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# CEFOR Newsletter

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## CEFOR 2005 Annual Meeting

Grand Hotel, Oslo  
15<sup>th</sup> March 2005.

### NEW CEFOR Board of Directors:

Bjørn Hildan, Chairman,  
*Bluewater Insurance*  
Christen Guddal,  
*Gard*  
Ole Wikborg,  
*Norwegian Hull Club*  
Kari Svenke,  
*Codan Marine Services*  
Harald Teige,  
*Gjensidige NOR Forsikring*  
Svein Arne Aas,  
*If Skadeforsikring*  
Eric Jacobs,  
*Skuld*  
Carsten Mortensen,  
*TRYG Vesta*

### CEFOR Members:

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Dear reader,

*The slow season is here and marine insurance is taking a long, deep breath in order to prepare for the autumn. CEFOR has over the past few months focused on a number of issues, some of them is also reported in this issue, but the Nordic integration and reorganization have naturally been a priority. The Scandinavian approach to marine insurance is fundamentally different from that of our main competitors abroad and this common denominator constitute the platform for a Nordic strengthening of efforts in a leaner and more efficient structure. We are here, we have been here and we will continue to be here...in one shape or another! Watch us as we go along and have a pleasant summer!*

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## New structure for Nordic marine insurance co-operation

The AGM of the Nordic Marine Insurance Pool (NMIP) in Nådendal, Finland on June 13<sup>th</sup> decided to discontinue the present organization with immediate effect. This decision comes as a result of an ongoing consolidation on the Nordic marine insurance scene over more than a decade and following an in-depth strategy discussion and analysis in the NMIP Board of Directors. The Nordic Marine Insurance Pool was founded in September 1945 with the objective of strengthening and enhancing the interests of all Nordic marine insurers. In it's 60<sup>th</sup> anniversary year it

will thus be replaced with a more efficient structure better reflecting the current situation within Nordic marine insurance. It has been agreed to establish two Nordic Centres of Competence (CoC); one within CEFOR in Oslo for H&M and P&I (shipowner-related) insurance and one with SAMU (The Swedish Association of Marine Underwriters) in Stockholm for cargo and transport liability insurance. It is expected that all issues related to statistics, insurance conditions, trade and industry policy, profiling and education are to be

handled on a Nordic level by these two centres respectively. A revision of CEFOR's organisation structure is currently in the pipeline in order to better reflect the needs and objectives on a Nordic level. In addition, the two CoC's will jointly and on an annual or bi-annual basis hold 'Nordic Marine Insurance Days' with strong emphasis on high quality speakers and in-depth topics on marine insurance as a competency development seminar. The new CoC are expected to be operational as of 2006.

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## IACS Class Societies Agree on Common Structural Rules

Heavy industry pressure, also from CEFOR and marine insurers, resulted in a historic unity among all IACS class societies to implement Common Structural Rules on both Tankers and Bulk Carriers by 1 April 2006. The agreement came as a result of high level overtime negotiations in Paris, on Monday June 13<sup>th</sup> 2005, in conjunction with IACS Council Meetings. The Common Structural Rules represent an important evolution in

newbuilding standards through the removal of rules competition between class societies. Class societies have historically competed for market share by accommodating for pressure from shipyards to minimise steel weight and pressure from owners to achieve lower costs. Design margins have thus been eroded with a greater focus placed on maintenance procedures. This process has resulted in lack of trust in the class

system with increasing concerns being expressed by primarily regulators, but also marine underwriters, over structural integrity and ultimately the entire class concept. With the introduction of Common Structural Rules the whole system of ship design and construction, and also the class societies themselves, will receive a much needed boost of confidence.

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Executive Secretary

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:

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## Norwegian Ministry of Finance sets marine insurance transparency for substandard ships in the doldrums

In our last Newsletter we reported that CEFOR on behalf of its members had addressed the transparency problem concerning substandard ships in a letter to Kredittilsynet (The Financial Supervisory Authority of Norway). Norwegian marine insurers wish to be able to share and exchange information about the condition of ships and how they are being managed, maintained and operated in order to avoid insuring substandard ships.

However, Norwegian professional secrecy legislation concerning insurance contracts may impede such efforts. Section 13 of the Norwegian Insurance Activity Act spells out somewhat strict professional secrecy rules.

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. The CEFOR initiative was supported by the Norwegian Ministry of Trade and Industry as well as the Norwegian Shipowners' Association.

The Financial Supervisory Authority favoured the wish for transparency and put forward a motion to the Ministry of Finance for allowing marine insurers exchange and share information as mentioned above. Unfortunately, the

Ministry of Finance turned the motion down on the grounds that the no exemption from the professional secrecy rules under Norwegian Insurance Activity Act can be given nor can the Act be amended to suit the purpose of the motion. Further, the Ministry calls for the Ministry of Trade and Industry to propose special legislation in order to enable marine insurers to exchange and share information regarding substandard ships.

CEFOR regrets the legalistic stance of the Ministry of Finance and will cooperate actively with the Ministry of Trade and Industry in order to solve the problem.

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## The 2004 NoMIS Report – Norwegian Marine Insurance Statistics

When it comes to Hull & Machinery statistics, the annual NoMIS report is probably the most comprehensive statistics report available in the market. In 2005 this report has been completely redone. While earlier reports focused on exposure and claims separately, the new report focuses on indices measuring claims per vessel, tonnage, sum

insured and premium. The report is available for download from [www.cefor.no](http://www.cefor.no). Judging from historic underwriting performance and cyclicity in premium rates, a sound basis for premium calculation is sorely needed. Although calculations of expected claims cost on individual fleets require expert

judgement and more detailed statistics, the report does shed some light on claim costs in a macro perspective. For the first time we also supply exposure curves for quoting marine reinsurance. This information should also give a sounder basis for calculations. Feedback and comments are welcome!

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## Proposal for a new act on ship safety to be handed over to Mr Børge Brende, Minister of Trade and Industry in August

A Government Committee was appointed by a Royal Decree of 24 October 2003 to propose a new act on seaworthiness. Although the current Seaworthiness Act of 9 June 1903 has been amended on a number of occasions often following Norway's ratification of international conventions concerning safety at sea, the Act is regarded as too detailed and out of date as a supervisory act. The Committee's main objective

was to propose an act on seaworthiness based on modern supervisory principles. The Committee Chairman is professor dr. juris Hans Jacob Bull at the Scandinavian Institute of Maritime Law of the University of Oslo. The CEFOR representative in the Committee was lawyer Marit Helleberg of Gjensidige NOR Forsikring. The proposal for a new act on ship safety will be handed over

to the Minister of Trade and Industry in August. The key feature of the proposed act is the shipowners' obligation to set up, implement and enhance safety management systems. The Ministry of Trade and Industry will send the proposal out for hearing whereupon the Government will submit a proposal for a new Act to the Storting (Parliament).

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