

MARSH



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Insurance Update ESTA Conference 2009

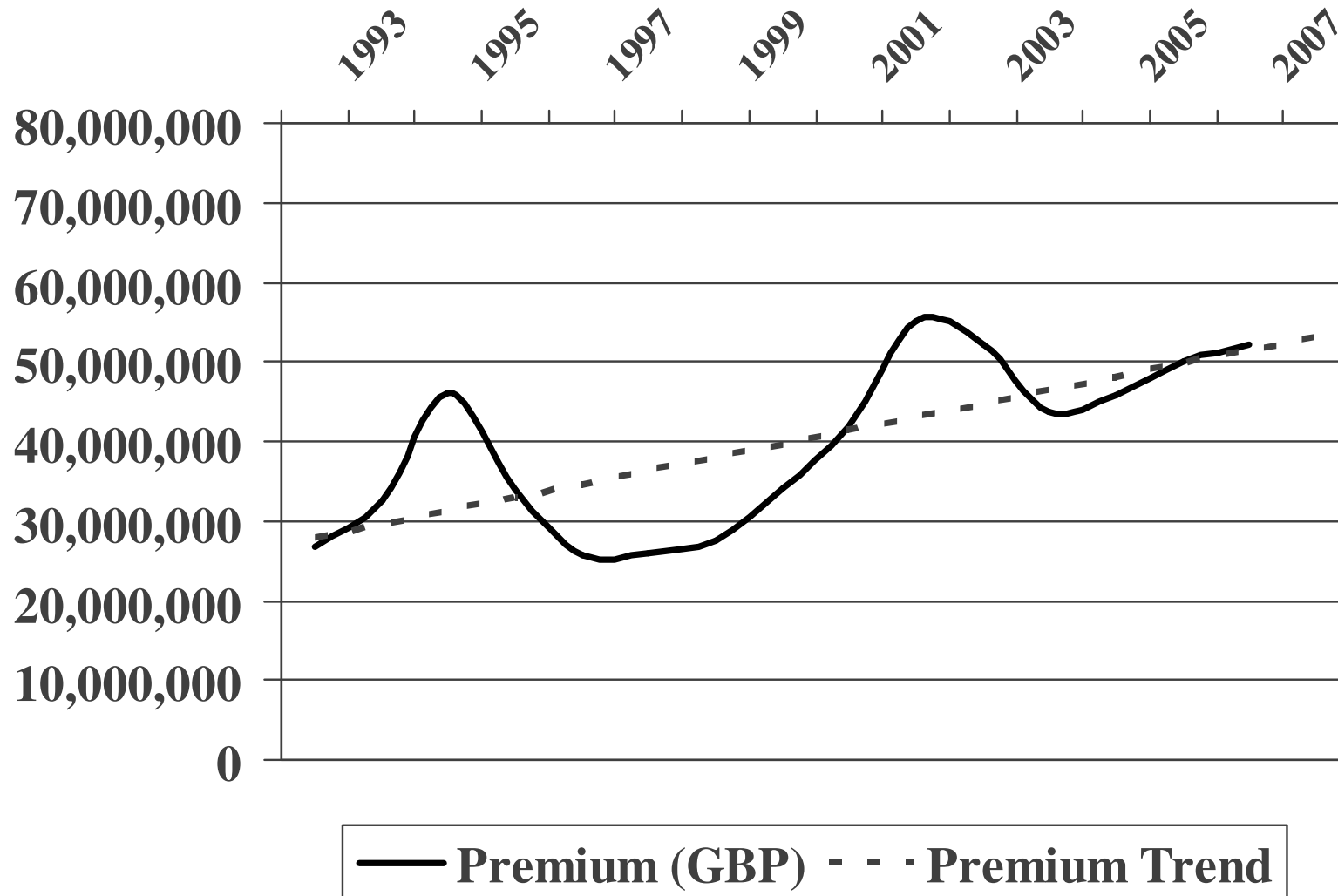
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Insurance Update

- Loss statistics
- Recent major losses
- Market trends
- How to be a wise buyer
- Value of long term relationships

