

Why KP&I Club?

Nov. 2014

Managing Director : Bay Moon



Wreck Removal Convention

<Certificate is required for trading from 14/04/2015>

- Contracting States issue
- Designated Insurer
- Against Blue Card(not Insurance Policy)
- 항변제한(willful misconduct)
- 해지 후 3개월 추가 담보
- 테러 담보
- 직접청구권 허용

Designated Insurers(Korea)

<유류오염손해배상보장법>

- 보험업법상의 손해보험사
- **Korea P&I Club**
- Korea Shipping Association
- IG P&I Clubs(13 Clubs)
- Lloyd's Syndicate

Designated Insurers(Japan)

<유탁손해배상보장법>

- 日本 保險業法上 保險會社
- IG P&I Clubs
- PICC
- China P&I Club
- British Marine
- **Korea P&I Club**
- Korea Shipping Association
- Society of Lloyd's

Recognized Insurers(Singapore)

<CLC/Bunker Convention>

- IG P&I Clubs
- British Marine
- Navigators
- Tokio Marine
- China P&I Club
- **Korea P&I Club**

Recognized Insurers(India)

<P&I Risks>

- QBE Insurance (Europe) Limited represented by British Marine
- Amlin Europe N.V. represented by Raets Marine Insurance B.V.
- **Korea P&I Club**
- Royal & Sun Alliance(RSA) Insurance
- Korea Shipping Association
- Ingosstrakh Insurance Company, Russia
- Hellenic Mutual P&I and War Risk Association
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Wreck Removal Convention

<What if Korea does not ratify?>

- 한국정부가 발행한 certificate
- 체약국 정부에 발행 요청

Designated Insurer, Korea P&I Club

Recognized as a designated insurer by the leading maritime countries:



Korea	Singapore	Cook Islands	U.K.
Japan	Kiribati	U.S.A	Hong Kong
Samoa	Sierra Leone	Tonga	Australia
India	Panama	Liberia	St. Kitts & Nevis
Marshall Islands	Vietnam	Tuvalu	Malta
Malaysia	Bahrain	Lebanon	Belize
Georgia	Ghana	Mongolia	Palau
Turkey	Vanuatu	St. Vincent & Grenadine	
EU(Germany, France, Netherlands, Italy, Poland, Croatia, etc.)			

Congested Small P&I Carriers

- British Marine Luxemborg(BML), China P&I Mutual, QBE, Raets Marine(agency), **Korea P&I Club**, Navigator P&I, Tokio Marine, Osprey(agency)
- Eagle Ocean Marine(□|), Norwegian Hull Club, Charterer's P&I(Michael Else), Sunderland Marine, Charterama(TCL fixed), Carina(agency, 영), Hydor(agency, Oslo), Lodestar(agency, 영)
- Ceylon P&I, Hellenic P&I, Noord Nederlandse Mutual, Maritime Mutual(NZ), Hanseatic P&I(Hamburg), Kish P&I(Iran), British European & Overseas P&I, British Steamship(China), East of England(Seychelles), Ingosstrakh(Russia), Turkish P&I

* Int'l Broker가 이들 모두와 일하는 것은 아니다.

* 여기 소개되었다고 해서 모두 믿을 만 한 것은 아니다.

Where Korea P&I is

Korea P&I is ranked the 4th largest P&I club, however we are the 1st in service quality.

(2013)

Ranking	P&I Facility/Club	Annual Premium Income
1	British Marine	USD 100,000,000
2	China P&I Club	USD 69,900,000
3	Raetsmarine	USD 52,000,000
<u>4</u>	<u>Korea P&I Club</u>	USD 31,127,000
5
6
7

Big Casualty but No loss?

