

Press workshop
JEWELLERS' BLOCK INSURANCE

London, 20 June 2007



Münchener Rück
Munich Re Group



Agenda

Part one

Introduction to jewellers' block insurance at Munich Re (**Lidia Prestipino, Munich Re**)

Part two

Specific exposure, coverage and major perils (**Philippe Dietz, Munich Re**)

Protection measures (**John Shaw, S.W. Associates**)

Motivation and psychological aspects (**Doron Levy, CESG**)

Agenda – Part one



Definition of jewellers' block insurance

Development of jewellers' block insurance

Jeweller's block at Munich Re

Munich Re's diversified approach to the business

Premium volume

Services

Definition of jewellers' block insurance

- Covers all the perils and risks of diamond and/or jewellery business “en bloc” – from the mine to the jeweller’s shop
- Scope of cover: Insured against robbery, theft and other loss in transit and processing, as well as exhibitions and trade fairs
- Insured items: Precious and semi-precious stones, jewellery, watches, gold, gems

Development of jewellers' block

- Origin of JB insurance back to the 18th century
- Main players were a few specialised syndicates at Lloyd's (within "specie" business)
- Overcapacity in the 1990s resulted in bad loss experience and poor results for insurers
- Today only few providers in the national markets
- The future: Niche business for only a few players

Jewellers' block at Munich Re

- Over 30 years of underwriting experience in different markets
- Worldwide centre of competence in Munich
 - bundles specialised expertise,
 - secures quality control of underwriting and results on a Munich Re Group basis,
 - develops new business opportunities.
- Dense network of highly specialised experts around the world
- Business written from Munich and London

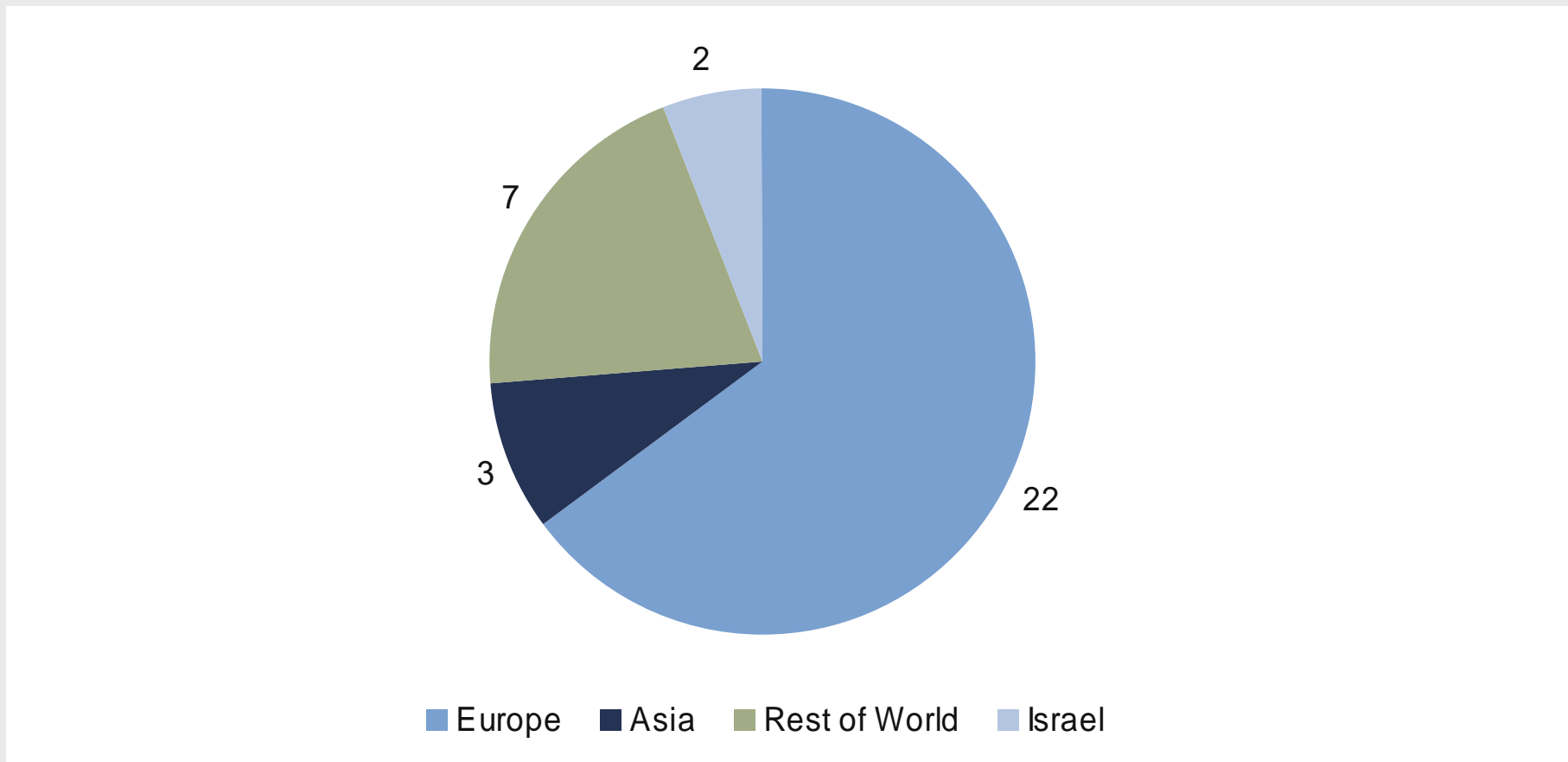
Munich Re's diversified approach to the business



