



Cefor

The Nordic Association of Marine Insurers

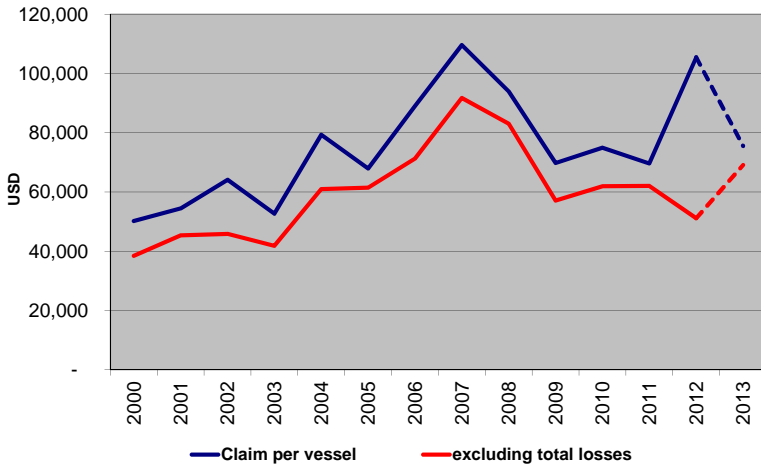
Hull Claims Update 2013

per 30 June 2013, issued by the Cefor Statistics Forum

Portfolio: 188,465 registered vessel years / 11,275 vessels (with IMO-No.) for uw year 2012

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

Claim cost per vessel (incl. IBNR)



If not indicated otherwise, claims are grouped by date of loss (claims incurred in the respective calendar year / «by accident year»).

2013 figures:

All claims (cost, numbers) are as reported by 30 June 2013, but an estimate for the total outstanding cost of these claims is added. Figures do not include any estimate of claims not yet incurred, but which may incur during the second half year of 2013. To compensate, 2013 claims are related to portfolio figures for a half year (number of vessels, insured values).

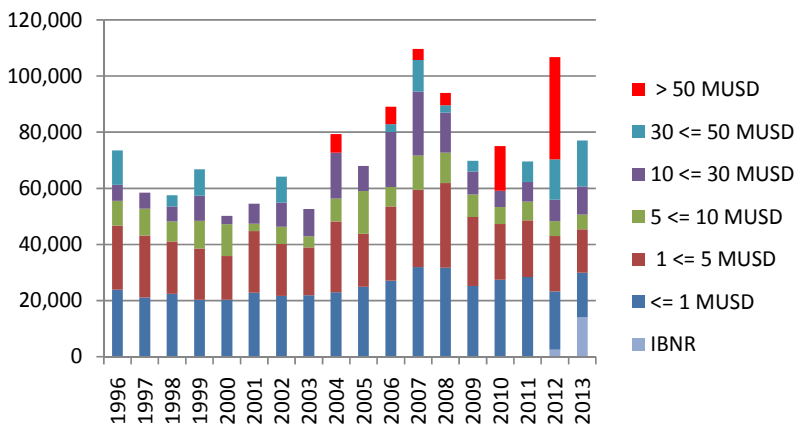
Major claims:

Major claims in the first half year of 2013 did not have the same impact on 2013 figures as the 2012 major losses incl. Costa Concordia had on 2012 results. In 2012, in addition to Costa Concordia five more claims in excess of 30 MUSD were reported (fire/explosion, collisions, groundings). In 2013, two claims in excess of 30 MUSD were reported. Still, the risk of major losses needs to be monitored closely, as the risk exposure remains high with increasing vessel sizes and accordingly higher values (see p.3).

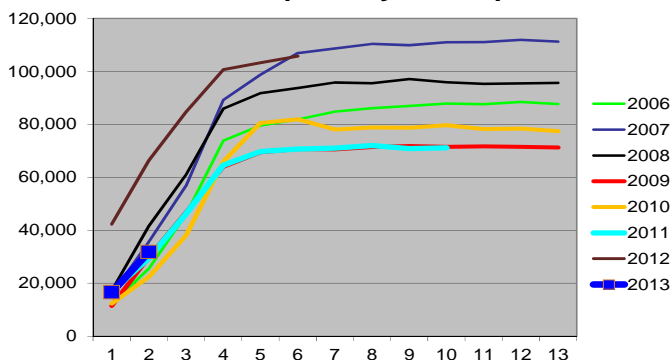
Average repair cost:

Excluding total losses, the average repair cost per vessel has been quite stable from 2009 to 2013. A certain increase in 2013 is mainly due to two claims in the range 30 to 50 MUSD (no total losses). It is worth noting that the average repair cost per vessel for claims less than 10 MUSD reached a record low level in 2012. So far, there are no signs of any real increase in 2013.