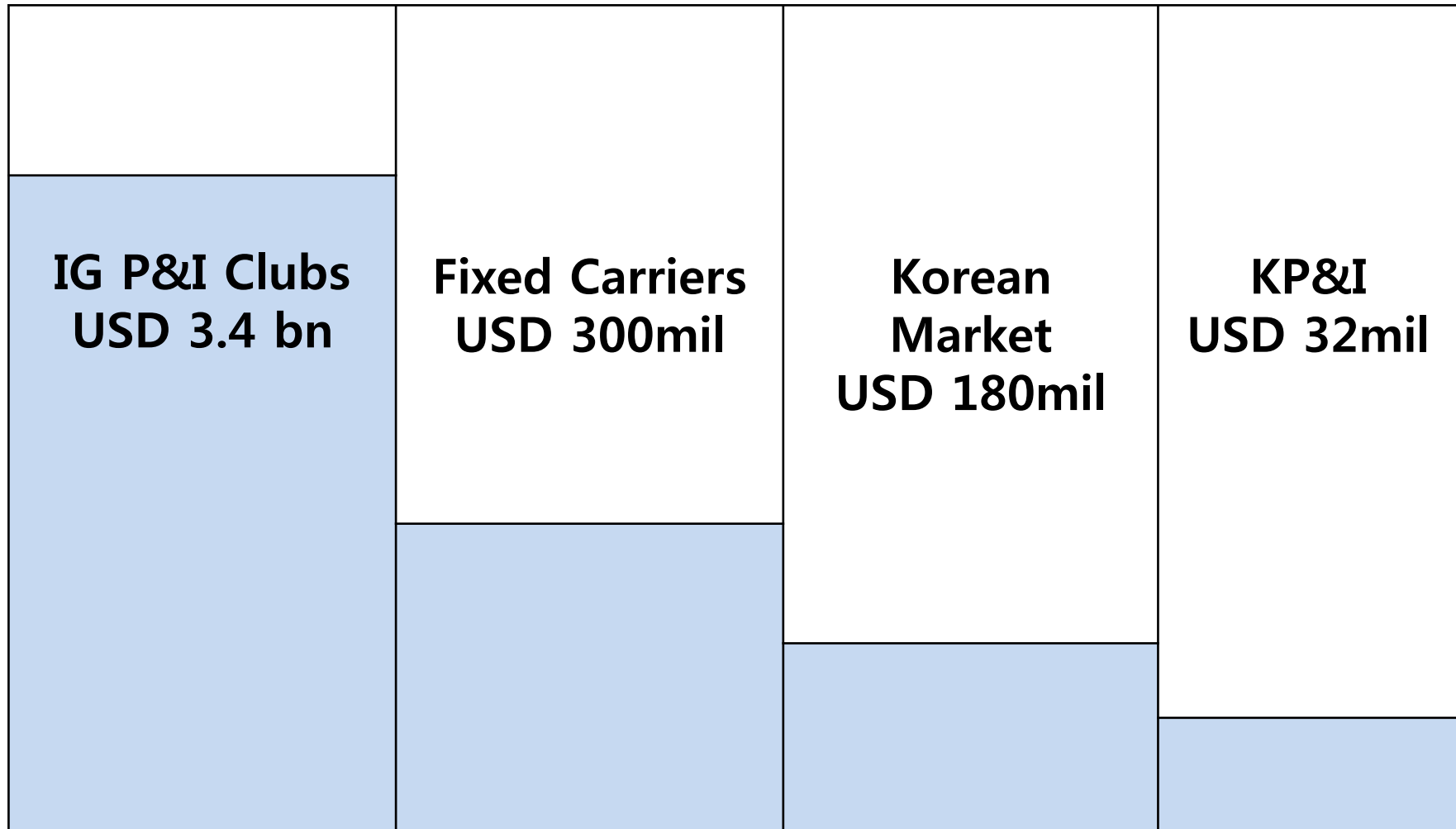
- 100% reinsured
- 99% reinsured
- Claims handling by Reinsurers

* Commission만 먹는다고?

누구를 support 할 것인가?

