



PRESS RELEASE

Oslo, Norway, 19 April 2016: Cefor releases 2015 marine hull claims trends from the Nordic Marine Insurance Statistics (NoMIS) database.

More total losses

“The claim cost per vessel is on the rise, and there is no longer a softening market for claims”, says Helle Hammer, Cefor’s Managing Director, in a comment to the new marine hull claims statistics that were published today. “Last year we predicted that the exceptional low number of high value losses would not last, and unfortunately we were right. While 2014 showed very few claims above USD 10 million in our portfolio, 2015 saw thirteen of these. And out of the thirteen, seven are what can be considered constructive or actual total losses”.

And there are more clouds on the horizon. While depressed shipping markets have driven down the average sum insured, the average (partial) claim has not fallen equally. “As a result, the probability of a constructive total loss has increased”, warns Hammer.

On the positive side, the proportion of claims below USD 10 million remains stable at a long-term low, and the costly machinery claims are now down to levels last seen before the shipping boom in the early 2000s.

Offshore values plummeting

Another notable feature from 2015 is the very strong drop in the average sum insured for supply/offshore vessels. The oil price positively correlates to the sum insured. “On renewals, the decrease in values was on average 17.8%, which is significantly higher than the 8% average for all vessels combined”, informs Helle Hammer. “And with the low oil price come new challenges related to the lay-up and reactivation of vessels and offshore mobile units that are concerns to insurers.”

Fishing vessels riding out the storms

Fishing vessels constitute a major part of the coastal portfolio, which show a long-term positive claims trend due to a decrease in frequency. Further investigations to determine whether extreme weather events will have an impact on claims frequency and severity are encouraging. “I am pleased to report that the comparison only shows a minor increase in claims frequency during major storms. This indicates that commercial coastal vessels carefully monitor weather forecasts and take the necessary precautions”, concludes Helle Hammer.

Chinese newbuildings

An analysis of tanker, bulk and container vessels built in Asia in the period 2007-2015 reveals that vessels built in China have a higher claims frequency than those of other major shipbuilding nations. “While the differences in frequency are considerable, the country of build may not be the only explanation. China has also made major strides in modernizing its shipbuilding industry in the past few years. It will be interesting to follow the performance of these vessels in the years to come”, adds Hammer.

**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 362,000 vessel years and 86,000 claims by the end of 2015.

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

Elections to the Cefor Board of Directors

The Association's Annual General Meeting elected today Anne Systad, Area Manager of Codan Marine Norway, as Vice Chair of the Cefor Board of Director's. She succeeds Leif Nordlund of Alandia Insurance who steps down from the Board. Director Jan Linnell of Alandia Marine and EVP Marketing Claes Lindh of Skuld were elected new members of the Board.

Following these elections, the Board comprises the following members as per 19 April 2016:

Christen Guddal, Gard, Chair

Anne Systad, Codan, Vice Chair

Arne Gangdal, Gjensidige

Jonny Gangstad, If

Jan Linnell, Alandia Insurance

Claes Lindh, Skuld

Tord Nilsson, The Swedish Club

Hans Christian Seim, Norwegian Hull Club

Göran Skuncke, DNK

For more information, please contact: *Helle Hammer, Managing Director*

Dir. phone: +47 23 08 65 57 Mobile: +47 948 35 951

helle.hammer@cefor.no www.cefor.no