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Global Marine Insurance Casualty trends

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Analyst/Actuary, The Nordic Association of Marine Insurers (Cefor)

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- The Global Marine Insurance Market
- Vessel values
- CASUALTY TRENDS

CONTENTS – CASUALTY TRENDS

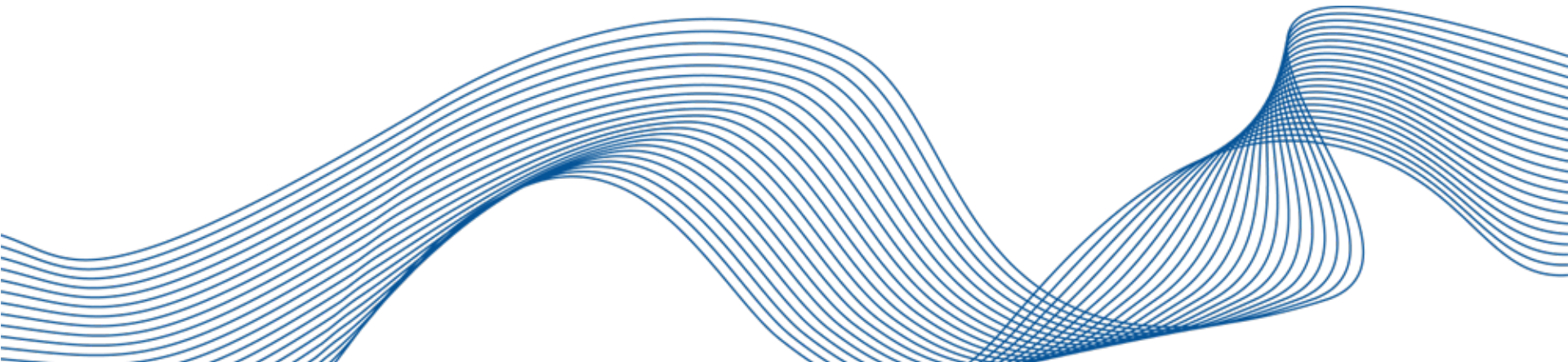
OFFSHORE ENERGY

- Mobile casualties

HULL CLAIMS TRENDS

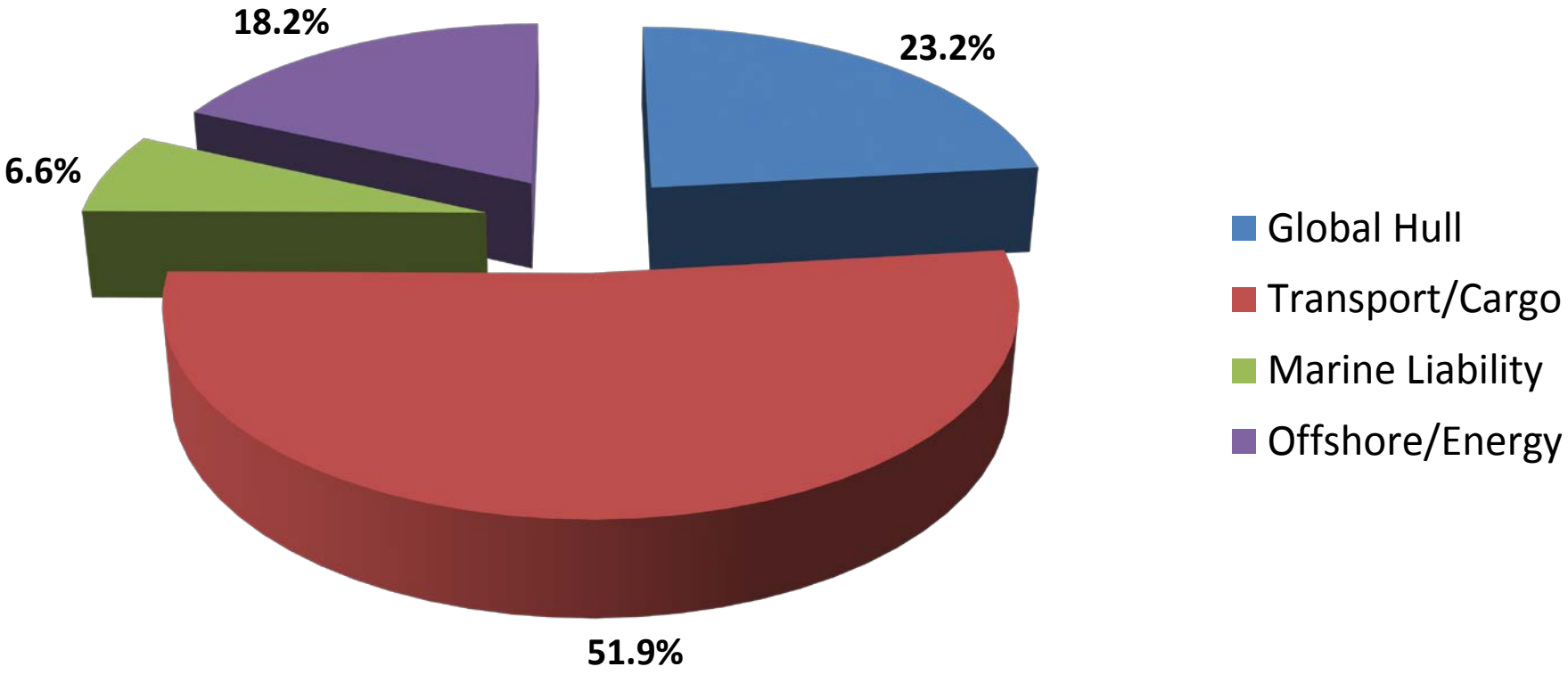
- Total and major losses & Impact on general trends
- Claims trends by type of casualty
- Claims trends by vessel type / age group
- Special focus:
  - Fire on RoRo/Passenger vessels
  - Seasonal variations – Example fishing vessels
  - Cost driving factors

THE GLOBAL MARINE INSURANCE MARKET



MARINE PREMIUM 2014
BY LINE OF BUSINESS

Total: 32.6 USD billion



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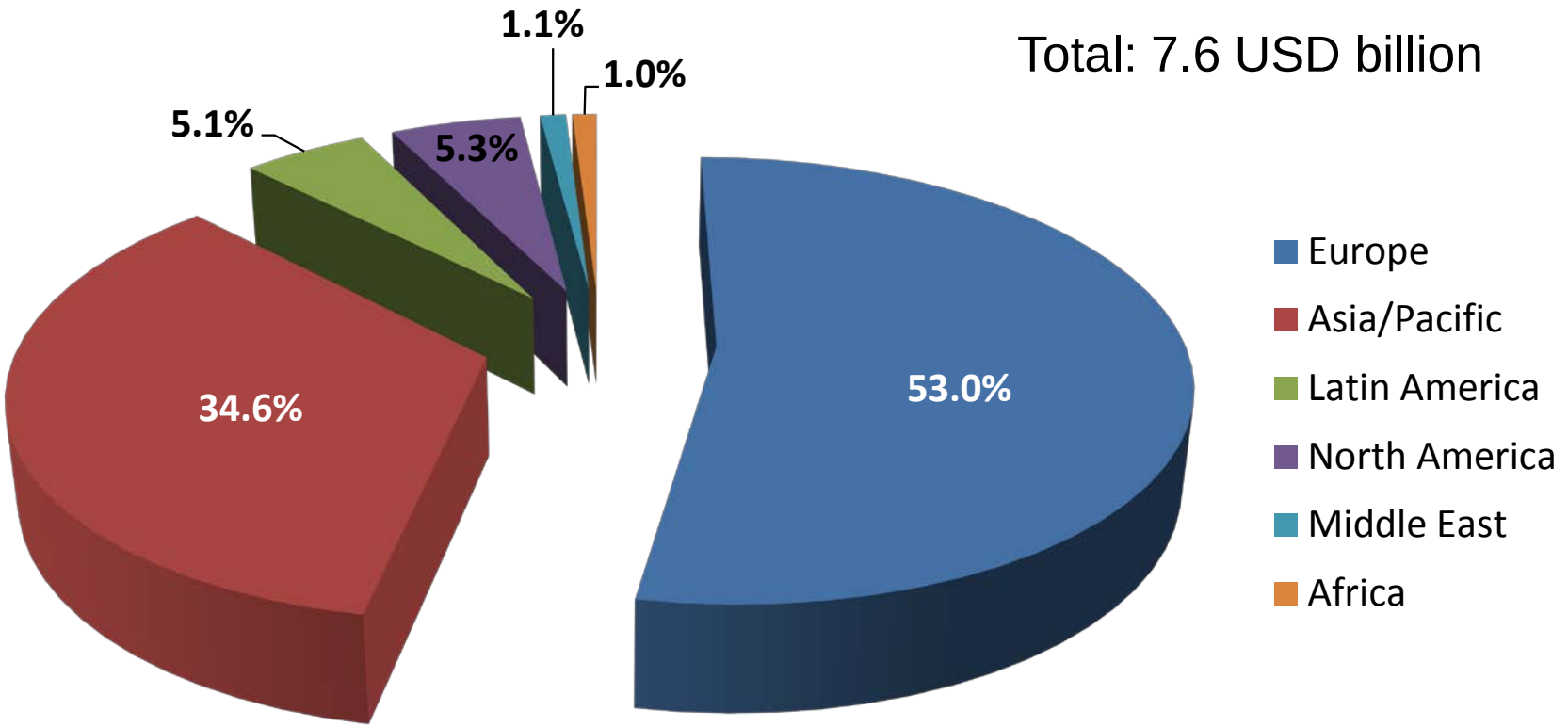
HULL PREMIUM 2014
BY REGION (SITE OF INSURER)



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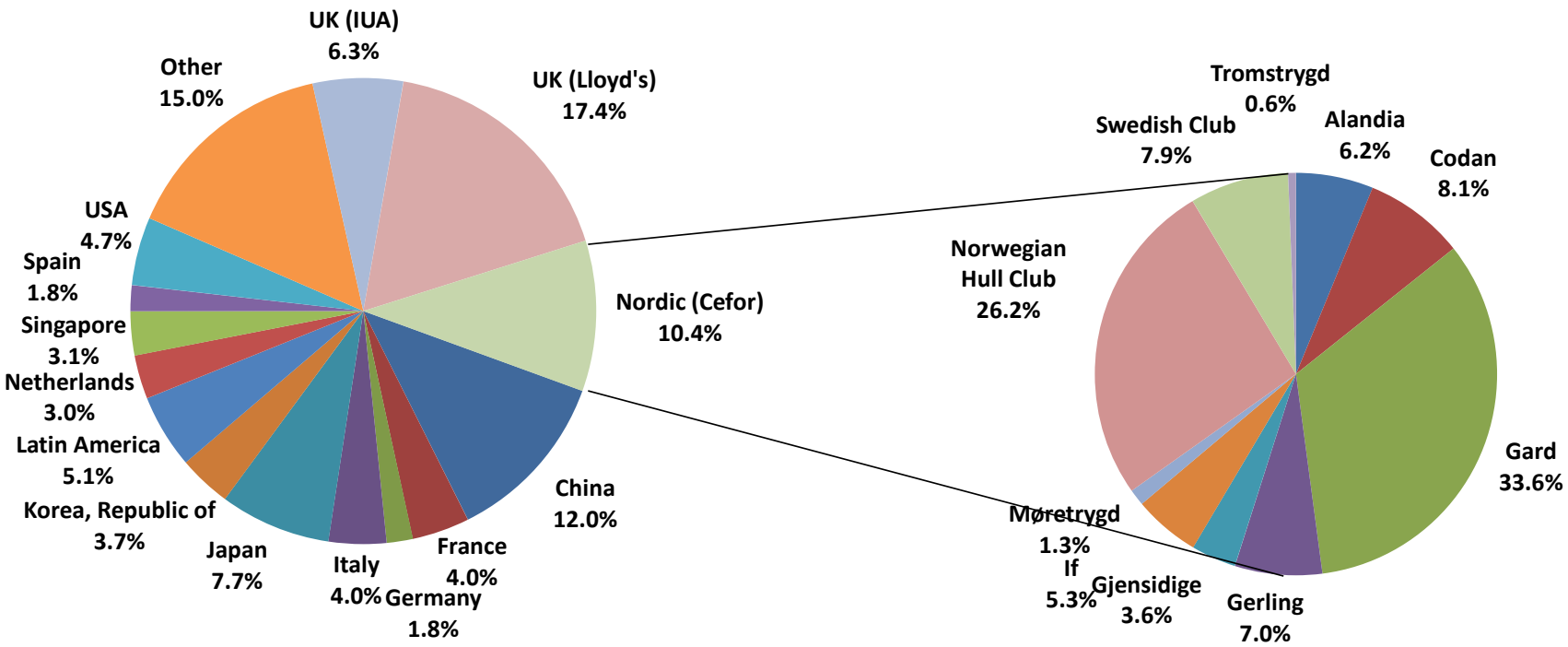
GLOBAL HULL PREMIUM 2014



World

Nordic (Cefor)

Nordic **M**arine **I**nsurance **S**tatistics:

- Ocean and coastal hull claims
- 362,000 registered vessel years (insured 1985 – 2015)
- 86,000 claims
- reflect about 40% of world fleet

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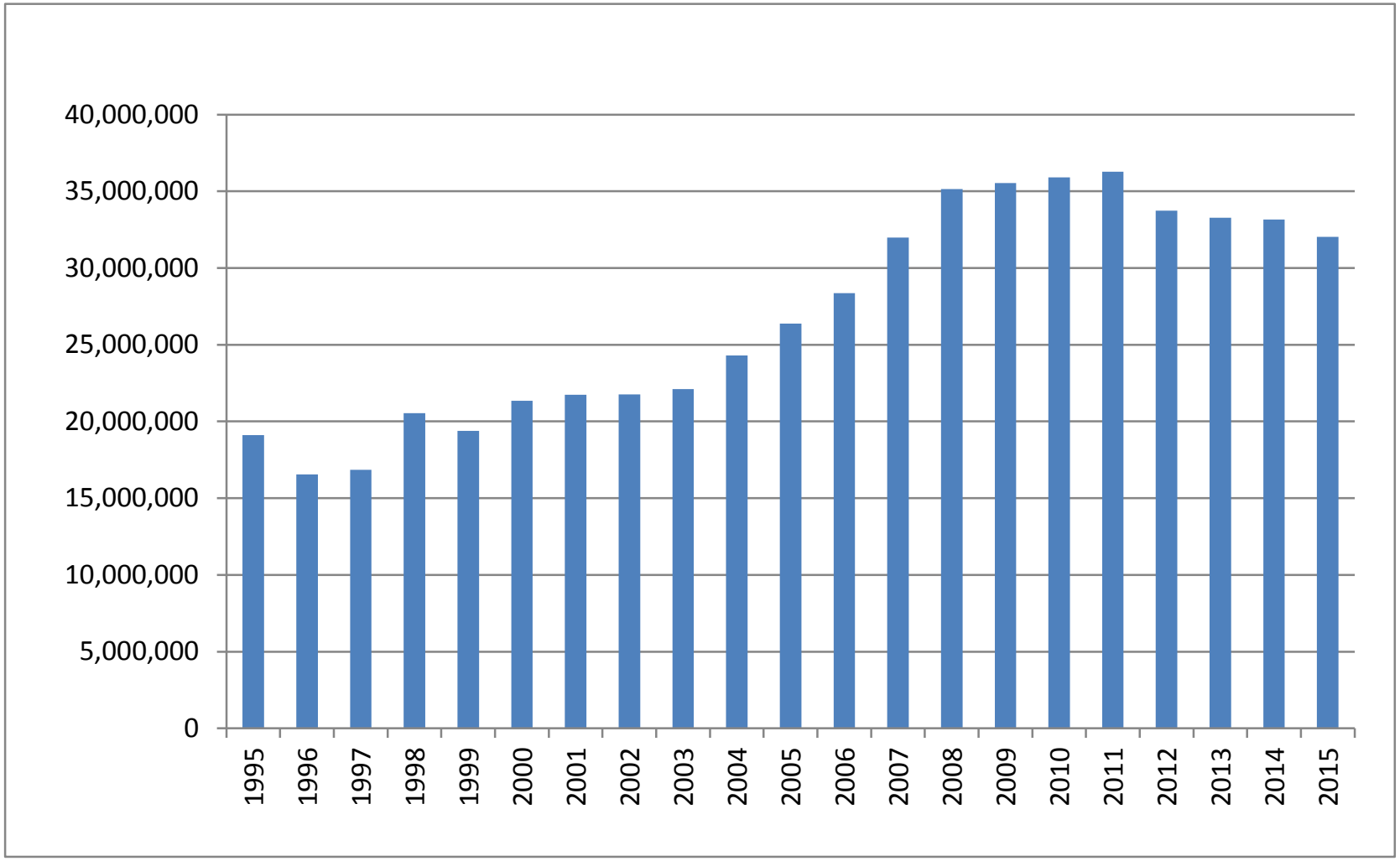
VESSEL VALUES

