



# **The Role of a Lead Marine Insurance Market in the Maritime Cluster**

IMSF Annual Meeting 2012 - Oslo

*Helle Hammer*  
*Managing Director*



## About Cefor – The Nordic Association of Marine Insurers

### *Our Mission:*

*To serve the interests of our Nordic members  
by promoting quality marine insurance, through*

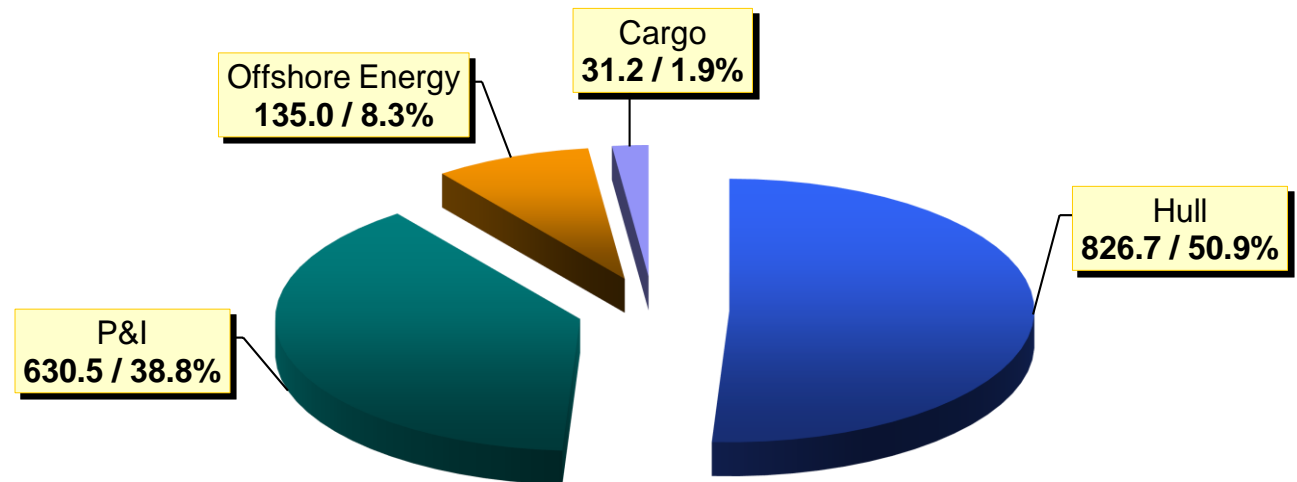
- comprehensive statistics,*
- competence building,*
- agreed all risks insurance conditions,*
- a common public voice.*



