

Hellenic Mutual Association Sharp increase in its basic fundamentals

Having weathered the worst recession the marine insurance market has ever seen, the Hellenic Hull Mutual Association has managed to retain its core membership and subsequently is now well placed to take full advantage of the reduced capacity in the marine market, thus becoming an important part of the Cypriot and Greek shipping community. The Hellenic Hull Mutual Association (HMA) Limited was founded in January 1994 and accepted its first member in March of the same year. At the end of 1994 there were 114 vessels entered into the Association producing a gross premium income of US\$8,496,500. During the subsequent 3 years the membership and revenue continued to grow peaking in 1996 with 308 members and a gross premium income of US\$13,135,000.

"During the three-year period 1998 to 2000 the marine insurance market went through an unprecedented depression whereby premium plummeted to levels that were uneconomic. As a result the managers of the Hellenic Hull Mutual decided to allow the membership to decline until such time as the market recovered. This policy proved correct, as the company's results have been better than the industry average," says the director of HMA Mr R.C. Wiggins.

In 2001 and 2002 the marine insurance market has been in a much-needed period of recovery, and according to Mr R.C. Wiggins "during this period the Association has again grown its membership. It is anticipated that at the end of 2002 the number of vessels entered into the Hellenic Hull Mutual Association will be in the region of 450 to 500 and the gross income will be in the region of US\$12,000,000."

Now the affairs of the company are managed by a professional management company "Hellenic Hull Management (HMA) Limited" whose performance is monitored and overseen by the board of directors of the Association. This board consists of 7 directors elected from the membership.

Mr R.C. Wiggins believes that one of our strengths as it produces a level of continuity in our operations is the fact that the management company has been the same since the Association started in 1994. "There has not been a large turnover over in key people employed by the managers, however at the end of 1998 there was an almost complete change in the senior executives, which was brought about by the changing market conditions and the direction the company was taking," he says.

Regarding HMA's competitive position in



The directors of the management Mr P.E. Bartsiokas, R.C. Wiggins and R.A. Hewett

Reinsurance	Rating
Swiss Re	AAA
Munich Re	AAA
Converium	A+
Helvetica Patria, Switzerland	A
Gothaer Ruckversicherungs AC	BBB+

the insurance market that is by its very nature a competitive one with companies from all over the world competing for the business. Mr R.C. Wiggins believes that as regards the Greek and Cypriot shipping community, the Hellenic Hull Mutual differs from other insurers in a number of key areas.

Firstly the Mutual is based in Cyprus with Managers in Cyprus and Piraeus. This puts us the unique position of having first hand understanding of the issues facing Greek/Cypriot shipowners. It also enables the local brokers and the members to contact us without the need of long distance telephone calls or expensive travel costs and to discuss most issues in their own language.

Secondly the Association is a mutual company and as such does not have shareholder investment to worry about. The duty of a conventional insurance company is to make as much profit as possible for shareholders. This means that they must charge as high a premium as the market will bear. Conversely a mutual has to generate sufficient income to cover its operating expenses, claims incurred, outstanding claims and to provide reserves for unknown losses and exposures. This tends to make mutuals much more competitive in a hard market such as the conditions we are currently experiencing.

Thirdly, the Association only accepts vessels with Cypriot and/or Greek flag and/or ownership and/or management, and then only against Hull and Machinery risks. This means that events

occurring elsewhere in the world (such as the recent enormous loss of the cruise ship under construction in Japan where the claim is expected to be in the region of \$500,000,000) will not affect the results, and ultimately the premiums, of the Hellenic Hull Mutual. Similarly, by writing only Hull and Machinery risks the results of other classes of business do not influence the premiums the Association charge."

2002 Reinsurance Programme

"Our underwriting strategy is to offer membership to those Greek and/or Cypriot shipowners who we feel have well-maintained and managed vessels. We are in a period where we are looking to grow the company, but we are underwriting for surplus and reserves not market share," says Mr R.C. Wiggins.

"As regards reinsurance, our policy is quite clear. We have developed a long term relationship with our two principal reinsurance brokers, Willis and Newman Martin & Buchan, who understand both our business and our corporate philosophy. We protect ourselves against all large losses we encounter, with first class reinsurers. Our leaders are the two largest reinsurance companies in the world, the Swiss Re and the Munich Re, and we are very proud and honoured to be associated with them."

Closing

The Hellenic Hull Mutual Association is now entering its 10th year of underwriting and is confidently looking forward to a steady and prosperous period of growth. Over the last few very difficult years many insurance companies and syndicates have either withdrawn from marine business or ceased trading altogether. During this period the Association has continued to offer protection for its members and is now well placed to take full advantage current business environment. Those members who remained loyal to the HMA have now reaping the benefits that their loyalty has brought. That is continuity of cover and pricing, stability, and security.