AVERAGE VESSEL VALUES

ALL VESSELS INCLUDING (HIGH-VALUE) NEW BUILDINGS



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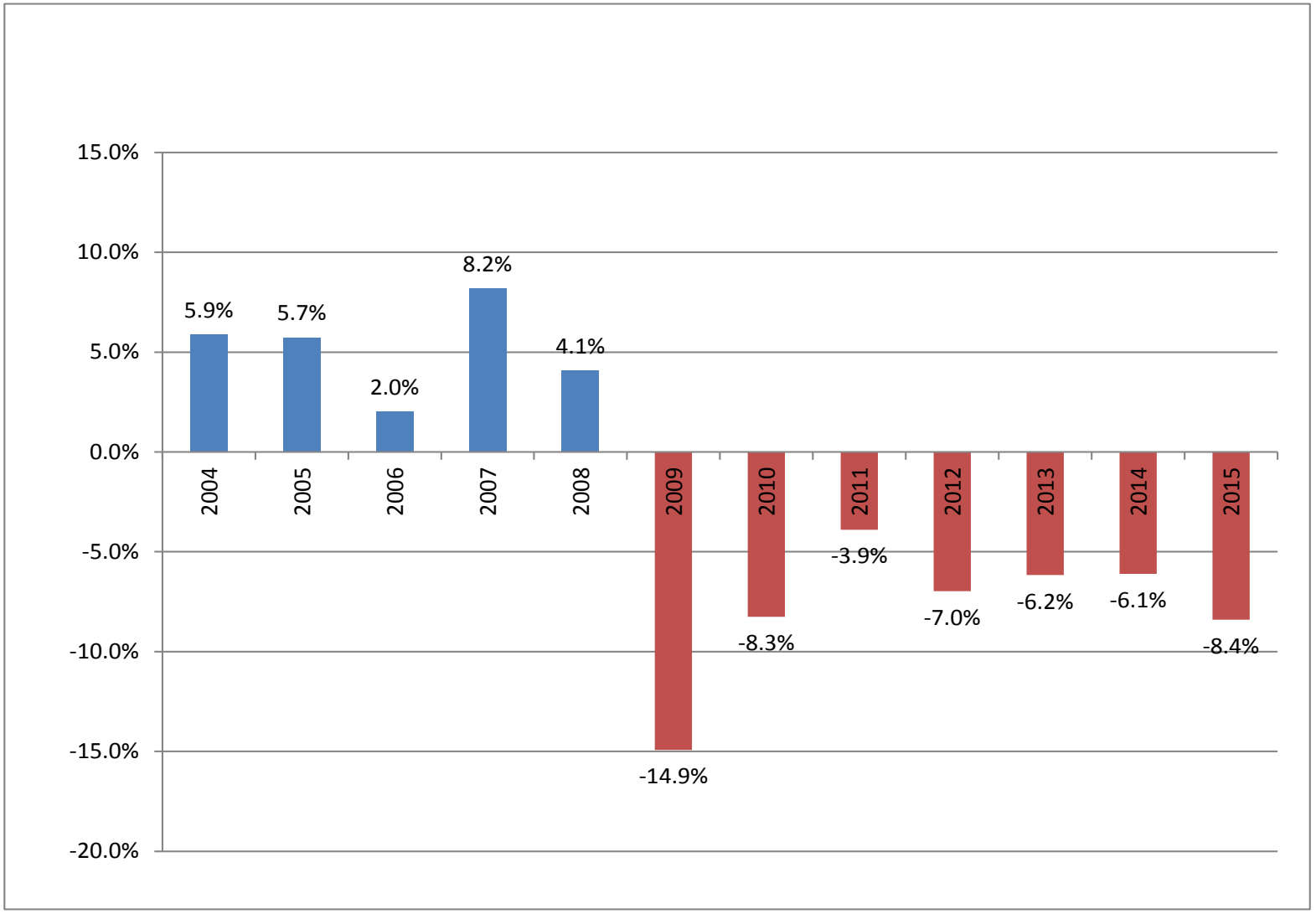
AV. CHANGE IN VESSEL VALUE ON RENEWAL

(COMPARING VALUE OF SAME VESSELS IN TWO CONSECUTIVE YEARS)



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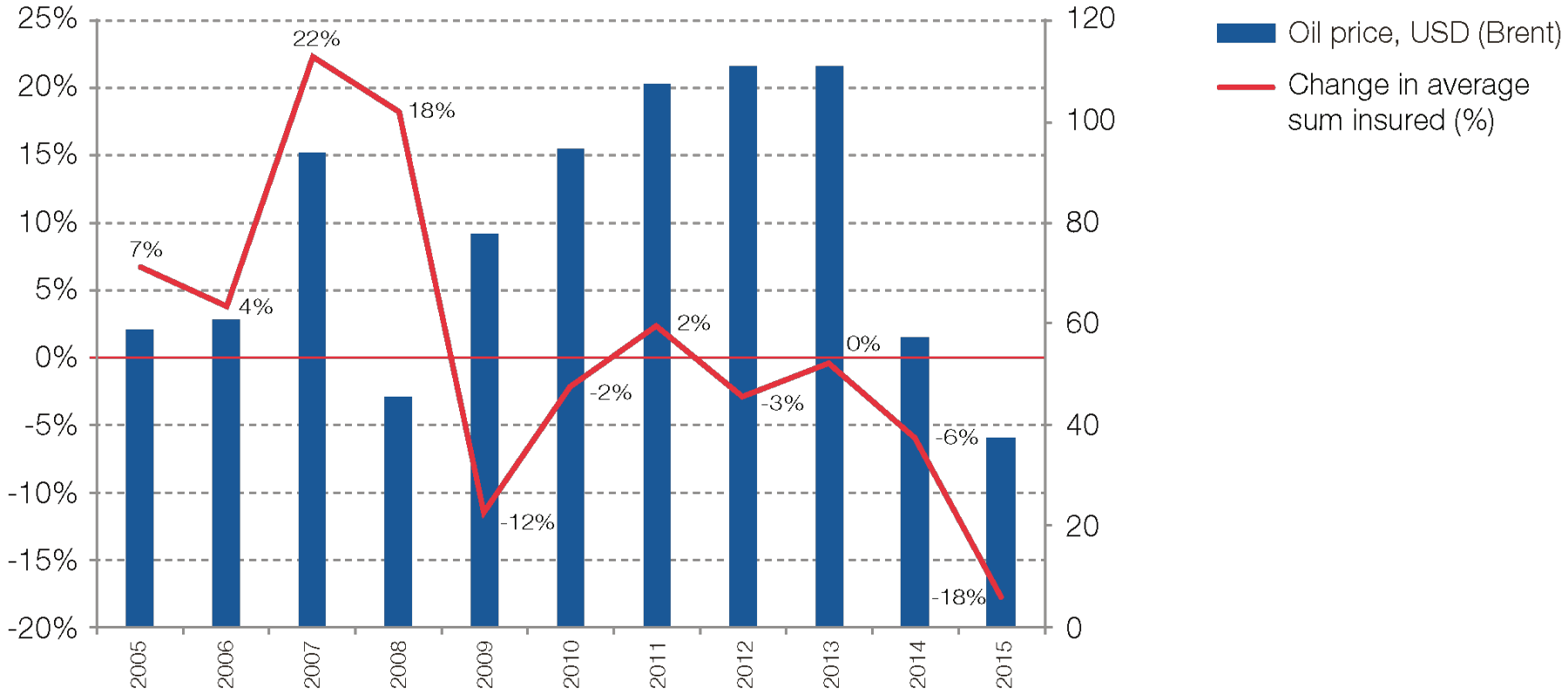
OFFSHORE VALUES DROPPING SHARPLY

Change in average supply/offshore vessel value on renewal & oil price



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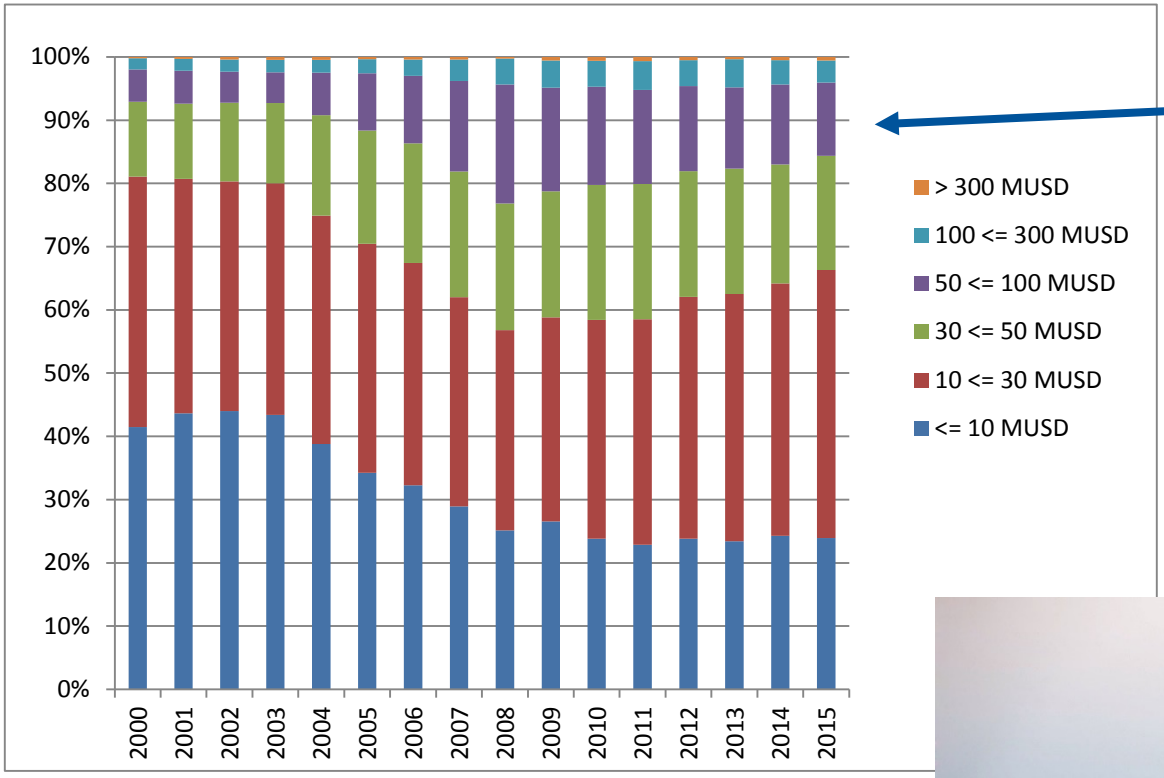
HIGH-VALUE VESSELS = EXPENSIVE LOSSES

PORTFOLIO SHARE OF VESSELS BY INSURED VALUES



Nearly 20% of today's fleet has values > 100 USD million (2000: <10%)

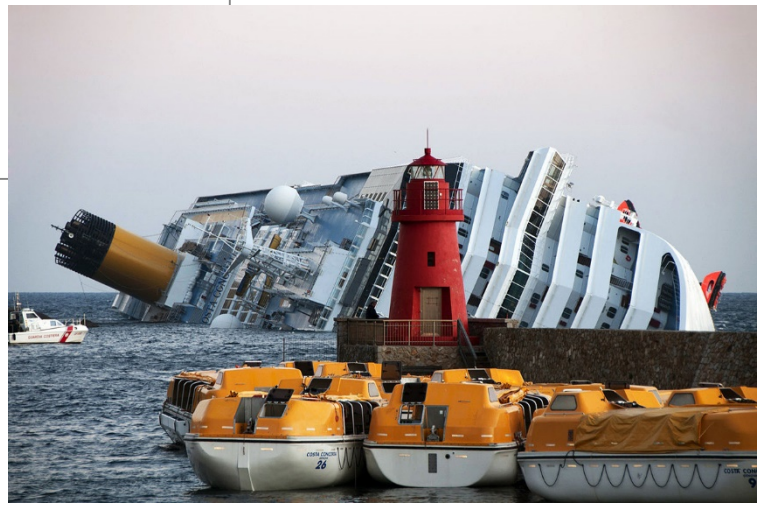


Photo: Rvongher / Wikimedia Commons

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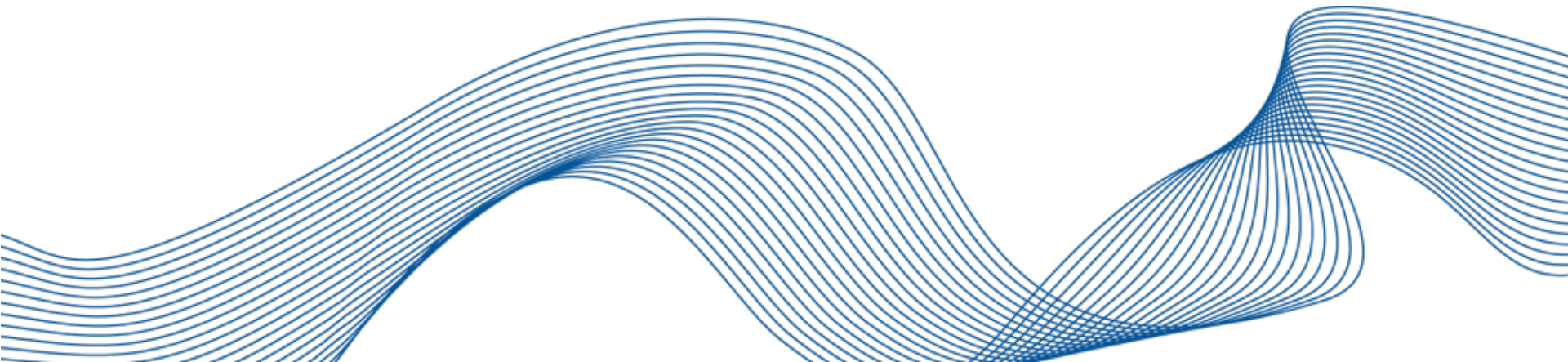
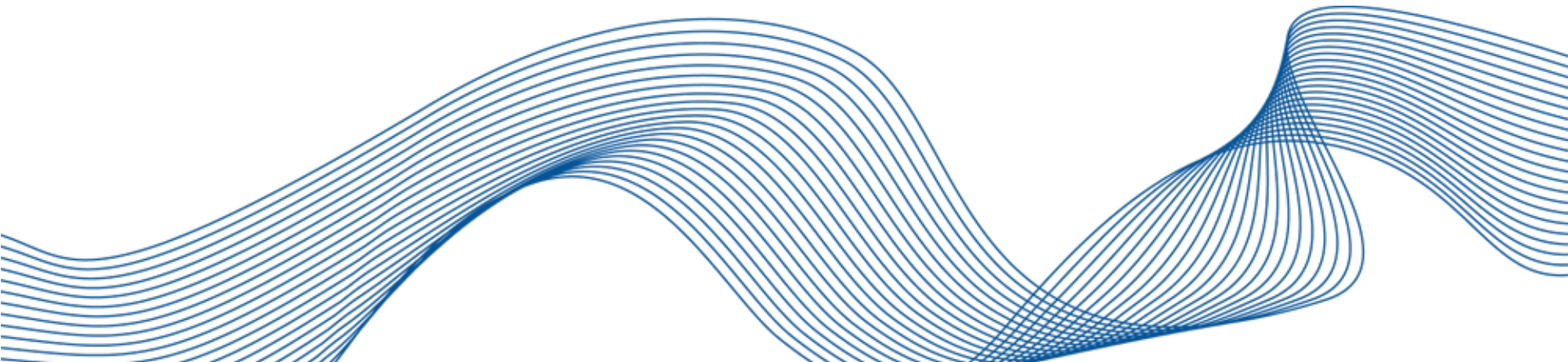
CASUALTY TRENDS



TYPES OF (INSURED) CASUALTIES

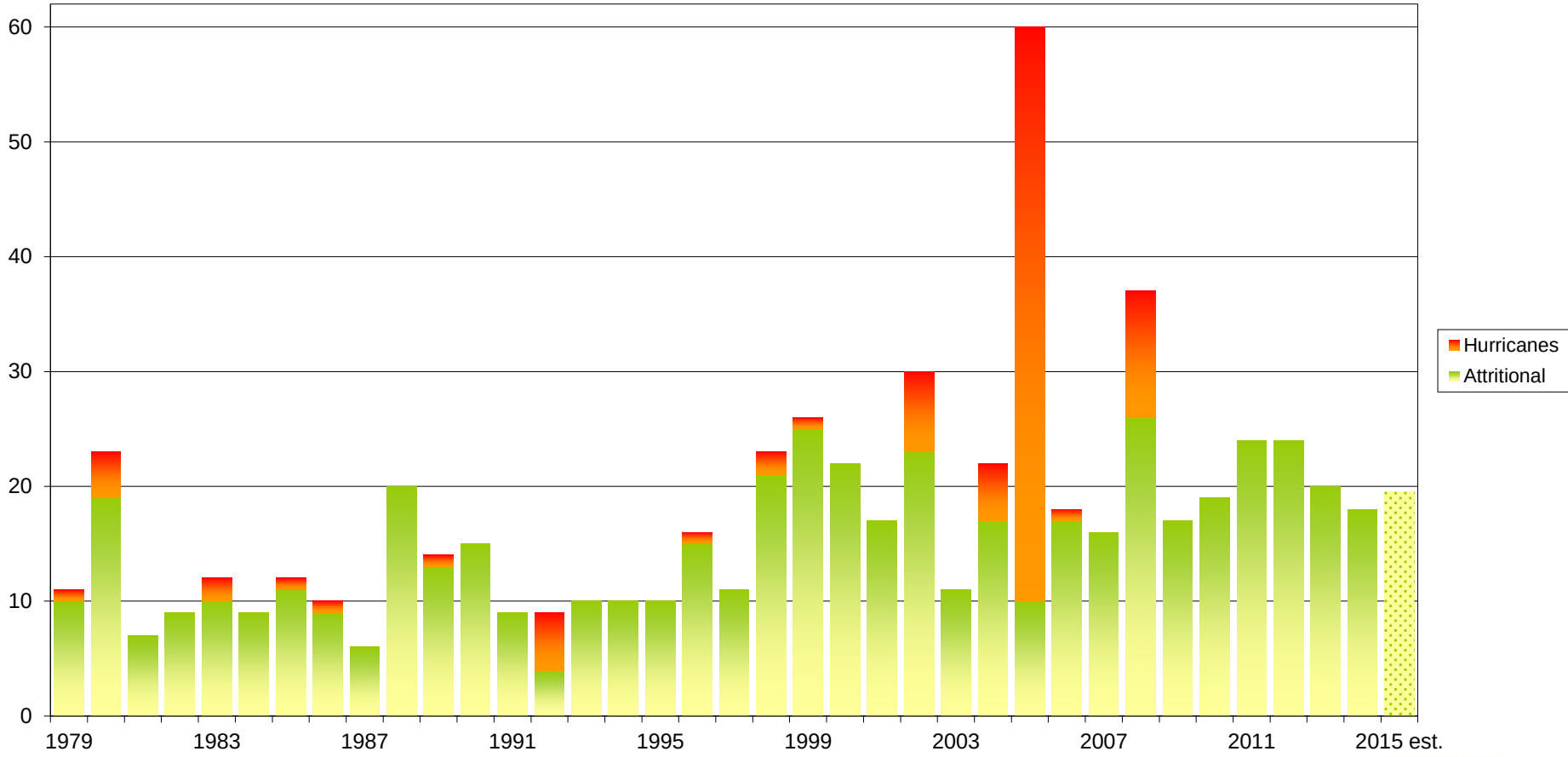
- Physical damage – vessels, offshore energy units, cargo
- Third party liability
  - To object e.g. collision
  - People (passengers, crew)
- Environmental damage (e.g. oil spill)
- Loss of income
- Terror etc.

