



Cefor

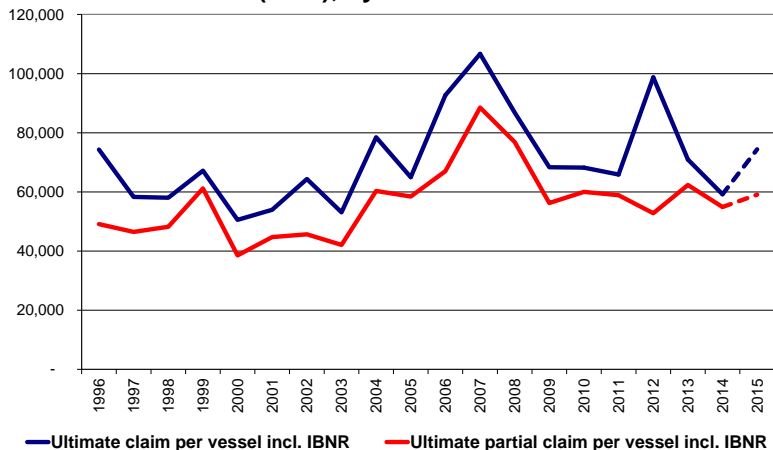
The Nordic Association of Marine Insurers

Hull Claims per 30 June 2015

Portfolio: 210,525 vessel years since 1985 (with IMO-number)

1 – Claim cost per vessel (Claim cost divided by number of insured vessels)

Ultimate partial and total claim cost per vessel (USD), by date of loss



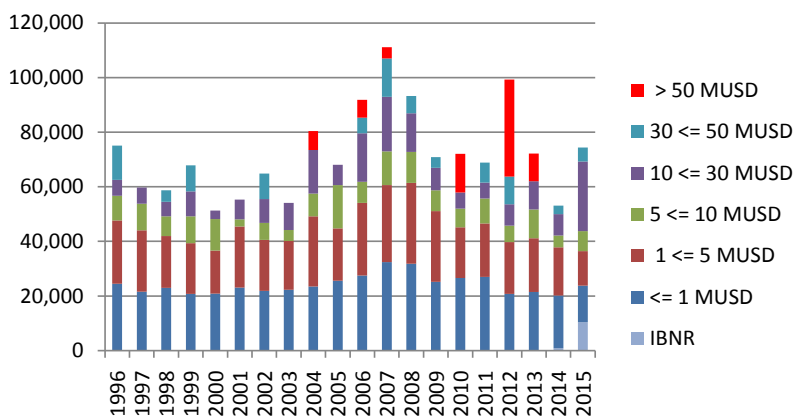
Renewed impact of total & major losses

While the partial claim per vessel has been quite stable since 2009, in 2015 once again the number and cost of total and major losses increased.

For the whole year 2014, only 7 claims exceeding USD 10 million were registered. For 2015, already by end of June 10 claims above this level were reported (of which 5 were total losses). Among these, the most severe was a fire on a passenger/ RoRo vessel, which may confirm the continued need to analyse this type of risk (see p.2)

The absence of claims in excess of USD 30 million in 2014 was within a statistical variation to be expected. The more surprising fact was that in 2014 the number of claims in excess of USD 10 and USD 5 million was significantly lower than the 2009-2013 average. 2015 brings the frequency of such claims back to the level one would expect, given the risk exposure represented by increasing vessel sizes and values (p.3).

