qual cosa sia persa a lui  
soltanto.

Item se qualcuno dei marinai o dei soci arrischiassero  
la fuga, perda la sua parte, nonostante abbia servito la co-  
munità, e se fosse il capitano, gli si può chiedere il doppio,  
che deve dividersi come sopra.

Item ogni mutuo od anticipo rimanga in capo al capi-

# P&I Claims by type (number of claims)

2007-2013



# People



## People

- liabilities in respect of passengers, crew and stowaways
- stevedores
- repatriation expenses
- crew substitution
- loss of crew effects

# Cargo



## Cargo

- loss/shortage
- damage
- disposal
- cargo's proportion of general average

# Collision



# Is reasonable / legal?

Liabilities from presence of wreck





## Collision

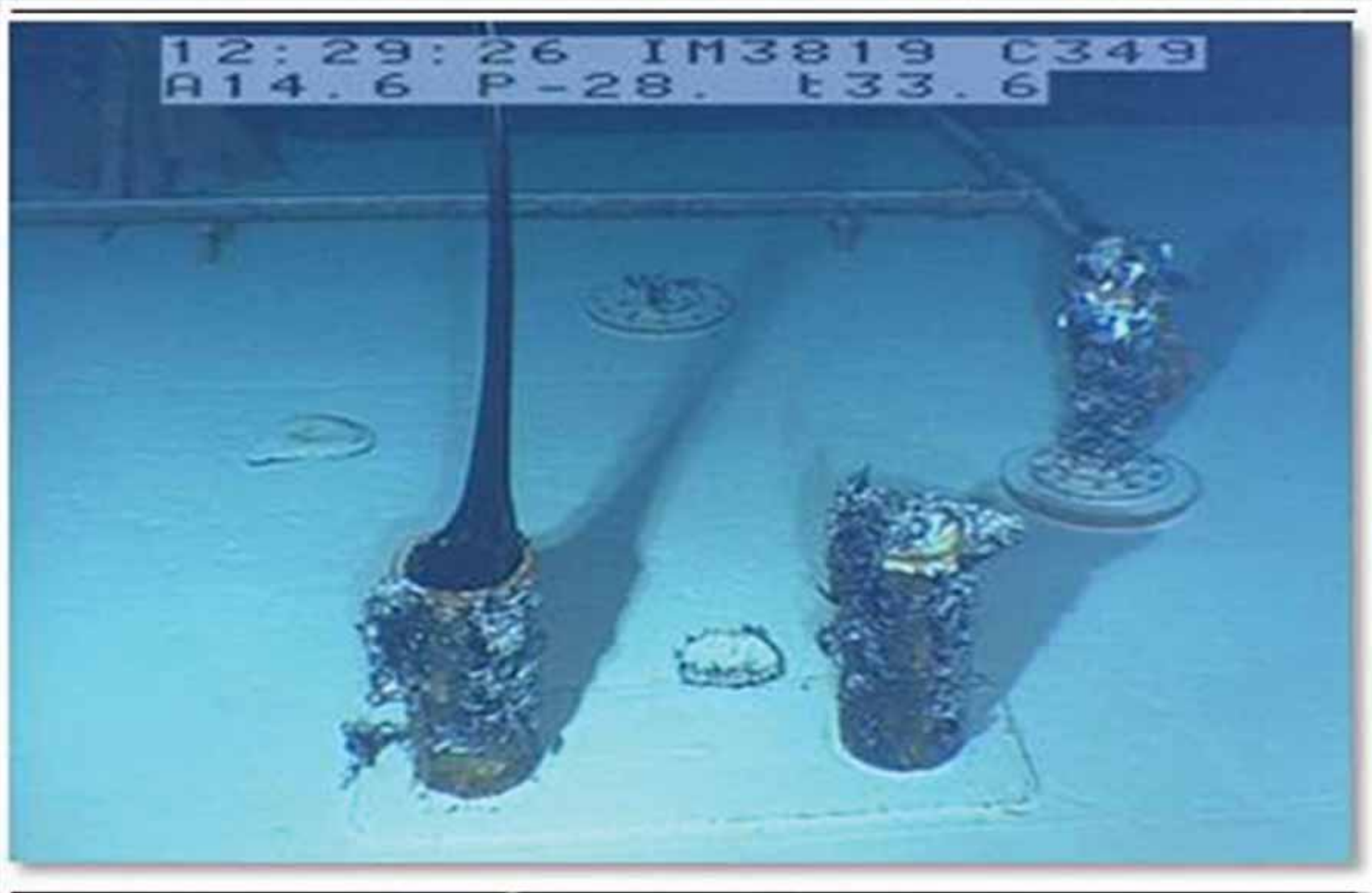
- 1/4<sup>th</sup>, 4/4<sup>th</sup> or such other proportion as is specifically agreed in writing
- damage to property

