

**For Release 8 a.m. UTC
September 13, 1999
1 page**

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The end of the millennium also the end of marine insurance ?

Gloomy forecasts right on !

Last year Norway's Central Union of Marine Underwriters (CEFOR) predicted marine insurance loss ratios in the order of 104 % for underwriting year 1997 and 135 % for 1998. This year these pessimistic predictions are confirmed by recent updates from the NoMIS database.

"We knew marine insurance markets would produce terrible results for insurance years 1997 and 1998. Unfortunately the confirmation of our worst estimates does not unfortunately come as a surprise" says CEFOR managing director Tore Forsmo. "The question is now whether there is enough sense left in marine insurance markets to put an end to nonsense underwriting and excess capital."

Today CEFOR issued new figures for the Norwegian marine insurance market confirming that loss ratios for underwriting years 1997 and 1998 have now reached 104% and 124 %, respectively. With the inclusion of IBNR the loss ratio for 1998 is set to reach well above 130 %. This confirms last years predictions and also reaffirms CEFOR's worst case estimate for 1999 of 160%.

CEFOR's Norwegian Marine Insurance Statistics (NoMIS) has been upgraded with "real time" electronic updating from its members. *"This gives us a unique opportunity to follow market developments on a monthly basis and constantly monitor developments"* said Mr. Forsmo.

CEFOR reports for the insurance year 1998 that the frequency of claims is on a slight increase, up to 0.23 from 0.20 in 1997. The average age of vessels insured by the Norwegian market seems to remain unchanged at 14 years and although it is still early to comment on the insurance year 1999, there is nothing to indicate changes in this respect.

"As the end of the Millennium is rapidly approaching, some may argue that so indeed is marine insurance as we know it" comments Mr. Forsmo laconically.

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