

Shipping insurance up 10-fold due to piracy

Piracy at sea off the horn of Africa has caused a 10-fold increase in insurance premiums for shipping companies, business daily Borsen said recently citing a Norwegian ship insurer. Will this have an adverse affect on insurance in general?

» Somali gangs have been marauding in the Gulf of Aden and Indian Ocean for years, seizing hundreds of ships and their crew to extract ransom, hitting a key route from Europe to Asia.

In the latest incident, pirates hijacked a Turkish vessel in the Gulf of Aden.

"There has been a big increase in premiums to go through the Gulf of Aden," Svein Ringbakken, insurance director at Den Norske Krigsforsikring for Skib (DNK), told the paper. In May 2008, premiums were 0.015 percent of a vessel's value, but now the average is 0.15 percent, Ringbakken said, according to Borsen.

An executive at a Norwegian unit of insurance brokers Marsh said insurance premiums vary, with a big player like Danish container shipping group AP Moller-Maersk getting

"very competitive" prices due to its size, while smaller shippers pay a big premium, Borsen said.

Premiums can be even as high as 0.8 percent of a ship's value if the vessel sails in particularly dangerous waters such as the Straits of Malacca between Malaysia and Indonesia or off Nigeria, Marsh's Magne Andersen told the paper.

To avoid sailing through the treacherous Gulf of Aden, many shippers are choosing to avoid the Suez Canal and sail instead around Africa, adding some 5,000 sea miles to the journey.

Australian researcher Helen Bendall estimated the net extra costs for a supertanker to sail around the Cape of Good Hope in South Africa at around \$7.2m and for a container ship at about \$3.8m, Borsen said. ■

WORLD FINANCE GLOBAL INSURANCE AWARDS 2009

The need for a stable and reliable insurance company is, and always has been, of great importance to both individuals and firms. One of the main problems with choosing the right firm to suit specific needs, is the vast array of firms within the market. So much choice can lead to confusion and mistakes being made. With that in mind, World Finance scoured the globe to filter the market, and here recommends the best. Congratulations to those who made the grade this year.

Australia & New Zealand
Insurance Australia Group (IAG)

Austria
Uniqqa Sach

Belgium
AG Insurance

Caribbean
Guardian Life of the Caribbean

Central America
GNP

France
Aviva

Germany
Allianz

Greece
EFG Eurolife Insurance

Hong Kong
HSBC Insurance

India
Bajaj Allianz

Italy
Poste Vita SpA

Malaysia
Prudential

Middle East
ADNIC

Netherlands
Achmea

North Africa
Soci te Nationale d'Assurances
Alg rie (SAA)

Pakistan
EFU General Insurance Ltd.

Portugal
Caixa Seguros

Scandinavia
If

Singapore
HSBC Insurance

South Africa
Momentum Group

South America
Bradesco Seguros e
Previd ncia S/A

South Korea
Hyundai Marine
& Fire Insurance Co

Spain
MAPFRE S.A.

Switzerland
Allianz

Thailand
Viriyah

Turkey
AK Sigorta

UK
RSA

USA
Chubb Group of
Insurance Companies

Vietnam
Prudential



Alejandro Baillères, CEO, Grupo Nacional Provincial



INNOVATION IN A COMPLEX ECONOMIC ENVIRONMENT

**Few companies have been able to progress in recent markets.
The insurance industry, however, has seen several advances**

In the midst of a worldwide financial crisis, Grupo Nacional Provincial (GNP) maintained the dynamism that has characterised it during its 108 years and set itself in the vanguard in product innovation and services both for its customers and its distribution channel, playing a role of leadership in the Mexican market.

GNP is a 100 percent Mexican insurance company whose origins date back to 1901. It has survived events of great importance to Mexico and the world: the Mexican Revolution, the first and second world wars, catastrophic events such as the earthquake in 1985 and hurricanes Gilberto, Wilma and Stan, among others. On each of these occasions, GNP responded to the obligations acquired with its customers in a full and complete manner and reaffirmed its commitment to Mexico.

GNP is recognised in the market as synonymous with experience, strength and confidence. It is part of the Grupo BAL business conglomerate that brings together a number of leading and highly prestigious institutions in different sectors, such as Industrias Peñoles, the first producer of sodium, sulfate and bismuth

in the world; Fresnillo, Plc, the world leader in silver production and the only Mexican company listed on the LSE; El Palacio de Hierro, an exclusive department store chain; Profuturo GNP, one of the largest managers of retirement funds for Mexican workers; Médica Integral GNP, medical clinics that offer and manage health plans; Médica Móvil, the leading company in the field of mobile pre-hospitalisation services; Valores Mexicanos Casa de Bolsa, an independent brokerage firm and investment banking institution with broad experience in the management of investments; Crédito Afianzador, the oldest Mexican bond company; they also are part of the controlling shareholders of Grupo FEMSA, the largest beverage company of Mexico and Latin America, it brews beer (Sol, Tecate, XX, Superior, Carta Blanca, etc) and is the largest bottler, besides Coca Cola Atlanta, and supplier of Coca Cola brand beverages in the world, it also operates the OXXO chain of convenience stores. Grupo BAL is headed by the renowned Mexican businessman, Dr Alberto Baillères, also known as Mr B, who is also the President of the Board of Trustees of Instituto Tecnológico Autónomo de

México (ITAM), a leading higher education institution in Mexico founded by Raúl Baillères (father).

