



SPECIALIST
PROFESSIONAL
INDEMNITY
INSURANCE

ITIC Year Book 2017

Specialist professional indemnity insurance
for transport professionals everywhere



ITIC
IS MANAGED
BY **THOMAS
MILLER**

Facts and figures at a glance

Free reserves

\$160m



Claims paid

\$350m

since 1992

Security rating

Backed by at least "A" rated security

Disbursements & commissions

\$179m

of disbursements and commissions collected for Members since 1992

Members

2,500

ITIC offers a unique professional indemnity policy to a wide range of companies based in the transport industry, either directly, or through their insurance broker.

Gross premium

\$52m

at 1 June 2017

Credits paid

\$98m

surplus funds have been paid out to the members in the form of continuity credit since 1994



Aviation



Marine



Specialist consultants



Rail



Specialist designers



Specialist surveyors

Chairman's statement

The good news to report for the 25th financial year of ITIC for 2016/17 is a strong combined surplus from both ITIC and its mutual reinsurer, TIMIA, of US\$22.9m, largely due to an improvement in the historical claims figures together with a very good investment return of 5.9% which accounted for US\$13.1m of that surplus.



The investment return of 5.9% was appreciably higher than the return last year of 1.9%.

Due to the relatively volatile nature of the investment markets, the anticipated investment return for 2016/17 was budgeted at 2.9%. The investment return of 5.9% was appreciably higher than the return last year of 1.9%. This was an excellent result in a fluctuating investment market and was above the investment return benchmark.

Your board, at its meeting in March 2017, decided to increase the level of the continuity credit for one year policies from 12.5% to 17.5% of the premium and to increase the credit for two year policies from 17.5% to 22.5% each year. These credits apply to all renewals from 1st June 2017 onwards.

Your board considers the payment of such credits to be a very important benefit of being covered by a mutual insurer, particularly in these more difficult economic times. The amount of the anticipated credit that will be paid out at renewal in 2017/18 is US\$9.5m which is twice as much as it was three years ago. Since the continuity credit payments began 22 years ago, I am pleased to report that more than US\$99.0m has been returned to you, the members.

ITIC continues to retain the risk for all claims up to US\$1.0m and also retains an additional two claims of US\$1.0m each (so a maximum of US\$2.0m) excess of the primary US\$1.0m. This structure is beneficial to both the reinsurance underwriters, as they have seen the number of claims reported to them reduce, and to ITIC which has saved on reinsurance premium in 2016/17 and again in 2017/18.

The annual premium of ITIC has reduced in 2016/17 due to a combination of lower incomes declared at renewal and increased consolidation in the maritime services market. The good news is that over US\$2.5m of new premium was gained from new members partially offsetting any losses due to consolidation and cessation of the insured services. Existing members continue to buy the additional insurances offered by ITIC, such as cyber liability, Directors' & Officers', loss of commission and cash in transit covers. A new insurance added this year was Maritime Labour Convention ("MLC") liability cover for ship and crew managers (offered at no additional premium) as they, potentially, face a liability under MLC as well as the ship owner.

The number of new members joining ITIC between 1st June 2016 and 31st May 2017 increased by over 10%. ITIC continues to retain approximately 95% of its members at renewal each year, which is a very high retention rate.

Chairman's statement (continued)

ITIC is committed to consistently providing competitively priced professional indemnity insurance...

It is important for ITIC to maintain its level of free reserves and I am pleased to advise that the free reserves of the combined ITIC and TIMIA clubs have increased from US\$136.7m as at 31st May 2016 to US\$159.7m as at 31st May 2017. This is a larger increase than anticipated but it is a very important buffer as the regulatory regime that governs ITIC, called Solvency II, will likely require increased future capital requirements for all UK and EU based insurers.

The clubs' (ITIC and its reinsurer TIMIA) reserves are invested in a wide portfolio of assets and these are invested to match any currency exposure that ITIC may have to its existing claims (which are mostly in US dollars), whilst also balancing the ability to yield a return based on an acceptable level of risk.

In common with previous years, the board has decided to close the 2015/16 policy year, meaning that no additional premium can be requested from members for this or any earlier year. The only full year that remains open is 2016/17. It should be noted that ITIC has never requested additional premium for any policy year.

Your board, at its meeting in September 2017, will consider whether it is feasible to distribute more of the free reserves to the membership separate (or in addition to) the credits already paid at renewal.

The board continue to consider options for ITIC as a result of the Brexit referendum which will ensure that ITIC will still continue to cover approximately 30% of its business that will remain in the EU after the UK leaves.