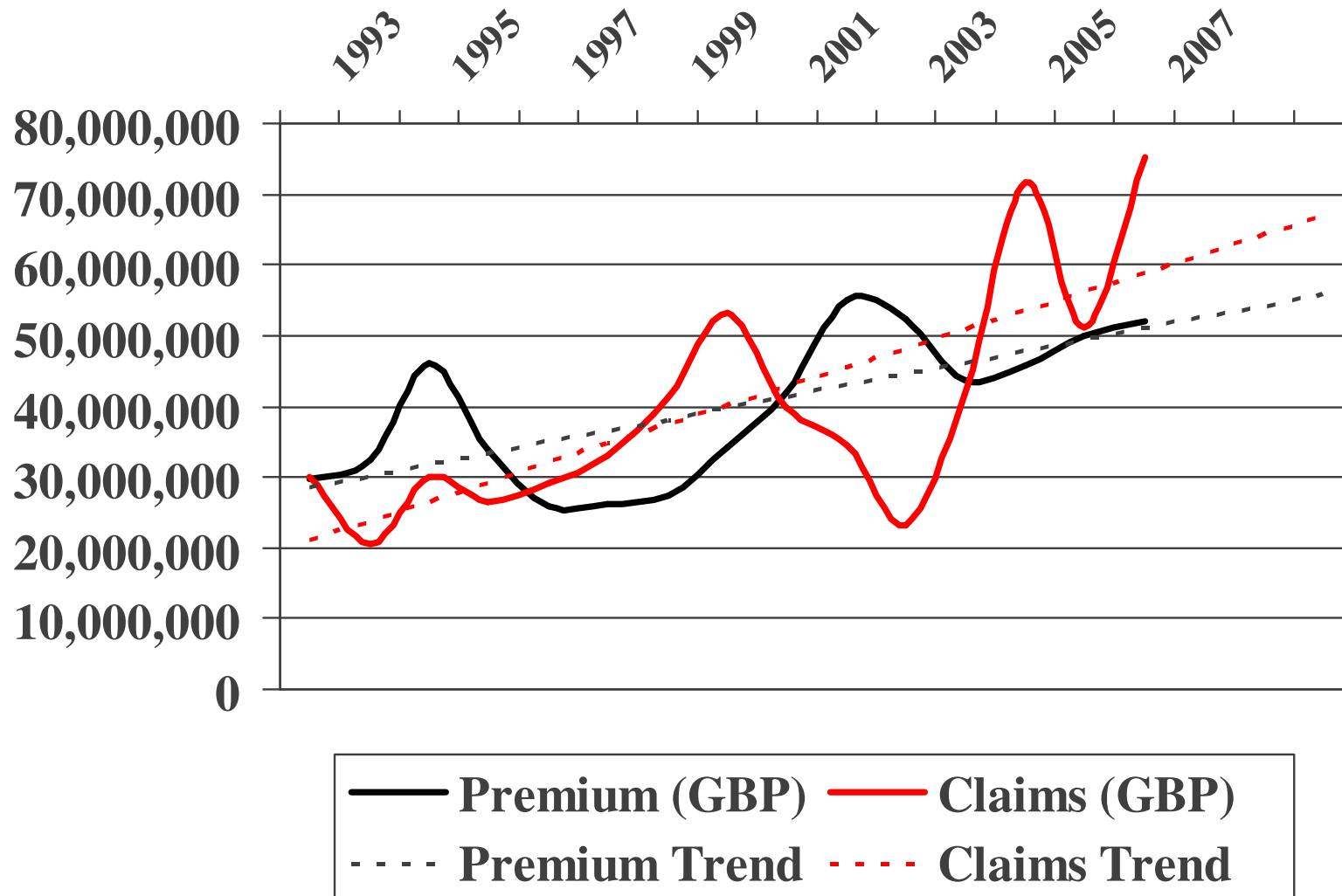
Lloyd's CIT Insurance Market Statistics Premium (EUR)