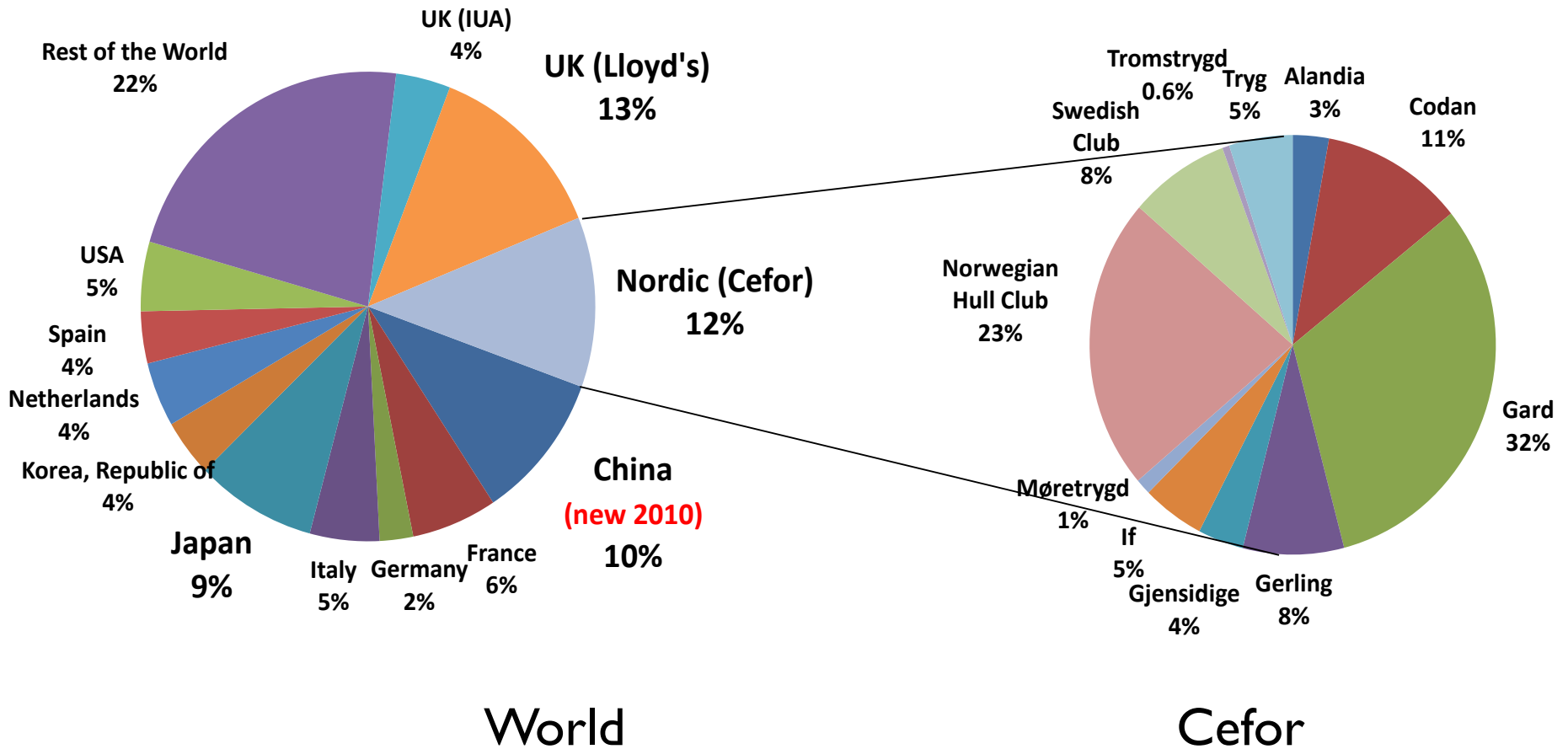
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## Cefor - Gross written premium (USDm) 2011