The accounts and financial highlights for the period from 1st June 2016 to 31st May 2017 will be available on the website before the AGM on 21st September 2017.

ITIC is committed to consistently providing competitively priced professional indemnity insurance (and related insurance covers) with valuable / high quality loss prevention advice to businesses servicing the marine, aviation, rail and general transport industry through a mutual insurance company supported by at least "A-" rated security from its external reinsurers. Strong reserves will be maintained and quality service and sound risk management provided by its highly competent staff.



Peter French
Chairman
International Transport
Intermediaries Club Ltd

\$350m of claims paid
in 25 years



Finances

\$160 million free reserves

All figures US\$ '000	year ended 31st May 2017	year ended 31st May 2016
Gross premiums written	51,859	53,202
Continuity credit	(7,970)	(7,512)
Reinsurance premiums (excess loss)	(4,634)	(5,363)
Claims incurred less excess loss reinsurance recoveries	(11,229)	(19,184)
Operating expenses	(16,775)	(14,501)
Surplus for the year before investment result and exchange losses / gains	11,251	6,642
Investment result (realised and unrealised)	13,182	3,483
Taxation	(200)	(124)
Exchange losses	(1,294)	(1,023)
Surplus for the year	22,939	8,978
Free reserves brought forward at 1st June	136,731	127,753
Free reserves carried forward at 31st May	159,670	136,731
Free reserves:		
Funds available for outstanding claims and claims incurred but not enough reserved	226,211	203,464
Less: Estimate of outstanding claims net of reinsurance recoveries (including known and incurred but not enough reserved)	(66,541)	(66,733)
Free reserves carried forward at 31st May	159,670	136,731

