



SPECIALIST
PROFESSIONAL
INDEMNITY
INSURANCE

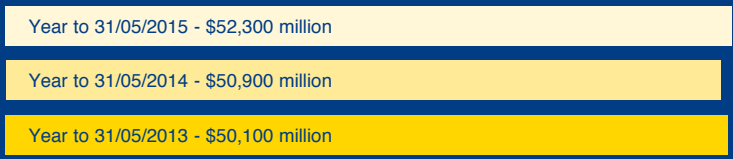
ITIC YEAR BOOK 2015

Specialist professional indemnity insurance for transport professionals everywhere

ITIC
IS MANAGED
BY **THOMAS
MILLER**

Gross premium

\$52m



Members

2,200

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

Security rating

BACKED BY AT LEAST "A" RATED SECURITY



Worldwide insurance cover

ITIC is able to provide professional indemnity insurance, without restrictions, worldwide. An ITIC Account Executive is responsible for each country and will be your first point of contact. The ITIC team speak French, German, Spanish, Italian and Japanese.



Aviation



Marine



Rail

Credits paid

\$80m

continuity credits paid to Members over the last 20 years

Disbursements & commissions

\$165m

of disbursements and commissions collected for Members since 1992

Free reserves

\$128m

at 31 May 2015



Specialist consultants

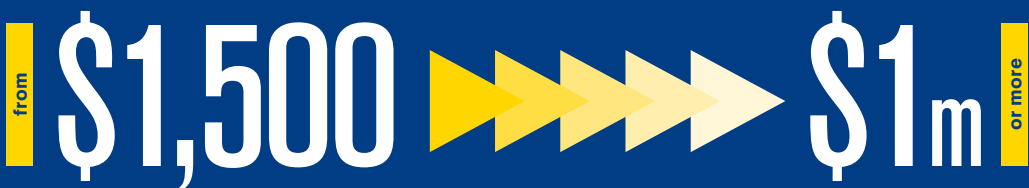


Specialist designers



Specialist surveyors

Annual premium



If the transport industry needs your services, then you need the services of ITIC

International Transport Intermediaries Management Co Ltd is the Appointed Representative of International Transport Intermediaries Club Ltd which is Authorised by the Prudential Regulation Authority and Regulated by the Financial Conduct Authority and Prudential Regulation Authority. International Transport Intermediaries Club Ltd (Registration number: 2725312) and International Transport Intermediaries Management Co Ltd (Registration number: 2670020) are registered in England.



The number of new members joining ITIC increased by 15%

The good news to report on the last financial year of 2014/15 is the continued improvement in the level of claims. The investment return of 4.5%, whilst lower than last year which was 9.0%, is still an excellent return in fluctuating investment markets. The combined ITIC and TIMIA clubs made a surplus of US\$15.8m due to a combination of a good investment return and an improvement in the historical claims figures.

ITIC continues to return premium to its members via the continuity credit at renewal. Your Board considers the payment of such credits to be a very important benefit of being insured by a mutual insurer. The amount of credit paid in 2013/14 was US\$3.3m and the level of credit that will be paid out in 2014/15 will be just under US\$6.0m. Since the continuity credit payments began 20 years ago, I am pleased to report that more than US\$81m has been returned to you, the members.

The improved claim and investment returns allowed the Board, at its meeting in March 2015, to increase the level of continuity credit for one year policies from 7.5% to 12.5% and to increase the level of credit on two year policies from 12.5% to 17.5%; this applies to all renewals from 1st June 2015 onwards and will increase the amount of credit paid in 2015/16 to US\$6.5m.

As ITIC has grown, more of each claim is now being retained before the reinsurers become involved. ITIC now retains the risk for all claims up to US\$1.0m and also retains two claims of US\$1.0m each (so a maximum of US\$2.0m) excess of the primary US\$1.0m. That structure has proved both beneficial to the reinsurance underwriters as they have seen the number of claims reported to them reduce and to ITIC which has saved on reinsurance premium.

ITIC has increased its premium income in 2014/15 through a combination of new members joining and existing members buying the wider insurances offered by ITIC, such as Directors' & Officers' liability, loss of commission and cash in transit insurances. ITIC will be offering a Cyber Liability insurance extension before the end of 2015.

The number of new members joining ITIC increased by 15% between 1st June 2014 and 31st May 2015. This is the highest number of new members for over 12 years.