USD Claim per vessel, by date of loss

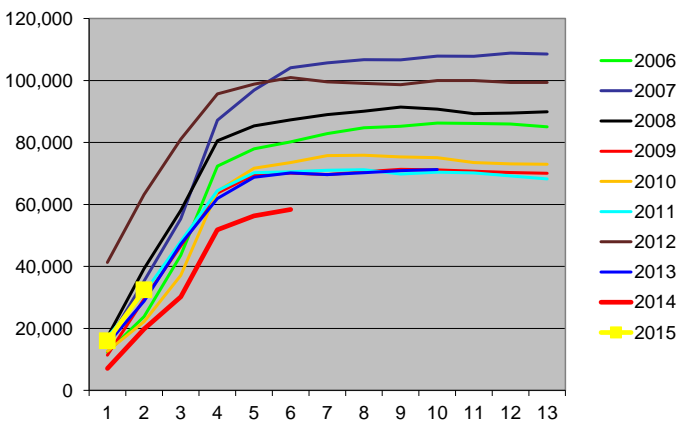


Repair cost stable

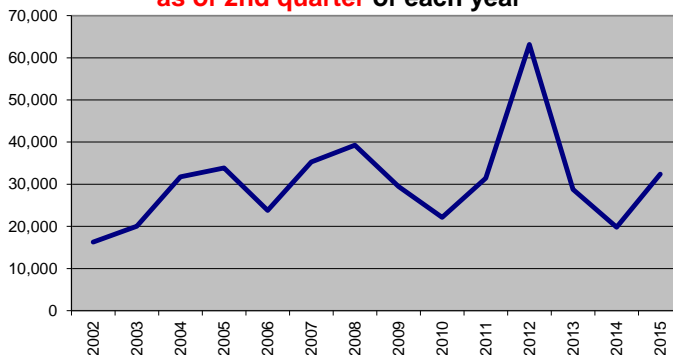
Excluding total losses, the claim cost per vessel has stayed stable since 2009. A small peak in 2013 was due to two extraordinary damages. Figures for the first half year 2015 may indicate a small increase in the partial claim per vessel, but it is too early to conclude for the whole year of 2015. The strong US dollar may 'reduce' claims cost in USD, for repairs carried out elsewhere.

The quarterly ladder statistics show that the claim cost per vessel is at about average level by the end of the first half year, although somewhat increased compared to 2014.

Claim per vessel - accumulated quarterly development

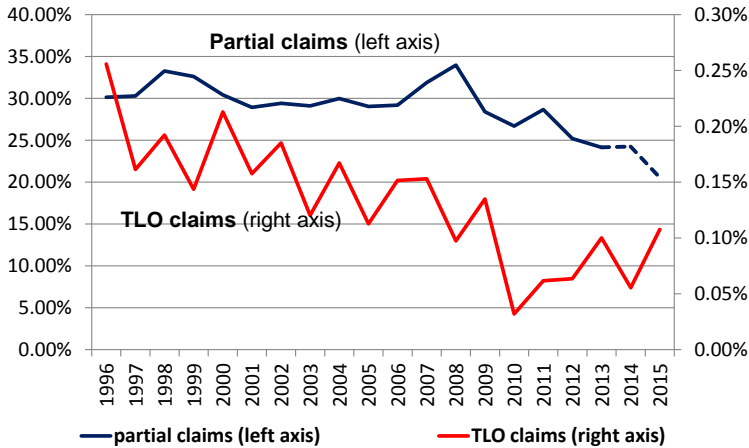


Claim per vessel - as of 2nd quarter of each year



2 – Claims frequency (Number of claims divided by number of insured vessels)

Claim frequency, by date of loss



Claims frequency continues downward trend

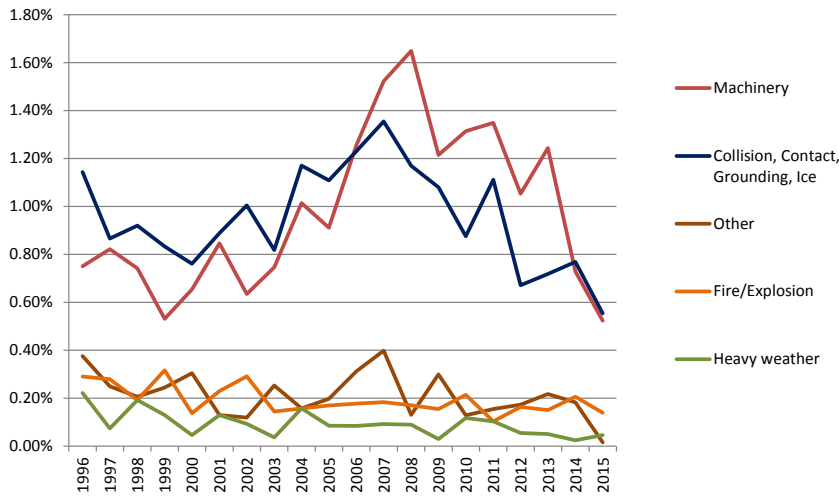
Based on the number of claims reported in the first half year of 2015, the overall claims frequency is expected to continue its downward trend also in 2015.

Total losses has had a positive long-term trend, with a substantial drop in the total loss frequency. However, recent years saw some increase in the total loss frequency, although still at low levels.

