

Fixed Premium Tailored Products

16th April, 2018

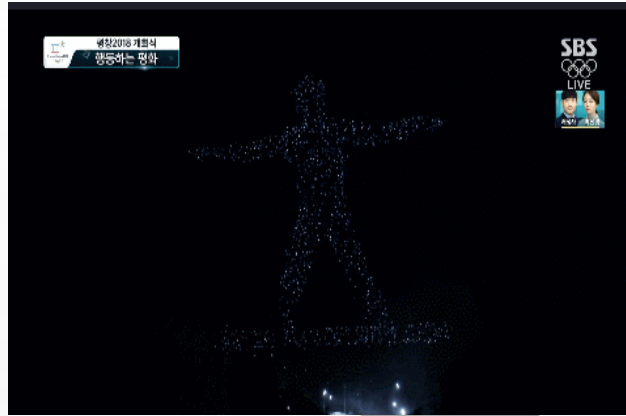
Bay Moon

COO  **KOREA P&I CLUB**

Good afternoon, ladies and gentlemen.

**It is my honor and pleased to have this opportunity
to introduce KP&I to you, the world's shipping
leaders here in Greece, the largest shipping country
in the world.**

2018 PyeongChang Olympic



Not while ago, the winter Olympics were held in PeongChang of Korea. This is the scene of magnificent drone works embroidering the night sky in the opening ceremony.

1218 drones were used to make Olympic symbols. It looks so perfect that some believed that it was graphic work.

What is more surprising is that it was controlled by a single person.

2018 PyeongChang Olympic



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PyeongChang Olympic flame was lit by Yeona Kim who was famous for her perfect beauty in figure skating and world's record.

Korean loves her and I believe you love her too.

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2018 PyeongChang Olympic



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**PyeongChang Olympic flame came from Olympus.
So we can say that Greece and Korea was so closely
linked together, till quite recently.**

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**Greece,
The biggest Country in Shipping**

World Shipping Leaders in Greece

For a long time, I wanted to visit Greece. Surely Greece is the one of the important places to visit for those who work in shipping industry for it's shipping history and existence of shipping leaders.

What shipping means in Korea

- Trading
 - Import/Export: U\$ 1 trillion
 - 99.7% is transported by ships.
 - 1.5 billion tons by ships
 - No.7 trading country
 - * USA, China, Germany, Japan, France, Netherlands, Korea

Shipping industry is one of the national core business sectors of Korea as it is in Greece. Korea imports and exports actively, amounting U\$1trillion a year, 99.7% of this trade is transported by ships. Korean ports handle 1.5bil tons of cargo a year. Korea is No.7 trading country following US, China, Germany, Japan, France and Netherlands. As you can see the shipping industry plays an important role in Korean economy.

What shipping means in Korea

- Shipping Industry
 - 173 shipping companies for Ocean going
 - 81 million DWT of controlling fleet
 - 1,449 vessels

When you think of these figures, you can understand the needs of establishing P&I Club in Korea.
This is the brief of back ground of establishment of Korea P&I.

5-Year Shipping Rebuilding Plan (2018 ~ 2022)

- More cargoes supported by Korean traders
- Cost-efficient vessels supported by Korea Ocean Business Corporation Soon-to-be-established
- Efficient operation supported by Partnership among shipping companies

Last week, Korean government announced the Shipping Rebuilding Plan in 5 years.

This plan is to provide more cargoes and more cost efficient vessels to Korean shipping companies and to support partnership between Korean shipping companies.

Korea P&I expects to be on the tide of Rebuilding and to have a solid growth along the plan.

Longevity of Service

- If the merger of Britannia/ UK Club had gone ahead, including Gard, this gives just 2 clubs 37% of the world market.
- Other mergers/ takeovers are predicted.

what are the key factors you consider when you choose a P&I Club.

Perhaps you will consider, longevity, financial stability, claims handling ability and policy, price competitiveness, etc.

Yes, longevity is an important factor because of the long tail nature of P&I Claims.

Longevity of Service

- Ryan Specialty Group(RSG) has recently acquired Lodestar.
- Thomas Miller acquired Navigator.
- British Marine became part of QBE group.
- Raets Marine was sold to Amlin acquired later by Mitsui Sumitomo.

The largest non-IG P&I players are British Marine, Raets marine, China P&I and then Our club comes in fourth place.

For these changes, we cannot but think about the longevity of the clubs.