OFFSHORE ENERGY CLAIMS TRENDS – MOBILES



NUMBER OF LOSSES – MOBILES

LOSSES > 1 USD MILLION



Source: Willis Claims database

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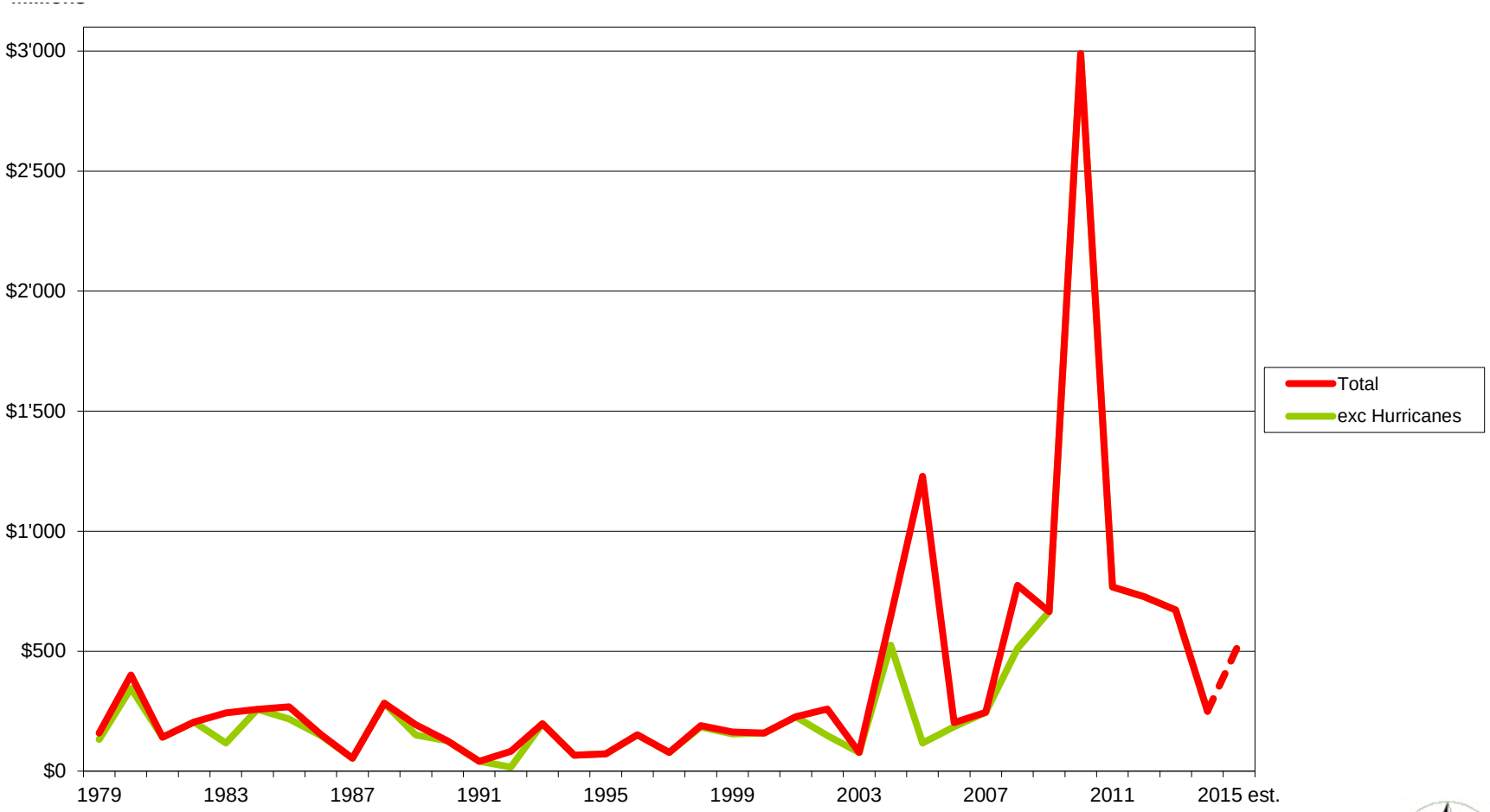
CLAIMS COST – MOBILES

LOSSES > 1 USD MILLION



Source: Willis Claims database

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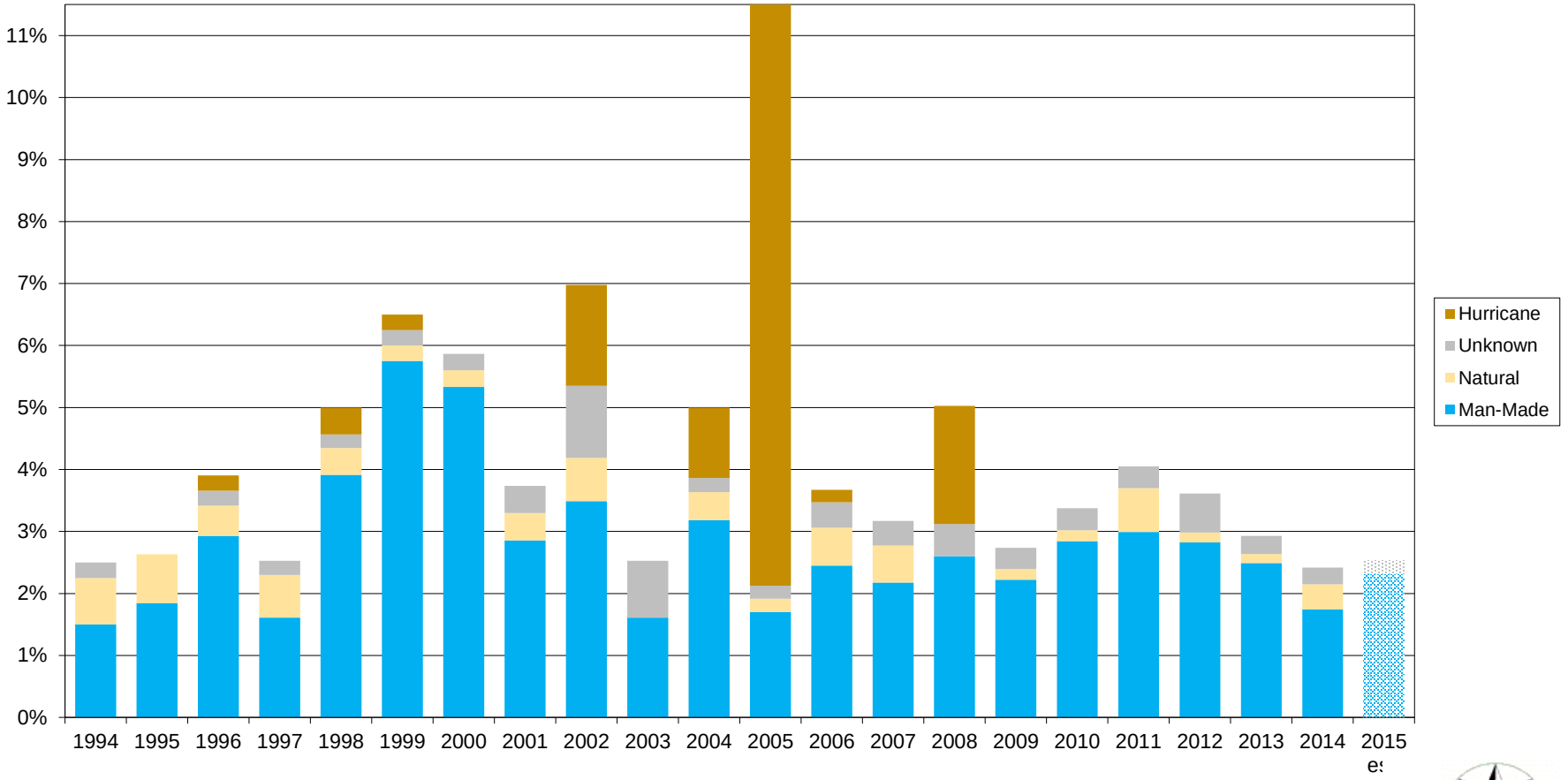
CLAIMS FREQUENCY AS % OF CONTRACTED RIGS BY CAUSE – MOBILES, LOSSES > 1 USD MILLION



Source: Willis Claims database, Clarksons Research

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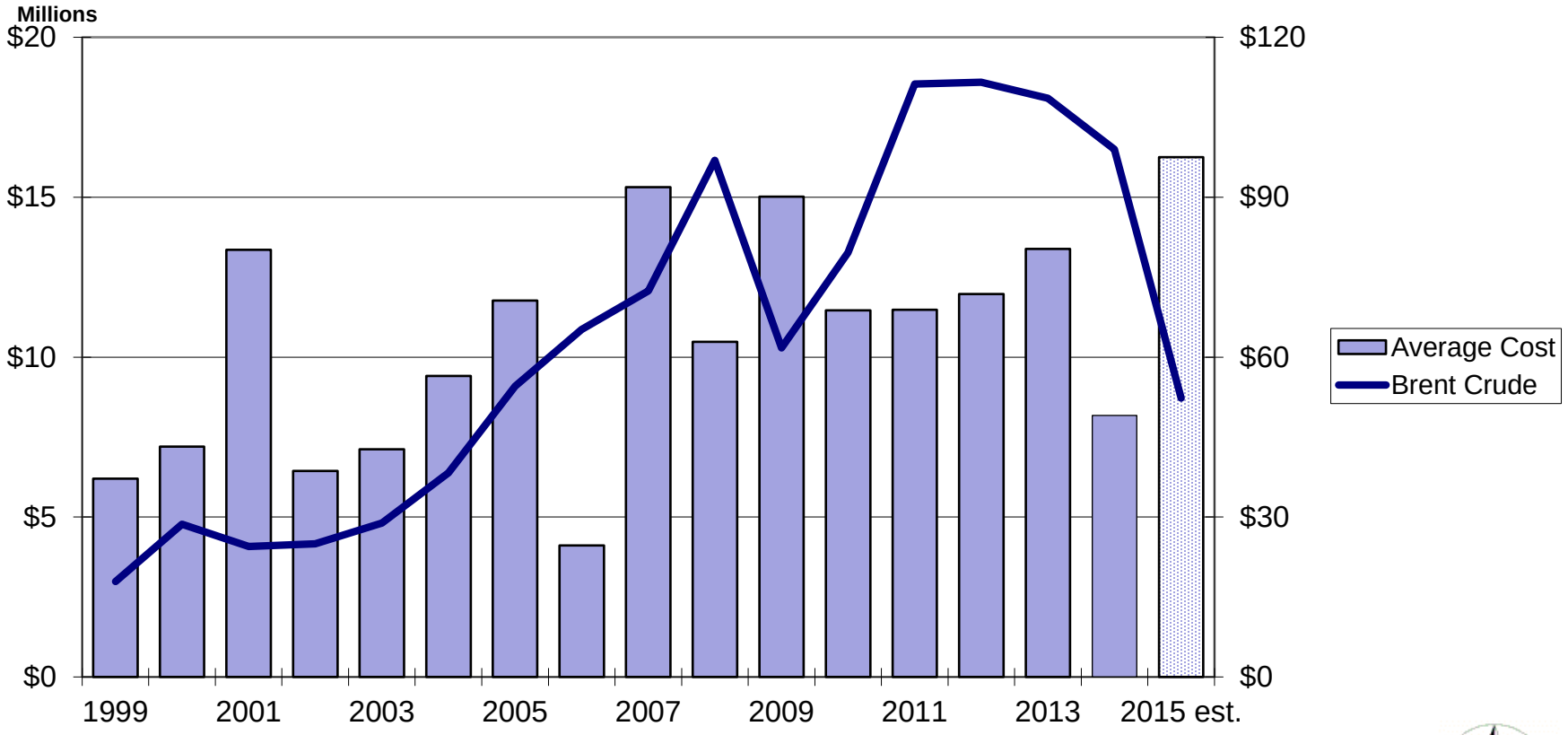
AVERAGE CLAIM COST VERSUS OIL PRICE

LOSSES > 1 USD MILLION (EXCL. CAT CLAIMS & LOSSES > 100 USD MILL.)



Source: Willis Claims database, Energy Information Association

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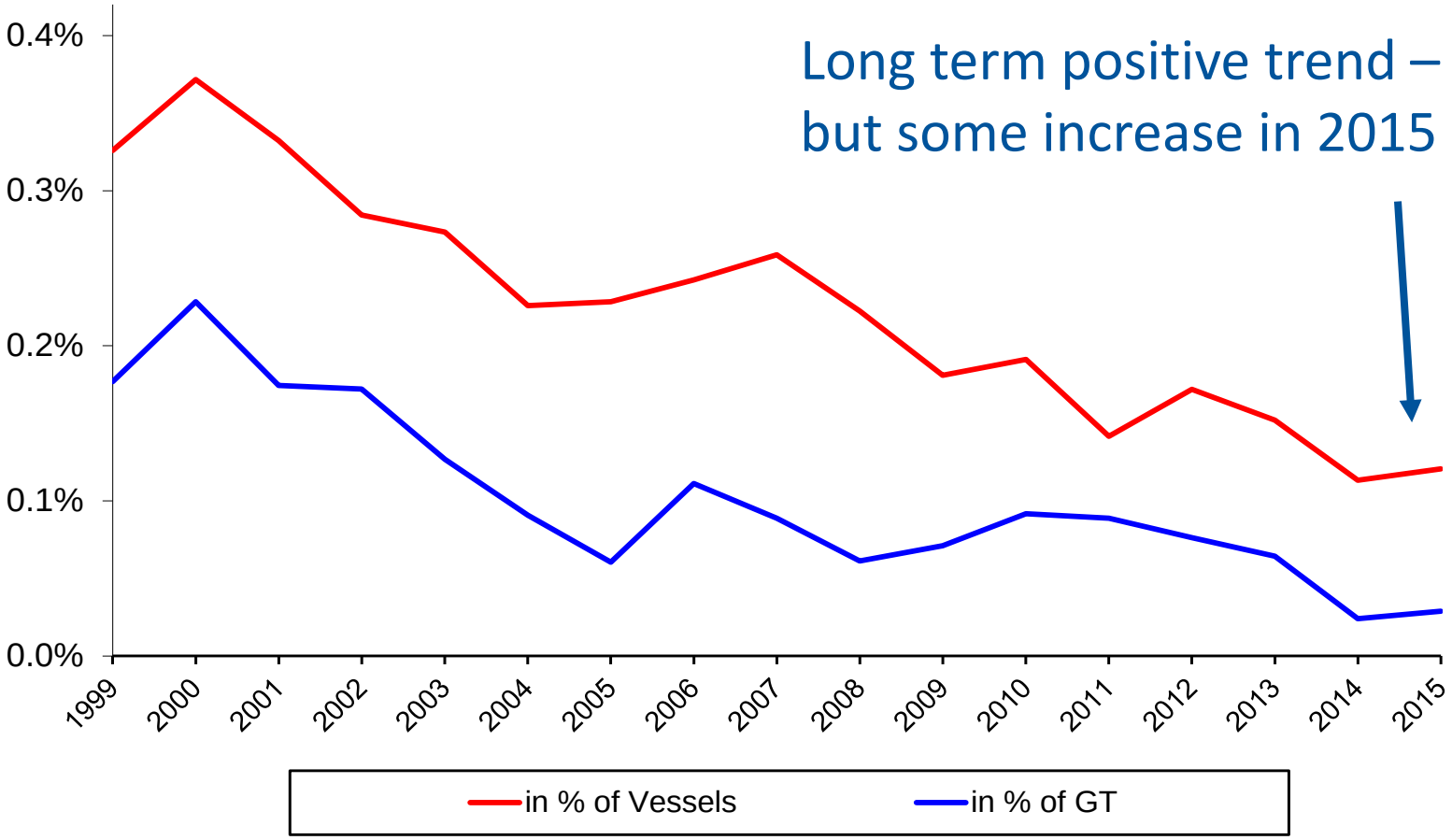
HULL CLAIMS TRENDS