Total sum = 1,623.4 USDm

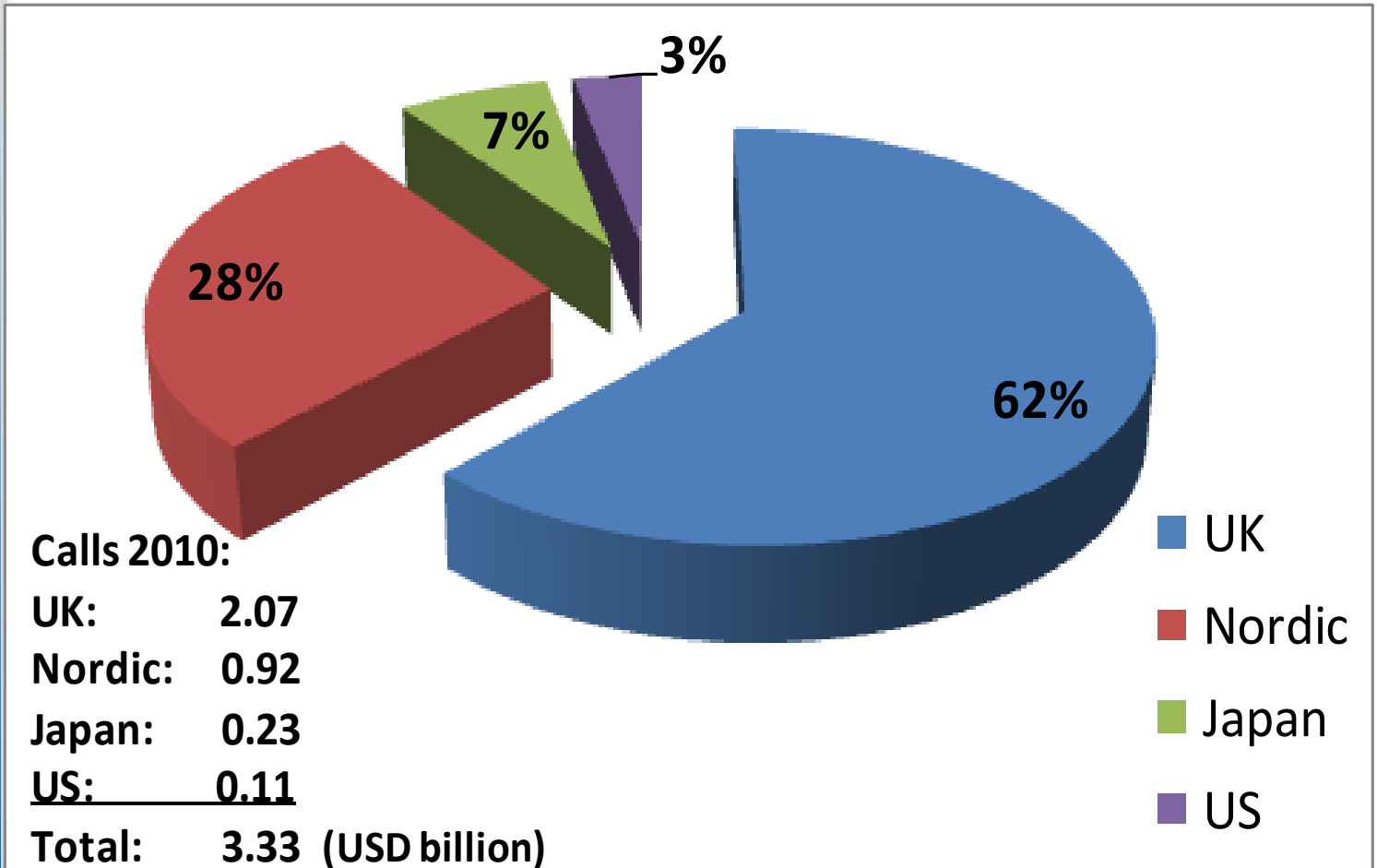


# Distribution of Global Marine Hull Premium 2010



## P&I Clubs International Group

Gross calls 2010 (Premium) – Operational location



## About insurance...

- The difference between a bet and a counter bet
- What would fall heavily on one falls lightly on the many
- A risk management tool
- The law of large numbers – making the unpredictable predictable
- Assured must be exposed to a possibility of economic loss capable of being quantified





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# Underwriters worry...



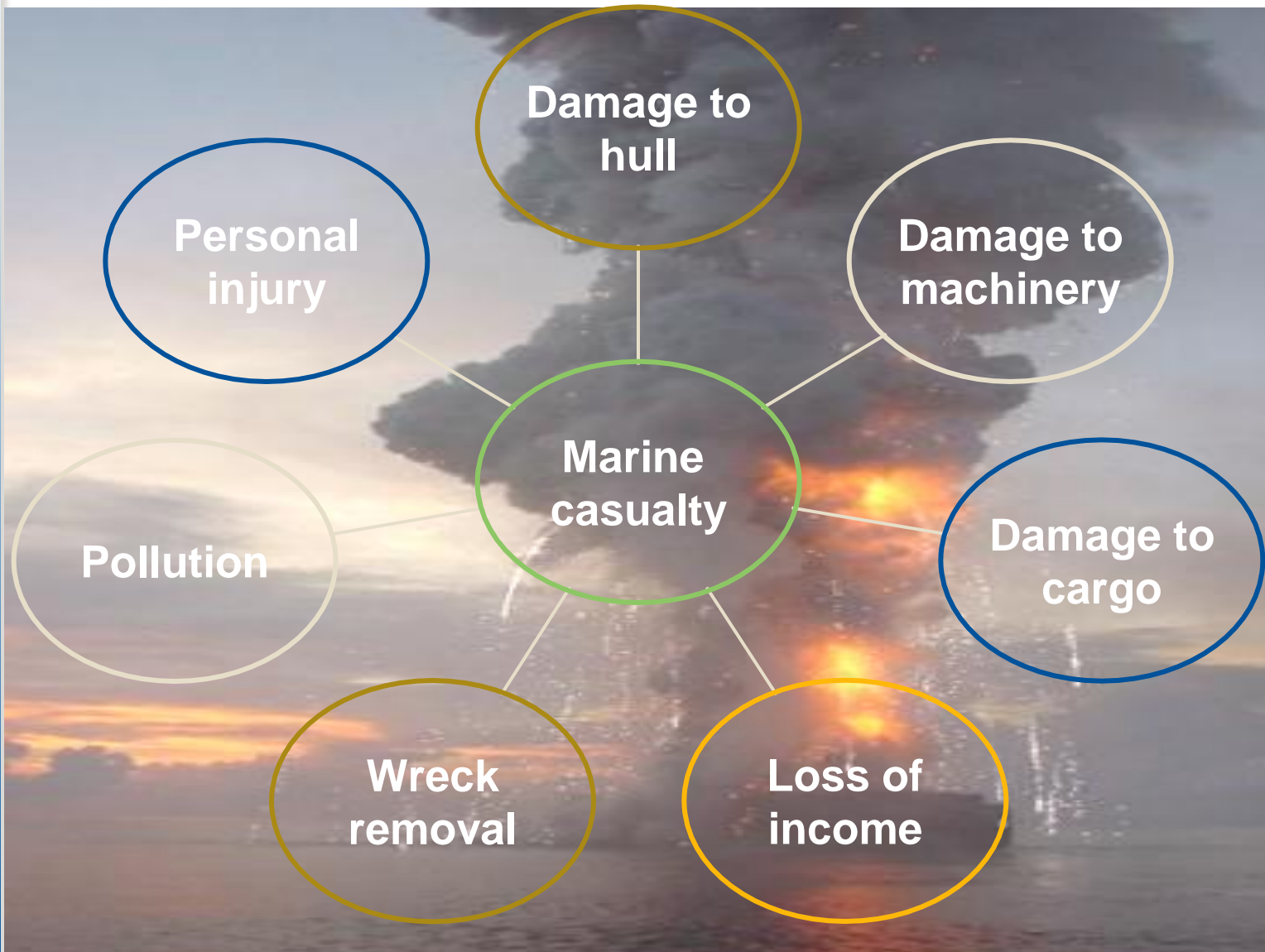
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## Container vessels

