

MARSH



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Insurance Update ESTA Conference 2010

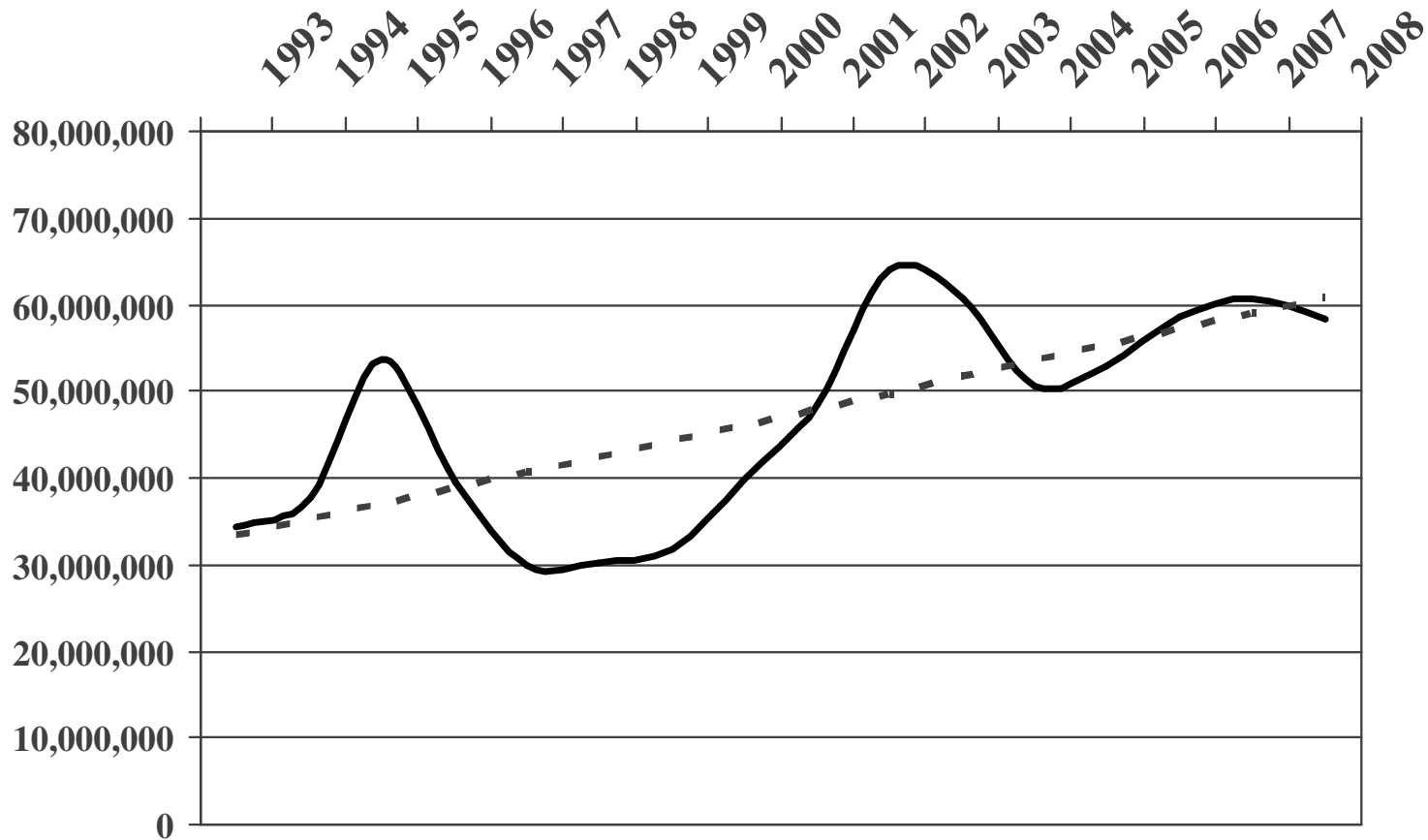
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Insurance Update

- Loss statistics
- Recent major losses
- Market trends
- Mount Vernon
- Risk Management
- Differentiators