Fires on car/passenger/RoRo still a concern

For most types of claims, the frequency has shown a long-term positive trend, only interrupted by the peak in 2008. An exception are fires on car/passenger/ RoRo vessels, as pointed out in the Cefor Annual Report 2014 (see link p.4). This trend continues in 2015, with 8 new fires on such vessels already reported, compared to a total of 10, 20 and 15 in the years 2012 to 2014.

Claims frequency of claims > 500,000 USD by type of claim, date of loss



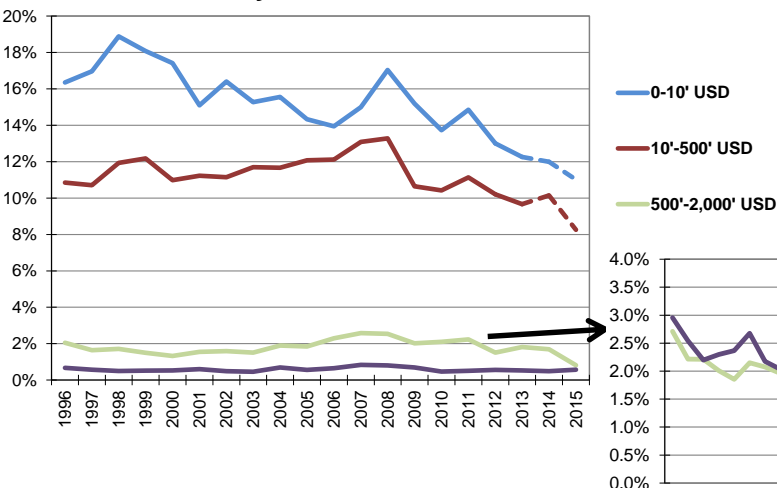
Major claims frequency

Looking at claims by type over a certain size, the frequency of machinery and navigational-related losses in excess of USD 500,000 is substantially down since 2008.

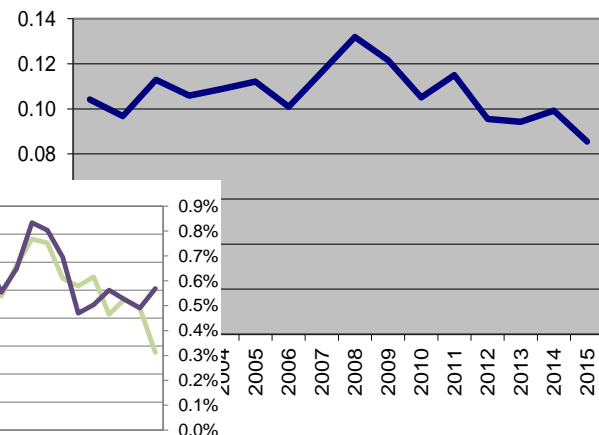
However, it may be treacherous to believe that we thus can identify a trend towards a reduced number of major claims. The risk exposure continues to be high due to the inflow of high-value vessels (p.3). In addition, the occurrence of major losses is often due to special circumstances rather than rationally identifiable causes alone.

The quarterly ladder statistics show that the 2015 claim frequency lies somewhat below the average frequency as reported during the first two quarters of each year.

Claims frequency - by intervals of claim cost by date of loss



Claim frequency - as reported as of 2nd quarter of each year

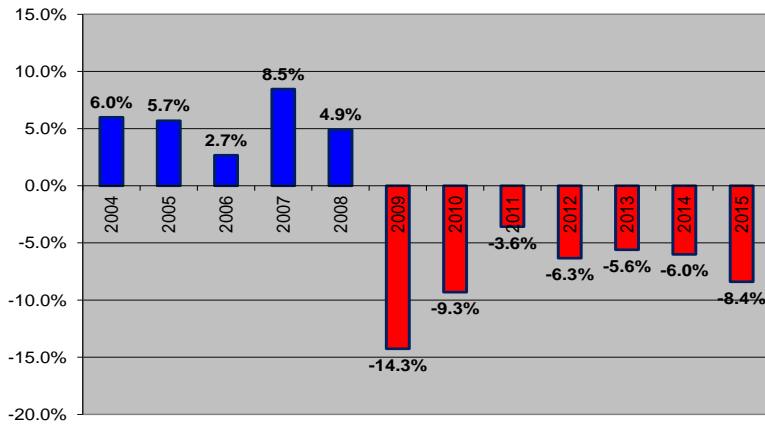


3a – Sum Insured development and Claim per Sum Insured



(Claim cost divided by insured values)