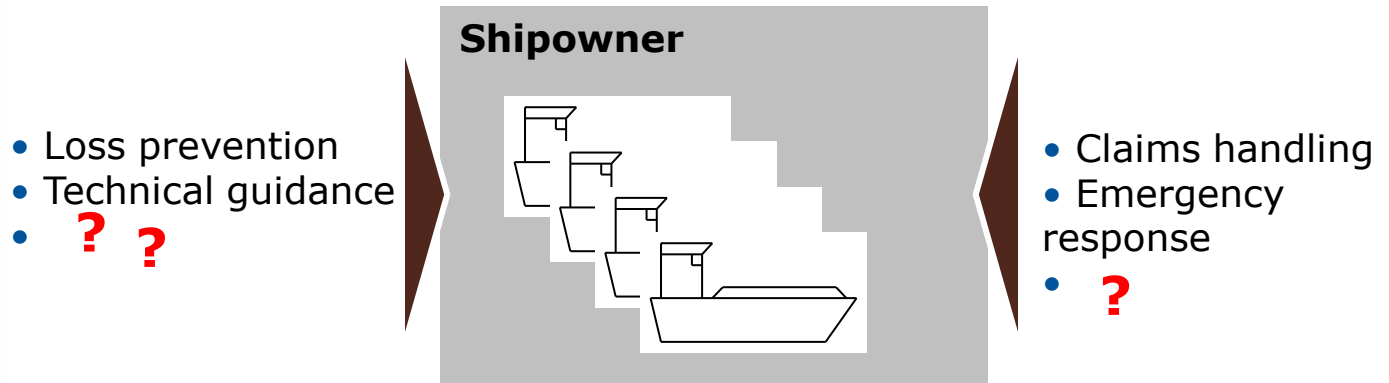




## Typical damages resulting from a marine casualty



## Role of marine insurers - Capacity only or something more?



Provide large and stable risk carrying capacity to the shipping industry

Develop innovative solutions to solve important risk management and mitigation needs