Total Premium has long-term upwards trend

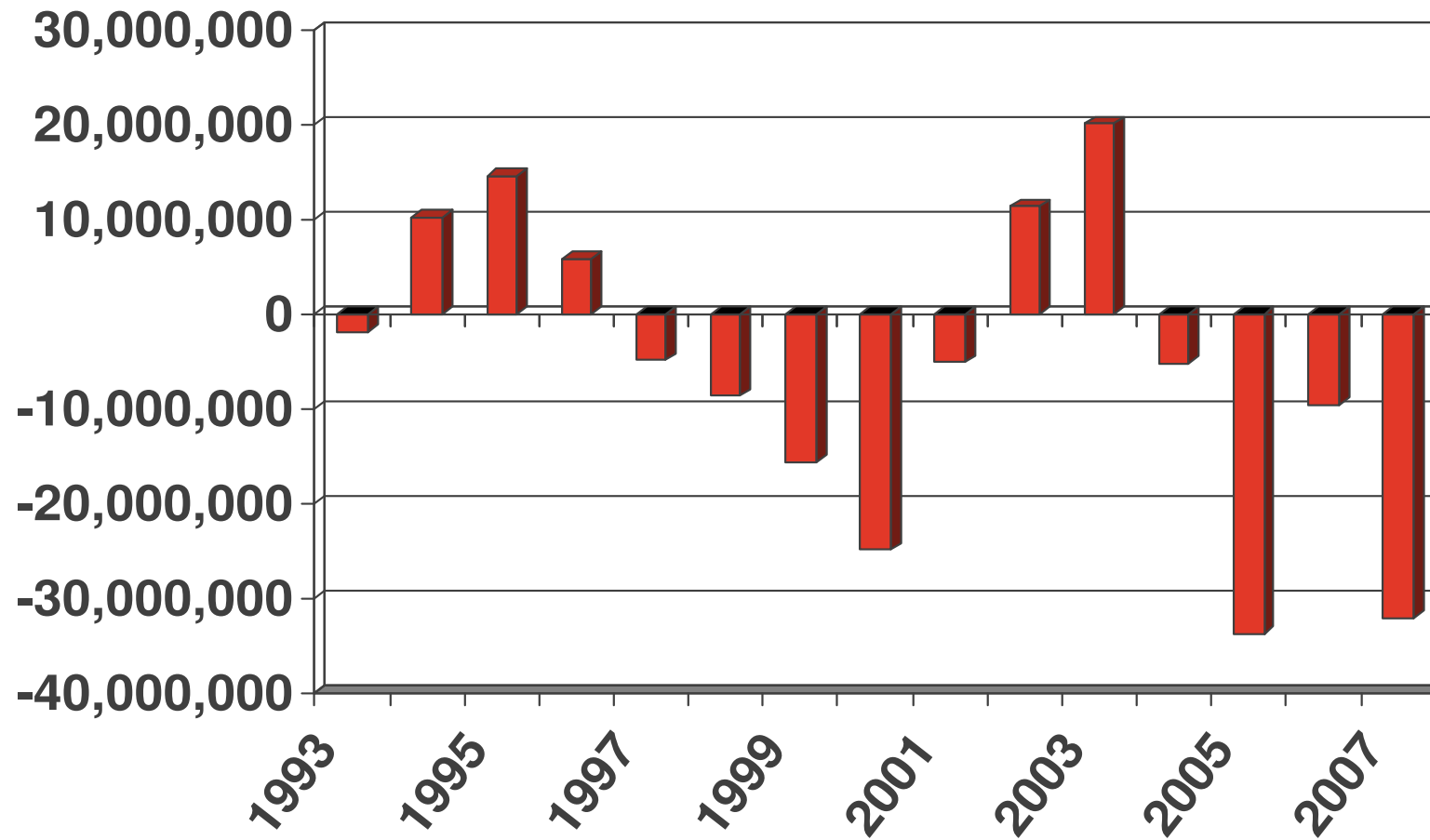
Lloyd's CIT Insurance Market Statistics

Premium and Claims (EUR)



...but claims trend is worse

Lloyd's CIT Insurance Market Statistics Estimated Net Profit and Loss (EUR)



* 2008 is an immature year so results not shown

Recent Major Losses

- January 2009 Loss of Precious Cargo on vessel USD17,500,000
- August 2008 Tiger Kidnap France EUR 7,200,000
- April 2008 Ram Raid Denmark DKK622,000,000
- March 2008 vehicle loss Norway NOK10,000,000
- December 2007 vehicle loss Czech Republic GBP 2,500,000
- December 2007 Vault Robbery Czech Republic GBP14,500,000
- September 2007 Vault Robbery France EUR15,000,000
- February 2006 premises robbery Tonbridge U.K GBP35,000,000
- ? to 2006 Heros Germany owner theft EUR300,000,000 +
- Robbery Johannesburg Airport March 2006 USD11,000,000

Insurance Market Trends

- Credit Crunch
 - Increased cost of capital
 - Loss of investment income
 - AIG bailout
 - Swiss Re – capital injection
- Economic Recession
 - Increased risk of infidelity
 - Increase in fraudulent claims
 - Increase in dishonesty of owners
 - Opportunities from more risk adverse culture
- Natural Catastrophes
 - 2008 was second worst year on record for natural catastrophe losses (\$50bn)
 - Increased reinsurance costs

CIT Insurance market

- Customers of CIT companies under pressure to cut costs
- Leading to pressure on CIT companies' costs (including insurance)
- Economic climate could result in further consolidation/merger activity
 - Premium pool reduction
- Premium charged linked very closely to exposure
- Insurers target to increase premiums by at least 10%
- No new leaders
- London market remains dominant
- Sums Insured available still approximately EUR1 billion
- Still an appetite for good risks, paying the right price

How to be a wise buyer

- More professional environment
- Start negotiations early (3 months prior to renewal)
- Good quality underwriting information is key
 - Current and projected exposures
 - Risk management initiatives
 - Cost cutting vs. security
- Benchmark all markets
- Greater scrutiny by management on their underwriter's decision making
 - Need good reason to give any improvements in terms (early retirement!)

Relationship vs. Economics

Existing

- Credit given for premium fund built up over years
- Goodwill – flexible about business development
- Understands your business
- Outstanding claims issues?

New

- Renewal Premium saving
- Flexibility untested
- Needs more underwriting data
- Claims response unknown
- Large claim could lead to relationship ending

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