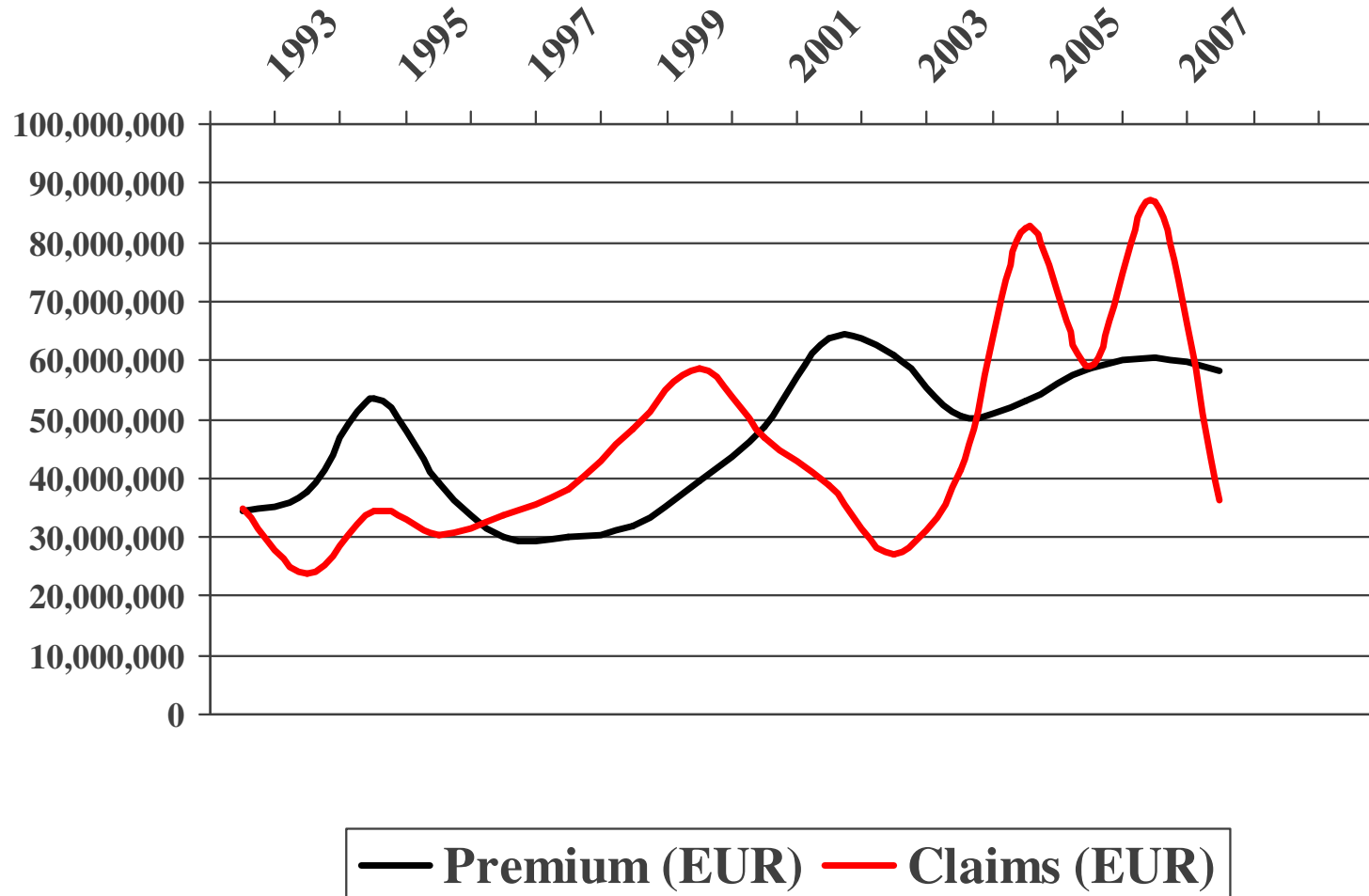
Lloyd's CIT Insurance Market Statistics Premium (EUR)