Finances

It is important for ITIC to maintain its level of free reserves

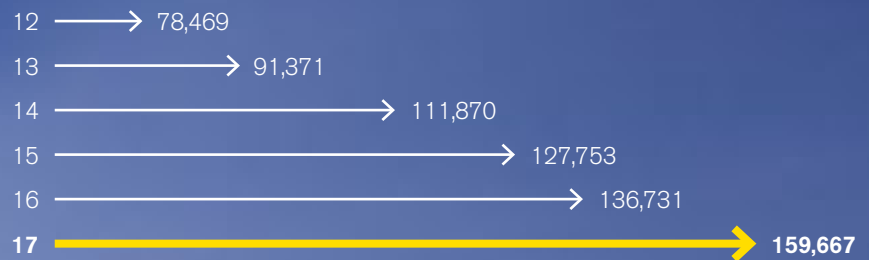
Gross premium / US\$'000's

\$52m



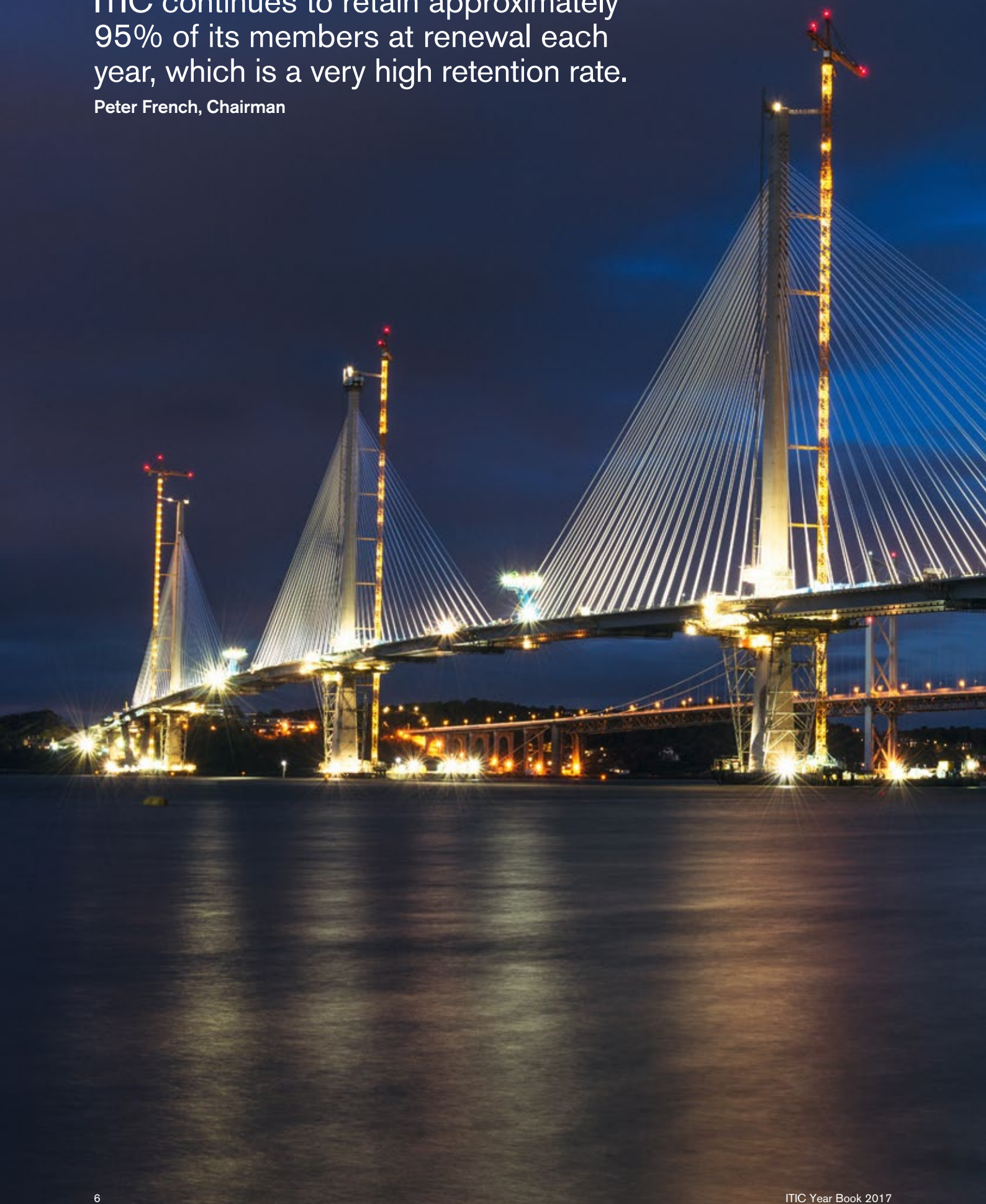
Free reserves development / US\$'000's

\$160m



ITIC continues to retain approximately 95% of its members at renewal each year, which is a very high retention rate.

Peter French, Chairman



2,500 members based in
the transport industry





ITIC turns 25

To celebrate this auspicious occasion, a 25th anniversary party was held at Merchant Taylors' Hall, in London, on Thursday 29th June 2017.

The party was well attended with over 400 international guests, members, board members (from 1992 and currently), insurance brokers and lawyers – all great supporters of ITIC.

The games room, filled with casino tables, a Scalextric track and giant games provided a space for competitive spirits to meet.

When it all got too much, guests could rehydrate at the vodka luge, which was shaped in the number 25.

The barbecue, band and photo booth all added to the garden party atmosphere, with the majority of the guests enjoying Merchant Taylors' beautiful hidden courtyard until late into the evening.

Regional 25th anniversary dinners are also being hosted, globally, to further celebrate.





You can watch ITIC's anniversary video here: <https://vimeo.com/227739009#at=1>

ITIC instrumental in:

ITIC Standard Trading conditions –
for naval architects, marine surveyors
and ship brokers

A large red cargo ship is shown at sea, with a white superstructure and multiple masts. The ship is moving through the water, leaving a wake. The background is a clear sky.



Essential transport industry services from ITIC.

Directors

P French (Chairman)
BMT Group Ltd
London

R Bishop
V Ships
Glasgow

E F Davila
Maritima Davila Madrid SA
Madrid

C Döhle
Menzell & Döhle GmbH & Co.
KG
Hamburg

T Evans (CFO)
ITIC Ltd
London

D Fry
Columbia Shipmanagement Ltd
Limassol

S M Jones
General Steamship Agencies Inc
San Francisco

T Jones
BRS International SA
Luxembourg

F A Kanoo
Yusuf Bin Ahmed
Kanoo W.L.L.
Bahrain

A S Munro (CEO)
ITIC Ltd
London

L Säfverström
Gulf Agency Company Ltd
Dubai

U Salerno
RINA Spa
Genoa

M Shakesheff
Casper Shipping Ltd
Middlesbrough

J Woyda
Clarkson PLC
London

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ITIC is managed by Thomas Miller, which manages a number of world-leading mutual insurance companies providing insurance for shipping, transport and professional indemnity risks, including UK P&I Club, TT Club, Hamia, BLP, OPDU, Pamia and Bar Mutual.

See more online at itic-insure.com

Call our team on +44 (0)20 7338 0150

 or follow us at: @ITICLondon

Bermuda | Hong Kong | The Isle of Man | London | Newcastle | New Jersey | Piraeus | San Francisco | Shanghai | Singapore | Sydney

ITIC
IS MANAGED
BY **THOMAS
MILLER**

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