Dagfinn Bakke
(Foto by Astrid Seltmann, taken on MS Finnmarken)

Total Losses 1999 – 2015

as percentage of world fleet, vessels > 500GT



Source: Fleet numbers : Clarkson Research Services, Losses: LLI, total losses as reported in Lloyds List

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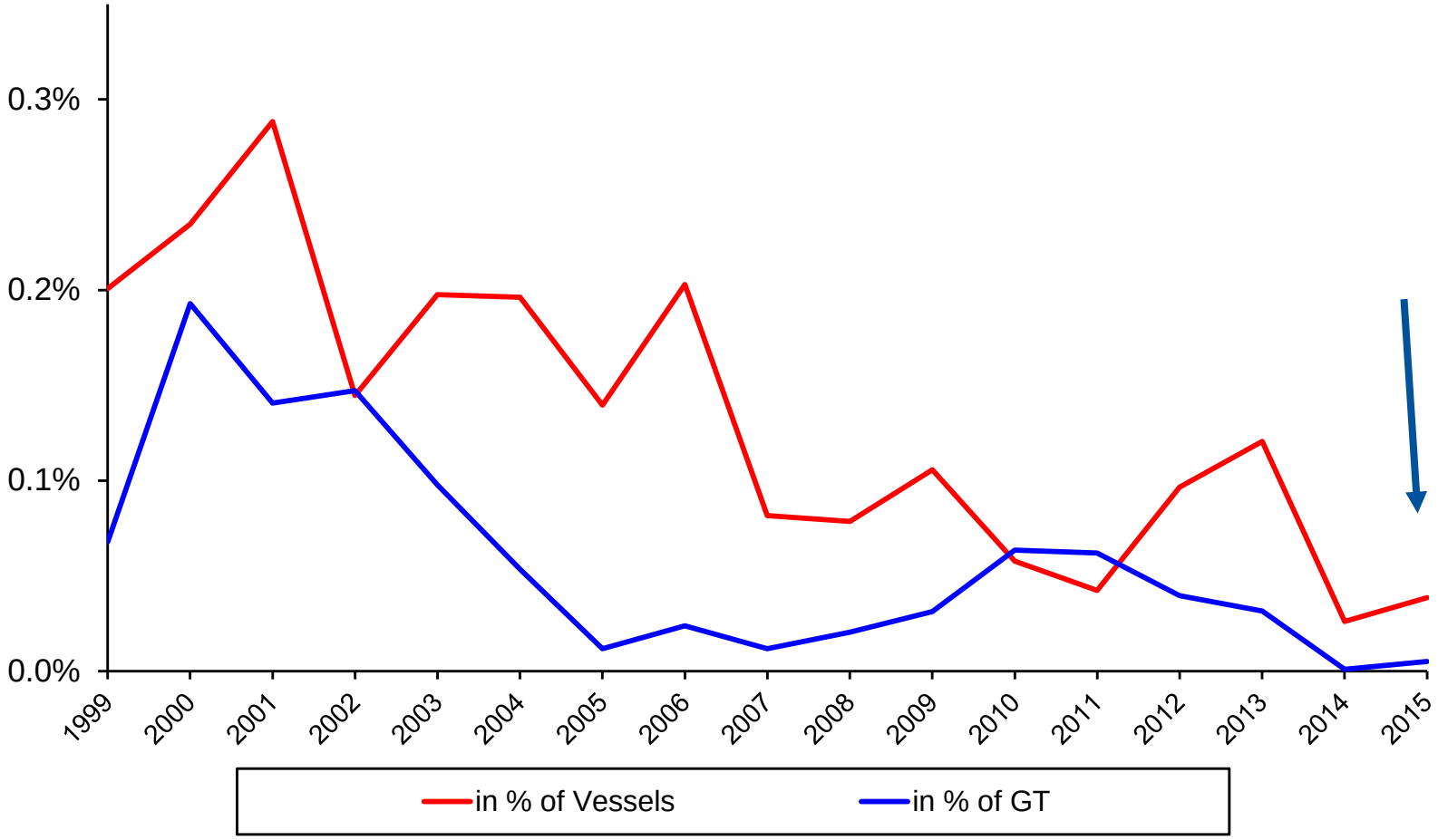
Tanker Total Losses 1999 – 2015

As percentage of world tanker fleet, tankers > 500GT



Source: Fleet numbers : Clarkson Research Services, Losses: LLI, total losses as reported in Lloyds List

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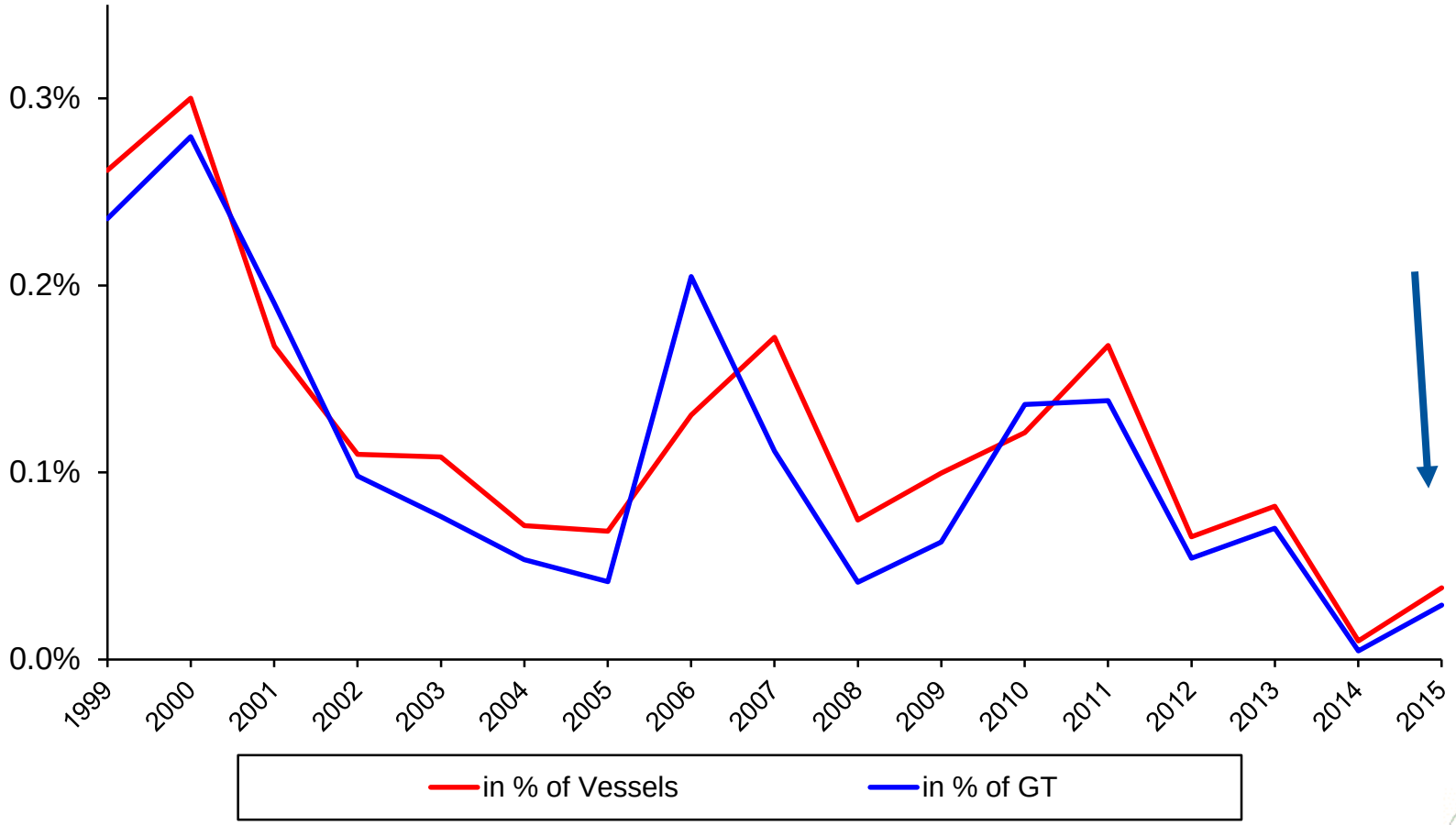
Bulker Total Losses 1999 – 2014

as percentage of world bulker fleet, bulkers > 10,000 DWT



Source: Fleet numbers : Clarkson Research Services, Losses: LLI, total losses as reported in Lloyds List

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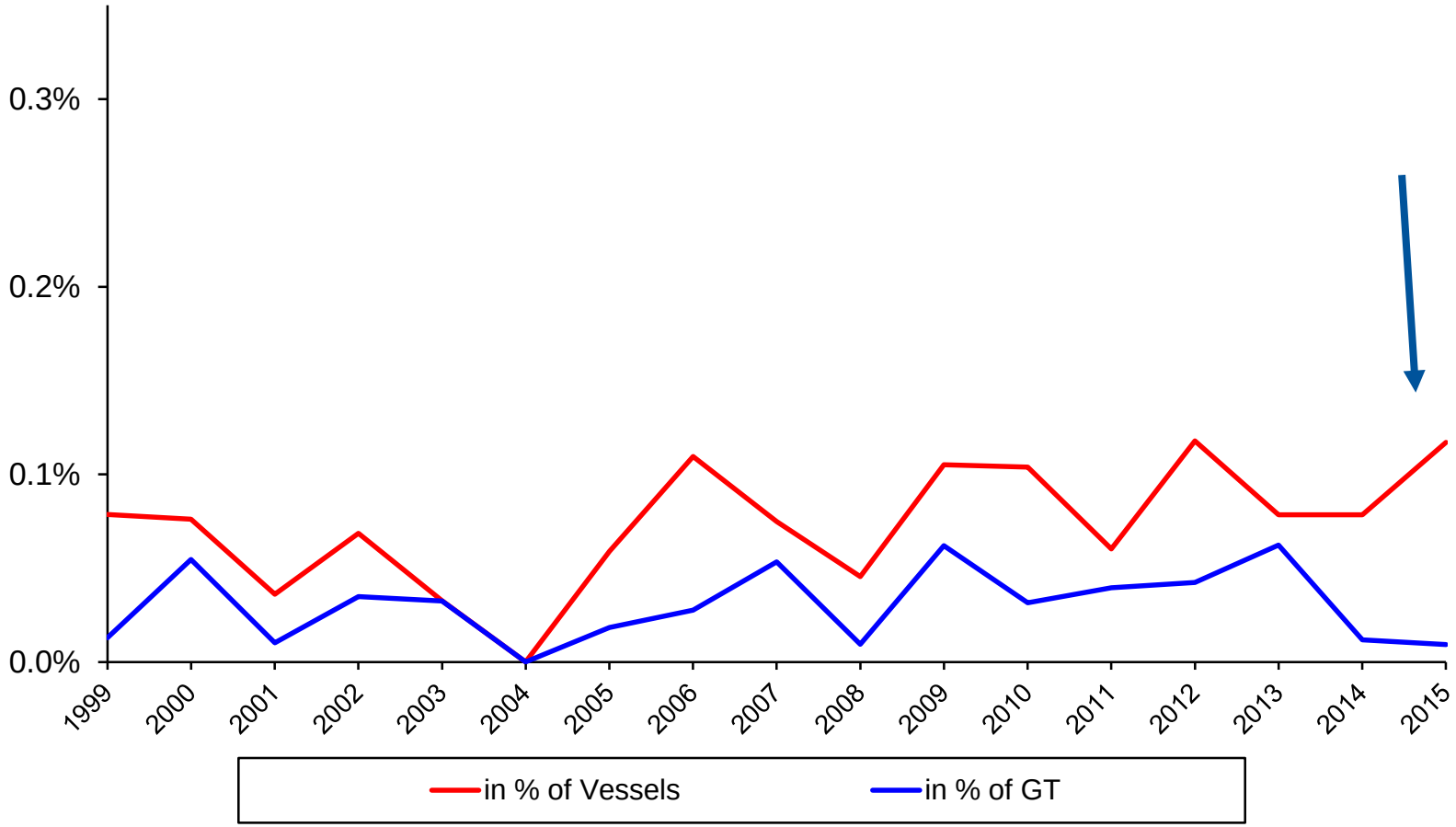
Container total Losses 1999 – 2015

as percentage of world container fleet



Source: Fleet numbers : Clarkson Research Services, Losses: LLI, total losses as reported in Lloyds List

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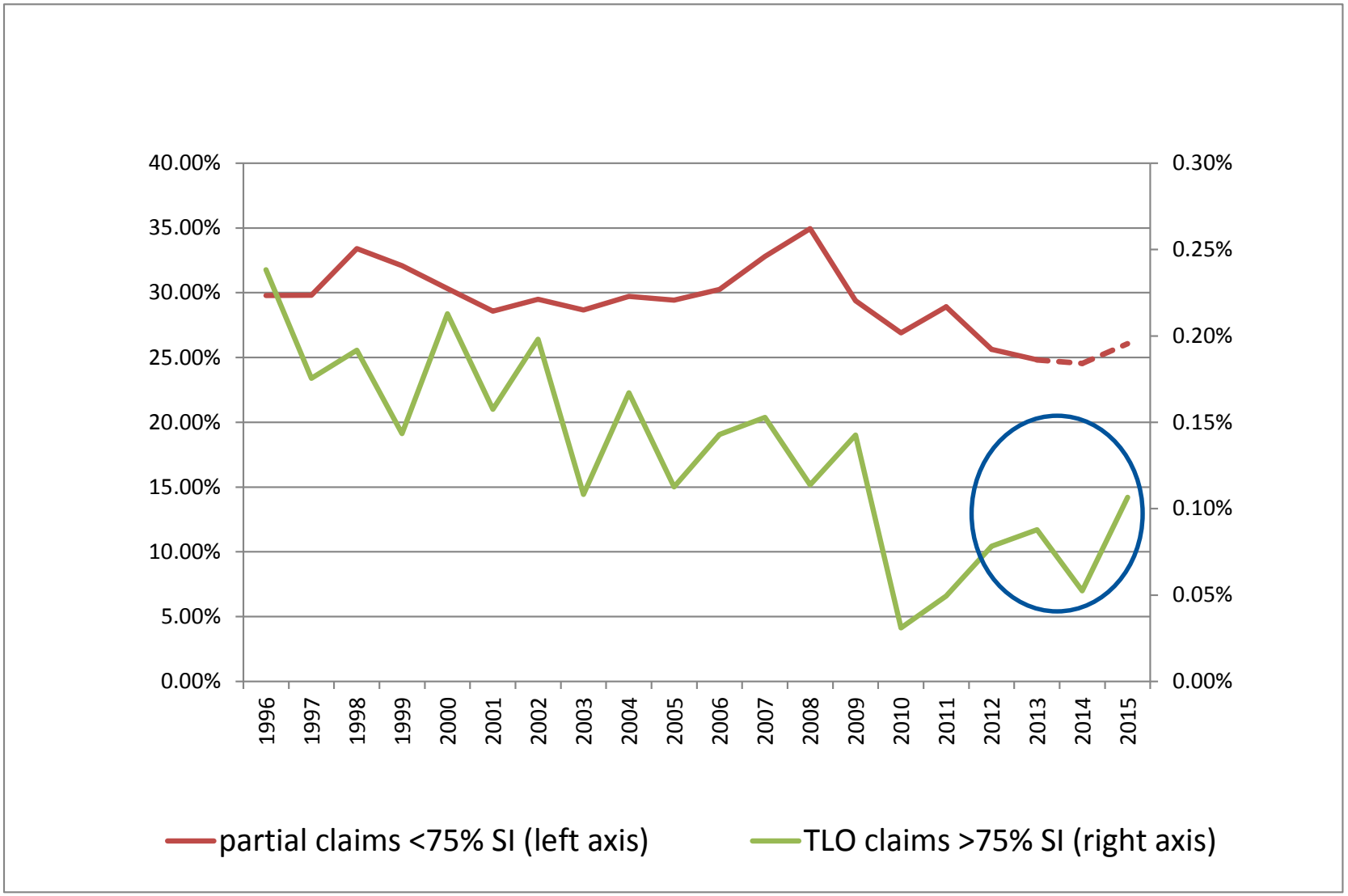
CLAIMS FREQUENCY
PARTIAL VERSUS TOTAL LOSSES