New players	Korea P&I
99 ~ 100% 해외 재보험료	10% 해외 재보험료
No Employment/Manpower	REAL service and role
No add-valued	Add-valued. Safety Value
Profit shared by shareholders	Reserved.
Out post of Invading competitors	Recover. Alternative
Possible withdrawal-Agency	Everlasting

회수해야 하지 않을까?



Would the new comers be able to survive?

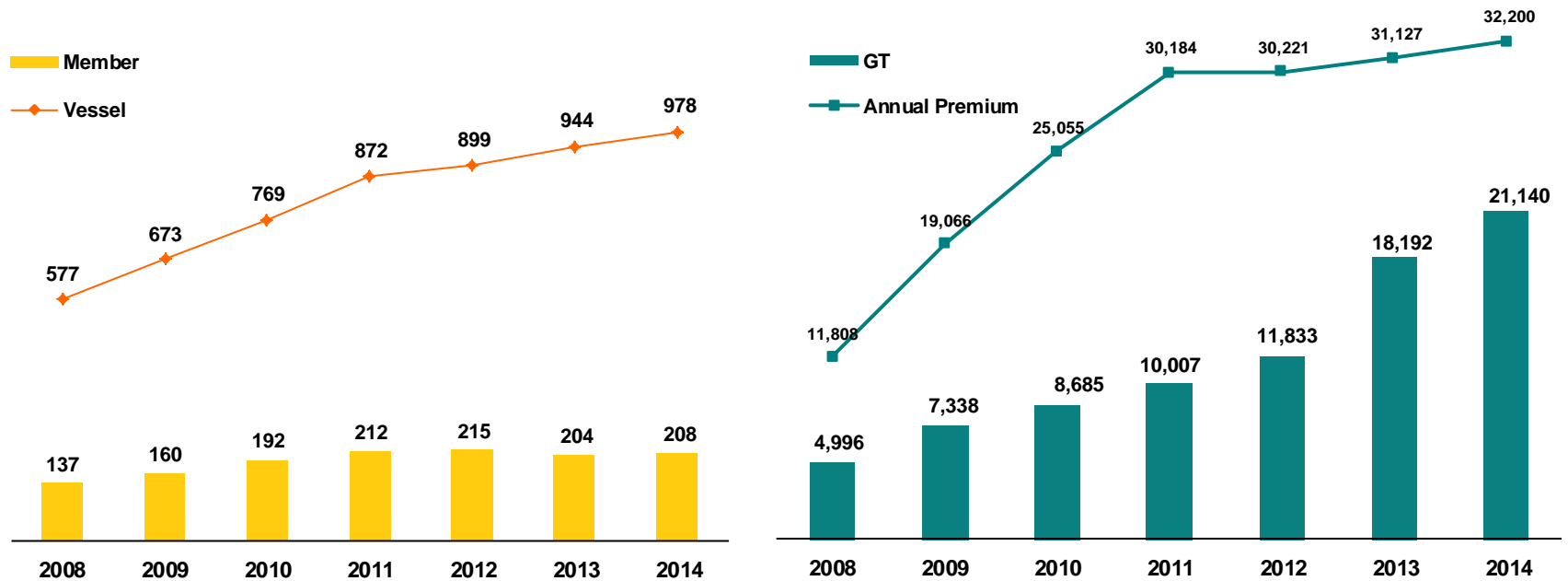
Non-IG P&I clubs	
2004	2014
British Marine (QBE)	British Marine (QBE)
Ingosstrakh	Ingosstrakh
China P&I Club	China P&I Club
<u>Korea P&I Club</u>	<u>Korea P&I Club</u>
Osprey Underwriting Agency	Osprey Underwriting Agency
Raetsmarine BV	Raetsmarine BV
Navigators P&I	Navigators P&I
Aigion Ins. Co.	Aigion Ins. Co.
Axa Corporate Solutions	
Terra Nova Insurance Co.	
South of England	

Korea P&I Club is different!

