

# Improving the Flow of Underwriting Information

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# Agenda

- Why do Insurers need Underwriting Information?
- What is Underwriting Information?
- Coverage is based on reliance in Underwriting Information?
- The consequences of incorrect/incomplete Underwriting Information?
- What happens if there is a change in Underwriting Information?
- What kind of information do Insurers need as Underwriting Information?
- How can the flow of Underwriting Information be improved?

# Why do insurers need Underwriting Information?

- Satellites are tailor made, highly complex pieces of equipment
- Satellite payload is unique for each satellite program
- Launch vehicles are subject to continuous improvements
- How should insurers assess the risk?

# What is Underwriting Information?

- Insurance policies define Underwriting Information as:
- "Underwriting Information" shall mean the written information provided to the Insurers by the Named Insured (prior to Attachment of Risk), with respect to the Satellite and Launch Vehicle.

OR

- "Underwriting Information" means the written information provided to the Insurers before Attachment of Risk, by or on behalf of the Named Insured with respect to the subject matter of this insurance.

# Coverage is based on reliance in Underwriting Information

## Insuring Agreement

In consideration of the payment of the premium, in reliance upon the statements in the Declarations and in all of the Underwriting Information, and subject to all of the terms, conditions, limitations and exclusions of this policy, the Named Insured and Insurers agree as follows:

## Declaration

By acceptance of this policy, the Named Insured agrees that:

- (a) the statements in the Declarations and in the Underwriting Information are its agreements and representations; and
- (b) this policy is issued in reliance upon such agreements and the truth of such representations; and
- (c) this policy embodies all written agreements existing between the Named Insured and the Insurers, relating to this policy.

# Consequences of incorrect/incomplete Underwriting Information

## Policy references

- Misrepresentation and Fraud Clause
- Specification and Obligation to Inform Clause

**=> Worst case consequence**

- NO COVER!

# Change in Underwriting Information

- Who needs a Material Change Clause?
- What kind of clause is it?
- How does it work?
- Why “becomes aware prior to Attachment of Risk”?

# Basic technical data requirements for a launch insurance presentation

- Spacecraft purpose and operational requirements
- Spacecraft design summary
- Detailed subsystem descriptions including budgets/margins, block diagrams, redundancies etc.
- Design heritage
- List of single point failure possibilities
- Reliability prediction over life time
- Perigee motor (if applicable)
- Launch vehicle interface
- Test results, waivers of specifications, contractual information if and as applicable
- Manufactures/Operators industrial organisation and experience

# How can the flow of Underwriting Information be improved

- Obligation of Insured to provide and update Underwriting Information
- Insurers should avoid unnecessary questions
- Provide official translations
- Clear question  $\leftrightarrow$  clear answer (representations)
- No Data Room - NDA

# ITAR

- May cause some delay, but not really an issue
- Insurance policies deal with delays and restrictions
- NDAs sometimes restrict the flow of Underwriting Information unnecessarily

Thank you.

Christian Riedl

**Munich RE** 

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# Christian Riedl CV

- 1985 Engineer in Communications from Technical University Munich
- 1986 – 1995 Systems Engineer at MBB/DASA (now Astrium)
- 1995 – today Senior Underwriter in the Munich Re Space Department

# Munich Re Group Introduction

- Global provider of reinsurance and primary insurance
- 47 000 employees and premium income of 41,400,000,000 EURO in 2009
- Specialized Department for Space Risks since 1980, with a net capacity of 50 MUSD for a single risk (80 MUSD for Ariane 5 dual launches)
- Space risks are written on Great Lakes UK paper
- Standard & Poors Rating: AA-
- Outstanding performance during the last financial crisis