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The Norwegian marine insurance industry – taking charge

The Norwegian marine insurance market accounts for 15 – 20 % of the global premium volume for the insurance lines “bluewater” hull and machinery (H&M) and protection and indemnity (P&I) respectively. Three of the top ten leading specialists in the global marine, energy and P&I industry are domiciled in Norway. Ambitions are high; the Norwegians are aiming at 25% global marketshare within the next ten years; “Twentyfive in Twentyten”. To help achieve this objective, the players are joining forces under one market organisation for all marine underwriting in Norway.

The Norwegian market’s present international position is the result of sustained growth during the four business cycles since 1970. Norwegian insurers have secured their present market share in competition with leading international markets such as Lloyds, and view the growth as related to the market’s inherent structural advantages. The Norwegian marine insurance market sees its future growth as emanating from these same advantages and does not plan to resort to the sort of fierce price competition that has been prevalent around the world to attract business.

The strength of the Norwegian marine insurance market is a combination of worldwide shipping experience and market professionalism: innovative shipowners, highly qualified shipyards and equipment manufacturers, leading suppliers, motivated seafarers and distinguished technological, maritime, financial and underwriting expertise. All these factors put together and the mutual dependency among the different players, provide the industry with a unique ability to withstand tough international competition, adapt to changes and exploit new market niches.

Norway is well positioned and has products and services that are well adapted to shipping clients’ needs:

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- An integrated claims product. Hands-on management together with dedicated surveyors representing the individual insurer. The claims process is managed by the leading underwriter and is not outsourced. Claims handling **is** the product!
- Cost efficient and knowledgeable organisations. Efficient lines of communications ensure that frictional costs are low. Norwegian insurers employ to a higher degree than others nautical personnel such as master mariners, superintendents, engineers and naval personnel in their organisations.
- Norwegian policy wordings are “all risks” rather than “named perils” and are developed with equal participation from shipowners, shipyards, classification and insurers. Recent international initiatives aimed at improving policy wordings, use the Norwegian Plan as their foundation.
- An active attitude to loss prevention initiatives with products ranging from emergency response training to the building of risk methodology and loss causation databases.

Norwegian marine insurance has traditionally comprised a company market and a mutual club market, organised respectively by The Central Union of Marine Underwriters (CEFOR) and Mutual Marine Insurers’ Committee (GSK).

Discussions on finding a common ground for closer co-operation between the two organisations have been ongoing over the past four years and as of 1 January 2001, the two have decided to merge their activities. The merger will for all practical purposes be implemented by the mutual clubs joining as CEFOR members. New statutes and a new cost-distribution model have been agreed by the boards of the two bodies and were given final approval by CEFOR’s Extraordinary General Meeting on 5 December 2000. The membership of CEFOR will thus as of 1 January 2001 be:

- Norwegian Hull Club – Mutual
- Gard Services
- Skuld
- The Norwegian Shipowners’ Mutual War Risk Insurance Association
- Northern Shipowners’ Defence Club
- Gjensidige Forsikring
- Zurich Protector
- If Skadeforsikring
- Vesta Forsikring
- Industriforsikring
- Sparebank1 Skadeforsikring
- KLP Skadeforsikring
- AIG Europe
- Forsikringselskabet Codan
- The Swedish Club

With this merger, the Norwegian marine insurance market will have further consolidated with an all encompassing market organisation for the insurance lines hull and machinery (blue water and coastal), P&I, war risks and legal defence.

The areas of focus for the new organisation will be developing and expanding insurance conditions, mainly the Norwegian Marine Insurance Plan, further strengthening and developing of market (claims and premiums) statistics, co-operation on claims handling and practices in addition to market promotion and general policy issues.

The administration and organisation of the new CEFOR will remain as it is today, headed by the following executive board:

- Sven Henrik Svensen, Senior Vice President Gard Services
- Douglas Jacobsohn, Chief Executive Officer Skuld
- Torleiv Aaslestad, Deputy Managing Director Norwegian Hull Club – Mutual
- Ole Wikborg, Senior Vice President Zurich Protector
- Per Arne Myklebost, Managing Director Industriforsikring
- Ivar Williksen, Executive Director - Marine Gjensidige Forsikring
- Normann Møgster, Head of Nordic Marine If Skadeforsikring
- Danckert Krohn-Eeg, Assistant Vice President Vesta Forsikring
- Georg Scheel, Managing Director Northern Shipowners' Defence Club

With an expected hardening of global marine insurance markets, the consolidation of the Norwegian marine insurance industry is now properly reflected also by the trade organisation through this merger. With an already established close co-operation and so many common interests, it has only been a logical development to join the entire marine insurance market under one organisational umbrella.

Norway has maintained its pole position as a leading shipping nation and marine insurance provider by remaining at the forefront of maritime development and services. The "new" marine insurance market organisation will maintain and develop these comparative advantages further.

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