Recognise quality operations and price accordingly

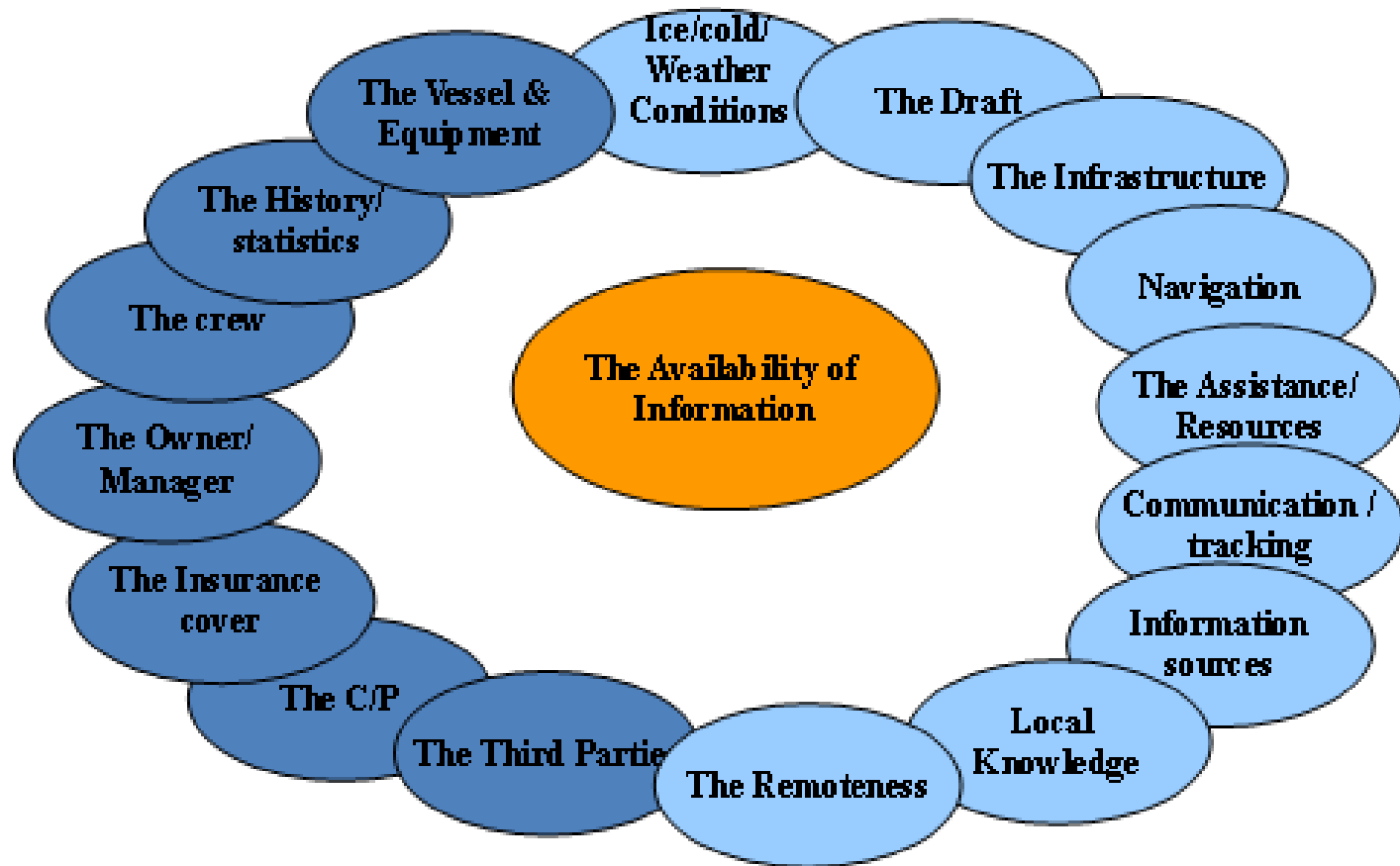
**Create value for owners**



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## Example: Risk factors in the High North

### Risk Evaluation





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**The Nordic Association  
of Marine Insurers**

Clients

- Shipping companies
- Cargo owners
- Ship yards
- Brokers

Regulations

- IMO
- EU/EMSA
- Port States, Flag States, Coastal States
- Class societies
- Rating agencies

Other  
shipping

- Banks
- Lawyers
- Average Adjusters
- Training / education
- Manufacturers / suppliers
- Seafarers
- Reinsurers

## Nordic Marine Insurance Plan of 2013

- based on the Norwegian Marine Insurance Plan of 1996, Version 2010

- ❑ Comprehensive all risks conditions
- ❑ Agreed document with five signatory parties
- ❑ Effective as of 1 January 2013