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

It is important for ITIC to maintain its level of free reserves and I am pleased to advise that the reserves of the combined ITIC and TIMIA clubs have increased from US\$111.8m at 31st May 2014 to US\$127.7m as at 31st May 2015. This is a significant increase but, as I mentioned last year, Solvency II, the new regulatory regime with which all insurers within the EU will have to comply by 1st January 2016, will have an impact on the future capital requirements of the business.

The investment returns for 2014/15 of 4.5% helped fund the increased levels of continuity credit agreed by your Board for 2014/15. The clubs' (ITIC and its reinsurer TIMIA) reserves are invested in a wide portfolio of assets designed to match any currency exposure that ITIC may have to 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 2013/14 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 2014/15. ITIC has never requested additional premium for any policy year and your Board, at their next meeting in September 2015, will be considering whether to recommend to the membership that ITIC become a fixed premium mutual. This would give you the benefits of being a member of a mutual without any exposure (no matter how remote) to a request for supplementary premium. The ultimate decision on this issue will lie with you, the members, as this would need to be approved at an EGM.

Three years ago, ITIC conducted a qualitative member and broker survey. The results were very positive from the relatively small number of businesses that were contacted. This year, ITIC will be conducting a wider quantitative survey of all members and brokers. It is important that as many of you as possible take part and provide your views. The results will be shared with you all early next year.

The accounts and financial highlights for the period from 1st June 2014 to 31st May 2015 will be available on the website before the AGM on 24th September 2015.

ITIC will continue to provide competitively priced professional indemnity insurance (and related insurance covers) with 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



ON THE ROAD WITH ITIC

Loss prevention seminars in Morocco, Cyprus, Dubai, Dublin, Bremen and Hamburg

One of the many roles of an ITIC executive is to get out and about, to see members, attend conferences, provide seminars and more recently to become involved in some of the charity causes we come across.

The conferences attended have included ECASBA in Antwerp, FONASBA in Gothenburg and the Steadfast Conference in Adelaide, which is the largest meeting of insurance brokers in Australia.

This year, the team have provided loss prevention seminars in Morocco, Cyprus, Dubai, Dublin, Bremen and Hamburg. Some of these presentations have been in conjunction with the local ship agents' or ship brokers' associations. If you would be interested in an ITIC seminar, please let us know.

If you haven't managed to attend an ITIC loss prevention seminar there are three available on ITIC's website, which you can access at anytime that is convenient to you. The subjects covered are bills of lading, letters of undertaking and confidentiality agreements. We are hoping to add more of these valuable tools for you in the next year.

The OSCAR dragon boat race in aid of the Great Ormond Street children's charity was a huge success. There were 24 crews racing against one another on a lovely warm sunny September evening. The ITIC crew performed well in terms of racing and raising money for the charity. Thank you to all of you who sponsored this event.

ITIC's Duncan Mann and Tom Irving were more daring in their support for the Sailor's Society charity, as they took part in an abseil down one of the taller buildings in the City of London. ITIC has also sponsored an oar in the Mission to Seafarers row around Singapore and the FONASBA Young Agent and Broker award.

It has been three years since ITIC conducted its last Member and broker survey. The last one was qualitative and so only sampled 25 Members and 10 insurance brokers. The survey that will be undertaken this year will be quantitative, meaning that we will be asking all members and brokers for their views on several aspects of ITIC. It is important that as many of you provide your opinions to help us to improve the cover and services that ITIC offers.

NEW BUSINESS

We are now seeing a variety of transport professionals as members, particularly from the offshore, rail and aviation industries

The 2014 ITIC underwriting year has been extremely positive. More new premium income has been gained this year than in any of the previous ten years. Over 80% of this year's new business to ITIC came through insurance brokers. We are grateful to all insurance brokers across both the wider marine and professional indemnity risks broking sectors who continue to promote ITIC to their clients as the specialist insurer of marine and transport industry professionals.

In addition to the increase in new premium, many current members have looked to widen the cover that they have with ITIC. Over US\$2.5m of Director's and Officers' liability insurance, loss of commission, debt collection and cash in transit insurances was purchased.

As discussed in the Year Book 2014 the variety of professionals that can now be insured by ITIC has been widened over the last ten years. Whilst retaining a strong position in the marine sector, we are now seeing a variety of transport businesses as members, particularly from the offshore, rail and aviation industries.

