

World Space Risk Forum - Closing speech by Jeff Cassidy, Chairman of the WSRF Working Committee and President of Global Aerospace

Wednesday 3rd March 2010

I was once told that the number one rule to giving a good speech is to not follow a great speech. Following that wonderful presentation by Will Whitehorn I have clearly failed in that one simple direction.

Thank you to everyone, sponsors, speakers, moderators, all the attendees, for making this inaugural forum a success.

I would particularly like to thank everyone from Elseco again for their vision and effort to organize the conference.

Space as a location for commerce is now more than forty years in the making. Through this time space insurance and risk management have evolved from an admittedly naïve offshoot of marine and aviation insurance products to a sophisticated market segment populated by some of the most qualified insurance professionals in the industry.

This evolution has been painful at times and profitable at others. Who can forget the various launch failures and rescue missions, the times when the word “deployment” struck fear into our hearts, when the word “generic” had nothing to do with discount pharmaceuticals, the growing pains associated with higher power spacecraft.

And yet for every sad story there were many successes. Commercial satellites evolved from 1,000 kg to 6,000 kg, from several hundred watts of power to 20 Kw. New applications from satellite radio, to remote sensing to orbital constellations have been launched. Entrepreneurial satellite and launch companies grew into major industrial concerns. While not every venture has been a commercial success, the successes and failures demonstrate the true essence of capitalism and entrepreneurship. I am very proud to say this evolution was supported every step of the way with the capital, resources and knowledge of the world’s insurance market.

The space insurance product has evolved as well, largely to the betterment of our clients (when is the last time a policy included “accumulation” language when we made it your problem rather than ours when we choose to underwrite two spacecraft that happen to be launched together), but also in other manners that protect insurers in response to real problems. Let’s be clear - the main driver of the changing policy terms and conditions is the brutal market forces that permeate this and other lines of insurance.

I would suggest, however, that in this evolution there is a role as well for the World Space Risk Forum and other venues for dialogue and reflection, where the industry as a whole, and the insurance market in particular, are able to both hear of our clients needs and consider how best to craft solutions. Let’s look at the main topics discussed here.

We heard from industry leaders how to improve reliability of both satellites and launch vehicles. You will recall, these were not fluff sessions. They were focused events planned and moderated to bring out the best concepts and ideas.

We were able to hear from the financial industry and CFOs of both large and small companies as to how the world economy is affecting their businesses. We were challenged to go early, long and cheap with our coverage, but the panel also highlighted the diversity of needs among our clients – different companies have different insurance needs, and we as an market and as individual companies are challenged to respond accordingly.

We then turned the spotlight on ourselves, looking at market practices and questioning whether the product we offer, and the manner in which it is underwritten and in which claims are handled can be improved. I applaud the efforts of Bruno Ritchie and the Space Risks Study Group to take on a very difficult issue and propose a first step towards fixing a problem facing this industry. Is it perfect, no, but it is, and is only meant to be, a first step towards improving what is in many senses, an archaic market practice. Funny how an idea like that comes out of underwriters, whom we were told were absolutely devoid of original thought!

To my underwriting colleagues, I ask you to take a step back and rationally compare space and other classes of insurance and ask yourselves whether the claims handling service provided by our market stacks up in terms of efficiency and responsiveness. Is our market really that different than many of the other high technology, high severity markets that have developed more effective ways to provide a claims service? To my broker friends, if you think the claims approach is optimal, then fine, but if not, I ask you to not just critique, but actively engage with the SRSR to help craft not just a first step, but a future model for handling claims. All the objections I have heard are easily addressed by clearly identifying a new approach up front at the time of placement. I would also ask you to listen to your clients and encourage them to be actively involved in the process. If they tell you what they have told me, you will find a willing audience. To all of us, remember Churchill once said “There is nothing wrong with change, as long as it is in the right direction”.

Finally, we looked at the industry of the future and how to best support it with risk management products and ideas.

Hopefully, these sessions have been of interest to you, and provoked your thoughts. If you have any suggestions on how we can improve the conference going forward please let me know.

I was privileged to work with a great group of folks to help organize the program for this conference. I would again like to thank each and every one of them.

On that note I am very pleased to close the inaugural World Space Risk Forum. I look forward to seeing you in 2012 at the next forum. I wish you all the best of your remaining time in this wonderful city and safe travels.