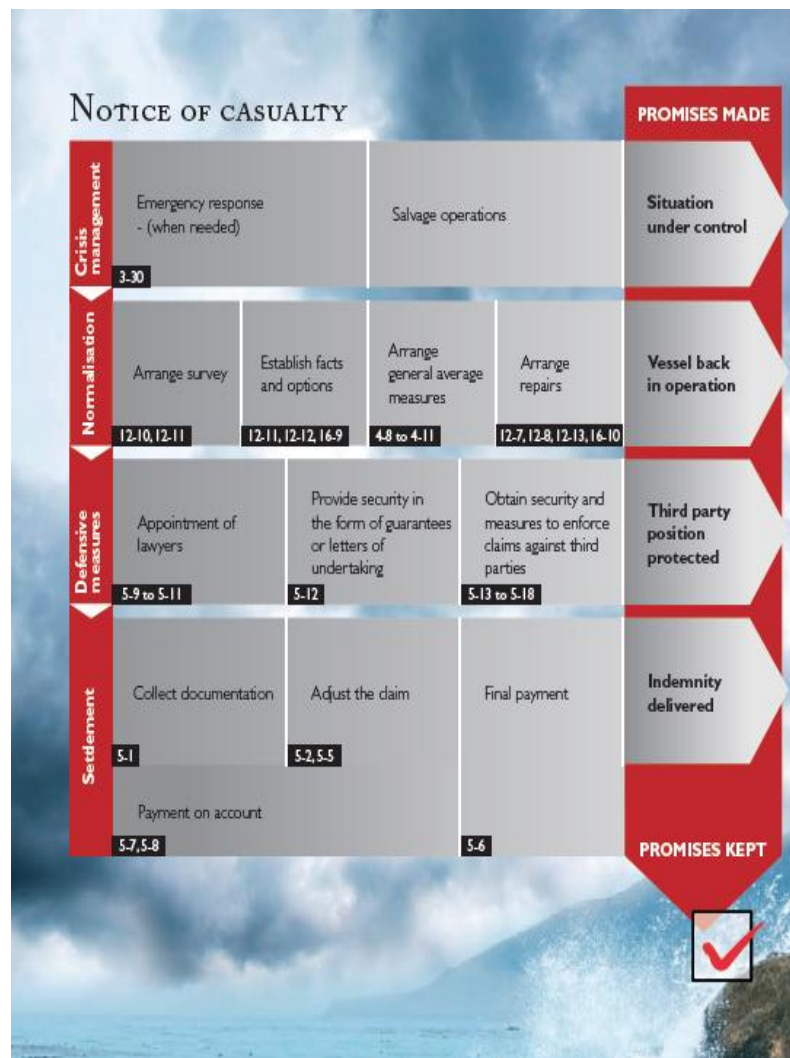


**The Nordic Marine  
Insurance Plan of 2013**

Based on the Norwegian Marine Insurance Plan of 1996, Version 2010  
English

## Nordic claims handling model

- Hands on supportive claims service
- Extensive in-house maritime expertise
- Role of Claims leader
  - Emergency response
  - Repairs
  - Disputes with third parties
  - The adjustment





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Can we prevent this?