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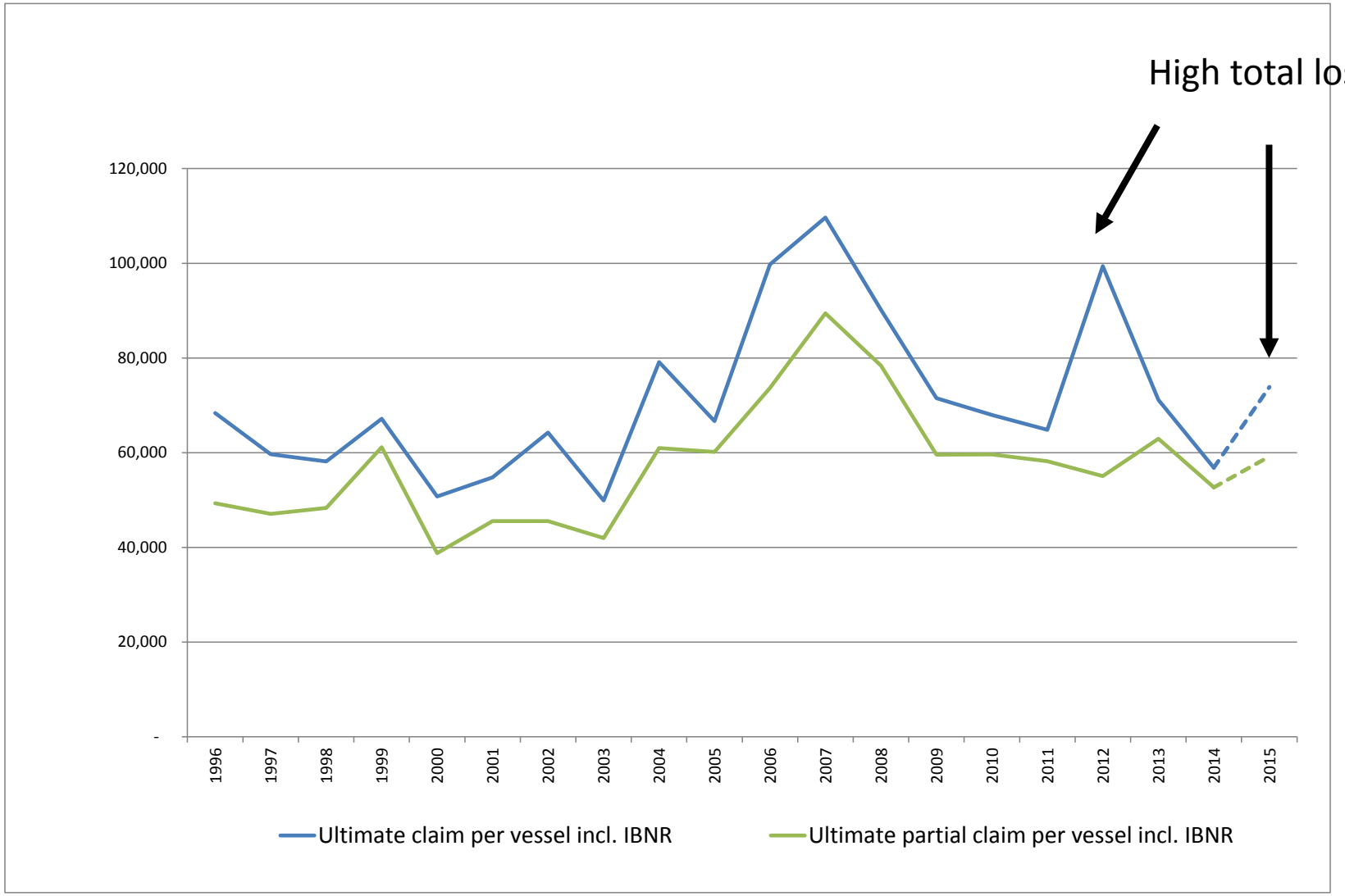
TOTAL LOSSES DRIVE UP CLAIMS COST

ULTIMATE PARTIAL AND TOTAL CLAIM COST PER VESSEL



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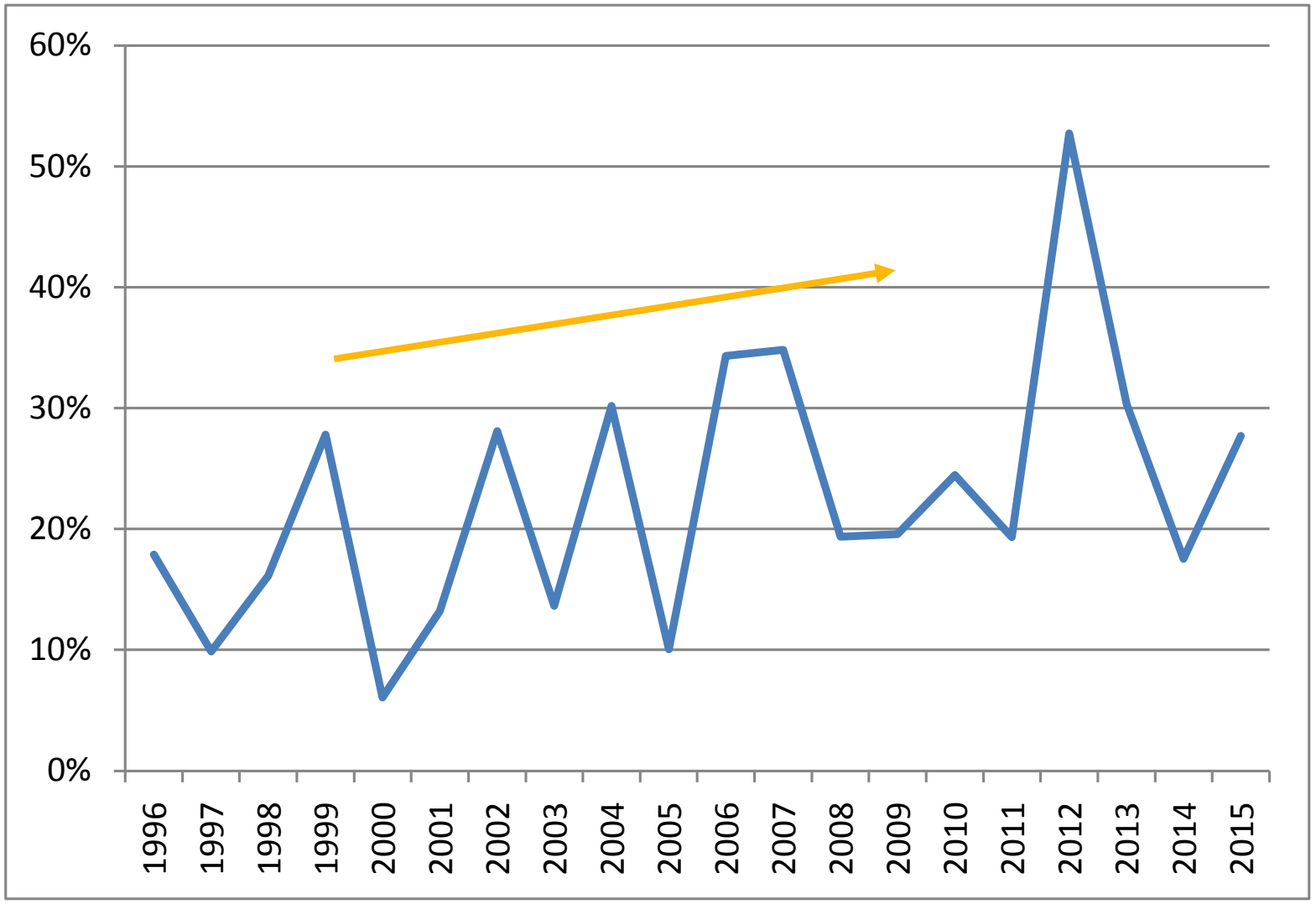
MAJOR CLAIMS IMPACT

CLAIMS > 10 USD MILLION AS % OF TOTAL CLAIMS COST



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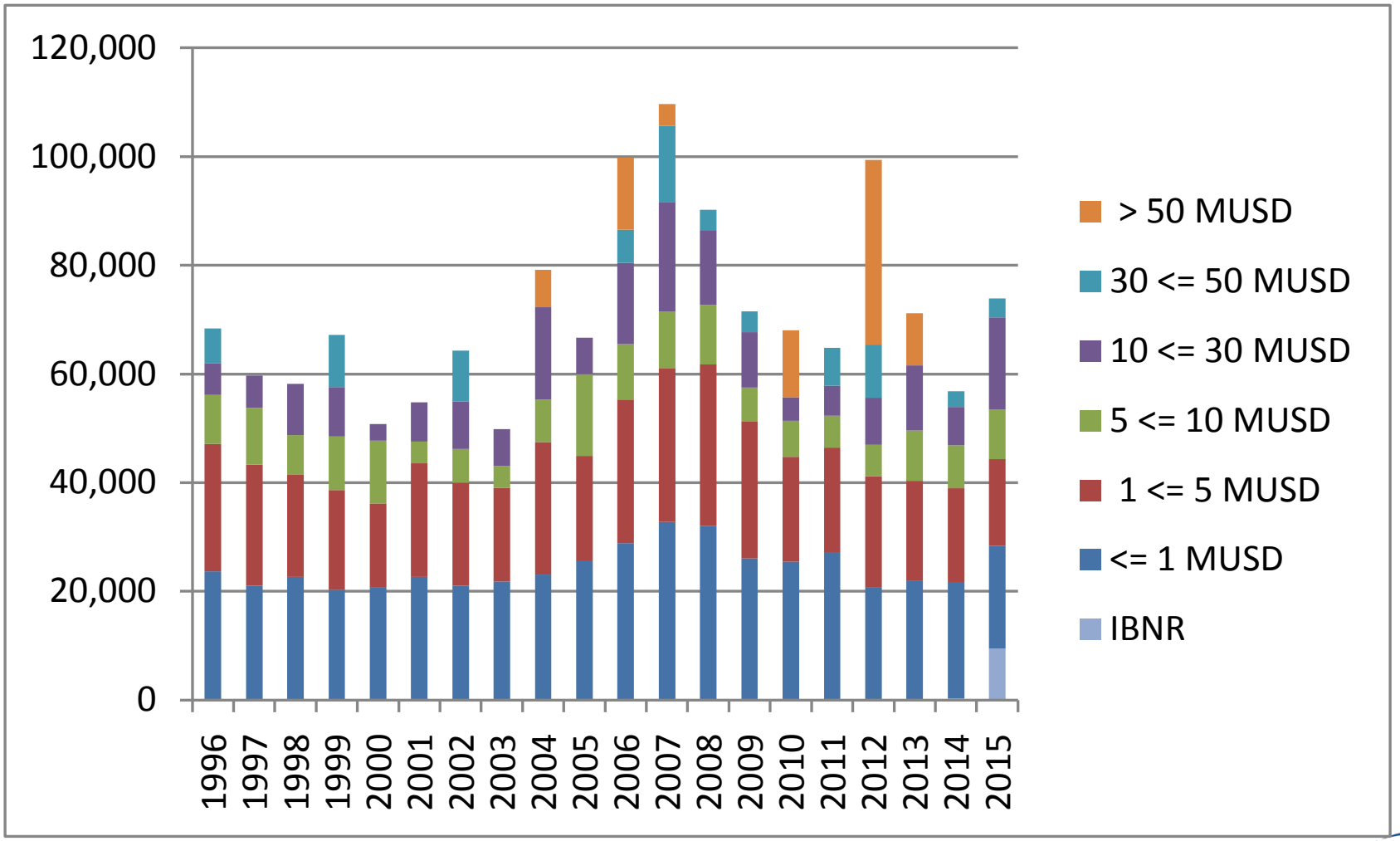
CLAIM COST PER VESSEL BY SIZE OF CLAIMS



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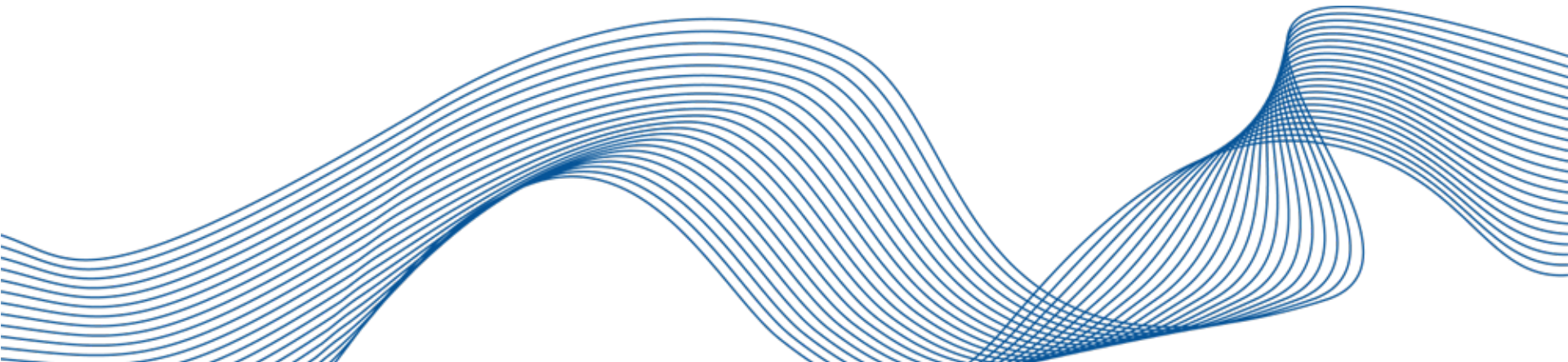
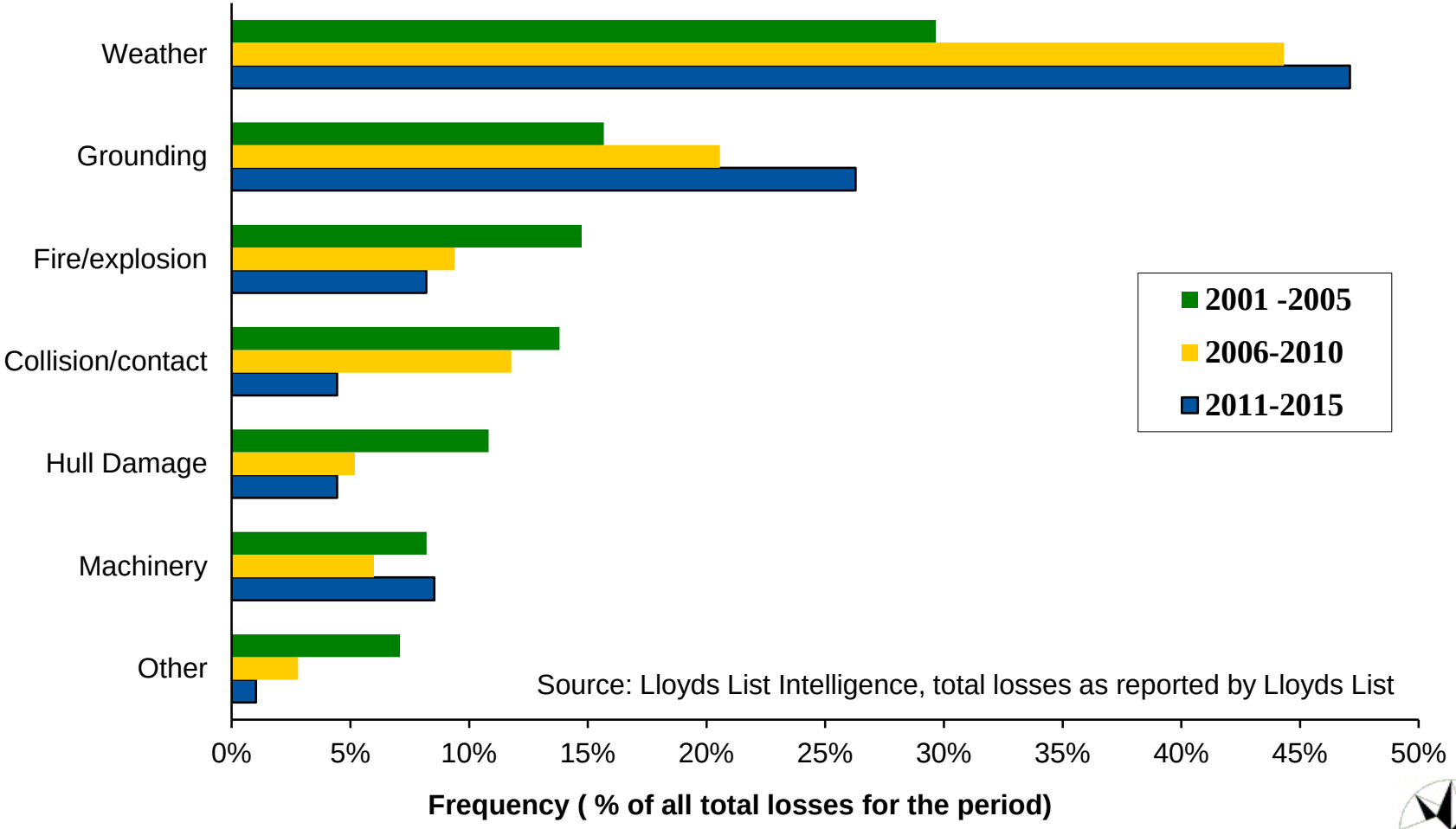
CLAIMS BY TYPE OF CLAIM

