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Insurance Update

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ESTA 2007 Conference - Tallinn, Tuesday June 5th 2007

Insurance Update –
The Market for Cash in Transit Risks

- Reported losses believed to be in excess of USD 2,500,000 per loss for the period May 06 to May 07

- Current Lloyd's premium and loss statistics

- CIT Insurance Market changes

- The role of the Insured

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Reported losses believed to be in excess of USD 2,500,000 per loss for the period May 06 to May 07
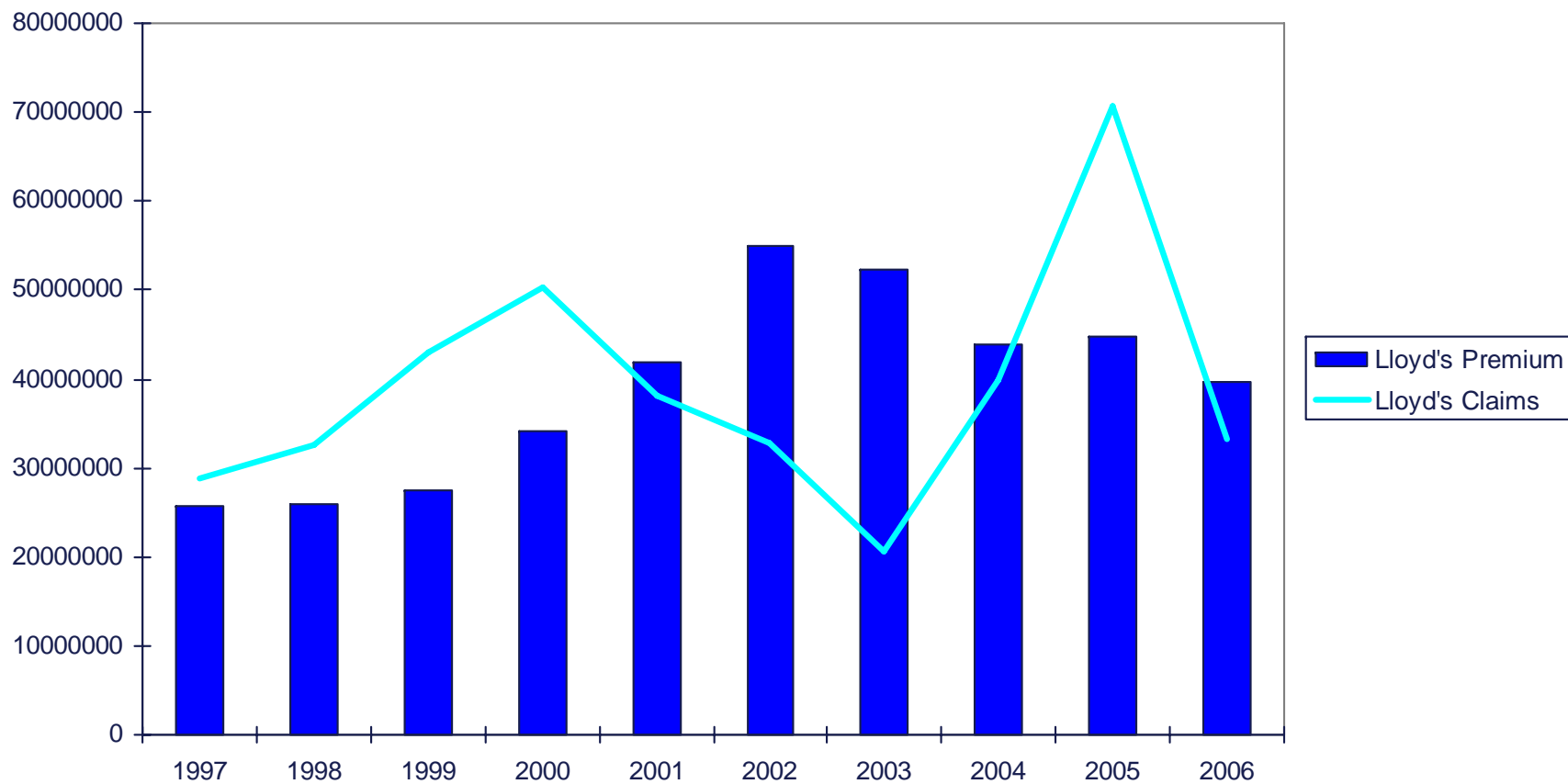
2006