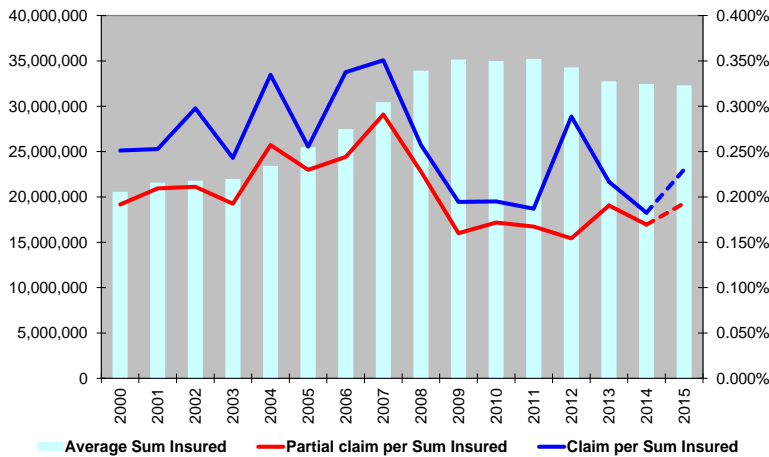
Average annual change in insured values on renewed vessels



Since 4Q 2008, there has been a substantial drop in insured values on renewals. While 2011 showed some stabilization of the insured values at a lower level, the decrease in insured values accelerated once again in 2012. In the first half year of 2015, there was a somewhat higher reduction in insured values compared to 2012-2014.

Under unchanged market conditions, a certain reduction in the insured value on renewal, compared to the previous insured period for the same vessel, is expected due to the aging factor.

Claim per Sum Insured & Average Sum Insured, by date of loss



The average insured value of the portfolio has been relatively stable since 2008. This is due to the drop in insured values on renewals being compensated by the inflow of newer, bigger and more expensive vessels.

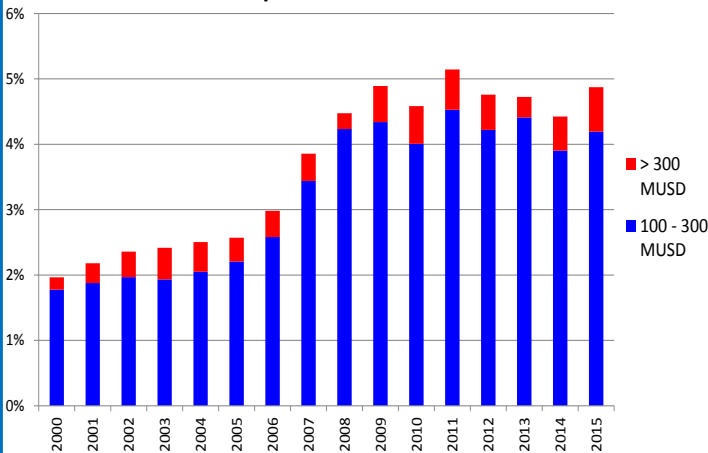
For “normal” repairs, the claim cost per insured value (red line) has kept rather stable from 2009, but increased somewhat since 2013. The peak in 2013 was due to two extraordinary major claims (no total losses).

The total claim cost per insured value, including total losses (blue line), dropped back to pre-«Costa Concordia» levels in 2013. In 2015, it increased once again due to the relative high total loss impact in the first half of the year. It should be kept in mind that the general exposure to extreme claims is higher than some years ago (see below).

