

**For Release 8 a.m. UTC
21 March 2002
4 pages**

The Central Union of Marine
Underwriters (CEFOR)
P.O. Box 2550 Solli
N-0202 Oslo
Norway



Key market showing marine insurance rebound...

Sustainability paying off – Norway continue marine growth

Norwegian marine underwriters are back on track according to new figures released today by CEFOR (The Central Union of Marine Underwriters Norway). Results for hull & machinery insurance show a significant premium increase from 2000 to 2001 amidst a reduction in the number of vessels insured by the market. Says managing director Tore Forsmo: *“The results are indeed encouraging and bear witness of how commitment and sustainability is prevailing in an industry troubled with extreme volatility.”* From 2000 to 2001, total premiums for the hull & machinery segment were up by close to 20 % whereas at the same time the number of vessels insured in the market dropped slightly. Mr. Forsmo continues: *“Persistent quality underwriting, with a focus on risk evaluation and selection, coupled with close customer relationship and timely and efficient services are proving to be the ultimate winning strategy”*.

According to CEFOR figures, the gross premium income for the Norwegian market was up from USD 589 million in 2000 to USD 640 million in 2001. The contribution being mainly from hull & machinery and war risk, with the latter showing a premium increase of more than 1000 % (from USD 1,5 million in 2000 to USD 16,5 million in 2001).

Although premiums are slowly increasing and the global market recovery prospects are looking good, the current worldwide rate level is still insufficient for underwriters to make a profit. The current three-year average loss ratio projected by CEFOR is 140%, and 2001 is expected to end in the same area for most international markets. Assuming a 10% deterioration of results, 10% reinsurance costs and 20% operational costs, the international marine insurance markets need a premium increase of approximately 80% before taking into account return on invested capital. Another element is the lack of return on investments. For a long period, underwriters have been able to operate with a breakeven result on the insurance risk and have made enough money on invested premiums to give an acceptable return on capital.

The Central Union of Marine Underwriters, Oslo
tel : + 47 23 08 65 50 fax: + 47 22 56 10 77 e-mail: cefor@cefor.no web : www.cefor.no
Contact: Managing Director Tore Forsmo, tel: +47 23 08 65 57 e-mail: tore.forsmo@cefor.no

Visit www.cefor.no for more information and an electronic download of CEFOR's Annual Report 2001.

CEFOR Press Brief

This is currently not possible, and global capital owners are demanding positive insurance results. A 100% premium increases will only bring the market up to 66% of 1995-levels.

On the claims side, underwriting year 2000 shows a stable trend when compared to 1999 and might ultimately end up with a slight reduction in the number of claims. Figures for 2001 are currently at the same level as 2000 figures were at the same time last year. CEFOR were in 2000 concerned about the significant increase in groundings and this year a similar increase in contact damages has been registered. Machinery claims are still the most frequent single category as well as the most costly, accounting for 24% of total claims costs. However, groundings, collisions and contact damages added together account for close to 40% of the total number of cases and for more than 40% of the costs over a three-year period. It seems clear that underwriters need to start focusing on nautical and operational related claims to a much greater extent than previously.

Given the present stable claims situation and the fact that underwriters are starting to see premiums rising, the outlook for the global marine insurance industry is indeed looking brighter.

“I believe it is important to underline that the positive signals we are seeing are results of consolidation and improved rating quality rather than aggressive market growth and focus on volume. Any quality conscious international marine insurance market will put stability and predictability ahead of sheer volume growth,” says the CEFOR managing director.

According to CEFOR, stability through structure, position and purpose have always been inherent factors to Norwegian and Scandinavian marine insurance. Though the structure of this industry has changed dramatically over the past few years, CEFOR members have been responsive to change, continuously adapting to changing business environments, whilst at the same time maintaining long term customer focus.

The Central Union of Marine Underwriters, Oslo
tel : + 47 23 08 65 50 fax: + 47 22 56 10 77 e-mail: cefor@cefor.no web : www.cefor.no
Contact: Managing Director Tore Forsmo, tel: +47 23 08 65 57 e-mail: tore.forsmo@cefor.no

Visit www.cefor.no for more information and an electronic download of CEFOR's Annual Report 2000.

