



PRESS RELEASE

Oslo, Norway, 3 April 2014: Cefor releases 2013 marine hull claims trends from the Nordic Marine Insurance Statistics (NoMIS) database and elects a new member to its Board of Directors.

Costly exceptions the new normal?

The frequency of ocean hull claims is at an all-time low after its record high level in 2008, according to new Cefor statistics released today. However, the favorable picture is tainted by two large partial claims with a record cost of more than USD 60 million. “The claim cost per vessel does not show the same positive trend as frequency due to some very large claims in recent years”, says Helle Hammer, Managing Director of Cefor.

In 2012, it was the total loss of “Costa Concordia” and four other total losses in excess of USD 30 million that had a strong impact on the overall claim cost. Although this may have been exceptional, the increasing number of high-value vessels in the portfolio increases the probability of very costly total losses. In 2013, a different aspect of high-value vessels was illustrated: “For the first time we registered not only one, but two partial losses exceeding USD 60 million in the NoMIS database”, Helle Hammer reports.

“The inclusion of extreme losses is important in any pricing process. But the impact of these very expensive claims on very large vessels represents a challenge even when using insurance portfolio data rather than fleet statistics due to the low number of such claims. There will be vessels with a more comprehensive claims history, but how to extrapolate experience from these to the larger vessels where there is less statistical experience is still a challenge.”

With the strong impact of individual events, or absence of them, the underlying claims cost trend is better monitored through the frequency and median of claims in excess of various thresholds. The frequency of claims in excess of USD 500,000, representing 75% of the claims cost, perfectly mirrors the shipping boom and bust in 2005-2009. It also mirrors the increase in the claims cost per vessel during that same period. “The favorable trend we now are experiencing with frequency is similar to what we saw prior to the shipping boom. What is new is the impact of some expensive claims on expensive vessels being the driving force of increased claims cost”, says Helle Hammer.

For the coastal portfolio, there was a positive development in the claim cost per vessel. However, both the cost per vessel and the average claim size must be viewed in relation to changes in the coastal portfolio since 2010, especially the increasing impact of fishing vessels and minor coastal vessels.

About NoMIS

Since 1985, leading members of Cefor have compiled and analysed statistical information relevant to their hull & machinery insurance portfolio. The Nordic Marine Insurance Statistics database comprised 310,000 vessel years and 76,000 claims by the end of 2013.

More information is available at www.cefor.no/statistics



New member from Gard to the Board of Directors

The Annual General Meeting elected Christen Guddal, Senior Vice President and Head of Industry Liaison and Quality Management (Gard), as a new member to the Cefor Board, with Jan-Hugo Marthinsen acting as his personal deputy.

Leif Nordlund (Alandia Insurance) was re-elected vice chair, while Arne Gangdal (Gjensidige) and Anne Systad (Codan Marine) both were re-elected to the Board.

Following these elections, the Board comprises of the following members as per 3 April 2014:

Svein Ringbakken, DNK, Chair

Leif Nordlund, Alandia Insurance, Vice Chair

Arne Gangdal, Gjensidige

Christen Guddal, Gard

Tord Nilsson, The Swedish Club

Hans Christian Seim, Norwegian Hull Club

Rickard Svensson, If

Anne Systad, Codan

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