# Pollution



# Is it reasonable / legal?

Environmental threats



## Pollution

- liability for loss, damage or contamination
- clean up costs
- preventive measures
- costs of complying with government directors
- salvor's compensation for pollution prevention

# Wreck removal



# MSC CHITRA



# WEST ATLAS



## Wreck removal

- removal of the wreck
- liabilities incurred as a result of the raising, removal or destruction of the wreck
- liabilities incurred because of the presence of the wreck
- removal of cargo



## Role of the club

- manage claims
- act as central point of contact
- appoint experts, lawyers and correspondents
- 24 hour emergency response
- settle claims and fees incurred
- advise on safety and loss prevention

# Why are limits important



# Costa Concordia



\$1.2 billion – P&I  
\$500m – H&M

Questions?

**The Standard**



[www.standard-club.com](http://www.standard-club.com)

**Charles  
Taylor**

[www.ctplc.com](http://www.ctplc.com)

# The Standard Syndicate

April 2015

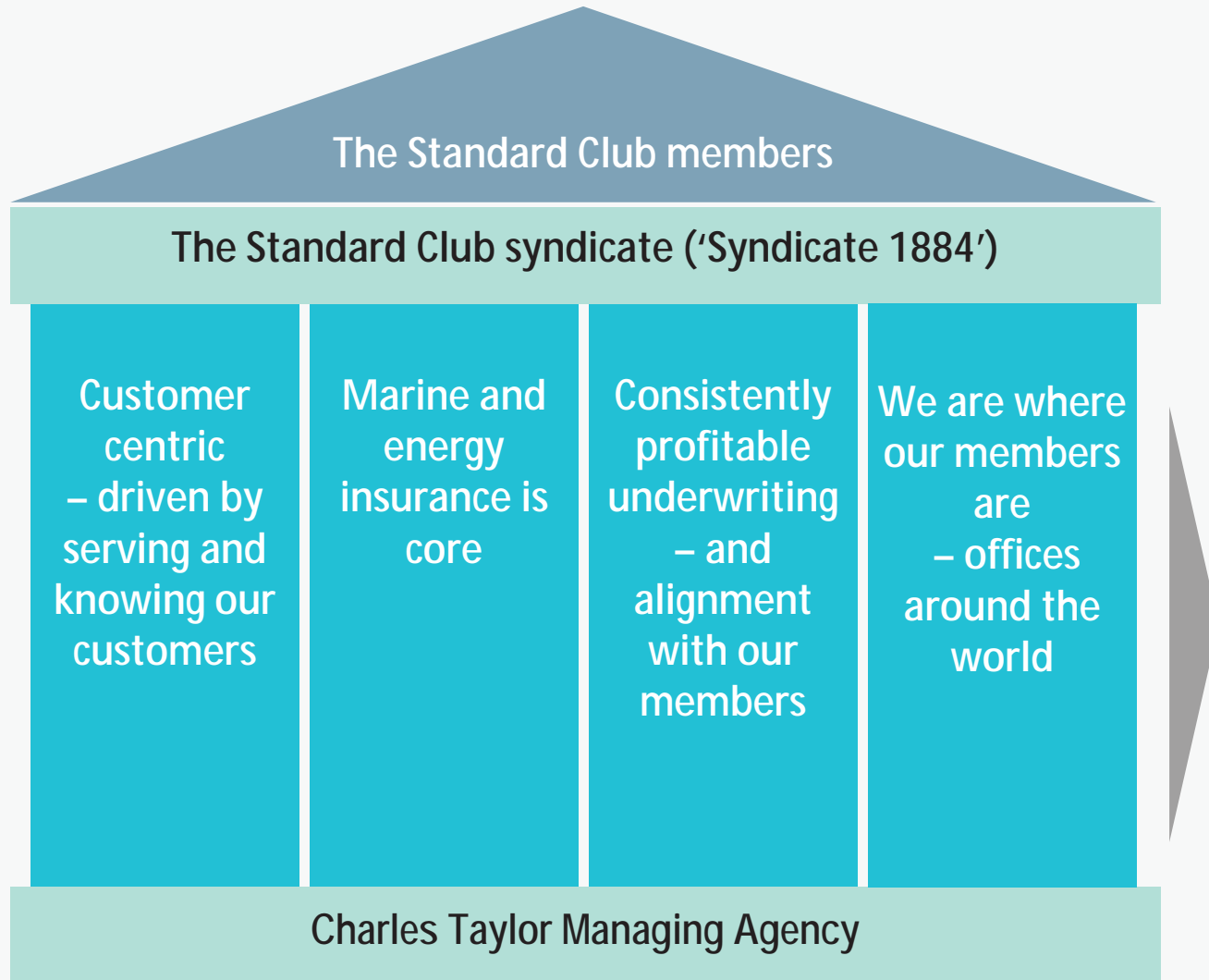
- The Standard Club has established a new Marine and Energy syndicate at Lloyd's – The Standard Syndicate
- The Standard Syndicate will initially focus on 7 classes of business – Hull, Energy, Liability, Wet Property, Cargo & Specie and D&O / E&O
- The Syndicate will be managed by a new Managing Agent which is jointly owned by the Club and Charles Taylor
- 'go live' is 1 April 2015, regulators and Lloyd's have approved the Syndicate and the Managing Agent