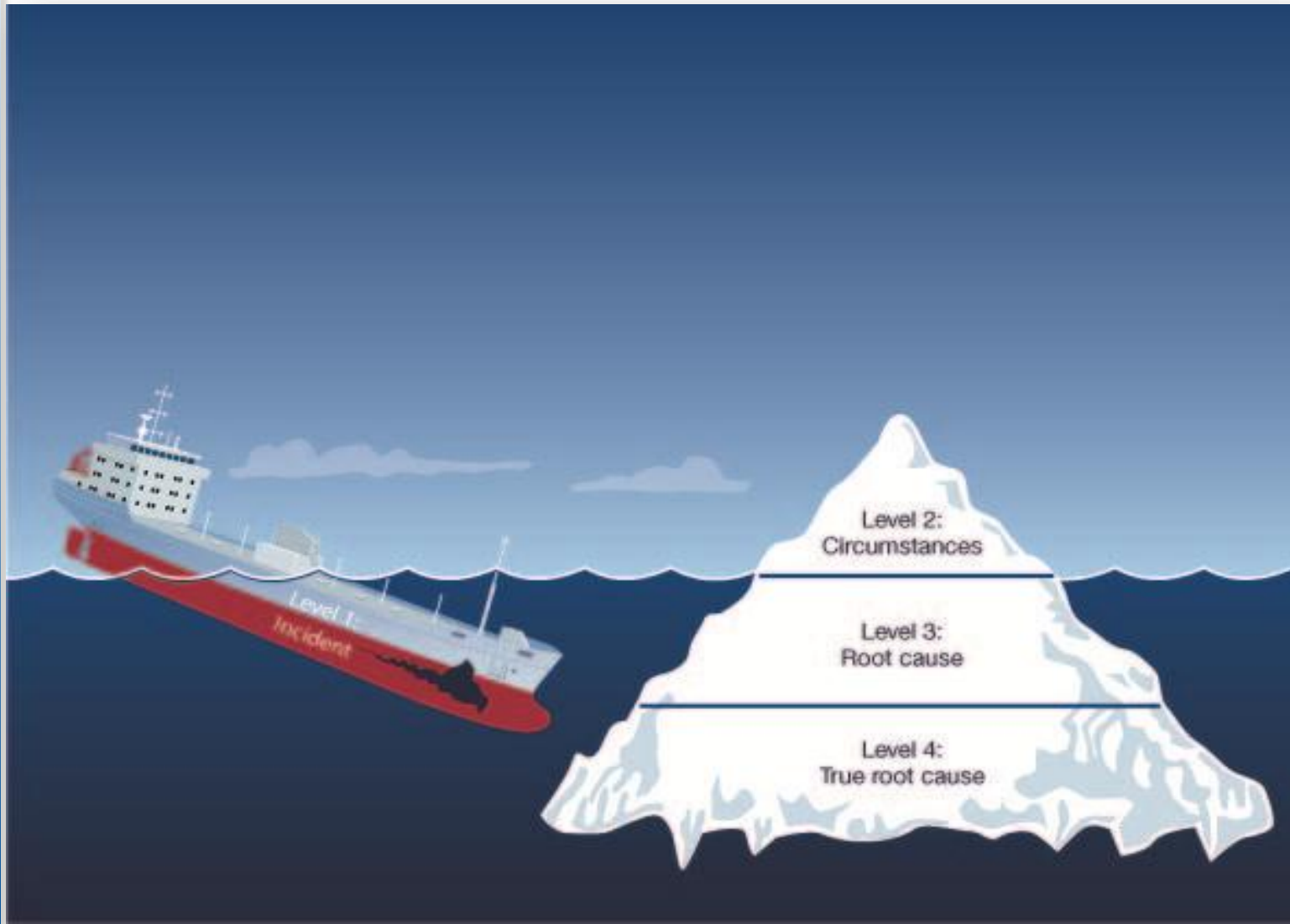


The Nordic Association of Marine Insurers



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## Iceberg theory / Root cause analysis





## Causes of ship losses

- Poor level of training and experience among officers and crew in the merchant fleet
- Fatigue
- Lack of communication / bridge management systems / safety culture
- Poor design / quality of yards and inspections
- Inadequate equipment / faulty new technologies
- Skipped maintenance and deferred / incomplete repairs
- Overloading and incorrect loading

# Lloyd's List

lloydslist.com | No. 60,428 | Tuesday 24th May, 2011  
Leading maritime commerce since 1734

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## DNV urges owners to sack incompetent crew

Rising accident rate and 'worryingly' lax approach to training leads to call for tougher action

RICHARD MANGE - Oslo

THE shipping industry is no longer maintaining an acceptable balance in safety standards and shipowners must be prepared to fire incompetent crew if it is seen an industry-wide increase in casualties, classification society DNV has warned.

Following an overwhelming industry response to Lloyd's List reports of declining safety standards published last year, DNV instigated a fresh analysis of casualty statistics, insurance claims and a survey of over 1,400 seafarers.

The results of the research paint a picture of "worryingly" lax approaches to training across the industry, scarce application of competency testing arrangements and confirm a sustained increase in shipping accidents over the past few years.

"The industry will always have to balance safety and other priorities, but the negative trend in accident rates indicates that we are no longer managing to get the balance right," DNV president Tor Svendsen said in advance of the Noe Shipping conference being held in Oslo this week.

Statistical confirmation that, after a 20% decline in accident rates the shipping industry is experiencing a significant and sustained upward trend in accidents is a deeply concerning revelation, Mr Svendsen told Lloyd's List.

The DNV survey that spanned all vessels types and the vast majority of key crewing nationalities, revealed many firsthand reports that "much of the training is of poor quality" and suggested that the deterioration of environmental safety could be partially responsible for the decline in human safety standards.

"In my mind, it is now time to reestablish the balance between safety and environmental risk. Zero tolerance for loss of life is equally important as zero environmental damage. It really should not be an either/or situation," Mr Svendsen said. The DNV research compiled thousands



Svendsen: "The negative trend in accident rates indicates that we are no longer managing to get the balance right."

of feedback forms from seafarers and revealed a widespread assessment that poor quality training was now rife.