— Premium (EUR) - - - Premium Trend

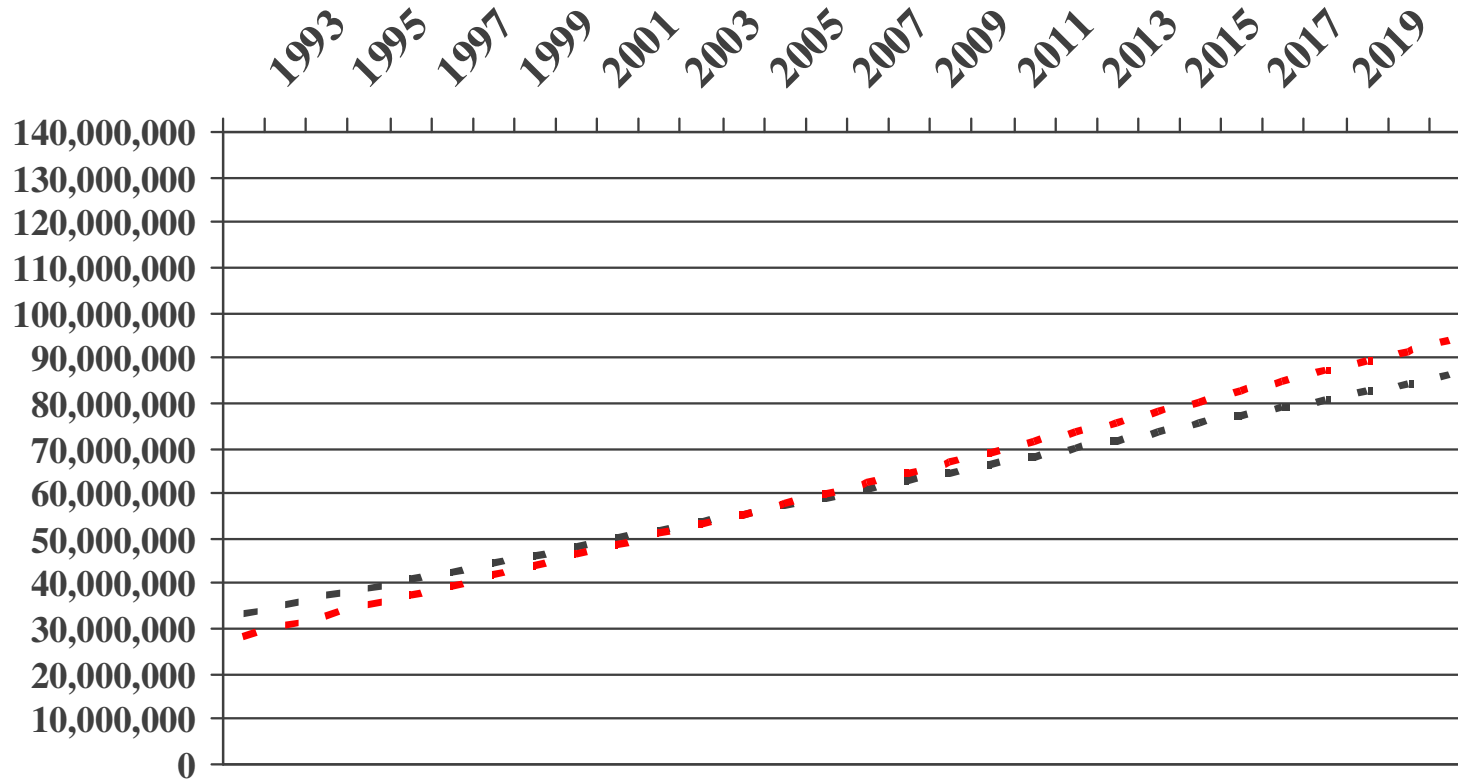
Market Cycle stabilising

Lloyd's CIT Insurance Market Statistics Premium and Claims (EUR)