The Fleet Insured with NoMIS members

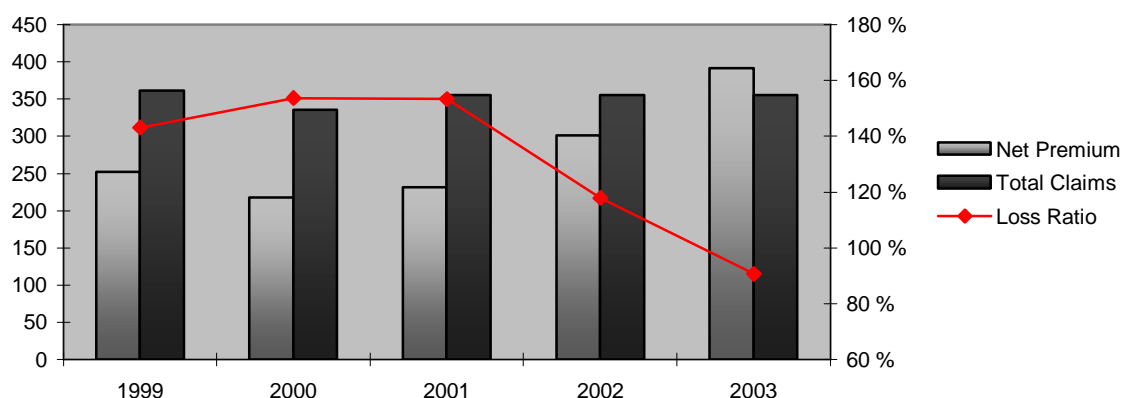
A typical Vessel

Underwriting Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Number of fleets	307	286	275	250	263	851	969	985	951	775	597	534
Number of vessels	2 312	2 334	2 424	2 313	2 589	4 993	5 644	6 817	6 803	6 286	5 242	5 193
(F)DWT (millions)	115,7	131,9	140,6	140,1	151,7	255,7	274,6	310,5	308,4	310,7	290,3	277,5
Number of Claims	1 854	1 466	825	702	676	1 397	1 505	1 945	2 020	1 587	1 159	568
Average												
Size (F)DWT	50 750	56 757	58 110	60 609	60 419	52 585	49 881	47 675	47 833	52 017	57 392	55 951
Age (years)	13,4	13,1	13,5	13,5	13,0	13,2	13,7	14,3	14,3	14,3	13,6	13,8
Value USDm	14,2	15,7	15,9	18,3	21,5	20,1	17,7	17,6	20,7	20,0	24,1	24,5
Standard Deductible USD	35 578	54 280	97 696	129 721	211 864	212 320	193 990	156 352	135 554	141 058	155 213	175 997
Std. Deductible < 500,000 USD	35 545	54 171	97 896	125 709	143 676	150 957	131 489	119 838	106 592	108 460	114 090	116 399
Net Premium USD	81 894	99 548	122 995	153 587	140 780	123 750	90 356	63 400	54 088	45 204	44 557	47 029
Claim USD	186 528	121 570	89 514	72 248	67 731	69 013	67 006	64 131	79 031	62 202	58 264	
Claim frequency	0,87	0,68	0,38	0,33	0,27	0,32	0,30	0,32	0,33	0,28	0,24	
Claim freq. claims > 10,000 USD	0,58	0,43	0,22	0,16	0,14	0,14	0,14	0,15	0,16	0,14	0,12	
Loss Ratio (%)	228 %	122 %	73 %	47 %	48 %	56 %	74 %	101 %	146 %	138 %	131 %	

Comments to “A typical Vessel”

- 1) The figures for the years 1995 – 2001 cannot be compared directly with previous years. For the year 1994 and earlier, only parts of the business were included, whereas all business is included as from 1995. Although the spread of tonnage is similar before and after 1995, the fleet has changed considerably.
- 2) The figures in the table are 100 % figures, per vessel underwritten by CEFOR companies. The share placed in the CEFOR market shows a loss ratio for 2000 of 131 %.
- 3) The figures are submitted electronically by the companies, thereby ensuring up-to-date data at all times.
- 4) Only figures regarding the *average* vessel were included in 2001 results. Current figures regarding total premium and claims give a misleading result for 2001. The cash premium index for 2001 shows a 12 % increase in premium for renewed business. The L/R for 2001 at 31.12.01 amounted to 50 %, at which time the L/R included a major share of total premiums and a minor share of total claims. The predicted L/R for 2001 is 153 %.
- 5) The average deductible has remained relatively unchanged from 1995 to 2001 for the individual vessel types. The variations are due to changes in types of tonnage coupled with a reduction in some extraordinarily high deductibles. The figures for 2001 show a 13% increase in the average deductible compared with 2000. This is due to the inclusion of deductibles above

Estimated Loss Ratio 1999 - 2003
Figures per 1 000 vessels
 in USD



Calculation of Estimated Results for 1999 to 2002:
 Premium trends for 1999 to 2001 are based on actual changes in the Cash Index, while developments for 2001 to 2003 have been deduced from current market trends. Claims figures for 1999 to 2001 are based on actual claims incurred per 31.12.2001 plus a calculated IBNR-reserve for claims not yet known or not fully reserved per 31.12.2001. When interpreting the figures it is important to bear in mind that the IBNR-calculation is based on **average** historical trends for such claims.