- Via reinsurance of primary insurance clients
- Via local brokers in the different countries and in the London market
- Via fronting by Munich Re's subsidiary Great Lakes UK

Premium volume

- Total premium volume worldwide around US\$ 500m
- Premium income Munich Re 2006: €34m (about US\$ 42.7m¹)



¹average rate of exchange US\$ 1 = €1.2558

Munich Re's service in jewellers' block

- Technical support: Analysis
- Provide important capacity (direct and reinsurance) for retailers, wholesalers, manufacturers and diamond dealers
- Support of an international organisation with offices around the world
- Privileged access to the London market and experts around the world
- Clarify licensing issues for offices in various countries

Agenda – Part two



Specific exposure

Coverage

Major perils

Claims examples

Protection measures

Motivation and psychological profile

Planning robberies

Security awareness



Specific exposure

- Concentration of high values in small areas (window display)
- Mostly relatively small articles (diamonds)
- Possibility of reprocessing/melting goods (gold)
- Goods can easily be sold
- Existing worldwide black market (prestigious watches, etc.)



Highly attractive to criminals!

Coverage: Premises and transit section

- Comprises all activities taking place at the jeweller's premises, be it retail shop or factory and covers the entire stock of a jeweller **and**
- Comprises all activities taking place **outside** the jeweller's premises, i.e. collections



Major perils

- **BURGLARY**
i.e. theft by forced entry into the premises
- **ROBBERY (HOLD-UP)**
i.e. theft by using violence, but also pure threat of bodily injury or death
- **TIGER KIDNAPPING**
i.e. theft at premises while family of owner kept hostage at private house
- **SMASH & GRAB or VEHICLE RAM-RAID**
i.e. theft of goods after breakage of window display(s)