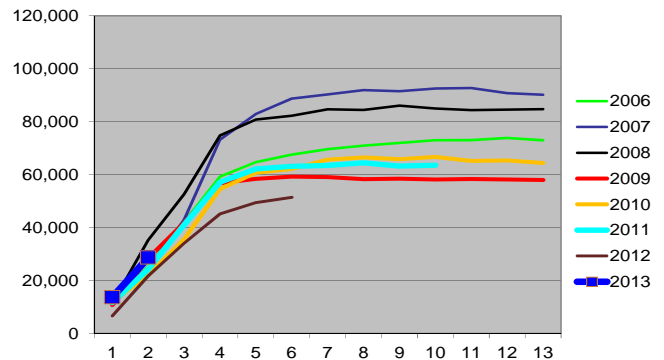
USD Claim per vessel, by date of loss



Claim per vessel (incl. total losses) - accumulated quarterly development



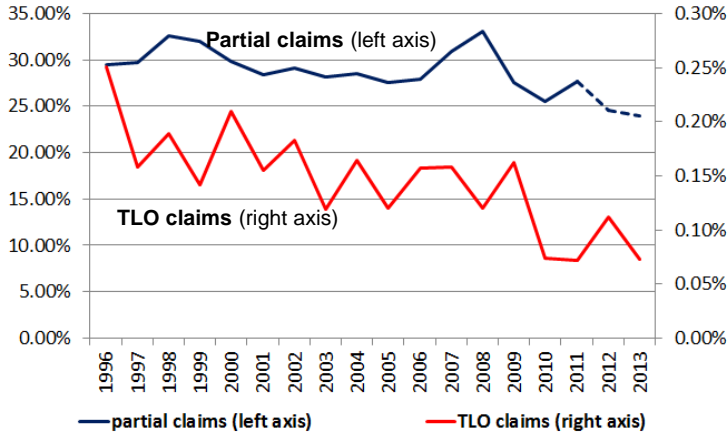
Claim per vessel (excl. total losses) - accumulated quarterly development



All figures reflect 100% of the included vessels. Note that the 2012 figures include the unprecedented cost of the «Costa Concordia» accident, of which only a minor share was covered in the Nordic market.

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

Claim frequency, by date of loss

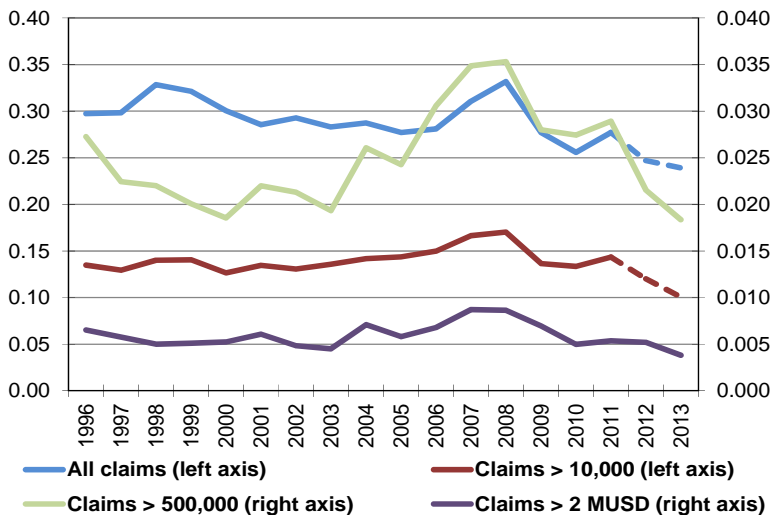


The overall claim frequency has fallen after the peak in 2008.

The frequency of total losses shows a long-term positive trend. However, the increase observed in 2012 gave rise to concern – especially as the 2012 total losses were mostly related to modern vessels.

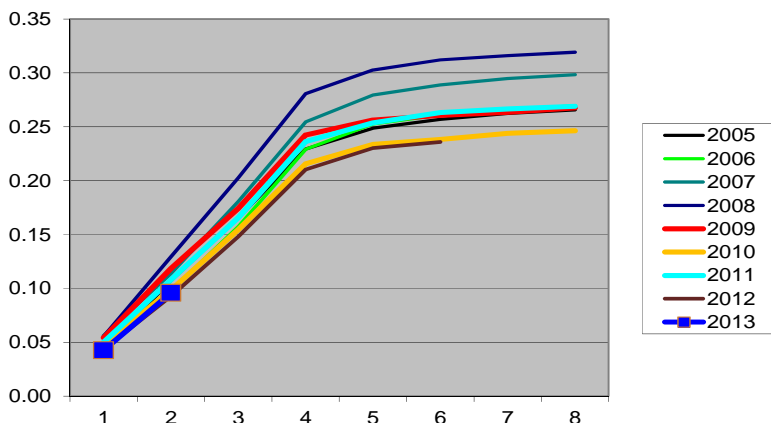
For the first half year of 2013, four total losses were reported, as opposed to six in the first half year of 2012, and twelve in the whole year 2012.