	Korea P&I Club	Other fixed
Managed	by ship-owners	by major shareholders
Profit	reserved inside	shared by shareholders
Operated	to protect ship-owners	to make profit

*** IG Class Service at Fixed Class Price – KP&I's Motto**

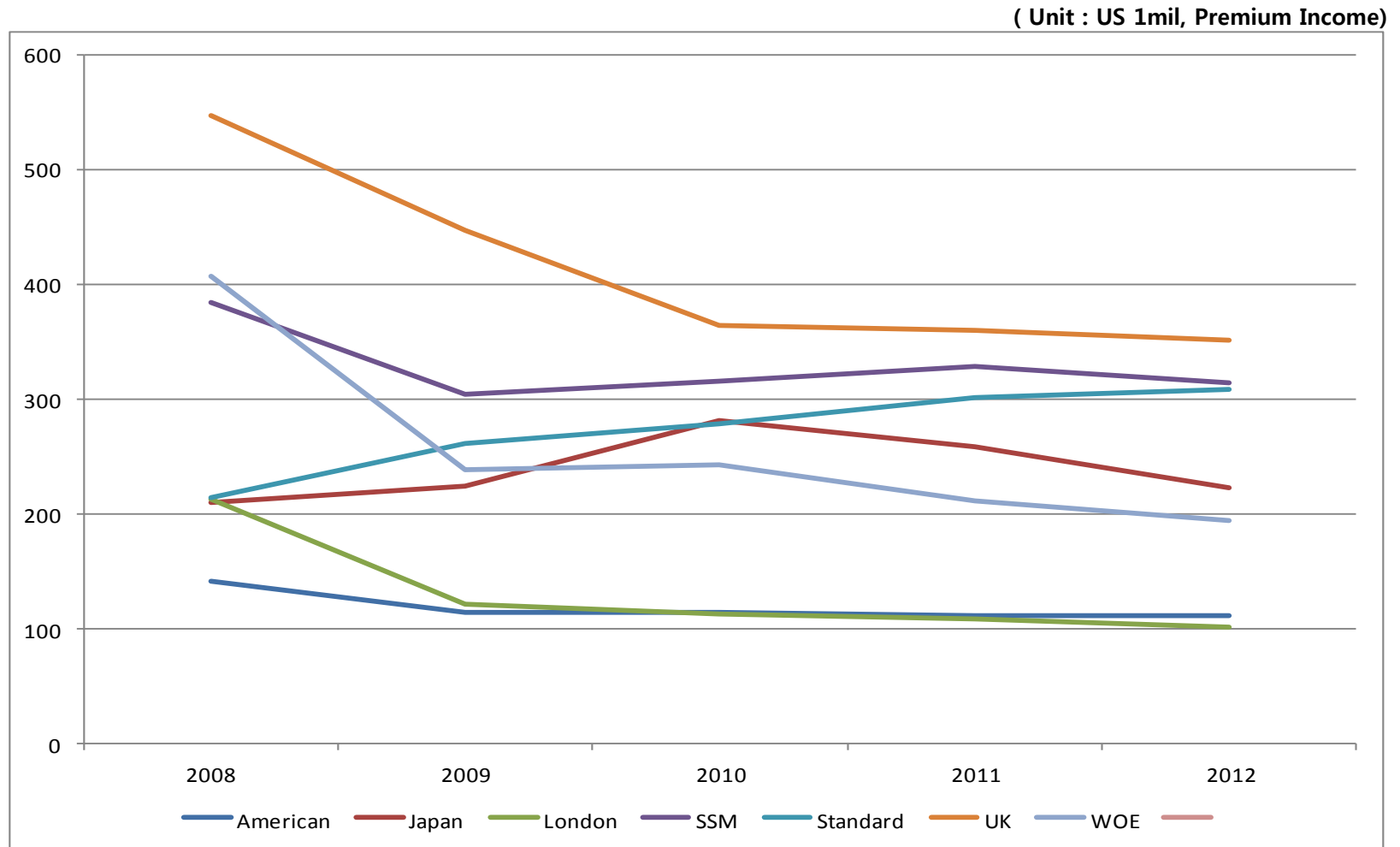
Korea P&I Club is growing



	2008	2009	2010	2011	2012	2013	2014
Member	137	160	192	212	215	204	208
Vessel	577	673	769	872	899	944	978
GT (1,000)	4,996	7,338	8,685	10,007	11,833	18,192	21,140
Premium (USD 000's)	11,808	19,066	25,055	30,184	30,221	31,127	32,200

(As of 20th Feb of each year.)