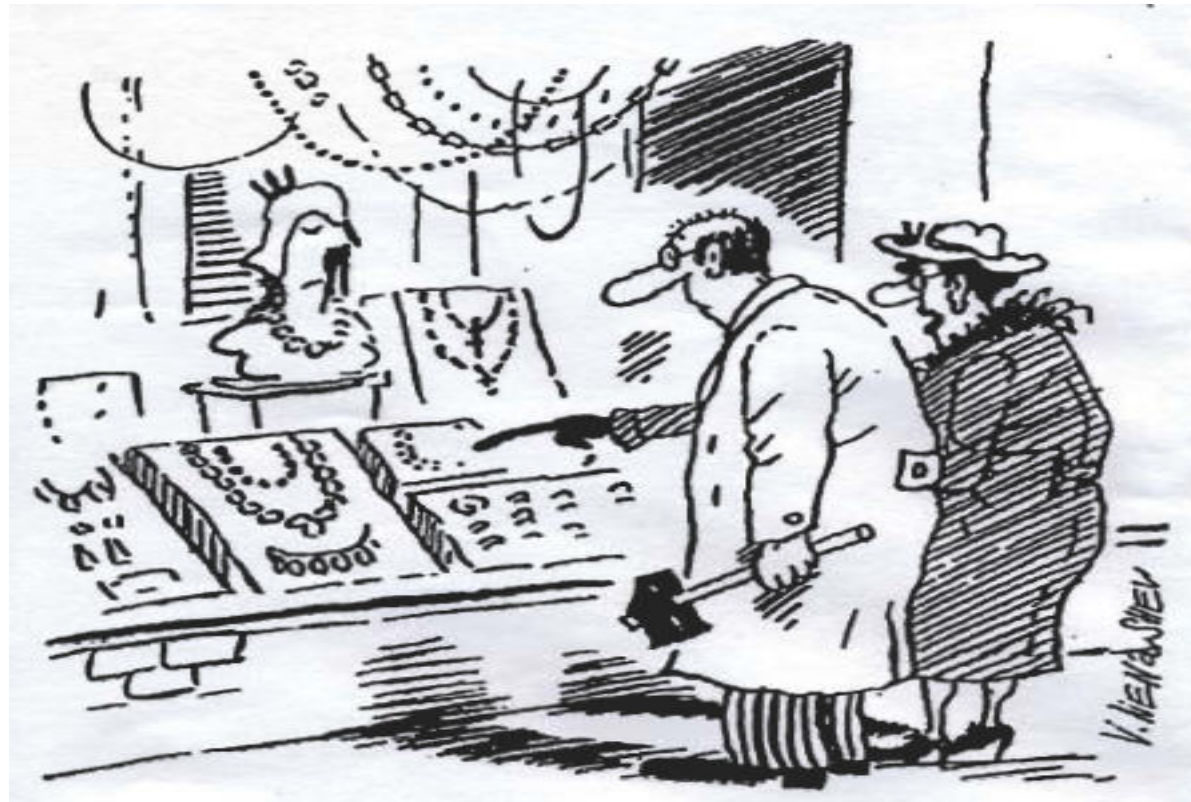


(example see picture next slide)

Ram raid in a jewellery shop



Concentration of high values in small areas



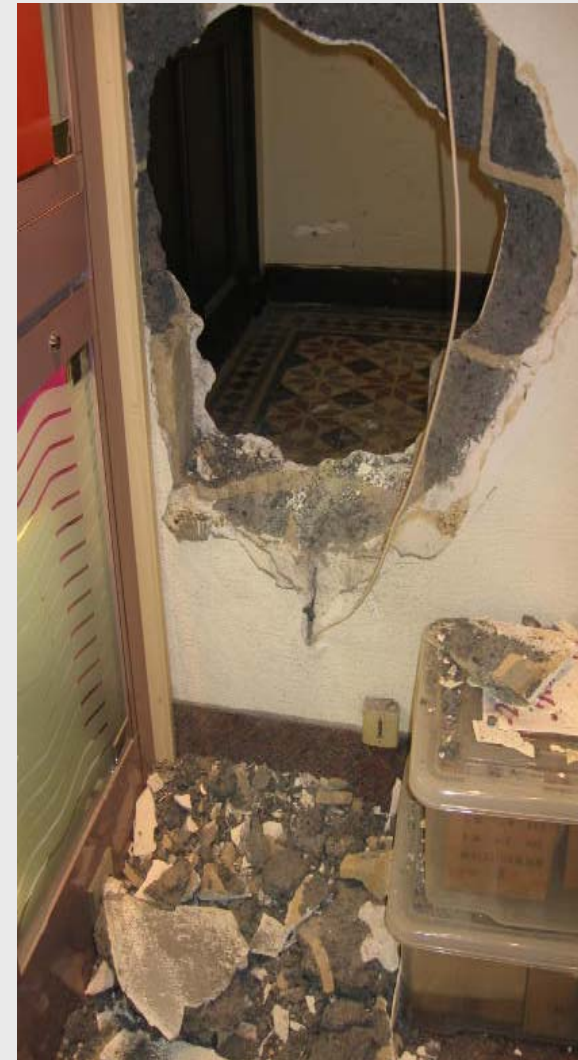
Criminals are always attracted by pieces in the window displays

Concentration of high values in small areas



With the result ...

