

Tsakiris pledges American Hellenic to quality 'from day one'

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Tsakiris: We don't have income targets that will tempt us into unnecessary risks.

New marine insurer gains its official operating licence and will start with 600 vessels covered

PEOPLE are – in all sorts of ways - at the heart of the plans of American Hellenic Hull Insurance Company, which has just received its licence to operate under its own name.

The fixed-premium company was launched last year by the American P&I Club under a co-operation agreement with Hellenic Hull Management, the team that for 20 years successfully managed the Hellenic Hull Mutual, which is going into run-off.

American Hellenic has been established in Cyprus where the system is seen as modern and secure, with a legal system mirroring that of England.

The island's regulatory authorities have taken their time but have now approved the operation of American Hellenic as the region's sole marine insurer credited as being compliant with the EU's Solvency II rules.

The newly-launched company starts with an impressive portfolio of about 600 vessels that have been signed up on its behalf by the old mutual. The average age is about eight years.

"You cannot insure based only on year-of-build and the claim record, that is wrong," said American Hellenic chief executive Ilias Tsakiris.

"Our business is to insure people and the only target that has been initially set by the parent club is

to go out and insure good people," he told Lloyd's List.

"We want as homogenous a fleet as possible in order to reduce extreme claims and ensure stable profitability and reinsurance costs. By that we mean focusing on quality shipowners and managers from day one, and insuring good managers with good skills," he said.

"Our selectivity as underwriters is not compromised by financial targets. Currently the whole market is focusing on price and insurers are basing themselves only on offering cheap premiums," Mr Tsakiris said.

"But owners need to take from their underwriters not only a competitive price but also good service and take pride in being part of a quality group of insured owners."

He also pointed to Hellenic Hull Management's line-up as a differential. "Our team includes experienced seafarers," he said. "The chief executive and claims director are both seafarers so we really understand the needs of the industry and of the ship. It is a big difference from most commercial underwriters."

The market is "not kind" to insurance start-ups when they are perceived as greedy for income, according to Mr Tsakiris.

"Our main goal is making American Hellenic synonymous with top-quality performance," he said. "We will also be involved in corporate social responsibility (CSR) initiatives within the shipping industry to be close to the talent pool of future decision-makers."

American Hellenic is offering a full range of hull and machinery insurance products including mortgagees' interest insurance and increased value coverage, war risks and war P&I. Capacity is up to \$10m on each risk and the company has already fixed its reinsurance programme with A-rated European and British reinsurers.

For the American Club, which has a membership of more than 1,000 vessels, it adds to existing activities and managers see plenty of opportunities for cross-selling in both directions.

"It has already started, new members have entered the Club," Mr Tsakiris said.

From the start the partners were optimistic about the success of the new venture and the figures were already bearing this out, he said.

The initial fleet was 35% larger than projected and in a hint of the wider interest in the new company 2,200 vessels have already been quoted for. Some 4,000 guests packed American Hellenic's joint reception with the American Club at Posidonia 2016 earlier this month.

If anything business may quicken now that American Hellenic is able to canvass business under its own name. That is not to disparage the reputation of the Hellenic Hull Mutual which always had a good fleet and a loss ratio of 67%, meaning a 33% profit. For comparison, IUMI statistics put the average insurer's loss ratio at more than 100%, said Mr Tsakiris.

The new company is now projecting a fleet of 2,500 vessels by 2020. American Hellenic will insure all categories of ships, including coastal tonnage although the emphasis will be on blue-water vessels.

While the bulk of the initial fleet comes from familiar Greek and Cypriot owners, American Hellenic will be marketing itself globally through an existing network in New York, London, Piraeus, Cyprus, Hong Kong, Shanghai, and Dalian.

"There is keen interest already from other markets, especially Germany and the Far East," said Mr Tsakiris.

Although it has a confident eye on becoming a major player in the H&M market, American Hellenic

will not forget that losses are easy to make in the marine insurance business.

“It is an investment by the [American] Club and, as such, its hard-earned reserves have to be very well protected. This is our duty,” he said.

“We do not have income targets that will tempt us into unnecessary risks, which is especially dangerous given the current low hull rates.”

Mr Tsakiris also acknowledged that the poor shipping environment also posed safety risks. “When freight rates are low some people don’t maintain their ships adequately,” he said.

“It is not the fault of the ship, it is the fault of the manager. That is why in reality we insure the people that own and manage the ships.”

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