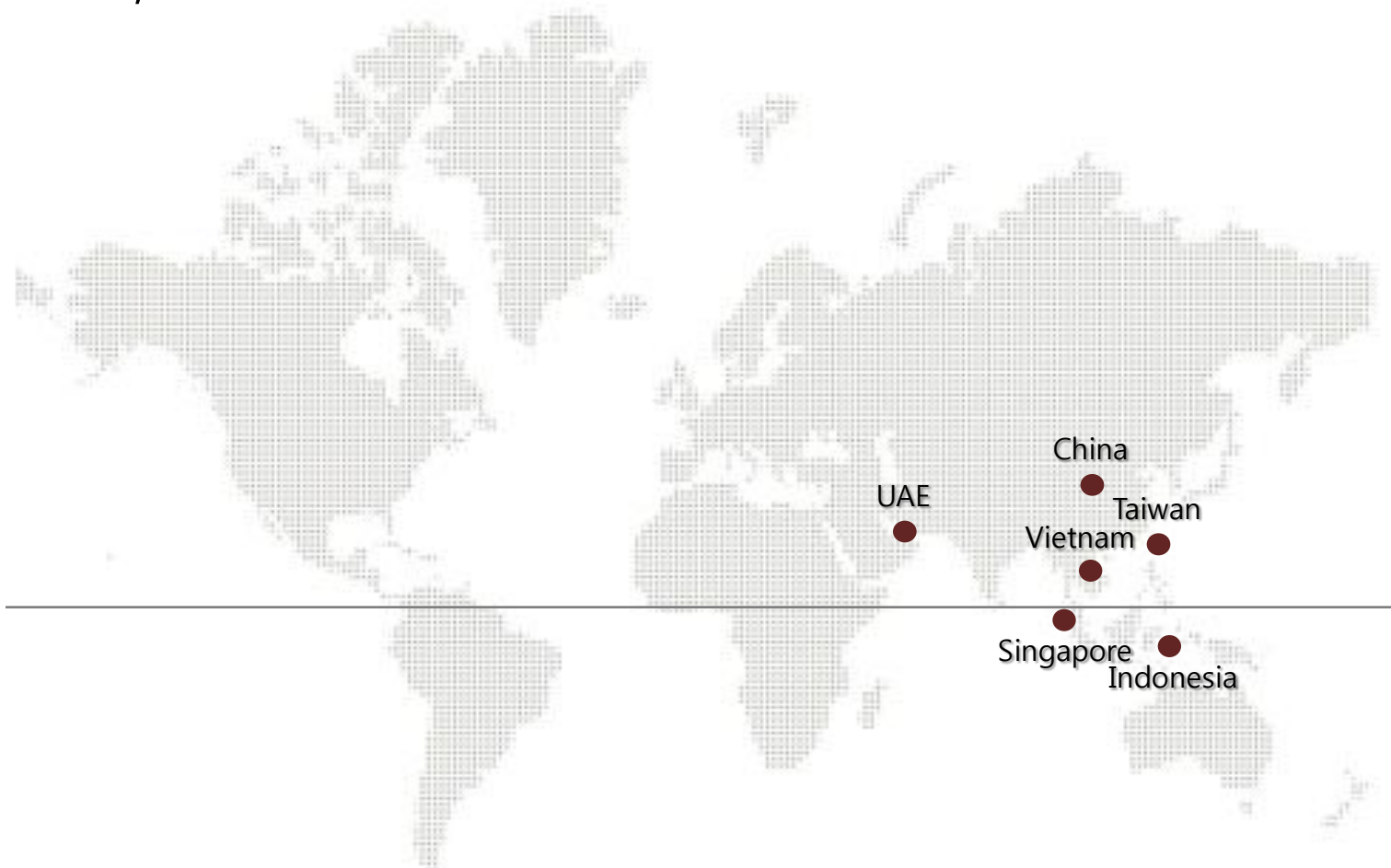
IG Club's Recent Growth Trend



- Most of the IG Clubs are not growing during the recent shipping recession.

Overseas Members

- 40 vessels from China, Indonesia, Singapore, Taiwan, UAE, Vietnam



Combined Ratios Comparison

(Unit : %)

Club	07	08	09	10	11	12
American	107	82	108	99	112	126
Britannia	126	111	121	103	111	101