If you would like further information on who can be insured by ITIC, or indeed our range of insurance products, please contact your insurance broker or underwriter.

RENEWALS

We are quite rightly proud that 95% of ITIC members continue to renew their insurance with ITIC each year

The key factor for most members at renewal this year has been the increase in the continuity credit. These continuity credits have been offered by ITIC for 20 years and vary from year to year depending on ITIC's financial performance. As you will have seen in the Chairman's statement in this publication, the improvement in the claims and investment returns this year have led to a credit of 12.5% for members renewing for one year (an increase from 7.5%) and 17.5% for members renewing for two years (an increase from 12.5%).

We are quite rightly proud that 95% of ITIC members continue to renew their insurance with ITIC each year, as well as the fact that 65% of ITIC's members choose to renew on a two year basis. Thank you to all ITIC members and their insurance brokers for your ongoing support of ITIC in 2015.

CLAIMS COMMENTARY

The need to interpret and comply with a range of environmental regulations is a growing feature of transportation businesses

The claims environment remains favourable. The number of reported claims has fallen slightly for the third year in a row. A reduction has been seen in the number of both indemnity claims and debt collections handled by ITIC.

It is four years since the English Supreme Court held that expert witnesses involved in legal proceedings no longer enjoyed protection from liability for negligence. The last year saw the first claim against a member acting as an expert witness settled by ITIC. The need to interpret and comply with a range of environmental regulations is a growing feature of transportation businesses. One of the notable claims of the last 12 months involved the correct application of EU sulphur regulations. A common problem for members that provide design services is finding themselves included in disputes when the real cause of the problem lies with the manufacturing process. The legal and technical costs of defending the designer's interests can be high - even if the designer is ultimately exonerated. Recent claims of this nature have involved projects involving yacht masts and switches used in a railway signalling system. Details of these and other claims handled by ITIC can be found in Claims Review 33 available on the website www.itic-insure.com.

An issue that has continued this year is attempts to defraud members and their clients. In April 2014 ITIC issued a circular warning members of a scam which has resulted in pre-funded port costs being diverted to a fake bank account. During the last 12 months fraudsters widened their targets within the marine industry. Recent cases have included the theft of "cash to master" funds being sent to agents, payments made by a ship manager to a parts supplier and freight paid to ship agents. In the last year ITIC has issued three further circulars on fraud, copies of which can be found at www.itic-insure.com.

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FINANCES

\$128 million free reserves

All figures in US\$000s	Year Ending 31/05/15	Year Ending 31/05/14
Gross premiums written	52,259	50,899
Continuity credit	(4,907)	(2,974)
Reinsurance premiums (excess loss)	(6,143)	(5,843)
Claims incurred less excess loss reinsurance recoveries	(15,862)	(17,730)
Operating expenses	(16,924)	(17,828)
Surplus for the year before investment result and exchange losses / gains	8,423	6,524
Investment result (realised and unrealised)	11,258	12,697
Taxation	(214)	(388)
Exchange (losses) / gains	(3,584)	1,666
Surplus / (deficit) for the year	15,883	20,499
Free reserves brought forward at 1st June	111,870	91,371
Free reserves carried forward at 31st May	127,753	111,870
Free reserves:		
Funds available for outstanding claims and claims incurred but not enough reserved	194,035	174,090
Less: Estimate of outstanding claims net of reinsurance recoveries (including known and incurred but not enough reserved)	(66,282)	(62,220)
Free reserves carried forward at 31st May	127,753	111,870





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
ESS European Shipping
Services GmbH
Hamburg

D Fry
Columbia Shipmanagement Ltd
Limassol

S M Jones
General Steamship Agencies Inc
San Francisco /
Empire Shipping Agency Ltd
Vancouver

T Jones
BRS International SA
Luxembourg

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

L Säfverström
Gulf Agency Company Ltd
Dubai

U Salerno
RINA Spa
Genoa

M Shakesheff
Casper Shipping Ltd
Middlesbrough

B O Tonsberg
Wilhelmsen Maritime Services AS
Singapore

J Woyda
Clarkson PLC
London

The latest published accounts and financial highlights are available from Charlotte Kirk at ITIC, or www.itic-insure.com

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.

Beijing | Bermuda | Edinburgh | 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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