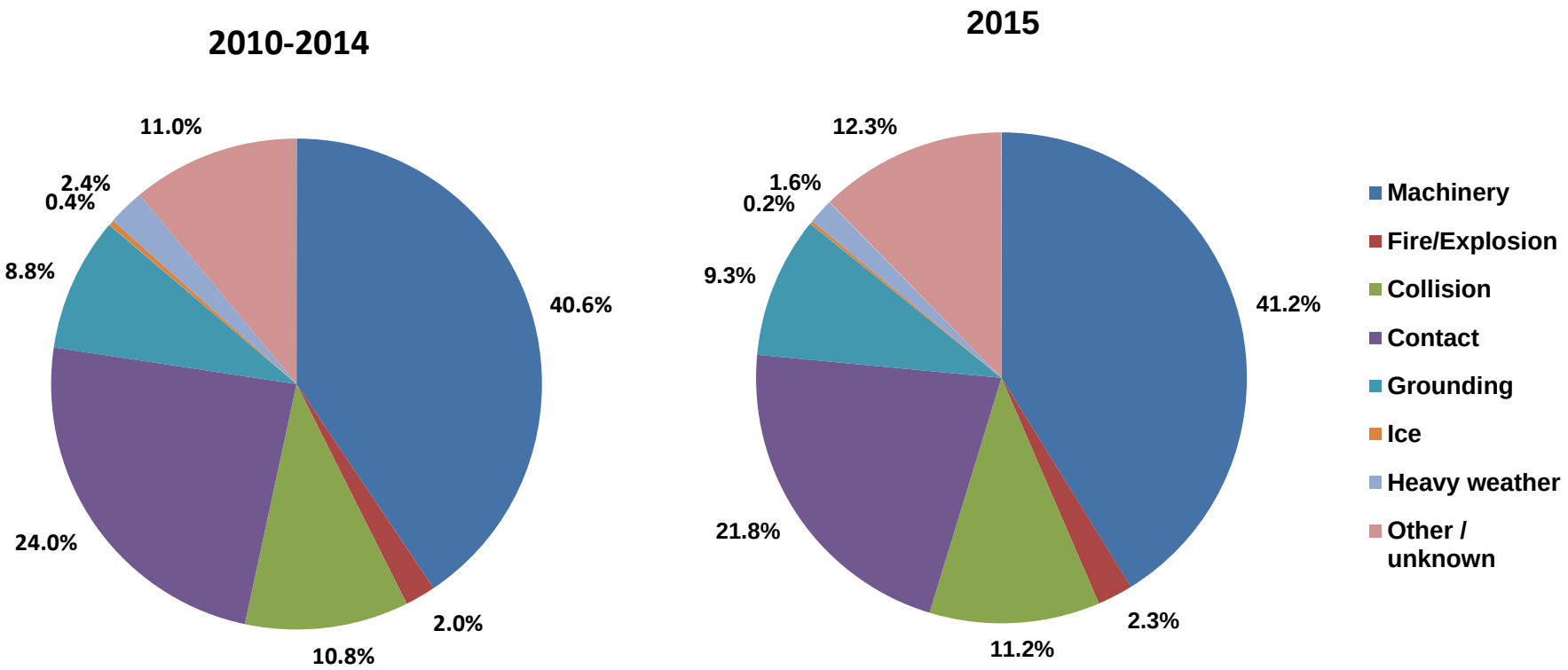


Total Losses 2000 – 2015

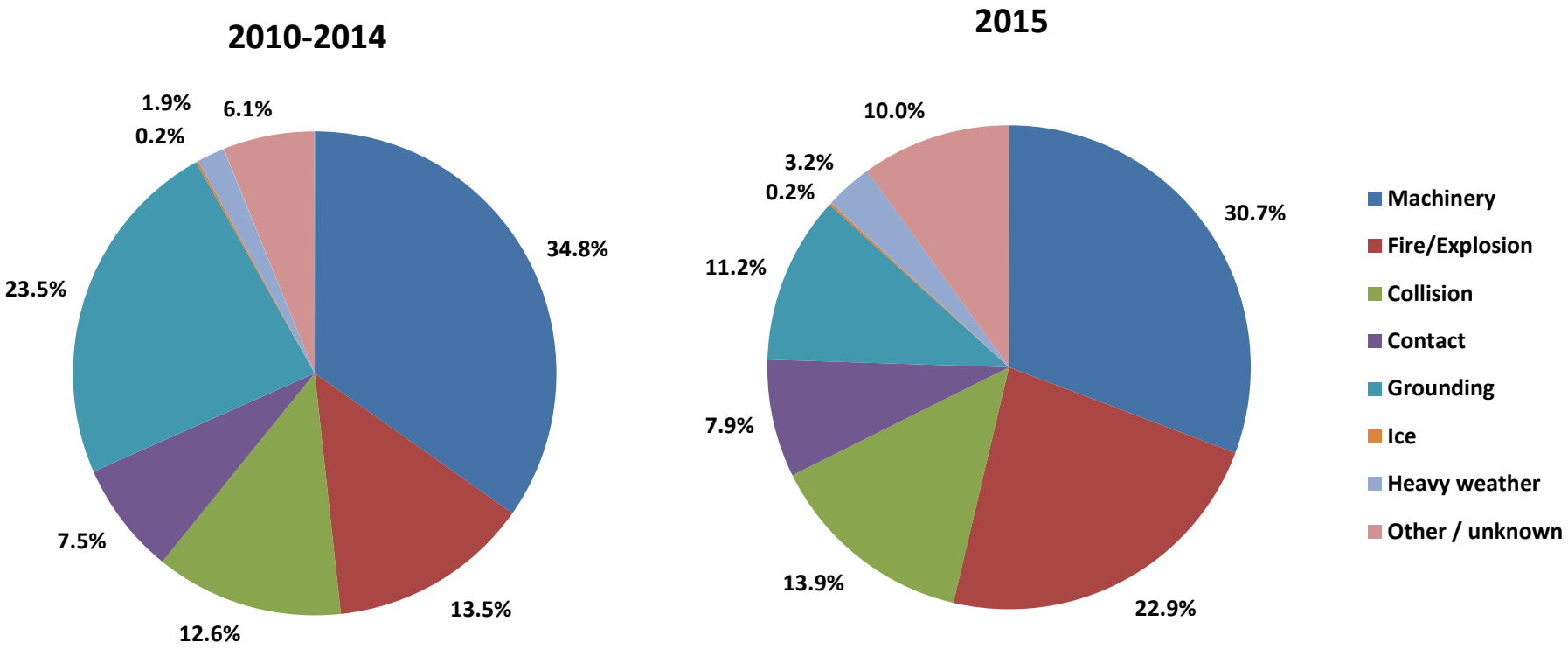
by cause, all vessel types, vessels > 500 GT



DISTRIBUTION OF NUMBER OF CLAIMS BY TYPE

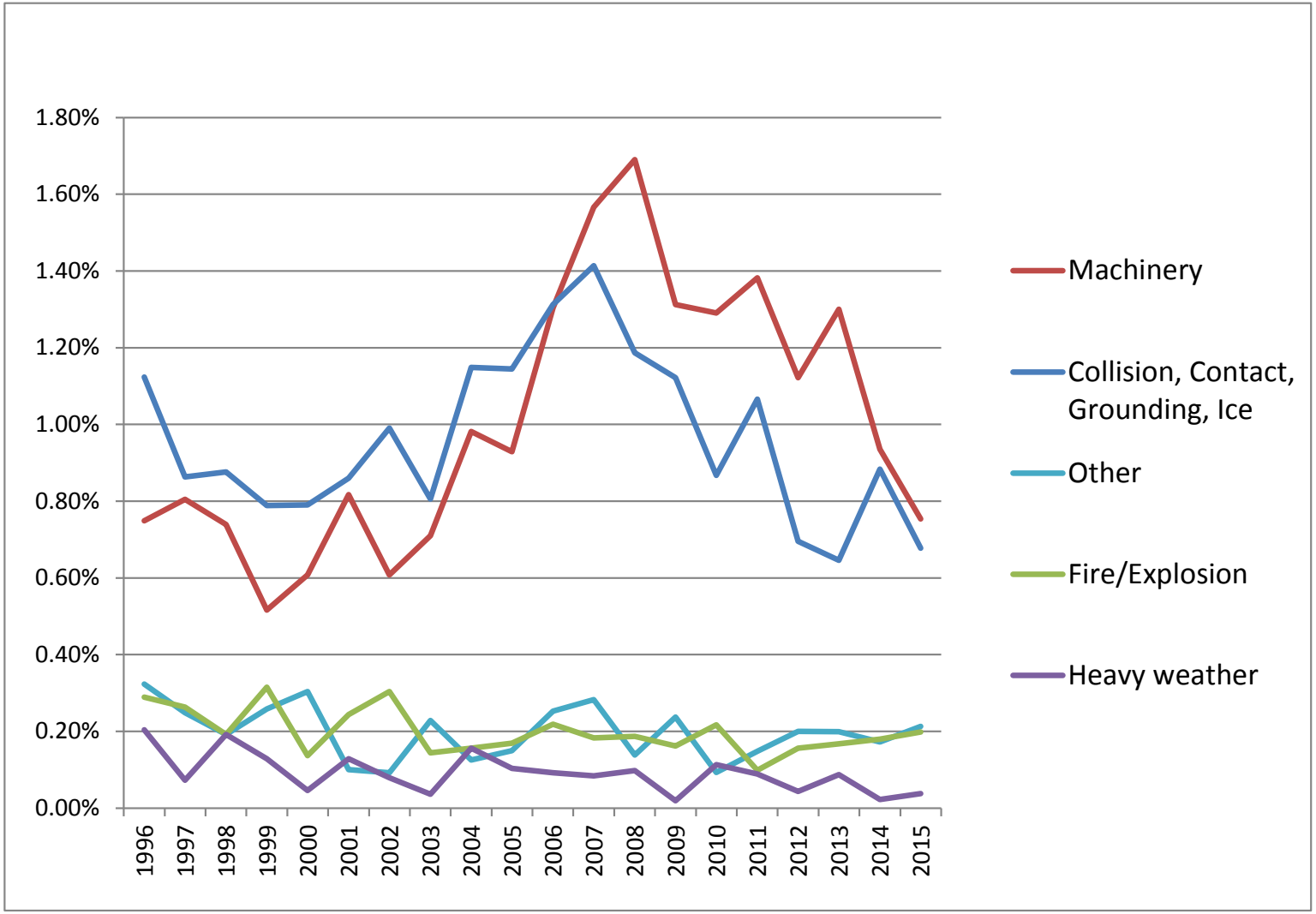


DISTRIBUTION OF CLAIMS COST BY TYPE



CLAIMS FREQUENCY OF CLAIMS > USD 500,000

BACK TO PRE-BOOM LEVEL



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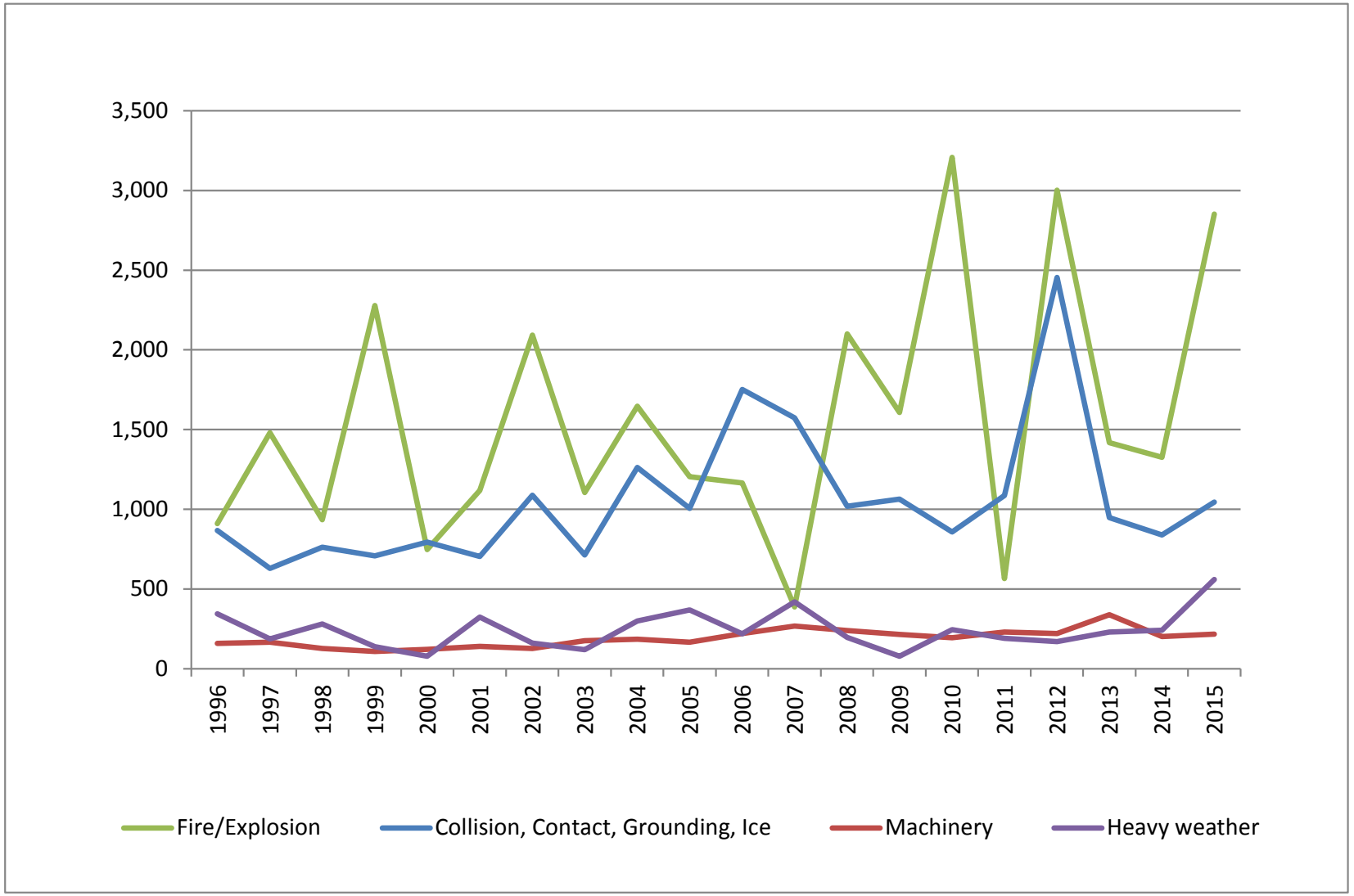
AVERAGE CLAIM COST (USD 1,000)

INCREASED IMPACT OF COSTLY FIRE/EXPLOSION CLAIMS



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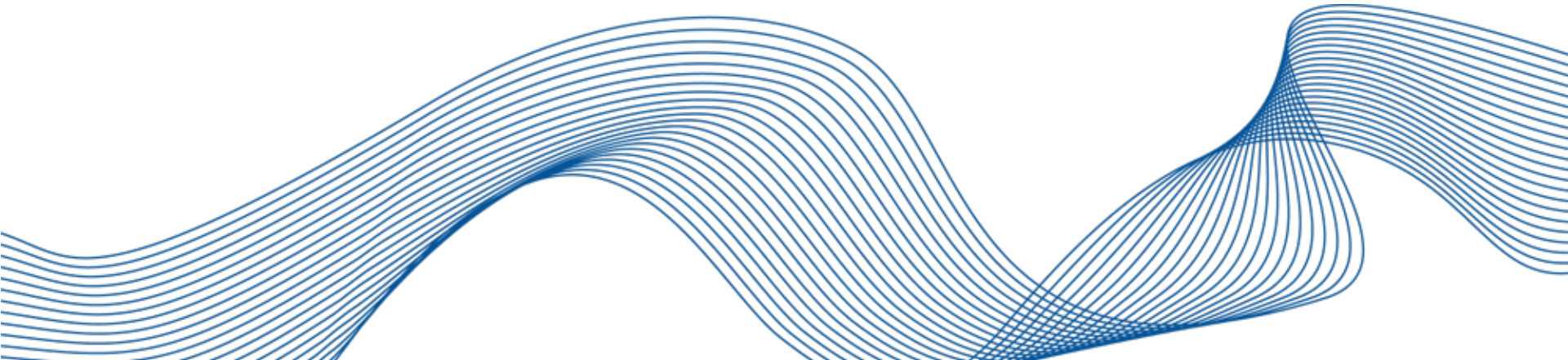
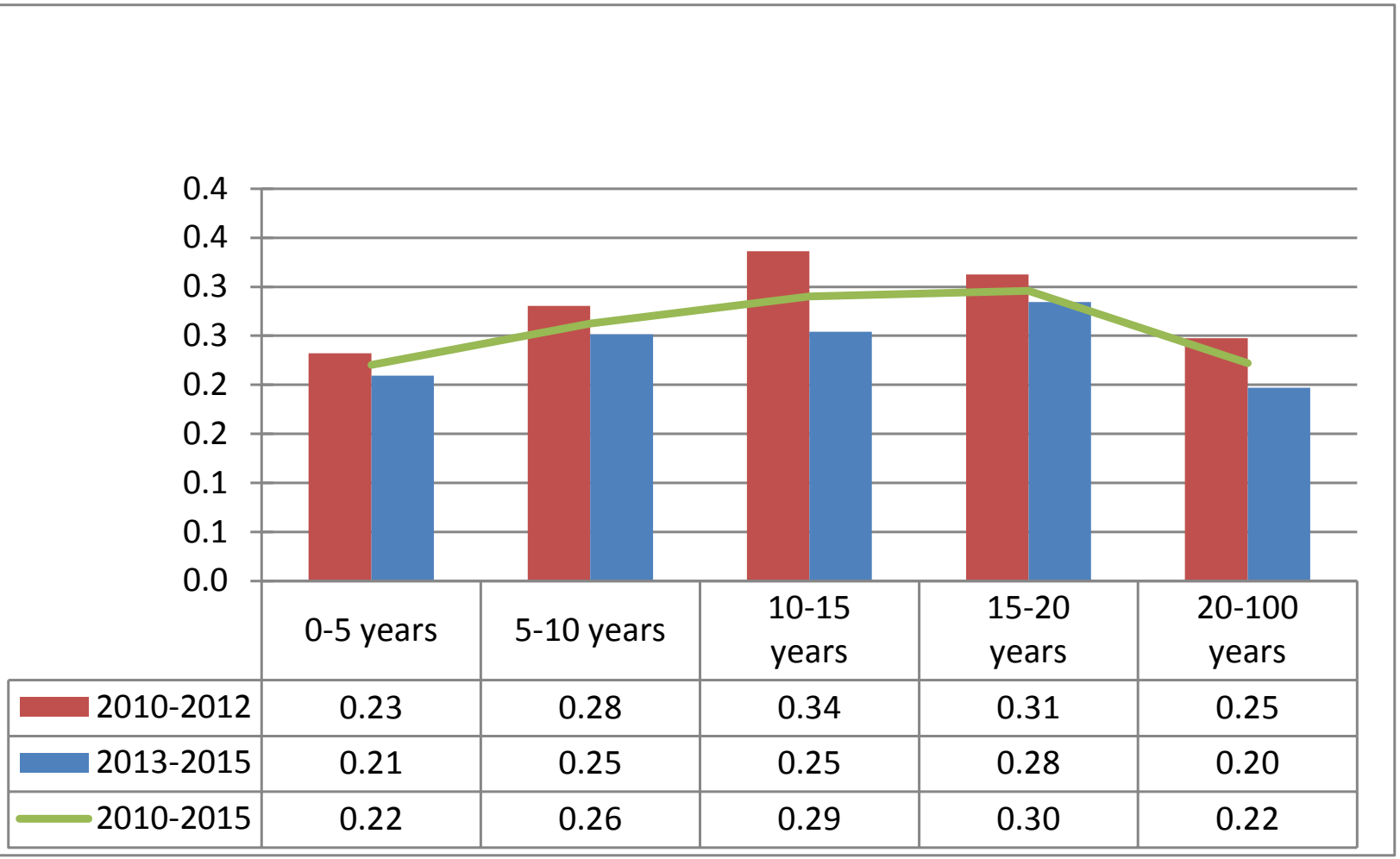
CLAIMS TRENDS
BY AGE GROUP AND VESSEL TYPE



