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Singapore War Risks Mutual

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War risks insurance is a required cover for shipowners trading their vessels and over the years there have been a number of national war insurance pools established in various parts of the world – notably Greece, Norway, Japan, and the United Kingdom – all countries with a strong maritime connection. This progress report from **Standard Asia's Mr David Roberts**.

Until recently, Singapore has had no national war risks pool despite the city-state being considered as the world's leading international maritime centre (IMC).

Establishment of the SWRM

The Singapore War Risks Mutual (SWRM) was established, with strong support from the Singapore Shipping Association (SSA), as an insurance class of The Standard Club Asia (Standard Asia) in 2015. The Charles Taylor-managed mutual's purpose was to provide war risks cover for shipowners, with a connection to Singapore or another ASEAN country. This expanded Singapore's marine insurance offering and expertise and significantly enhanced the nation's status as an IMC.

Giving Singapore greater sovereignty

Providing Singapore with its own national war pool makes it less reliant on international insurance markets and gives its insured shipowners a greater degree of control over the extent of coverage and insurance terms available to them.

At a time when the risk of war and related perils in Southeast Asia and other parts of the world has been increasing, this is highly attractive to the local market.

Underwritten on a mutual basis, the SWRM essentially covers P&I war risks, hull war risks, detention and diversion expenses and optional additional insurances such as loss of hire.

Progress to date

SWRM is Singapore's very own national war pool and now sits alongside Norway's DNK, the Hellenic War Risks Club, the Japanese War Pool and the United Kingdom War Risks Mutual.

It is fair to say that SWRM has been a significant success since its inception and to date, it has 750 ships on its books, entered by 40 insured shipowners. Some 75% of the shipowners are Singapore-based, while the remaining 25% have a connection to Singapore – typically either a Singapore registered or managed ship. The facility also accepts owners with a connection to a country in the ASEAN region.

SWRM today has a total insured value of \$12bn and has accumulated a decent surplus over its four years of operations – a difficult achievement in highly competitive market conditions.

SWRM is not the first war risk facility to be managed by Charles Taylor. The Standard Club is a founding member of The Combined Group of War Risks Associations which dates from the time of the Great War and was once a nine-club grouping of British mutuals that specialised in providing cover against the King's (or Queen's) enemies. Today, Standard Club's UK and Irish subsidiaries operate their own war risks classes, in the same way as Standard Asia operates SWRM.

Support of blue-chip companies

SWRM has been backed by blue-chip shipowning companies from the start with its class committee currently chaired by Transport Capital's Mr Philip Clausius. He took over from the founding chairman, Pacific Carriers' Mr Chin Hee Tan. The class committee comprises representatives of the insured shipowners and the SSA.

Other members of the committee include SSA's Ms Gina Lee-Wan, Berge Bulk Maritime's Mr Claus Jensen, Pacific Carriers' Mr Weng Yew Hor and Ocean Tankers' Mr Nathanael Lin.

What attracted these companies to the mutual, on top of its competitive premiums, was two-fold. First, Standard Asia is a locally-incorporated insurer subsidiary in other words, a truly Singaporean P&I club. Second, SWRM is backed by Standard Asia, an MAS-regulated and fully-capitalised insurer in the republic. And because premiums are paid into a Singapore-based insurer and surpluses are retained and invested for the benefit of the shipowners, SWRM's members stand to gain from its success.

In terms of underwriting, SWRM exercises flexibility and customises its policy wordings based on shipowners' needs. In addition to SWRM's own tailored war risks wording, the standard international forms can also be accommodated. This appeals to owners greatly.

A dedicated experienced team based in Singapore ensures real-time quotations, service and claims handling. This quick turnaround is a significant upgrade from the customer experience of the past where local shipowners who wished to buy war insurance had to go through convoluted communication chains to obtain insurance quotations from overseas markets.

Looking ahead

Standard Asia regional underwriting director Jack Marriott-Smalley said, "Enhancing the cover for shipowners in the mutual is an important part of our role. As a mutual, we need to provide shipowners with the insurance coverage that they require. The maritime security environment is constantly changing. It's all about understanding what risks are out there."

"On top of that, SWRM, being 100% reinsured, also needs to ensure that reinsurers are comfortable with covering any new emerging risks." ^A

Mr David Roberts is managing director of Standard Asia.

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