Twin peaks

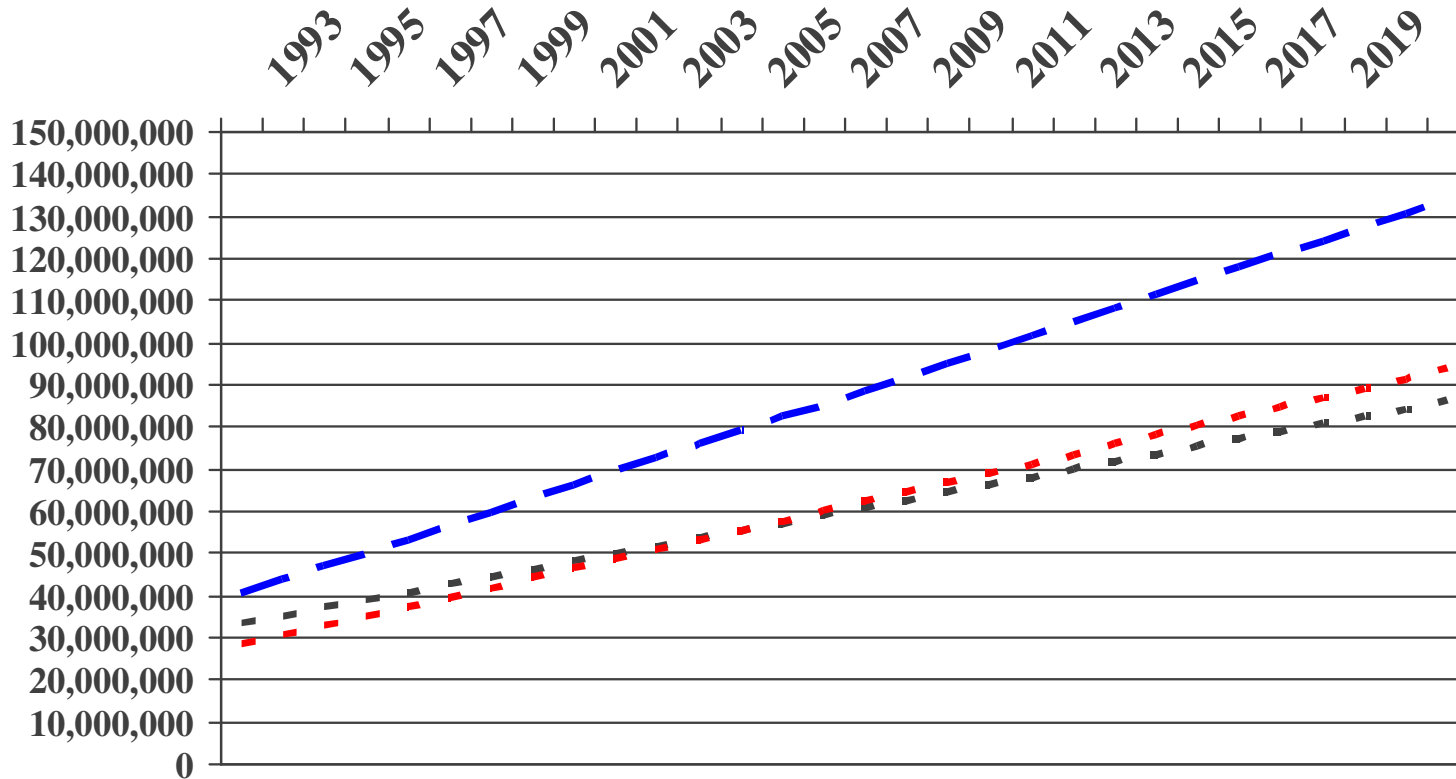
Lloyd's CIT Insurance Market Statistics Premium and Claims Trends (EUR)



- - - Premium Trend - - - Claims Trend

Claims exceeding premium

Lloyd's CIT Insurance Market Statistics Premium and Claims Trends (EUR)



- - - Premium Trend - - - Claims Trend — - Target Premium

Results well below underwriters' target return



Recent Major Losses

- February, 2010 Mount Vernon (not insured under CIT) USD75,000,000 (estimated)
- 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 DKK62,200,000
- 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 +



Insurance Market Trends – update on 2009

▪ **Credit Crunch**

- Insurance market remains strong
- Increased investment from capital providers
- Lloyd's is reporting strong profits and plentiful supply of insurance capacity

▪ **Economic Recession**

- Euro roll-back?
- Predicted increase in dishonesty of owners – at least one known example
- Buyers still under severe pressure to contain costs to preserve margin
- Rates flat to soft

▪ **Natural Catastrophes**

- 2008 was second worst year on record for natural catastrophe losses (\$50bn)
- But 2009 was quite benign
- Lower reinsurance costs



Mount Vernon Money Center

- Revere (USA)/ Tri-State (USA)/ Heros (Germany)/ Mount Vernon (USA)
 - Owners fraud now excluded from policies
 - Banks concern over counter party risks
 - Significant claims on banks own crime insurance
 - Greater due diligence on insurance and audit by your customers
-flight to quality



Risk Management – hot topics

- Remote opening / access control
- Tiger kidnap (jewellers too)
- Reconciliations / Audits (lessons learnt)
- Ram raids / tunnelling / explosives
- Polyurethane ultra spray
- Smoke cloak
- Forensic cellular phone analysis
- Voice stress analysis – vetting, investigations, random tests
- “Foam bomb”
- Biometrics
- Linking GPS to one-time code requests
- Compartmentalisation of cash processing areas
- Recovery activity / cooperation with police



Differentiators

- Information
 - Transparency over issues
 - Exposure data
- Relationships
 - Partnership approach
 - Close but not “cosy”
- Risk management
 - Response to threats
 - Investment
- Risk retention
 - Aligns your interests with insurers

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