The GNP family is composed of 4,323 employees, a sales force of over 5,000 agents and more than four million insured customers.

The insurance company markets the full range of products for both individuals and companies. It offers property and casualties, life and automobile insurance and insurance against medical expenses and injury that has enabled it to cover any need in a complete manner. GNP has consolidated its position in the Mexican market thanks to its innovation in products and services that are oriented to the satisfaction of any type of need for protection and personalised service.

Under the administration of its current CEO, Alejandro Baillères, the company has become stronger and achieved outstanding results in the past three years. In 2008 GNP and its team were successful in increasing its results significantly over those achieved the year before and as of August of this year, they are 249 percent higher in net profits versus budget. In addition to his management leadership, Alejandro has headed programs aimed at strengthening the company's leadership and long-term viability, because there's a deep commitment and conviction of working for Mexico.

IN VOLUMES

The insurance company handled almost one million claims for losses in 2008, of which 458,441 were related to the treatment of various illnesses; 28,452 came from unfortunate families that suffered the loss of a loved one; and 490,007 were related to automobile accidents and property losses. The senior management of GNP is characterised by its implementation of programmes that enable the company to achieve constant growth of its employees, the development of Mexico and the satisfaction of its insured customers:

- » Vision 2012 is a programme that seeks to position Grupo Nacional Provincial as the number one insurance company within the next five years in profitability, customer service and operating efficiency as well as in attracting and retaining talent.
- » The Performance Transformation Programme has the principal objective of creating a culture of distinctive performance in which talent recognition and development are added together to attain superior business results on an ongoing basis. An important barometer of the success of this program in the company is the Organisational Performance Poll. According to the consultant firm McKinsey and Company, from 2007 to 2009, it showed substantial improvement in results that put GNP at the highest level (top three percent) in comparison with the world benchmarks from this poll. Additionally, because the polling is anonymous, it achieved 90 percent employee participation.
- » Philanthropy: Through Goal for México (one of the company's social programmes), GNP supported social development in Mexico by helping thousands of children, adults and families that live in unfavourable conditions in four primordial causes: health, education, nutrition and housing. This programme is related to soccer, the most popular sport in Mexico. Each goal by a professional soccer team results in a contribution to the causes mentioned above. During the five years the programme has been in existence, the teams have scored more than 4,264 goals that have benefited more than 784,530 persons. Goal for Mexico has delivered 254 libraries and 77,000 books; 193 media rooms and 2,895 computers; 767,000 nutritional packages; 264 transplants; 957 hearing aids and 472 houses.
- » Sales force development: the programme to develop sales agents is based on the most robust plan in the country that recognises and develops the sales force. The insurance company provides

support through an integral training plan with tools and services in addition to the proximity and benefit plans for the sales force. Day by day, the agents can quote products from mobile devices thereby optimising their time and costs and can manage collections and procedures for subscriptions and issuing policies, as well as offering such technological developments as the first Virtual Library for the sales force in Mexico that contains a detailed compendium of products, practices and sales tools. The sales force of GNP has achieved client retention indices above 92 percent that ranks it among the best practices in the world.

- » Innovation in products and services: GNP is innovating strenuously in products and services for all niches and thereby helping the population with lower purchasing power by offering this segment an opportunity to acquire protection for themselves and their families through life insurance and medical, automobile, accident and health insurance.

As for life insurance, the company offers optional products that take advantage of tax incentives that exist for the Mexican population for retirement planning. In insurance covering medical expenses, the company is also currently focusing on the development of innovative products for the middle-level of the population – a segment with little penetration – for named and indemnified risks that enables it to have a network of first level hospitals with accessible costs. These products complement the existing products directed to the medium-high and upper segments of the population, with domestic and international coverage backed by service agreements that are unique in Mexico due to the excellence of the supplier network, such as the agreement with the Mayo Clinic in the US.

For the automotive branch, a tool has been developed that provides the insured with transparency in the process of vehicle repair and in the process of claims for medical expenses through Internet access from any location.

AMONG THE BEST

As a consequence of work undertaken, GNP has also been acknowledged by numerous instances:

- » Among the most prestigious securities rating agencies in the world, Standard and Poor's issued a local rating of MXAA+ (Excellent) while AM Best ratified its rating of A (Excellent). This recognition has significant relevance for customers because it backs the payment of losses.
- » Recognition as "The Best Brand" in the Mexican insurance sector, in a study conducted by two companies, HSM and MillwardBrown. In the same study, the company received distinction as one of the top 15 companies in social responsibility.
- » GNP obtained the highest ranking in the insurance sector, being number one both in insurance coverage for medical expenses as well as life insurance granted by Condusef (National Commission for the protection and defense of users of financial services in Mexico) for the clarity and transparency with which it serves its clients.

GNP believes in life as it is, full of small moments that make it larger, with its imperfections that make it perfect, and the decisions that make us live it. Because that's what life is for, to live it, feel it, many times without understanding it.

Life is full of moments, each of which is worth living to the max. GNP doesn't want its insured customers to miss any of it. The Company believes in life as each of its customers envisions it. GNP exists for this and that is why its commercial slogan is "Vivir es Increible" (Living is Incredible).

For further information +52 55 5227 3999; www.gnp.com.mx