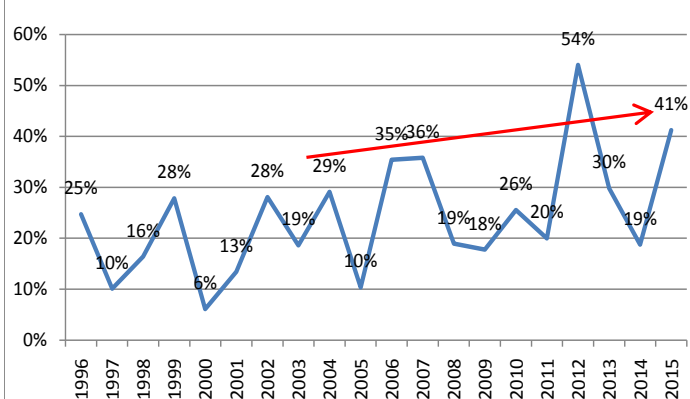
3b – Exposure to major losses & impact on total cost

Despite value reductions on renewal, the inflow of high-value vessels continues. This may affect the occurrence of costly losses. In recent years, major claims represented an increasing share of the total claims cost. In the first half year of 2015, losses exceeding USD 10 million accounted for 41% of the total claims cost. With increasing exposure values, the underlying risk of expensive losses is not expected to decrease.

Portfolio share of ships with values xs 100 USD million

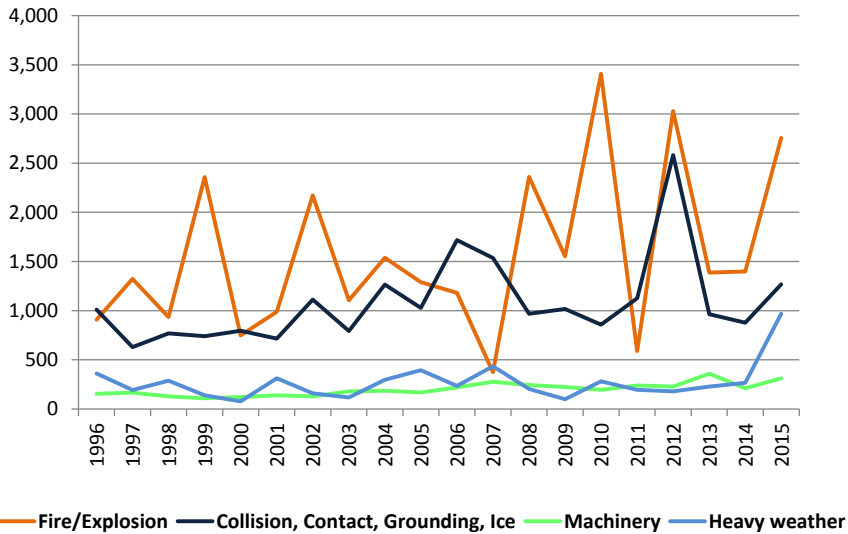


Claims in excess of 10 MUSD as % of total claim cost



4 – Average claim cost by claim type (Total cost divided by number of claims)

Average claim amount in USD 1,000



Fire/Explosion still a concern

The average cost of fire/explosion claims has been high in recent years, even when taking into account the typical volatility of this type of claims. While the impact of these claims was moderate in 2014, costly fire/explosion claims incurred once again in the first half of 2015.

The average cost of machinery claims showed a peak in 2013. This was mainly due to the impact of two extraordinary major claims, and the cost has since come back to more average levels.

The cost of nautical-related claims (collision, contact, grounding) shows a small increase in the first six months of 2015. This comes after some years of relative stability – with the exception of 2012, when nautical-related costs passed new heights.

Data in this report

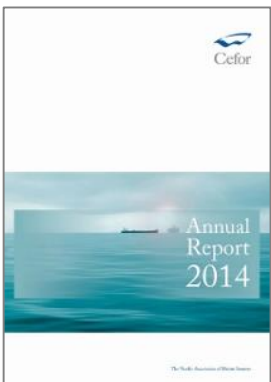
are prepared and presented by the Cefor **Statistics Forum**.

If not indicated otherwise, claims are grouped by date of loss, i.e. calendar year in which the claims incurred (= accident year).

Figures reflect 100% results for any vessel, for claims covered under Hull & Machinery coverages. 2012 figures thus include e.g. 100% H&M cost of the «Costa Concordia» accident, although only a minor share was covered in the Nordic market.

2015 claims (cost, numbers) reflect the status as reported by 30 June 2015, including an estimate of incurred but not reported claims. For comparability to previous years, 2015 claims are related to 2015 portfolio data for half a year.

More information is available from the Cefor website: www.cefor.no/statistics



The 2014 NoMIS Reports for Ocean & Coastal Hull →
Claims trends by age group, size group, vessel types, insured value layers, plus exposure curves and other key figures.

← **Cefor Annual Report 2014**
NoMIS analyses of ocean and coastal hull trends.

