



Dear friends,

A higher number of passengers and crew per vessels, the continued drive for faster and bigger box ships coupled with the alarming shortage of qualified deck and machinery crew are clear examples of larger exposure per keel for marine underwriters and a changing risk picture.

To meet this new reality we need to increasingly focus on how we recruit, develop and retain young and talented people.

For our own and for our clients sake we must communicate better with the future work generation and come across as an exciting and forward oriented industry. Truly a win-win objective?

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CEFOR 2007 Annual General Meeting

The Grand Hotel, Oslo
March 20th 2007

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IUMI Conference 2006 - Tokyo, Japan

The International Union of Marine Insurance held its Annual Conference from September 18th through 20th in Tokyo. After the 2005 conference pointed out that Marine Insurance is essential to Global Trade, this year's focus was on "Risk Assessment and Loss Prevention – a Common Goal". After the introductory speeches by IUMI Chairman Patrick de la Morinerie, Mr. Fudeji Hama, Chairman of the Organizing Committee, and Mr. Koju Yoshida, Managing Director of the General Insurance Association of Japan, the Facts & Figures Committee again set the scene by showing the "hard" facts in terms of global market premiums and technical underwriting results, against the background of the development of the Global Merchant Fleet. The presentations given by Tore Forsmo and Astrid Seltmann as well as additional

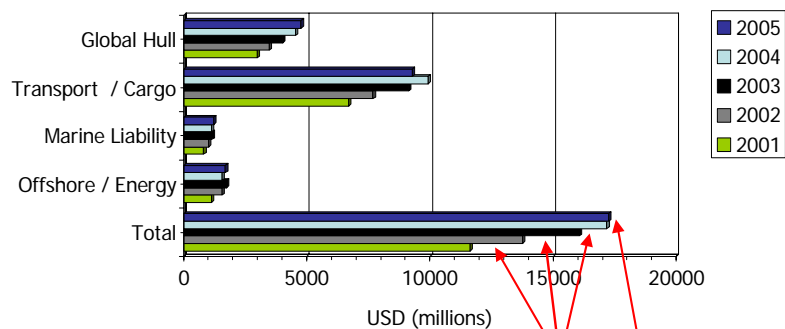
Shipbuilding Statistics can be downloaded from www.cefor.no. The subsequent F&F Open Forum focused on Container Vessels and Risk Aggregation including dangerous cargo issues. The industry speakers Mr. Matthias Kirchner and Captain James McNamara took up the theme from the Underwriter and Port point of view respectively. The lively discussion afterwards showed the audience's clear interest in these issues. The new "Emma Maersk" was referred to several times during the entire IUMI Conference as a prime example of the new generation container vessels and the increased risk exposure these represent to underwriters. The issue was also addressed in the Ocean Hull Workshop where Mr. Richard B. Fairbanks gave in a very instructive way insight into the salvage of large container vessels and pointed out typical challenges and how they can be met.

Other workshops of the Cargo, Legal and Liability, Inland Hull, Fishing Vessels and Yachts, and the Energy and Offshore Workshop were held in parallel sessions on Tuesday 19th. On Wednesday again all gathered for the Loss Prevention Workshop and a presentation by Swiss Re on Insurance Cycles in Marine. During the final session Mrs Deirdre Littlefield was elected new IUMI President, succeeding Patrick de la Morinerie. Ole Wikborg from Norway, was elected as new member of IUMI's Executive Committee. All conference presentations are available from www.iumi.com. The next IUMI Conference will take place in Copenhagen from 10th through 12th September 2007.

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Global premiums reported 2001 to 2005 (accounting years)



Increase 01-04 partly due to weakening of USD against major European and Asian currencies.

Stagnation 05 due to strengthening of USD against major European and Asian currencies.



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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.

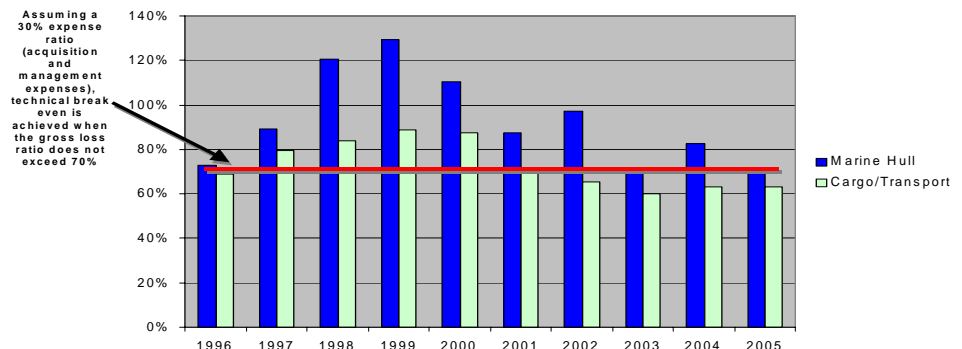
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www.cefor.no

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Marine Hull and Cargo/Transport Gross Ultimate Loss Ratio

U/W Year 1996 to 2005



New Ship Safety Act

We reported in CEFOR Newsletter 01/2005 that a Government Committee was appointed in 2003 to propose a new act on ship safety which is to replace the current Seaworthiness Act of 9 June 1903. The proposal for a new act on ship safety was handed over to the Minister of Trade and Industry in August 2005. The Ministry sent the proposal on hearing to the shipping industry and other interested parties. The Government approved the proposal submitted it to the Storting (Parliament) in June 2006. Hopefully, the proposal will pass through the Storting this autumn, enabling the Government set the act into force 1 January 2007.

The proposed act will apply to all Norwegian vessels worldwide and foreign vessels in Norwegian waters. The concept of seaworthiness as a measure of ship safety which is a term in the current Seaworthiness Act is abandoned in the proposed act in favour of the concept of safety management derived from the ISM Code. The proposed act names the shipowner as the main subject of responsibility for the ship and management.

The matter of marine insurance transparency is dealt with in Chapter 11 of the proposed act. In Newsletter 02/2005 we reported on the efforts of the marine insurance industry to ensure a legal basis for the

right 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 vessels. Norwegian professional secrecy legislation concerning insurance contracts impedes such efforts. The Ministry of Finance turned down the industry's request for an exemption and called for the Ministry of Industry to propose special legislation in order to enable marine insurers to exchange and share information regarding substandard ships. As a result of this, a provision concerning the professional secrecy of marine insurers is included in the proposed act.

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Proposed ban on broker's commission from insurers

The Ministry of Finance has instructed the Banking Commission to draft an act to prohibit insurance brokers from receiving commission from insurers. Denmark has already enacted similar legislation. CEFOR has approached the

Banking Commission and voiced its concern about the proposal when it comes to ocean hull business. Around 80 percent of Norwegian ocean hull insurers' premium is derived from non-Norwegian shipowners.

CEFOR spokesman to the Commission, Ole Wikborg, is cooperating actively with the Commission's working group in order to find a suitable solution. The Commission is expected to present its report by early 2007.

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2007 Version of the Marine Insurance Plan

The 2007 Version of the Norwegian Marine Insurance Plan (the Plan) will be ready in

December 2006. A CEFOR circular with more information will be sent out in November.

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