Month	Country	Amount	Description
May	South Africa	USD 6.6M	Attack on vehicle
July	Sweden	USD 4.0M	Airport attack
July	Mexico	USD 3.5M	Armed attack
July	Brazil	USD 2.5M	Premises loss
August	Germany	USD ?? M	Infidelity
September	Guatemala	USD 7.7M	Armed robbery at airport
December	Mexico	USD 3.4M	Armed attack on branch

2007

Month	Country	Amount	Description
January	Germany	USD 4.0M	Vehicle Hijack
March	Brazil	USD 2.5M	Aircraft crash
April	South Africa	USD 3.0M	Attack on vehicle
May	USA	USD 5.75	Attack on vehicle

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Insurance Market Update
Lloyd's Premiums/Claims for Cash in Transit

Lloyd's Premiums/Claims for Cash in Transit for period 1997 - 2006

Nett Premium to Lloyd's	£ 391,086,032
Claims paid and Outstanding	£ 389,908,658
Profit	**£ 1,177,374**

The above nett premium is after deduction of the Brokers commission but before other underwriters costs - which would include, Reinsurance costs, expenses and other overheads which according to the conference presenter, David Edward of Ascot Underwriting, at the Budapest Conference, accounts for a further 19% of the gross premium. If we restate the above nett premium less a further 19%, and then deduct the claims paid and outstanding, the results would be as follows:

Nett Premium to Lloyd's	£ 316,779,686
Claims paid and Outstanding	£ 389,908,658
Loss	**£ 73,128,972**

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Cash in Transit Insurance Market changes

Capacity

- World-Wide capacity largely unchanged, the estimated World-Wide capacity being approximately US$ 1,750,000,000.
- Following the potential Heros losses, some Insurance Companies and Lloyd's Syndicates have reduced their line size.

Underwriting Information

- Remains vital
- More detailed information required on exposures, operating procedures, investments in security and equipment, analysis of loss trends and risk avoidance by way of training.

Rates/Deductibles

- Rates are tending to rise by up to 10.00% subject to loss record and underwriting information.
- Increased deductibles.

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Cash in Transit Insurance Market changes

Surveyors

• More use of Surveyors with respect to loss prevention

Losses

• Greater scrutiny on losses

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Cash in Transit Insurance Market changes

Coverage

- As a result of the potential Heros losses, a new clause defining coverage for infidelity is currently being drafted.

- Cover will continue to provide coverage for physical loss &/or physical damage directly &/or indirectly caused by or contributed to by the dishonesty &/or collusion of an employee of the Assured.

- In general terms it is likely that no Infidelity coverage will be available for Owners and or majority shareholders if status is as an employee of the Company.

- Infidelity coverage will be available for Main Board Directors, Directors, Officers etc. while performing acts coming within the scope of their usual duties as an Employee. However coverage in this respect will exclude any wilful misconduct.

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The Role of the Insured

- In previous presentations you have heard about the roles of the Broker and the Underwriter, in today's Market you should also consider your role - **"The Insured"**

- Select your Broker, based on the following criteria:
  - Industry knowledge
  - Claims capabilities
  - Ability to provide creative solutions
  - Willingness to be your Partner.

- Select Your Lead Underwriters, based on the following criteria:
  - Industry knowledge
  - Conditions offered – Are they right for your business needs.
  - Claims handling
  - Price
  - Willingness to be your Partner.

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