## Why is the Club setting up The Standard Syndicate?



- To enable members to access a broader range of products that are backed by the Club's service proposition
- To enhance the financial strength of the Club over time
- To utilise the Club's reserves as efficiently as possible
- To leverage Club relationships and knowledge
  - 130 years of knowledge on ship-owners and drivers of losses
  - Relationships with 25% of world's ship-owners
- To build on lessons learned from other Marine & Energy start-ups
- Offer the energy and marine industries Club/ mutual style claims handling in London



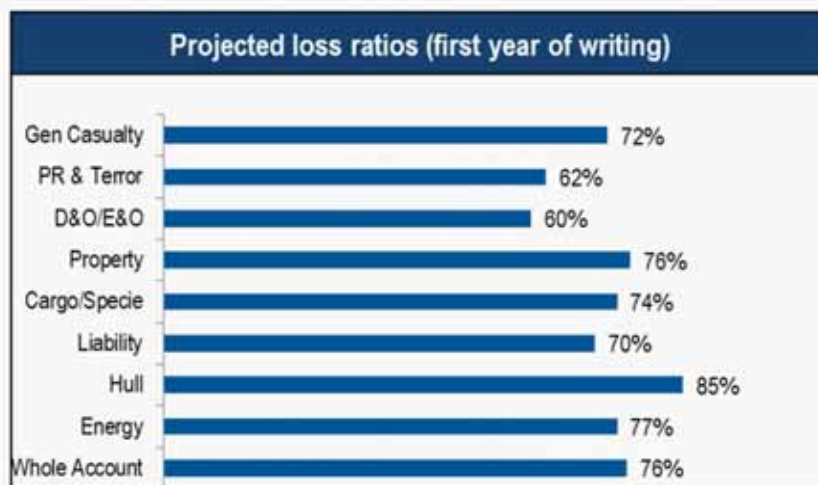
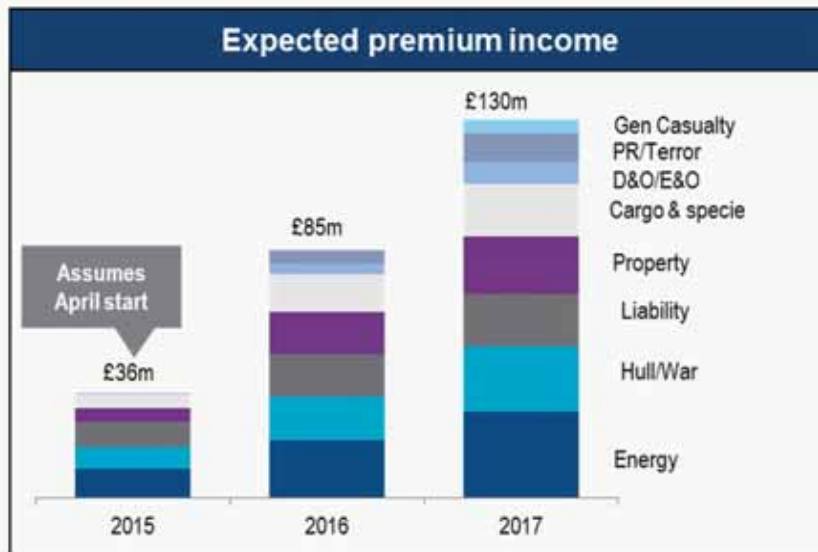


