

## Press release

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### Cost of nautical-related marine claims back to high levels in 2011

**Claims costs seem to stabilize at high levels, according to the latest claims statistics from The Nordic Association of Marine Insurers (Cefor). “The picture is particularly worrying for nautical-related claims with average costs climbing back to high levels in 2011”, says the Association’s Managing Director, Helle Hammer.**

According to updated figures as per 30 June from the Nordic Marine Insurance Statistics (NoMIS) database, the average cost of claims per vessel continues at the high 2010 level ending a downward trend from the peak years 2007/2008. Part of the reason for this appear to be the more stable market conditions with higher utilisation rates and repair costs following the sudden decline in the world economy as well as the shipping sector.

The value of newbuildings are also generally increasing due to more advanced technologies and vessels sizes, making each vessel more expensive to insure and the potential claims cost much higher. “History has proven the volatility of major claims, and it is necessary to prepare at all times for these costly claims”, warns Hammer.

A new increase in average cost for nautical-related claims such as grounding, contact and collisions are of particular concern to the Association. “More advanced ships and the introduction of new technologies represents a particular challenge in recruiting competent crew and providing them with proper training”, says Helle Hammer, pointing to human error as a direct or indirect cause in most incidents at sea.

The 2011 claim cost to date is somewhat above 2009 and 2010 levels. This is mainly due to a few major claims occurred in the first quarter 2011. However, the Japan tsunami in March seems to have had little impact on the Cefor portfolio.

Frequency offers a more positive picture with a downward trend both for partial (attritional) and total losses after a peak in 2007/8. Deductible increases may have had an influence on the partial losses, and the downward trend has now stabilized at 2010 level in the first two quarters of 2011.

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#### **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 234,406 vessel years and 861,479 claims by the end of 2010. More information is available at [www.cefor.no](http://www.cefor.no)