General Increase history

Club	2011	2012	2013	2014	2015	2016	2017	2018	Acc.
Britannia	5.0	5.0	16.5	2.5	2.5	2.5	0.0	0.0	138.3
Gard	0.0	5.0	5.0	5.0	2.5	2.5	0.0	0.0	121.6
London	5.0	5.0	12.5	10.0	6.0	5.0	0.0	0.0	151.9
NOE	3.0	5.0	15.0	7.5	4.8	2.5	0.0	0.0	143.6
Standard	3.5	5.0	7.5	12.5	5.0	2.5	0.0	0.0	141.5
Swedish	2.5	5.0	7.5	7.5	2.5	0.0	0.0	0.0	127.5
UK	5.0	3.0	7.5	10.0	6.2	2.5	0.0	0.0	139.2
WOE	5.0	5.0	7.5	7.5	2.5	0.0	0.0	0.0	130.6
SSM	0.0	5.0	7.5	10.0	0.0	0.0	0.0	0.0	124.2
KP&I	0.0	0.0	0.0	4.5	0.0	0.0	0.0	0.0	104.5

This table shows clearly financial stability of Korea P&I.

Korea P&I has imposed G/I only once, 4.5% in 2014 for the last 8 years from 2011 to 2018 this year, while our competitors have raised 30, 40% of G/I in total.

Where KP&I is

Members	Vessels	Total Tonnage	Premium Income
225	1,010	20m GT	U\$30m
217 2017 PY	1,089 2017 PY	22m GT 2017 PY	U\$31m 2017 PY

Free Reserve	Combined Ratio	AM Best Rating	Overseas Premium
U\$49m	76%	A-(excellent)	U\$3.1m
U\$43m 2016 FY	83% 2016 PY	A- 2016	U\$3.1m 2017 PY

Financially Strong

- Reliably Reinsured by Lloyd's, Hannover Re & Korean Re
- AM Best A-(Excellent) rated
- Underwritten by the government

KP&I has strong financial stability.

We have our reinsurance with Lloyd's, Hannover Re and Korean Re, all of which has S&P rating of A or better.

Korea P&I also achieved A- rating from Am Best. AM Best is the rating agency based in USA, specializes its business in rating insurance companies only.

In addition to that, Korea P&I's operation has been underwritten by Korean government. I think this means more than anything.

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KP&I has refrained from increase during down seasons of shipping.

We could not and did not increase premium when our members were in their hard times.

As you can see, KP&I is the only club who works by the members, for the members and of the members.

Proactive Claims Handling

- **Member's concern first**
- **Assisted by the government**
- **Cash or Bank guarantee prepared**

Experience and ability are important for proper claims Handling. Korea P&I has kept good shape of growth for the last 18years since it's establishment in 2000. I think this growth is the most tangible evidence of credit given by the market about KP&I's experience and ability for good handling of claims.

Competitive Premium Rate

- No Corporate tax
 - No Profit-distribution
 - Genuine non-profit-oriented organization
- ※ Profit is useable to members only, so we can provide competitive price to our members.

Price competitiveness is also an important factor.

In Korea, there is a saying that only the cheap ones are sold, even if it is from your daughters shop.

It means the price is the basic factor for competitiveness. We have grown through this price competitiveness.

Most IG Clubs are not subject to a corporate tax but their managers are ~.

Fixed premium players are absolutely subject to and their share holders take any profit achieved.

Full coverage

- MLC
- CoFR
- Bunker Convention
- War Risk
- No restriction regard Tonnage, Type of vessel

**It is accepted in the countries like Marshall Is.,
Liberia, Panama, Malta, Cyprus and also Singapore,
HKG, Japan, US, etc.**

Fixed Premium

- **No Release Call**
- **No Unbudgeted Supplementary Call**
- **Freedom of movement**

KP&I runs on a fixed premium basis. Therefore we cannot impose release call or additional call.

Members are free to leave the club without any charges when they are not satisfied with our service.

We are proud to say that KP&I competes only with quality of service.

We do not try to bind members with unreasonable amount of release calls.

Truly tailored

- Helps to make members P&I cost effective
 - Selective limit of cover
 - Selective risk of cover
- No harm in checking it out

Our members may select most cost effective conditions in line with their vessels' operation characteristics, up to u\$7bil cover limit is not necessary for all vessels such as tug boats.

If you choose lower limit of cover or limited risks of cover, then you will enjoy more competitive price.

Please check it out.

No harm in checking it out

Freedom of movement

There is no harm in checking it out.

Please get experience or flavor of a genuine non-profit oriented club.

Your freedom to move is not chained with extra calls with our club.

Please check it out.

Thank you!
Any questions?