## Our aims

- Lead business as soon as practical to drive service, handle claims and influence risk management
- Develop products & services with the Lloyd's market that will attract more business from current Club members and new clients
- Build on our global reach to create a pipeline of non-Lloyd's business into the market with our Syndicate as the conduit

# The Business Plan

We have agreed a three year plan with Lloyd's



### Line sizes:

- Energy - \$35m any one complex or asset (maximum \$20m per insured)
- Marine - \$10m
- Liabilities - \$10m
- Cargo - \$10m
- D&O / E&O - \$5m on a 100% basis or as Marine

### Locations:

- 4th Gallery Lloyd's of London
- Boxes 435 & 436
- TSS
- s1884

## Robert Dorey – Active Underwriter/Liability, D&O and E&O

- Joined Charles Taylor in 1996, as a claims handler from legal practice
- 5 years in claims; 5 years mutual underwriting
- 2006 lead and managed the Standard Offshore team (19 people) offshore/energy liabilities
- Only Club that could secure \$1bn limit of reinsurance in the market
- Grew offshore book of Club from \$26m premium (GN) in 2006 to \$71m in 2014 – average loss ratio for the period 55%
- April 2014 full time move over to CTMA to lead underwriting plan and delivery

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## Oliver Paine – Energy Underwriter

- Joined team at travelers in 2006, from Marsh
- Since 2009 team has written an upstream energy book excluding Gulf of Mexico windstorm with average current gross incurred loss ratios of 45% over from 2009-2014
- Over the last four years significantly beaten target ULR and provided an ROE in excess of the syndicate and company's expectations
- Over this period gross premium income has risen from \$32.6m in 2009 to \$52.3m in 2014 (\$38.4m net written premium prior to treaty reinsurance costs)
- Running the book since 2011 which is from when there has been the majority of growth

T:	
M:	
E:	

## Tom Graham – Property Underwriter

- Worked at Insure London LLP (MGA) for 5 years specialising in Ports and Terminals property (Argenta were part of the program)
- Wrote "wet" property risks worldwide; capacity fluctuated between \$15m and \$5m
- Average incurred loss ratio was circa 45% over 5 years
- Joined Skuld Syndicate in 2012 to set up the Ports and Terminals Property sector alongside Marine Liability
- First year capacity was \$10m and produced a Net premium of \$5m with 6.6% incurred loss ratio
- Lead 1/3 of the business that was written, 1/3 was written combined with marine liability, 1/3 was standalone property

T:	
M:	
E:	

## Nick Holding – Cargo Underwriter

- Most recently at FM Global delivering cargo insurance products and servicing to Fortune 500/Footsie 100 type companies
- Most recently running a cargo book of approx. \$12m GPI with combined ratio (net loss ratio plus expenses) averaging 55-70% over last 5 years of account
- Over 25 years cargo insurance experience in underwriting and broking roles
- Maritime Business degree/ACII qualified

T:	
M:	
E:	Nick.Holding@ctpic.com

## Hull Underwriter

- We have agreed with Lloyd's that we will not have a Hull class underwriter in 2015



**The  
Standard  
Syndicate**

[www.syndicate1884.com](http://www.syndicate1884.com)

**Charles  
Taylor**  
MANAGING  
AGENCY

[www.ctma.com](http://www.ctma.com)