

Starr Marine Agency, Inc.



**An Interview with David S. French, President,
Starr Marine Agency, Inc. (Starr Marine)**

Would you talk about the impact of the economic downturn on Starr Marine's business over the past 24 months and the strength of the business going forward?

We saw the bottom of the economy for the marine business in the third quarter, and the accounting for it continued into the fourth quarter of last year. Sixty percent of Starr Marine's business globally is cargo, so we have a good barometer on the state of the economy based on the shipments being reported by our major clients. At the same time, market pricing hasn't been particularly strong.

So we had to differentiate ourselves in the marketplace, and we did. We're going to achieve 26 percent growth in 2010 – up to about \$350 million, which we're doing by continuing geographic expansion.

Another important focus is maintaining clients through service differentiation. Our renewal retention ratio through the year in a competitive marketplace has been about 90 percent.

We provide our clients access to Web-enabled certificates, which are negotiable instruments for our clients. We can provide admitted local underlying policies even if we don't have a Starr presence in a particular country, as we have established and belong to an international network. We provide global loss control services through our own loss control engineers distributed around the world. Starr Marine takes a proactive approach to subrogation, which results in increased recoveries and lowering the overall cost of insurance.

We try to build high barriers to exit and, with a 90 percent renewal retention ratio, they've been very effective.

Where has your focus been in terms of geographic expansion?

We've always had a large market share in the U.S. and that continues. Year-on-year, we'll achieve a 10 to 15 percent growth in that marketplace, but we already have pretty good penetration.

The economic growth this year has largely come from Europe. Two years ago, we established operations in Germany, the Netherlands, Belgium, and Italy. Germany is reporting great exports; their economy is coming back strong.

We've also expanded in Latin America. We'll be making a trip to Brazil in the fourth quarter because there are companies that are very anxious to expand the existing business we already do with them, and we are putting a lot of effort into expanding our business in China.

As the business continues to grow, does that next generation of leaders understand the opportunities that Starr Marine offers for growth?

One of the things that differentiates Starr Marine is that we home grow our team and have great loyalty. Of my regional management team from pre-2006, all eight are still on the team or have retired after lengthy careers with Starr.

The individuals that we look to hire do not necessarily need to have prior maritime industry knowledge, but do need to demonstrate through their academic as well as experiential education that they're analytical, quick on their feet, and that they can handle a real art form, marine underwriting, which doesn't come out of a manual. ●

Starr Aviation Agency, Inc.



**An Interview with William R. Eason, President,
Starr Aviation Agency, Inc. (Starr Aviation)**

Would you give an overview of your outlook for growth in the key segments for Starr Aviation?

Starr Aviation has a full array of products distributed from a number of domestic offices, as well as our affiliate office in London. Although all areas are performing well in relation to our industry, there are a number of areas where we expect significant growth. Our workers' compensation unit has been one of our star performers. The unit formed a strategic relationship with an A++ A.M. Best rated insurance company in 2006. Their reputation and superior claims service coupled with our underwriting expertise and knowledge of the market ensured rapid and profitable growth. Our Starr team has worked together for more than 15 years and knows the brokers and their clients.

We embedded a safety and loss control unit with our compensation team, adding even more value to our product. Working together, claims, underwriting, and safety loss control have made for a very successful unit.

Additionally, our Light Aviation division which principally caters to personal aircraft owners, is a rapidly developing strength for Starr. We met with our underwriters to develop an aviation-centric program called Starr Link, which is not only the industry-leading program, but also enables us to reach out electronically to other vital aviation centers across the world.

Furthermore, in 2009 we developed the Complex Risk Facility. Initially, our partners provided a way for us to write both the major risks, including airline and major products accounts, and the general aviation risks. However, a number of accounts fell between the parameters of the major risk and general aviation product lines. As a result, we set up a Complex Risk Unit to handle those particular types of accounts and work closely with our business partner, Starr Indemnity & Liability.

We also see a bright future in our satellite insurance unit. In April 2010, we bought International Aerospace Insurance Services, Inc., one of the top three space teams in the world, and see them competing vigorously in this important market.

Do you look at growth from a geographic point of view, and how much of a focus are the international markets for the future?

We do look geographically for growth in areas like China. At this point, we also have affiliate offices in London, which is the main aviation trade center of the world.

We know the airline and aerospace market and have the desired line size on those accounts. Since there are no new airlines or manufacturers to speak of, we can access the major accounts from our offices in the U.S. and London very effectively without adding specific in-country offices. That will change in the future as we strengthen our Asian ties.

For the middle market business, you have to be present in order to fully grasp certain situations so it will be vital to have a physical presence in some of the different geographic areas in the future.

Is there a strong understanding in the market of the breadth of what you offer and an appreciation of the expertise you have created in this segment?

Yes. We're different than many of our competitors. We do not deal with all brokers but rather with aviation specialists who are knowledgeable about market products and conditions. That combination brings the most satisfactory solution to our customers and to Starr. The aviation specialist is aware of the difference in markets and the attributes that are important to their clients. ●