



PRESS RELEASE

Oslo, Norway, 9 April 2015: Cefor releases 2014 marine hull claims trends from the Nordic Marine Insurance Statistics (NoMIS) database and elects new Chairman of the Board.

Hull claims in calmer seas

“The most notable feature of the ocean hull claims statistics in 2014 was the substantially reduced cost of claims in excess of USD 5 million. This was also reflected in the total loss frequency, which was almost at a record low”, says Helle Hammer, Managing Director of Cefor.

However, an exceptionally low number of high severity claims in one year does not remove the underlying risk of very large claims. “We only need to go back to 2012 to find the second most expensive year in terms of claims costs per vessels. This was mainly due to five total losses in excess of USD 30 million. And in 2013 we saw two record-high partial claims exceeding USD 60 million each”, warns Hammer. “With more high-value vessels in the portfolio, we can expect to see expensive total losses and partial claims also in the future.”

Individual events strongly influence the annual total and average claim cost. Claims in excess of USD 500,000 account for 75% of the total claims, whereas claims in excess of USD 2 million account for almost 50% of the aggregate partial claims cost. These claims are also the most volatile and therefore the driving force of the total claims cost.

It is important to properly include the risk of extreme losses in the pricing process. Hence, insurance portfolio data rather than 3-5 years’ fleet statistics is recommended for technical pricing purposes.

The claims frequency showed a slight increase from 2013, but is still at a long-term low. An exception to this are fires on passenger and car/RoRo vessels, where the frequency remains high. “When comparing the overall claims frequency over the past six years to the higher frequency of the years before the shipping boom, influencing factors such as increased deductibles, reduced repair costs, reduced vessel utilization, and slightly younger and larger vessels must be kept in mind”, advises Hammer.

For the coastal portfolio, the overall claims frequency shows a similar trend, with a decrease from 25% in 2003 to about 15% in 2014. This is partly due to improved reporting in 2010, which increased the share of small coastal tonnage with a typically low claims frequency. Vessels with higher values also show a substantial decrease in frequency. The total loss frequency for the coastal portfolio remains stable at a substantially higher level than for the ocean portfolio.

The claim cost per vessel has remained stable over the past few years, especially for the majority of coastal vessels with low values. Although 2014 saw one exceptionally costly claim in excess of USD 30 million on one of the few high-value vessels, the typical major claim in the coastal segment does not exceed USD 20 million,” informs Helle 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 339,000 vessel years and 81,000 claims by the end of 2014.

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



Christen Guddal (Gard) elected new Chairman of the Board of Directors

The Annual General Meeting elected Christen Guddal, Senior Vice President and a member of Gard's Top Management Group, as the new Chairman of the Board. Christen Guddal is an experienced marine liability claims and insurance professional with more than 20 years of experience from Gard, including three years as the Head of Claims in the Gard Group and three years as the Managing Director of Gard's London office.

Christen Guddal succeeds Svein Ringbakken of DNK who steps down at the end of his two years term as Chairman of the Board.

“Cefor remains a cornerstone in the Nordic marine insurance market. Cefor promotes contractual clarity and transparency with the Nordic Marine Insurance Plan. It provides unrivalled marine insurance statistics, high quality education for and by marine insurance professionals through Cefor Academy, and is highly engaged in industry issues both on the national and international scene e.g. through the IUMI Political Forum currently chaired by Helle Hammer.

I am grateful and humble for being entrusted to chair the Cefor Board after Svein Ringbakken who has done such a great job. Together with the Board and the Administration I look forward to making new strides to create and deliver value to the Cefor members”, comments the newly elected Chairman, Christen Guddal.

Göran Skuncke (DNK) and Jonny Gangstad (If) were elected new members of the Board, while Tord Nilsson (The Swedish Club) and Hans Christian Seim (Norwegian Hull Club) both were re-elected to the Board.

Following these elections, the Board comprises of the following members as per 9 April 2015:

Christen Guddal, Gard, Chair

Leif Nordlund, Alandia Insurance, Vice Chair

Arne Gangdal, Gjensidige

Jonny Gangstad, If

Tord Nilsson, The Swedish Club

Göran Skuncke, DNK

Hans Christian Seim, Norwegian Hull Club

Anne Systad, Codan

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