



Dear Reader,

The year is drawing to a close with hectic renewal activities in most marine insurance outfits globally. Premiums (all renewals) in the CEFOR hull insurance market are so far this year up 19% compared to 2003 (see our website for more details). It is of utmost importance for prudent underwriters in these renewal times to keep focussing on profitability rather than volume. Only a healthy bottom line can contribute to a sound and sustained business development. A Merry Christmas to you all!

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CEFOR 2005 Annual General Meeting

The Grand Hotel, Oslo
March 15th 2005

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IUMI Conference 2004 - Singapore

The International Union of Marine Insurance held its annual conference from September 12th through 15th in Singapore. After the 2003 Seville conference "Our voyage to quality, safety and profitability" this year's conference theme was "Navigating to sustained profitability", with the stress being on "sustained". Recent years' premium increases, however slow and not yet satisfying with regard to paying major losses, still have enabled hull insurers to get closer to re-establishing a sorely needed minimum level of profitability. But there are signs that this positive trend might already have reached the turning point before the hull market has had the chance to really recover.

One of the main challenges therefore is to offset market cycle effects by establishing a reasonable and fact-based pricing policy as well as a good cycle management, thus enabling both shipowners and insurers a more predictable future. In Singapore the IUMI Facts & Figures Committee set the scene by showing the "hard" facts in terms of global market premiums and technical underwriting results, providing the background for the discussions. The presentation as well as class portfolio statistics are available from www.cefor.no. Three key industry speakers, Dr. Robert Hartwig of the New York based Insurance Information Institute, Justin Gardner of General Re and Christian Irgens of the Norwegian Hull Club, followed

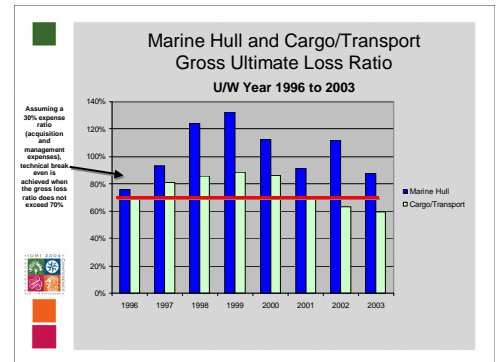
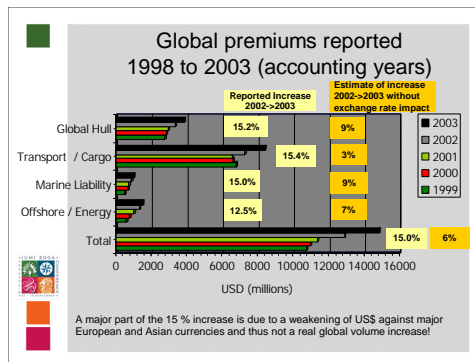
up by addressing related implications.

The variety of topics presented and discussed in the various workshops included issues of current interest such as the York Antwerp Rules of 2004, building risks, machinery damage and terrorism.

New Ocean Hull Committee chairman from this year is Ole Wikborg of Norwegian Hull Club, taking over from Simon Beale of Amlin.

All conference presentations are available from www.iumi.com, which recently has undergone an "extreme makeover" and presents itself with a new look and more information.

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Revised Norwegian Cargo Clauses and Commentary

The Norwegian Cargo Clauses and Commentary of 1995 have been revised by a Committee of cargo underwriters and representatives of Norwegian industry, trade and shippers with professor Hans Jacob Bull as Chairman. Although the revisions are few and moderate, the result is even

more customer friendly than the previous 1995 version. The Clauses are based on the Norwegian Insurance Contracts Act and are thus free of any warranties and give the insured a strong protection. The comprehensive Commentary offers explanations to each clause and detailed discussions on pertinent problems in cargo

insurance. The Clauses and Commentary are available on CEFOR's website for free download. Anybody in the market for cargo insurance is welcome to negotiate a contract based on the Clauses.

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The Central Union of
Marine Underwriters
(CEFOR) was
founded 15 August
1911 by Norwegian
and foreign insurance
companies. The
Committee of Mutual
Marine Insurers
(GSK) was founded 5
June 1885

The object of CEFOR
is to strengthen and
develop the basic
concepts of the
Norwegian marine
insurance market and
unite and coordinate
its members around
key issues for the
marine insurance
industry.

See us also at:

www.cefor.no

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Does Norwegian professional secrecy legislation concerning insurance contracts impede underwriter efforts to avoid insuring sub standard ships?

CEFOR members aim at quality ships and quality owners when seeking business. However, substandard ships and substandard operations will inevitably find their way into portfolios and thus constitute a challenge to underwriters.

The international shipping community has over a number of years been concerned about the impact of substandard shipping on safety, on the loss of lives at sea and on the environment.

In May this year the OECD released a report with the title "The removal of insurance from substandard shipping" which focuses on

the role of marine insurance in relation to substandard shipping. According to the report: "It is evident that a good deal of information is being gathered about the condition of ships and how they are being managed, maintained and operated, but by no means all of this can be accessed by an underwriter who wishes to avoid insuring substandard ships."

Norwegian marine insurers wish to be able to share and exchange such information as mentioned above in order to avoid insuring substandard ships. However, Norwegian professional secrecy legislation

concerning insurance contracts may impede such efforts. Section 1-3 of the Norwegian Insurance Activity Act spells out somewhat strict professional secrecy rules. CEFOR has on behalf of its members addressed this problem in a letter to Kredittilsynet (The Financial Supervisory Authority of Norway). Insurers' efforts to contribute to safe shipping by avoiding substandard ships and shipowners should not be impeded by secrecy rules that are primarily meant to protect personal privacy and business secrets.

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The Dublin Claims Conference

The International Marine Claims Conference was arranged in Dublin from September 29th through October 1st by the London market. The aim is to attract insurers and their advisors worldwide to convene and exchange ideas on claims issues and encourage professional contacts across national markets. 140 delegates from USA to Australia and the major European markets attended the conference. The theme of the conference was "Communication is the Key" which was launched by

presentations from national representatives on claims handling within each market.

This was followed by a panel discussion and lively comments from the audience. The CEFOR market made a strong stand by well-tuned and thorough presentations by Mr. Lars Rhodin, deputy managing director of the Swedish Club and Mr. Nicolas Wilmot, claims director of Gard. The presentations and following discussion pinpointed the well-known fact that claims handling concepts vary greatly from the hands on

insurer service concept of the CEFOR members to the more fragmented London concept where the insurer is the financial security provider and claims handling and adjusting is taken care of by independent consultants.

The future challenge will be to improve communication in instances where insurers from the various markets are sharing risks and in particular on uniform practice in relation to the claims lead principle.

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'New' Marine Insurance Training and Education

After a programme review and restructuring, The Norwegian School of Management (BI) will as of 2004/2005 be offering a marine insurance training portfolio consisting of

- the four in-depth marine insurance courses (ECTS Credits: 10-12 each) on respectively Marine Law and Marine Insurance Law, Underwriting in Marine Insurance, Claims Handling in P&I Insurance and

Average Settlement in Hull Insurance (Part-time, Spring 2005)

- the marine insurance introductory seminar (ECTS Credits: 6) including an overview of recent developments (2 days, December 6th-7th, 2004)
- the course "International Shipping 1, Basic" (ECTS Credits:12) including marine insurance law, the insurance markets, the role of the

broker, insurable interests from an owners perspective, terminology etc. (60 hrs part-time, Spring 2005.)

All courses can be combined with courses offered by other institutions and included in a Bachelor of Management program.

More information available on www.forsakad.no and www.shipping-academy.no.

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