CLAIMS FREQUENCY, BY AGE GROUP



	0-5 years	5-10 years	10-15 years	15-20 years	20-100 years
2010-2012	0.23	0.28	0.34	0.31	0.25
2013-2015	0.21	0.25	0.25	0.28	0.20
2010-2015	0.22	0.26	0.29	0.30	0.22

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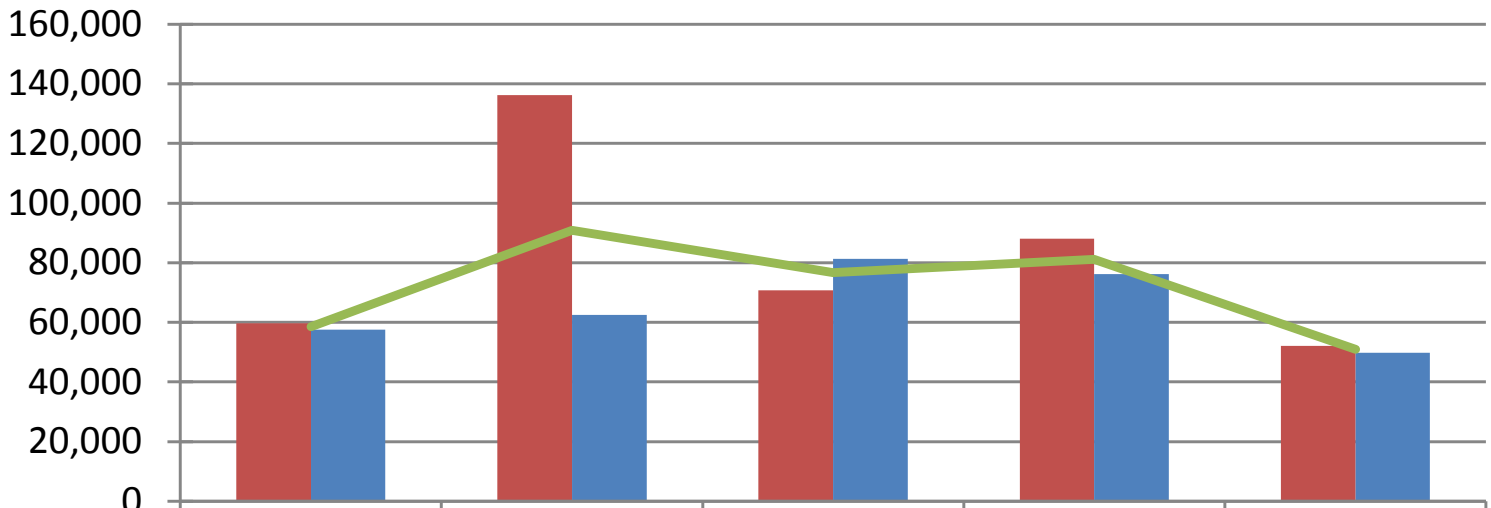
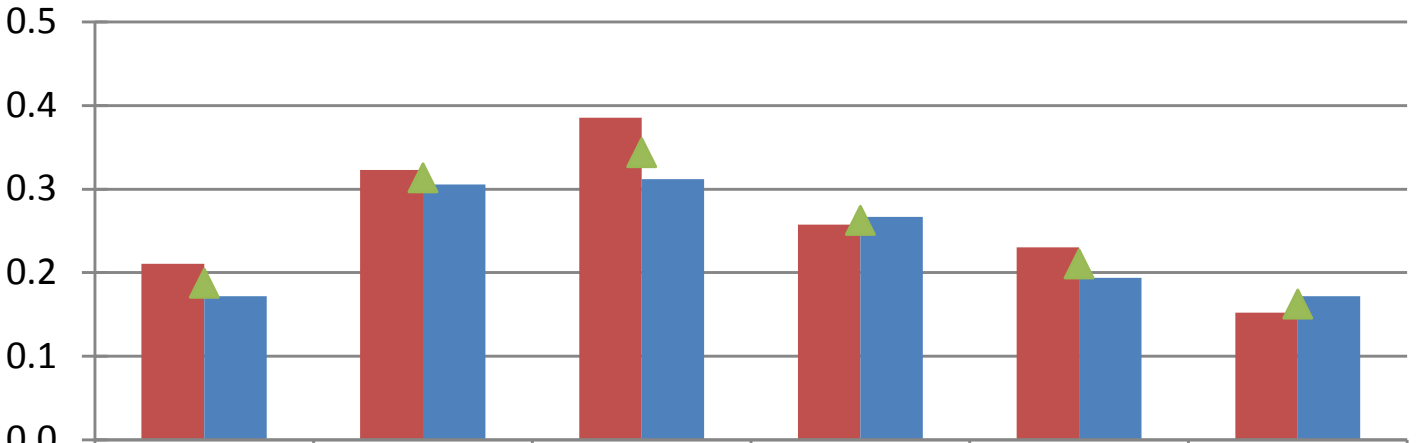
CLAIM COST PER VESSEL, BY AGE GROUP



	0-5 years	5-10 years	10-15 years	15-20 years	20-100 years
2010-2012	59,667	136,267	70,688	88,030	52,068
2013-2015	57,618	62,517	81,337	76,223	49,866
2010-2015	58,603	90,863	76,631	81,042	50,957

CLAIMS FREQUENCY, BY VESSEL TYPE



	Bulk	Cargo	Cont./Car /RoRo	Passenger	Tank	Supply/Off
2010-2012	0.21	0.32	0.39	0.26	0.23	0.15
2013-2015	0.17	0.31	0.31	0.27	0.19	0.17
2010-2015	0.19	0.31	0.34	0.26	0.21	0.16

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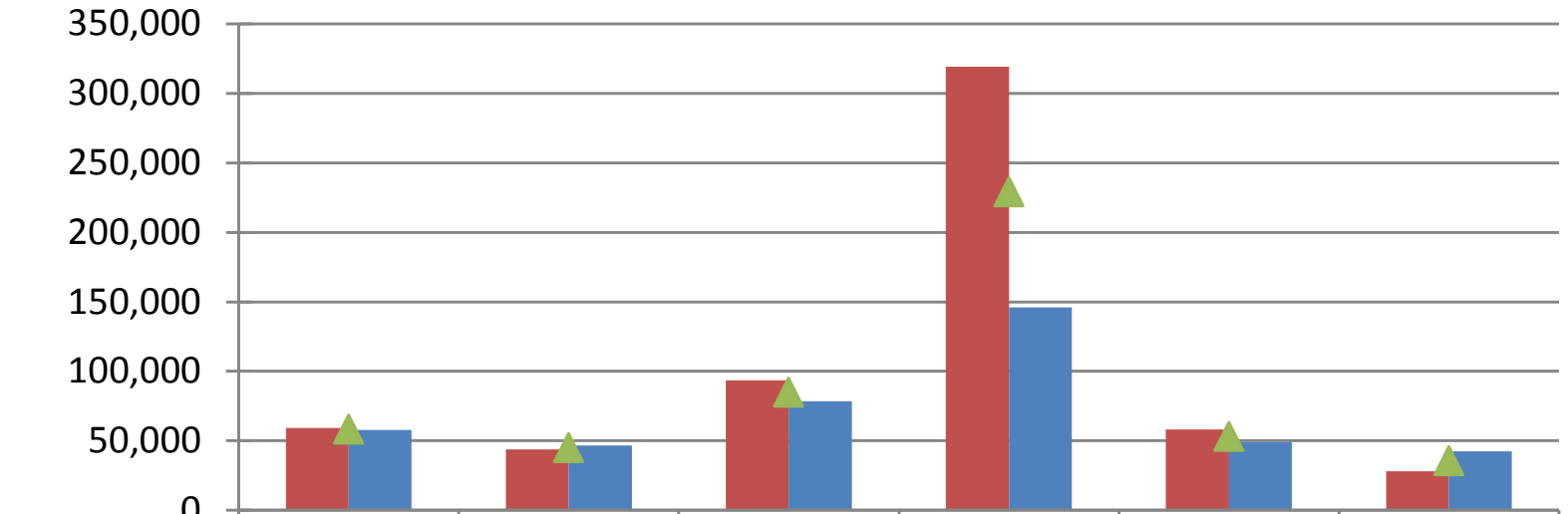
CLAIM COST PER VESSEL, BY VESSEL TYPE



	Bulk	Cargo	Cont./Car /RoRo	Passenger	Tank	Supply/Off
2010-2012	59,096	43,904	93,372	319,148	58,031	28,046
2013-2015	57,891	46,690	78,494	145,817	49,034	42,619
2010-2015	58,374	45,400	84,996	229,073	53,171	35,733

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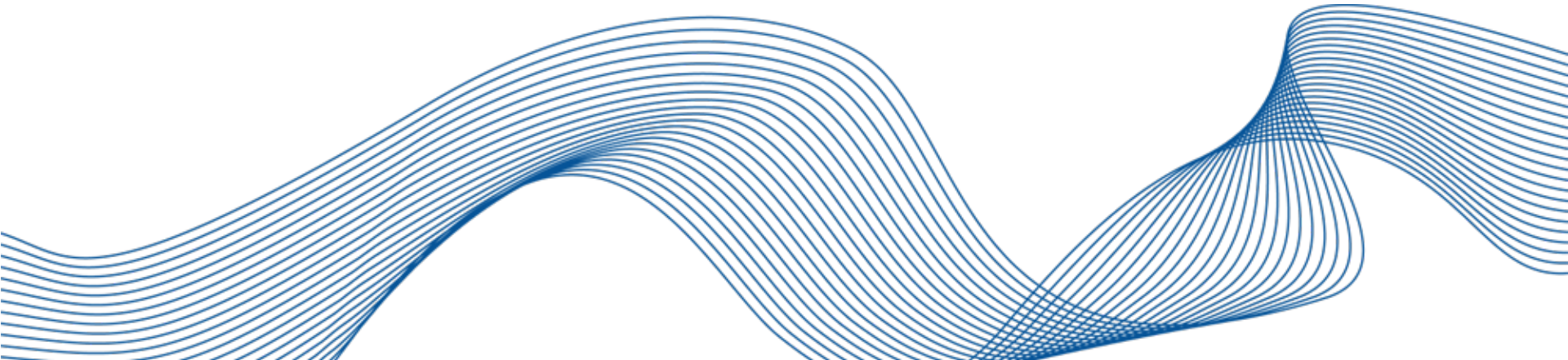
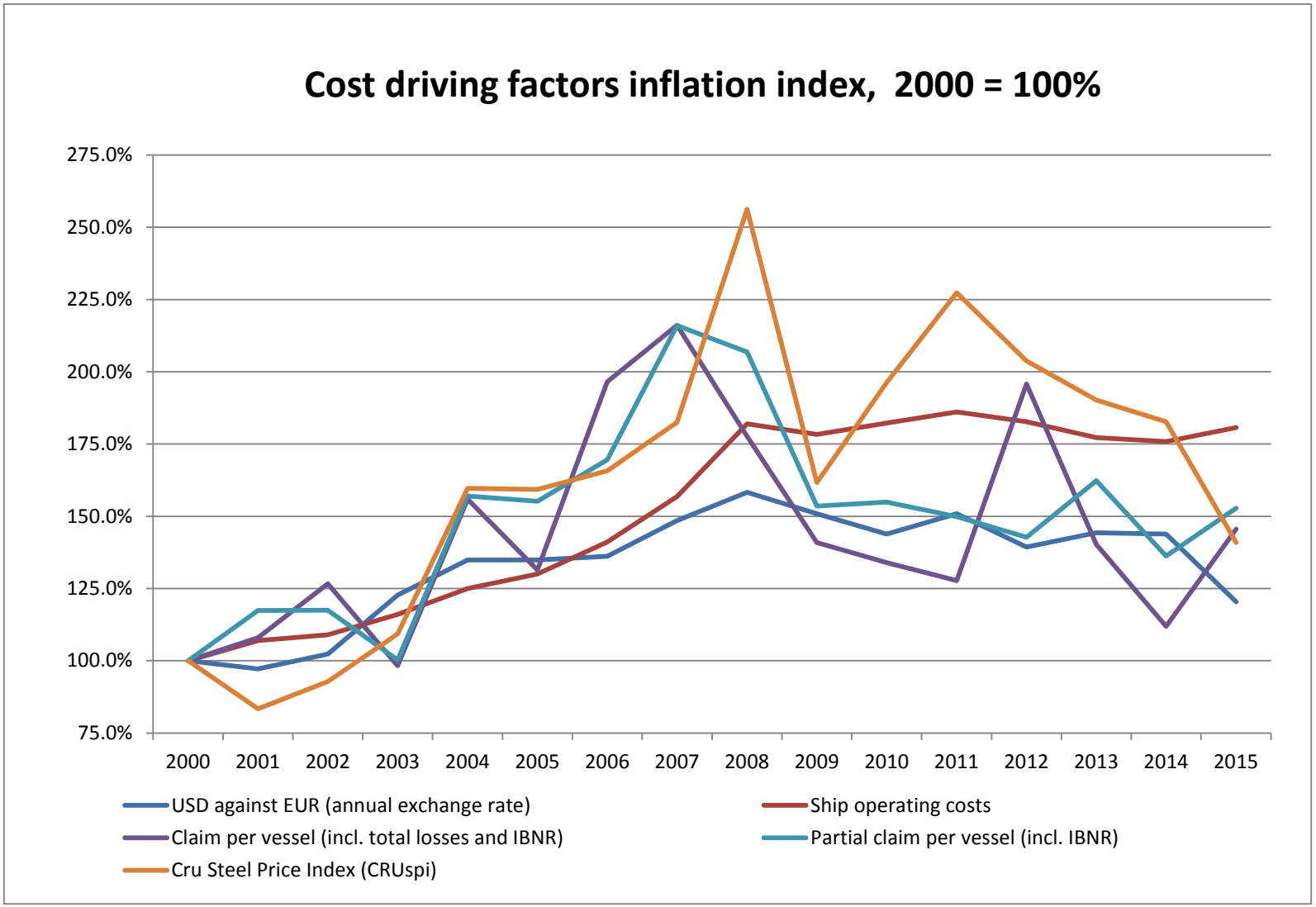
SPECIAL FOCUS:

- COST DRIVING FACTORS
- FIRE ON RORO & PASSENGER VESSELS
- SEASONAL VARIATIONS



COST DRIVING FACTORS INFLATION INDEX

2000= 100%



Sources: Claim index: Cefor NoMIS data as of 31.12.2015; Exchange rates: Norges Bank, Ship operation costs: Moore Stephen's, Steel: CRU Steel Price Index