Japan	86	101	101	91	98	115
London	138	58	117	125	120	119
NOE	107	82	95	76	103	104
Standard	116	75	99	91	121	118
SSM	98	66	91	91	117	114
Swedish	132	72	93	85	111	112
UK	133	85	98	99	98	108
WOE	135	75	132	120	110	103
KP&I	103	99	64	56	70	94

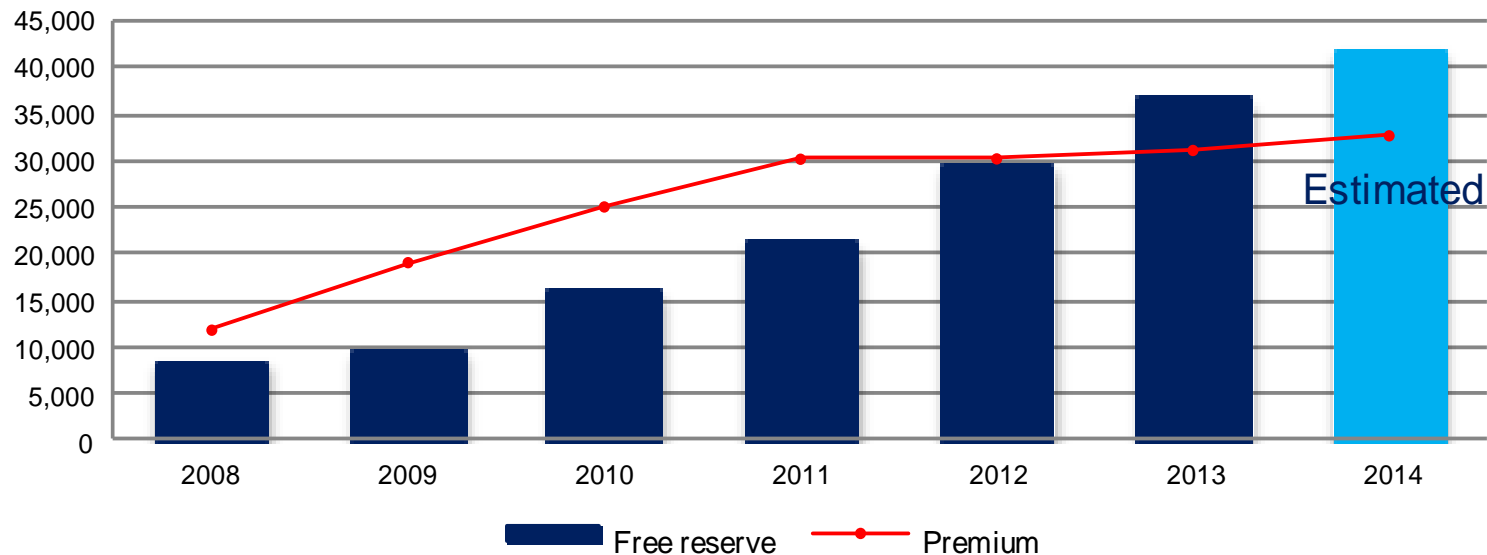
※ (Claims Incurred + Administrative Costs) / Net Premium

※ The figure over 100 means deficit.