According to the responses, competency testing by shipping companies is extremely rare and reported incidents of firing crew that prove to be incompetent are practically non-existent.

While conceding that the industry had struggled to find people with the right experience, Mr Svendsen argued that shipping companies must now be prepared to fire crew if they do not reach the required standards.

"If you are going to say that competency should be assessed, and I think you should, then there has to be a consequence to not being competent. If the training doesn't help, get rid of them."

Although recognising that there was an inherent conflict of interest amongst shipowners not to do this, Mr Svendsen argued that without robust action the trend of increasing casualty statistics and insurance claims would only deteriorate.

The DNV research recommends an

### ACCIDENT FREQUENCIES

All accident types and severity categories



Source: DNV

Industry-wide focus on improving safety culture and improved and targeted training, but it has also suggested that

regular competency assessments similar to the mandatory standards applied to pilots in the aviation sector, should be introduced.

Rejecting suggestions that the spike in casualties was purely linked to economic and commercial pressures, Mr Svendsen insisted that companies should not see safety culture and training as an optional extra. The research did however reveal that officers and crew were regularly ignoring working hour regulations.

"The truth is that the upward trend in shipping accidents is a result of a combination of many factors," Mr Svendsen said. "Commercial pressure may be one of them but it is worth pointing out that the tipping point in these statistics didn't really come at the time of a bad market. I think having imposed continuous improvements we have reached a point where we don't get any lower unless we take additional measures. The low hanging fruit has been picked and this is going to take some effort."

www.lloydslist.com/shipping



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## Learning from our mistakes...



## Preventing losses

### Spotlights

#### Have a safe journey - September 2010 **The carriage of Direct Reduced Iron**

By Gard's Loss Prevention

Team



September's reminder from

Gard's Loss Prevention 2010

Calendar is to know your vessel's

limitations.

[Making contact](#)

[Sharing knowledge](#)

**(DRI)**

[Financing matters](#)

By Gard Loss Prevention

Team

[Covering risks](#)



A compilation of articles

previously published by Gard on

the carriage of Direct Reduced

Iron.

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### Recent circulars

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### Services to clients

The Loss Prevention team delivers a wide range of Gard updates, client training and safety related advice on an individual basis. The team focuses on practical, up to date analysis and information that you can use to improve your own loss prevention systems. For further information please contact [lp@gard.no](mailto:lp@gard.no)

[More on services to clients](#)

#### The loss prevention team

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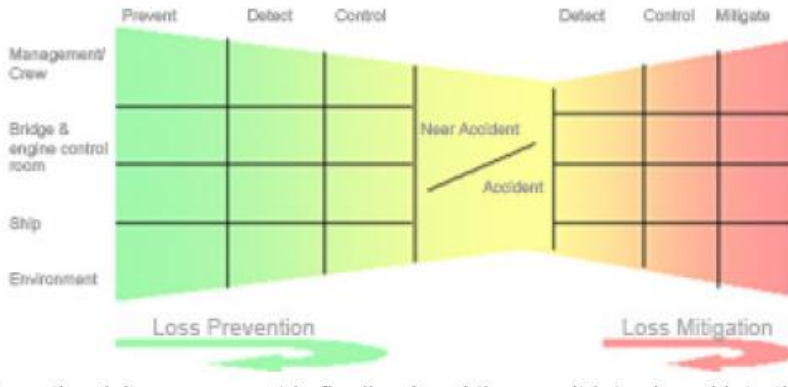


#### Tromstrygdskolon

Tromstrygdskolon ble etablert i 2005.

Første skoledag ble avholdt på Sikkerhetssenteret i Honningsvåg 03. november 2005. Tromstrygdskolon skal være et virkemiddel for å bedre sikkerheten innen fiskeflåten.

Gjennom Tromstrygdskolon er det vår intensjon å redusere risikoen for ulykker for den enkelte fisker. Dette gjøres ved å hjelpe den enkelte fisker til å foreta en risiko/urdering av egen arbeidsplass. Denne risiko/urderingen skal resultere i gjennomføring av skadeforebyggende tiltak.





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## Main drivers for change

- Operating costs > capital costs
  - Shipowners looking for energy efficiency
- Legislation





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## More expensive risks

- Increase in insured value
- More advanced vessels
- Younger vessels



- Larger vessels
- Market conditions





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## Predicting the future can be difficult...