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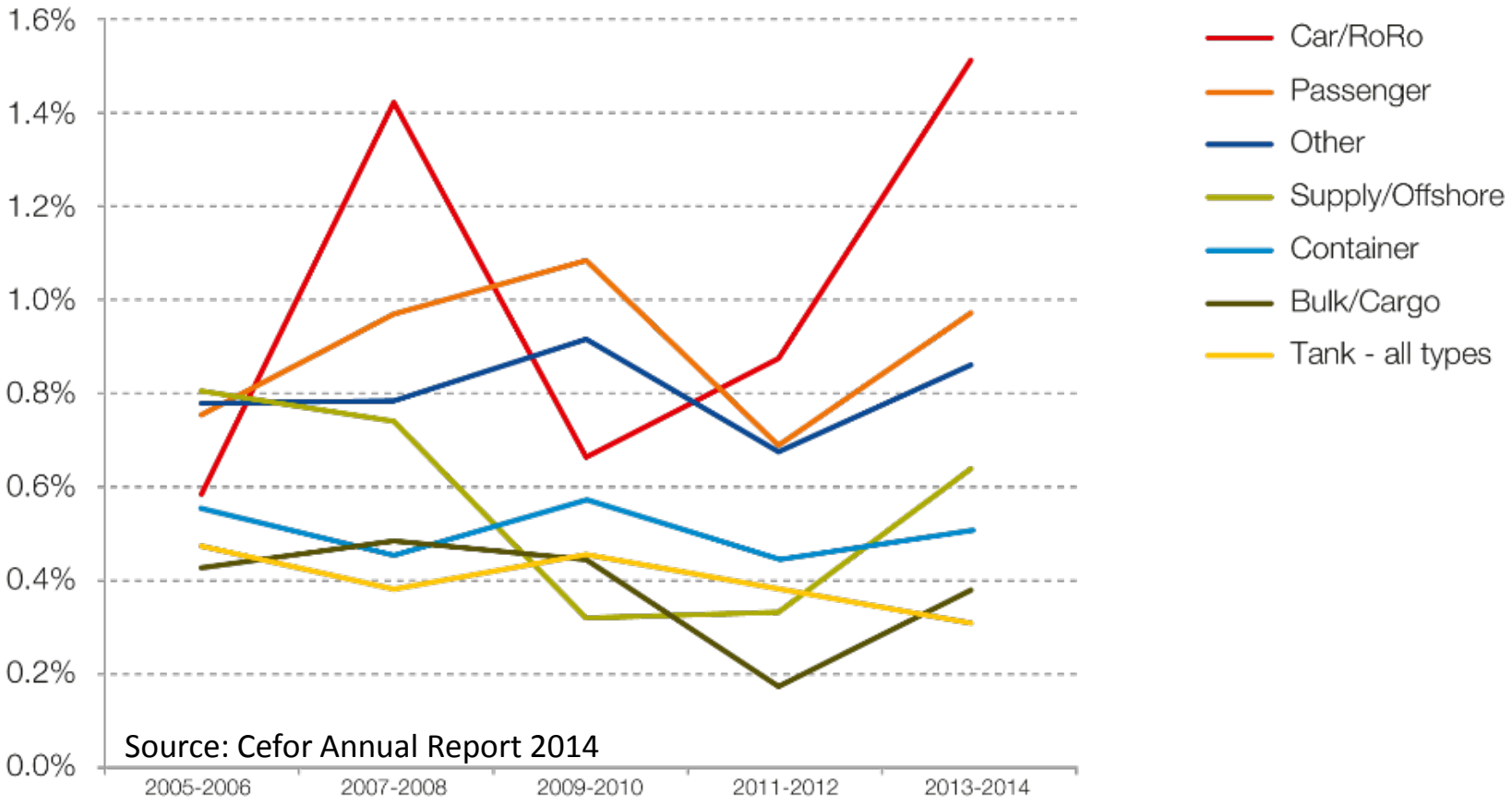
FIRE FREQUENCY BY VESSEL TYPE

TREND CONTINUES INTO 2015



Source: Cefor Annual Report 2014

NORDIC COASTAL & FISHING VESSELS SEGMENT

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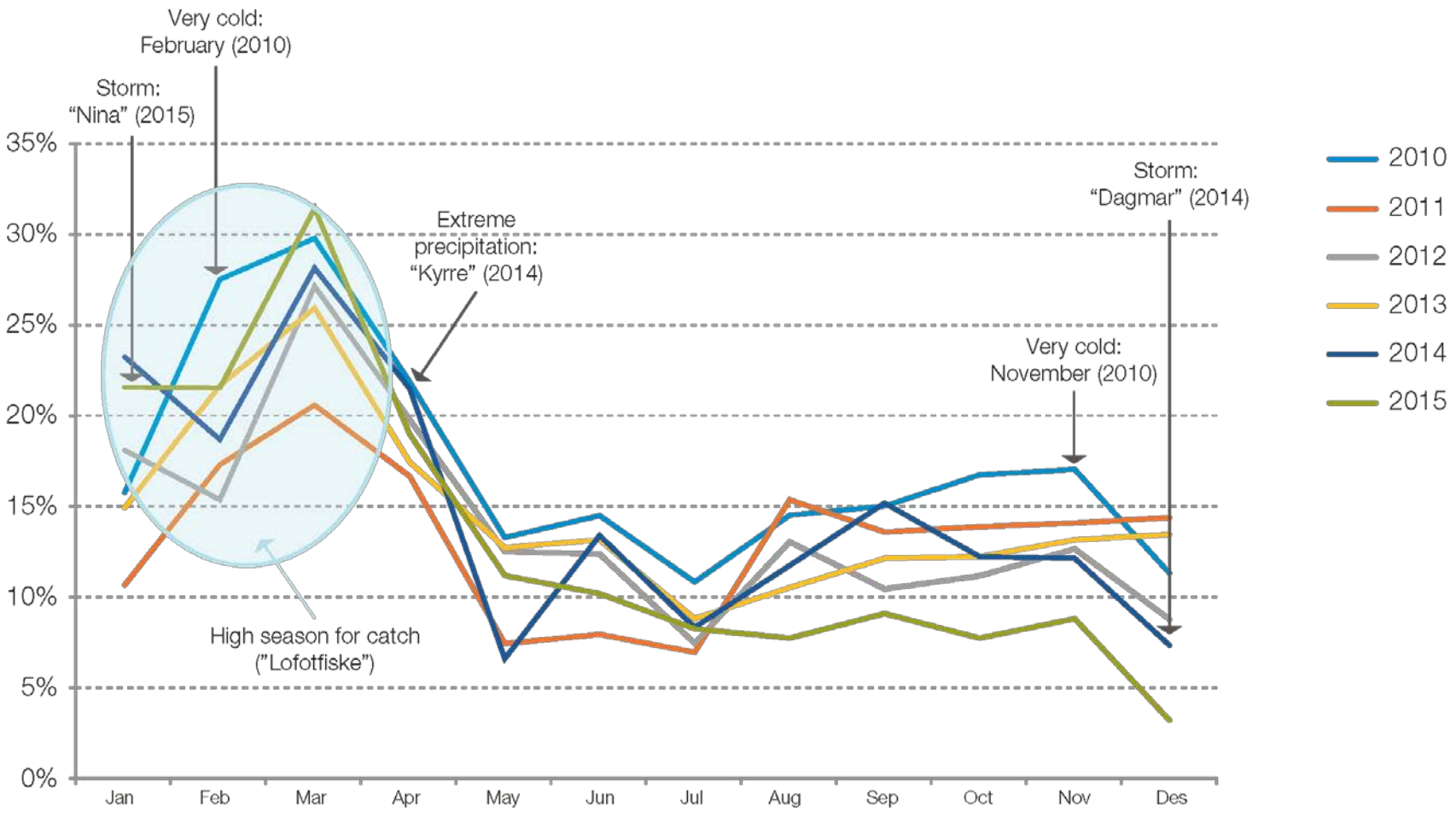
RIDING OUT THE STORMS

Claims frequency per month of exposure, Fishing vessels



STAYING IN CONTROL

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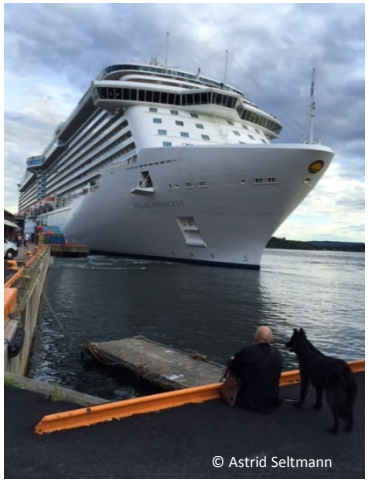
ISSUES TO MONITOR



High-value risks

Oil price, fuel quality

Law and liability changes

Arctic risks

New technology

Navigation

MSC Safety discussions!

The human factor/
Qualification

Climate changes

Accumulation

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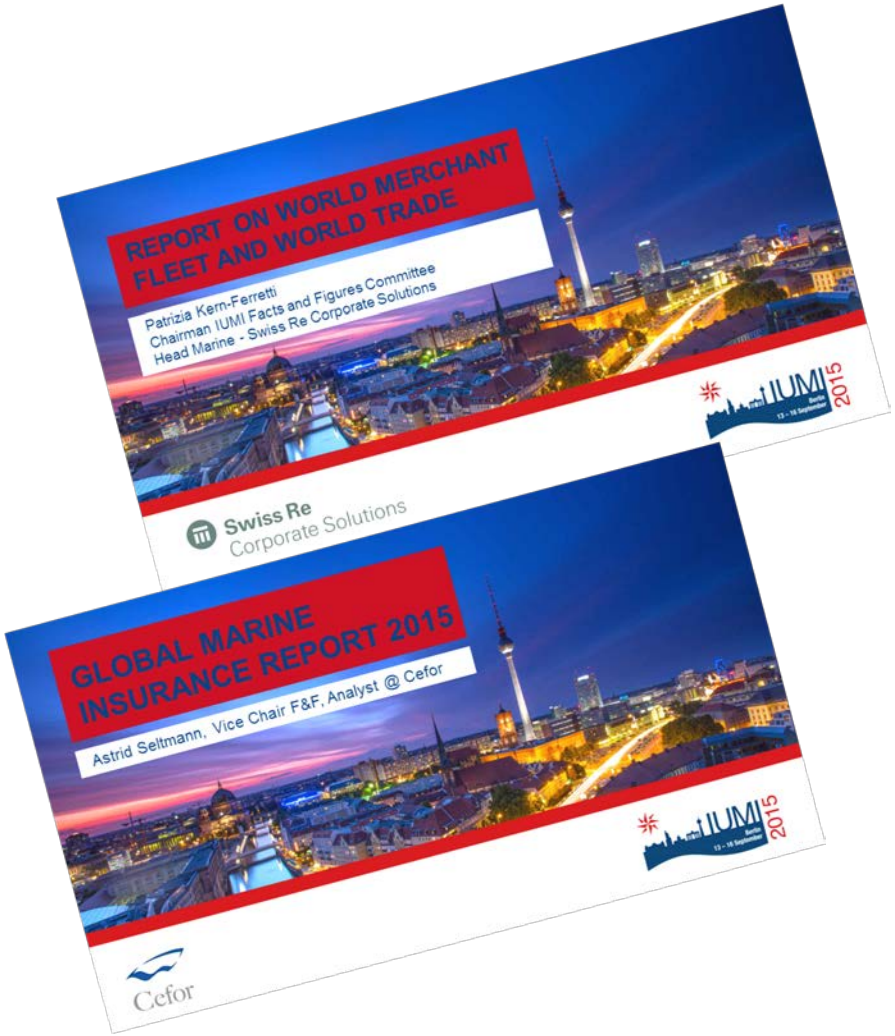
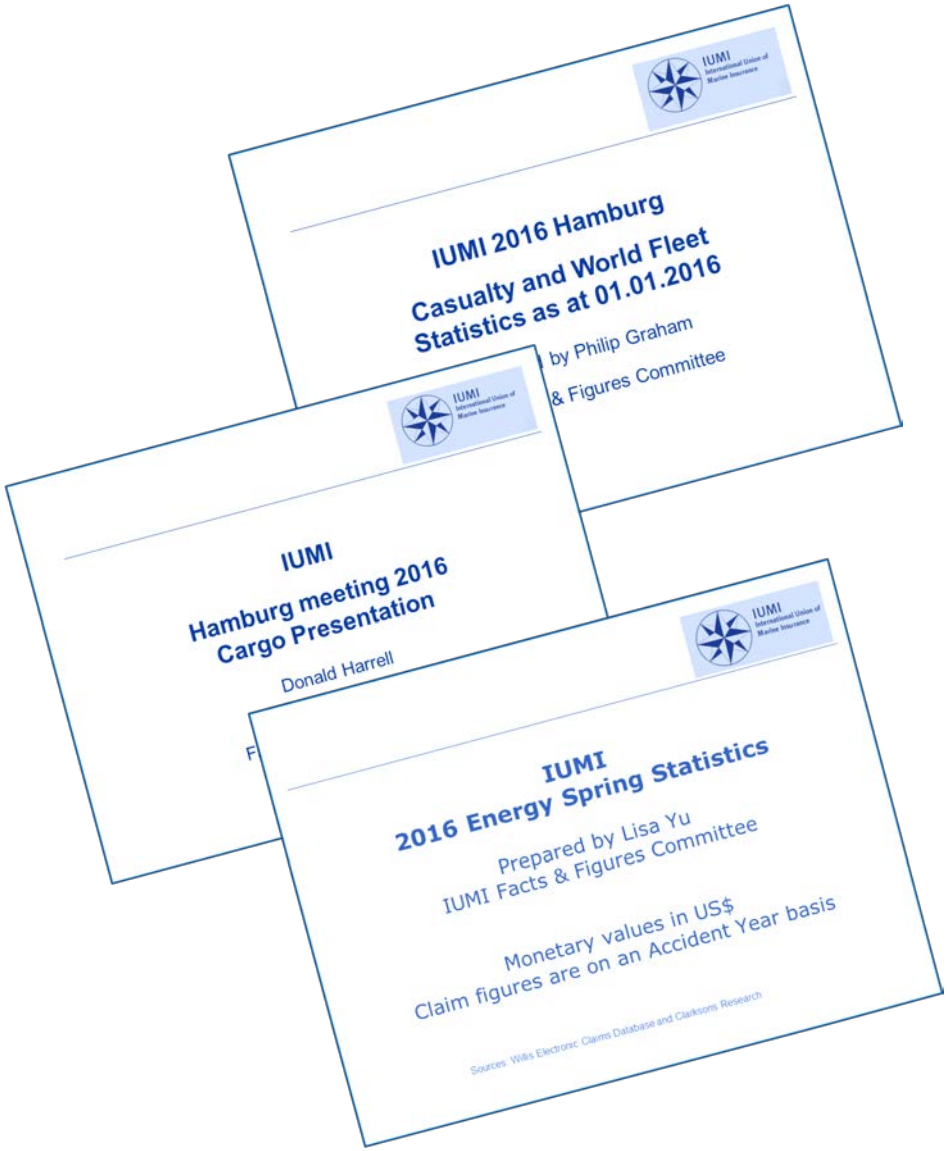
IUMI REPORTS 2015/16:





IUMI Statistics: http://www.iumi.com/index.php/committees/facts-a-figures-committee/statistics
IUMI Political Forum list of issues: http://www.iumi.com/images/documents/Current_Issues-IUMI_Political_Forum_public_16-04-22.pdf

CEFOR REPORTS 2016:
(NORDIC MARINE INSURANCE STATISTICS)

www.cefor.no/statistics

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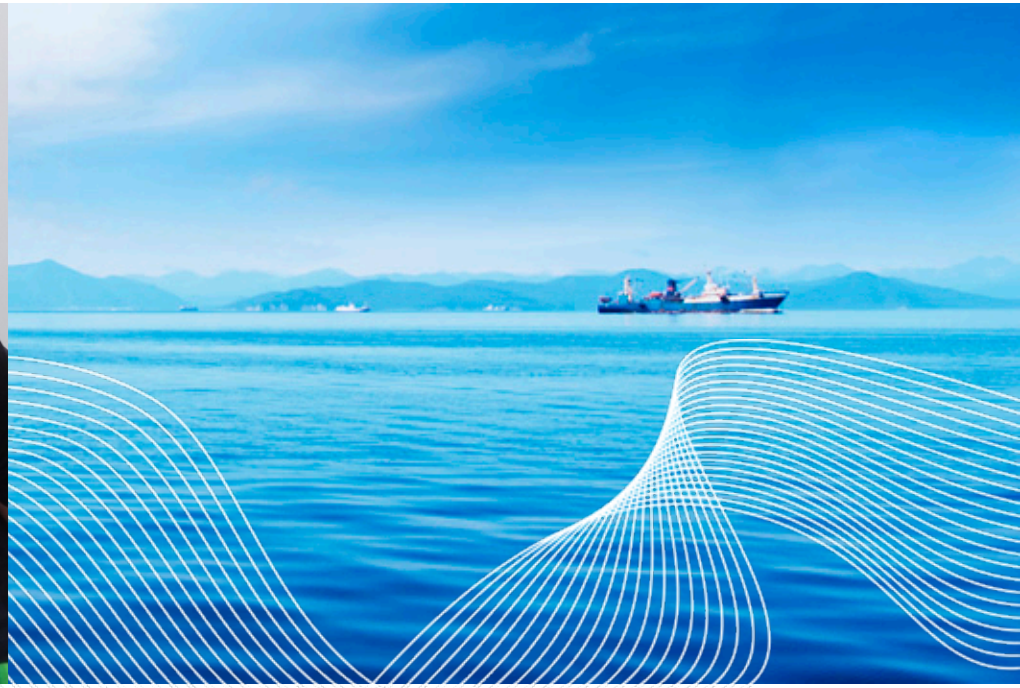

THANK YOU.

astrid.seltmann@cefor.no