Free Reserve with Premium Trend

(Unit : 1,000 USD)

FY	2008	2009	2010	2011	2012	2013	2014 Estimated
Free reserve	8,666	9,811	16,170	21,329	29,744	36,870	42,100
Premium (PY)	11,808	19,066	25,055	30,184	30,221	31,127	32,700



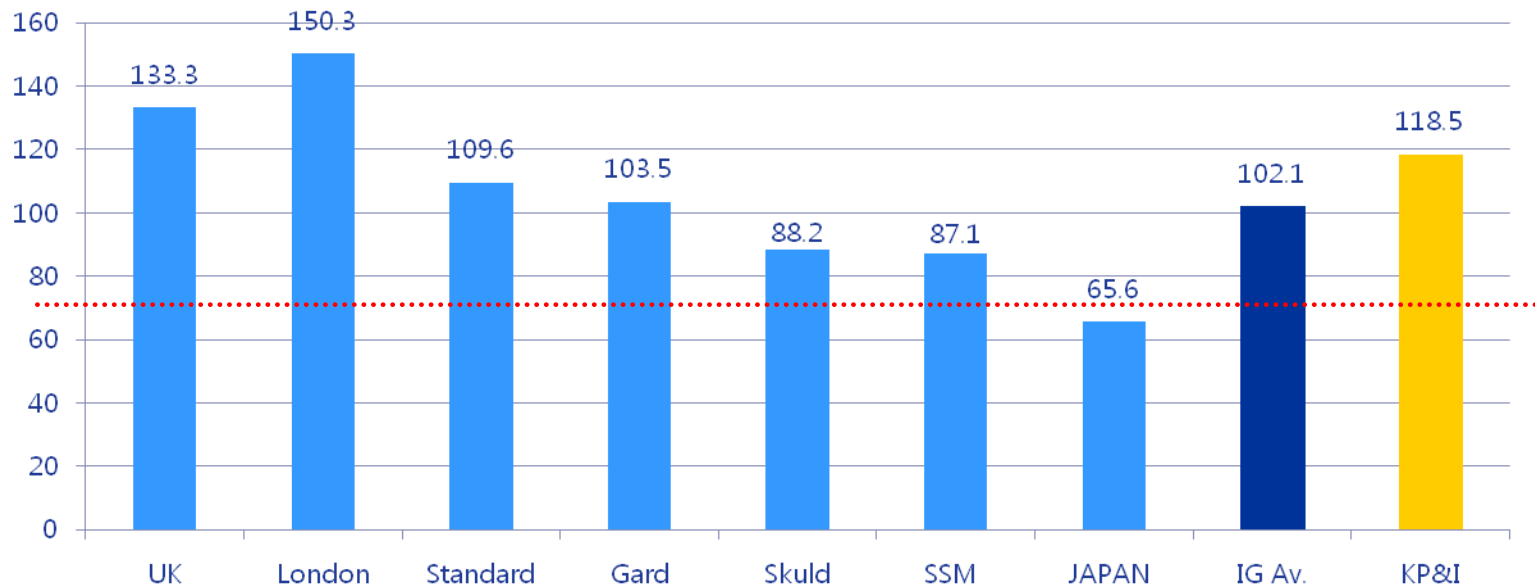
- When the premium income and investment income are more than the total cost in one year, the excess part will go to the free reserve of the Club, which is deposited to cover unpredicted deficits in future. Therefore free reserve is one of the most important figures to assess how strong a Club's finance status is.