Claim frequency - Claims in excess of a certain level by date of loss



The claim frequency for most categories has shown a positive or stable long-term trend, with the exception of the peak in 2008.

Marine Hull - Claim frequency quarterly development

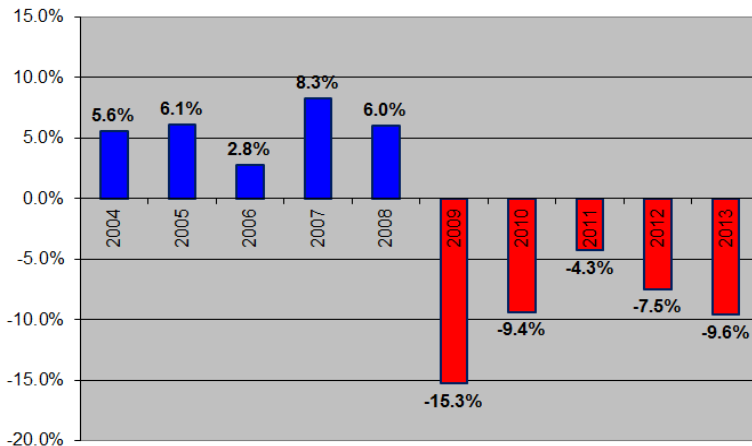


The quarterly ladder statistics show that the 2013 claim frequency as reported by 2nd quarter is slightly below average level.

3a – Sum Insured development and Claim per Sum Insured (Claim cost divided by insured values)

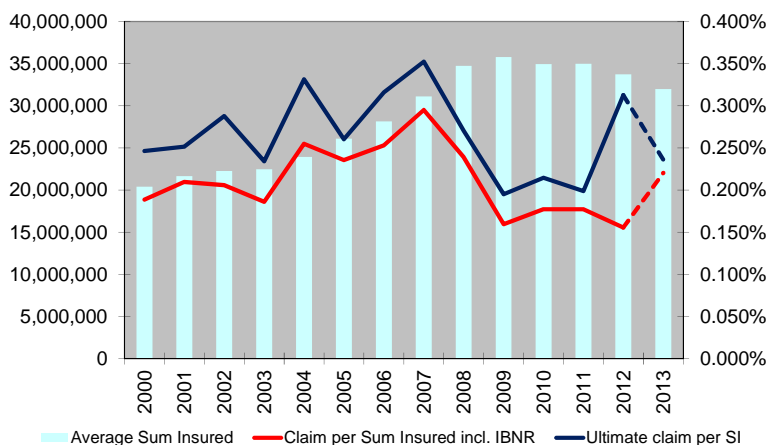


Average annual change in insured values on renewed vessels



Since 4Q 2008, we have seen a substantial drop in insured values. While 2011 showed some stabilization of the insured values at a lower level, the decrease in insured values accelerated again from 2012. During the first half year of 2013, insured values were on average reduced by 9.6% on renewal, compared to the previous insured period for the same vessels.

Claim per Sum Insured & Average Sum Insured



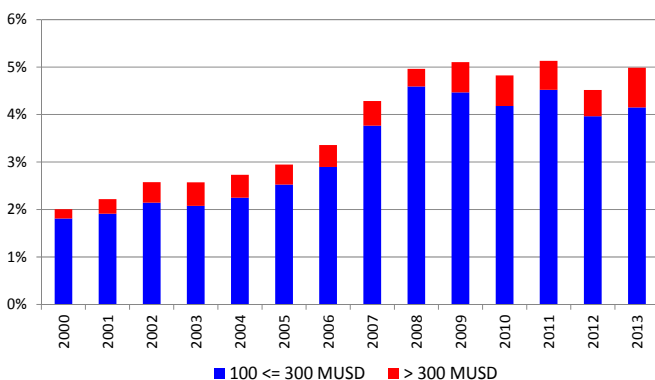
The average insured value of the whole portfolio has been quite stable since 2008, with the drop in insured values to a large degree being compensated by the inflow of newer and more expensive vessels. Only recently the continued reduction in values gains impact on the total portfolio.

For «normal» repair cost claims, the claim cost per total insured value stabilized since 2009. The increase in 2013 is mainly due to two major claims (no total losses). Including total losses, the claim cost per insured value gets in 2013 back to «pre- Costa Concordia» levels. However, it should be noted that the general exposure to extreme claims is higher than some years ago (see below).