Burglary loss

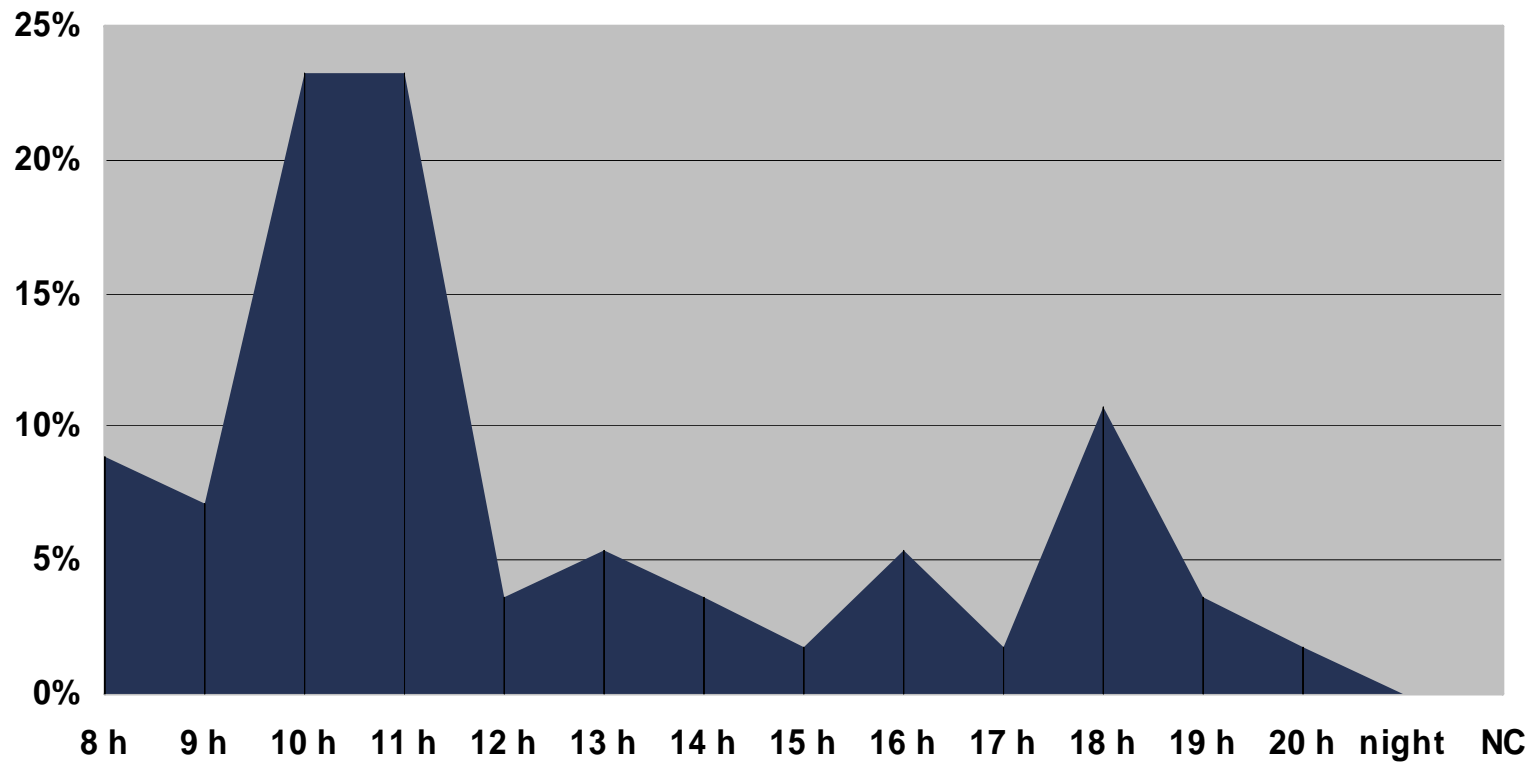


In case of a burglary a total loss might be considered ...





Robberies are mostly committed during the opening or closing of the premises.



Protection measures



How to protect against criminals

- Attitude and attention
- Distinguish customers from crooks
- Keep your security protections sharp

Protection measures

Technical protection measures

Premises:	Physical Electronic Human
Travellers:	Limit values Gadgets Human
Exhibitions:	Temporary Physical Human



When a robber points a gun at you in a shop, it is too late to react!

Motivations and psychological profile

- There is no typical criminal profile.
- Golden rule: There is always a balance of risk and reward.
- Extreme psychological pressure at the moment of attack
→ High risk of dangerous outcome
- What is the focus of the criminal?
 - Target goods
 - Time
 - Escape route

Planning robberies



Common characteristics of attacks:

- Good knowledge about security procedures and protection
- Good information about the profession and premises with focus on movement of people and goods → looking for weak points
- Focus on high value products: jewellery, precious stones, gold, prestigious watches, etc.
- Connection to the black market
- No geographical limit

Security awareness



- Criminals do their homework and monitor the target.
→ They need at least some direct contact.
- Good security is essential, but it should not be taken for granted.
→ Too much routine provokes mistakes (e.g. indiscretion, valuable information left on the desk or in the wastepaper basket).

There will always be robberies and burglaries, but the easier they are the more we will see.

Thank you very much for your attention.



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