Comparison of Free Reserve Ratio

- Free Reserve / Annual Premium Ratio

UK	London	Standard	Gard	Skuld	SSM	JAPAN	IG Av.	KP&I
133.3	150.3	109.6	103.5	88.2	87.1	65.6	102.1	118.5

※ As of Feb. 20, 2014 for IG Clubs (est.) / As of Dec. 31, 2013 for KP&I



- 80~150% of this figure has been considered as financially sound.

Free Reserve / Net Claim O/S History Comparison

(Unit : %)

Club	08	09	10	11	12
American	16.2	25.7	32.2	29.2	26.1
Japan	65.7	60.9	57.4	56.7	55.4
London	47.8	55.8	54.9	57.6	65.0
Skuld	52.7	60.5	72.5	72.5	74.8
SSM	39.0	50.0	56.7	48.0	43.7
Standard	44.9	56.8	69.9	67.4	65.5
UK	41.3	51.3	59.1	62.4	65.4
WOE	36.7	37.1	35.8	36.4	46.1
KP&I	252.9	114.3	178.8	173.7	228.4

- This figure is recommended to be higher than 30% by UK FSA.
- Free reserve performs the role of bumper to absorb shock when Net claim outstanding deteriorated.

AM Best Rating



- AM Best is the world's oldest and most authoritative insurance rating agency. As it began assigning credit ratings in 1906, AM Best holds the credit rating of more than 6,000 insurance companies of 65 countries.

Rating Comparison

(As of 2013PY / 2014PY)

Club	S&P	AM Best
American	BBB-	-
Japan	BBB+	-
London	BBB	-
Skuld	A	-
Shipowners	A-	A-
SSM	A-	-
Standard	A	-
UK	A-	-
WOE	BBB	A-
<u>Korea P&I Club</u>	-	A-
Lloyd's	A+	A+
TT Club	-	A-
QBE	-	A

General Increase Comparison

(Unit : %)

Club	08	09	10	11	12	13	14	Accumulation of G/I
American	20.0	29.0	4.2	2.0	5.0	10.0	10.0	209.0
Japan	20.0	21.2	12.5	10.0	3.0	5.0	7.5	209.2
London	17.5	15.0	5.0	5.0	5.0	12.5	10.0	193.6
SSM	15.0	17.5	5.0	0.0	5.0	7.5	10.0	176.2
STD	15.0	15.0	3.0	3.5	5.0	7.5	12.5	179.0
UK	17.5	12.5	5.0	2.5	3.0	7.5	10.0	173.3
WOE	15.0	19.2	5.0	5.0	5.0	7.5	7.5	183.4
KP&I	10.0	10.0	5.0	0.0	0.0	0.0	4.5	132.8

- KP&I board of directors decided to support Members by not charging General Increase in 2011~2013 while they were suffering from the low freight market.

If switched to KP&I in 2007 (by G/I)

Club	06	07	08	09	10	11	12	13	14	Accumulated	Saved
Japan	100	110	132	159	179	197	203	214	230	1,428	456
London	100	107	126	145	152	160	168	189	208	1,257	285
SSM	100	109	125	147	154	154	162	174	191	1,220	248
WOE	100	105	120	143	151	158	166	179	192	1,218	246
KP&I		100	110	121	127	127	127	127	132	972	

- Additional Call is not applied

Upgrading Understanding on Claims

<P&I School>

- 2004년 개설
- 연 3회 개최(서울 2회, 부산 1회)
- 18 시간 강좌, 현재까지 1,200명 이상 졸업(연 150명 수강)

Our Club Provides

- All kinds of P&I Services available
- P&I, TCL, SOL, FD&D, DTH, NVOCC, etc
- 한국어 – 초기 최적 대처
- 한국해운 위험관리의 안전판
- Safe Alternative

Shall we join
Korea P&I Club?

Q & A

Thank you for your Attention