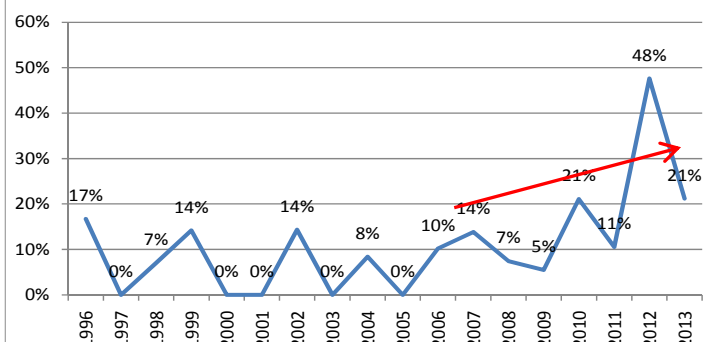
3b – Exposure to major claims and their impact

Despite decreasing values on renewal, there is an increased risk of costly losses due to the inflow of high-value vessels. Major claims account for an increasing share of the total cost each year.

Portfolio share of vessels with values xs 100 USD million



Claims in excess of 30 MUSD as % of total claim cost

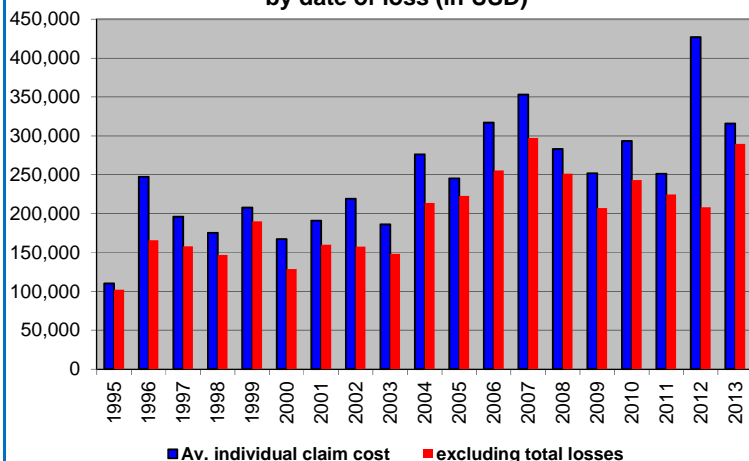


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4 – Average individual claim cost (Claim cost divided by number of claims)

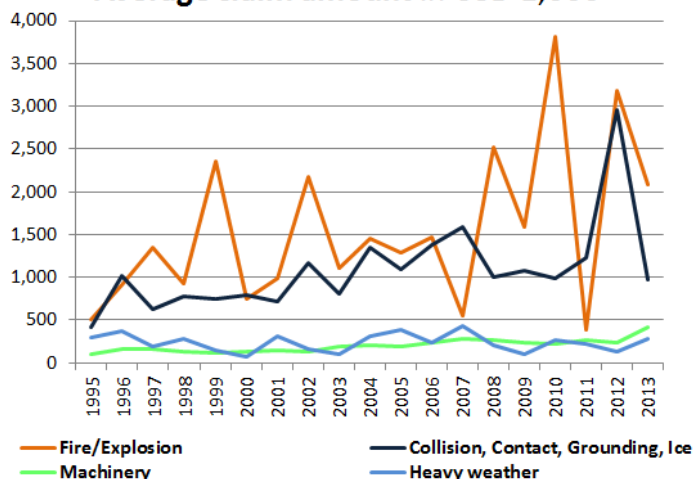
All figures reflect 100% of the included vessels. Note that the 2012 figures include the unprecedented cost of the «Costa Concordia» accident, of which only a minor share was covered in the Nordic market.

Average claim cost per individual claim, by date of loss (in USD)



The average repair cost per individual claim (red) increased somewhat in 2013, mainly due to the impact of two major claims in the first half year of 2013.

Average claim amount in USD 1,000



The average cost of fire/explosion claims was high in recent years and remains high in 2013, also taking into account the typical volatility of this type of claims.

The average cost of machinery claims increased in 2013. As this is mainly due to the impact of major claims of a special kind, it is too early to conclude whether this increase is a sign of a new trend towards more costly machinery claims or rather attributable to extraordinary events.

The cost of nautical-related claims (collision, contact, grounding) increased over time, but in 2013, no events were reported as per 30 June 2013 with a similar impact as the events of 2012.

Check also: Claims trends from the Nordic Marine Insurance Statistics (NoMIS) database, issued spring 2013:

THE YEAR OF THE TITANS



← Cefor Annual Report 2012, p.8-19

The 2012 Cefor NoMIS Reports for Ocean and Coastal Hull business →

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