The Central Union of Marine Underwriters, Oslo
 tel : + 47 23 08 65 50 fax: + 47 22 56 10 77 e-mail: cefor@cefor.no web : www.cefor.no
 Contact: Managing Director Tore Forsmo, tel: +47 23 08 65 57 e-mail: tore.forsmo@cefor.no

Visit www.cefor.no for more information and an electronic download of CEFOR's Annual Report 2001.

The Norwegian Marine Insurance Market

Market shares, all sectors

	2000			2001		
	Gross written premiums, direct insurance: USD 589 m			Gross premium income, direct insurance: USD 639.9 m		
	USD 1= NOK 8,80			USD 1= NOK 9,03		
	NOK mill.	USD mill.	%	NOK mill.	USD mill.	%
Hull	2082,6	236,7	40,2 %	2576,8	285,3	44,6 %
P&I	2058,3	233,9	39,7 %	2138,4	236,8	37,0 %
Energy	656,7	74,6	12,7 %	636,6	70,5	11,0 %
Cargo	385,7	43,8	7,4 %	427,1	47,3	7,4 %
Total	5183,3	589,0	100,0 %	5778,9	639,9	100,0 %
1. Ocean Hull						
Gard	626,0	71,1	40,1 %	837,1	92,7	43,9 %
Gjensidige*	179,0	20,3	11,5 %	228,3	25,3	12,0 %
Industriforsikring	4,1	0,5	0,3 %	4,6	0,5	0,2 %
Norwegian Hull Club	511,6	58,1	32,7 %	565,3	62,6	29,6 %
Zurich	128,5	14,6	8,2 %	115,6	12,8	6,1 %
Gerling	75,0	8,5	4,8 %	134,8	14,9	7,1 %
Fender	38,7	4,4	2,5 %	21,0	2,3	1,1 %
Total	1562,9	177,6	100,0 %	1906,7	211,1	100,0 %
War Risks	13,1	1,5		148,8	16,5	
*Including marine offshore						
2. Coastal and fishing						
Gjensidige	105,0	11,9	20,7 %	106,5	11,8	20,4 %
If	118,0	13,4	23,3 %	115,0	12,7	22,1 %
Vesta	55,0	6,3	10,9 %	63,1	7,0	12,1 %
Norwegian Hull Club	15,7	1,8	3,1 %	20,2	2,2	3,9 %
Coastal Marine Clubs*	209,6	23,8	41,4 %	214,0	23,7	41,1 %
Sparebank 1 Forsikring	3,3	0,4	0,7 %	2,5	0,3	0,5 %
Total	506,6	57,6	100,0 %	521,3	57,7	100,0 %
*Coastal Marine Clubs' Mutual Company and the coastal marine clubs						
3. P&I						
Gard	1091,2	124,0	53,0 %	1219,1	135,0	57,0 %
Skuld	967,1	109,9	47,0 %	919,3	101,8	43,0 %
Total	2058,3	233,9	100 %	2138,4	236,8	100 %
4. Energy						
Gard	545,6	62,0	83,1 %	587,0	65,0	92,2 %
Gjensidige	57,3	6,5	8,7 %			
Zurich	53,8	6,1	8,2 %	49,6	5,5	7,8 %
Total	656,7	74,6	100,0 %	636,6	70,5	100,0 %
5. Cargo						
All Insurers	383,7	43,6		425,6	47,1	
War Risks	2,0	0,2		1,5	0,2	
Total	385,7	43,8		427,1	47,3	

The Central Union of Marine Underwriters, Oslo

tel : + 47 23 08 65 50 fax: + 47 22 56 10 77 e-mail: cefor@cefor.no web : www.cefor.no

Contact: Managing Director Tore Forsmo, tel: +47 23 08 65 57 e-mail: tore.forsmo@cefor.no

Visit www.cefor.no for more information and an electronic download of CEFOR's Annual Report 2000.