



Company News

CEO update: Extraordinary times

Whatever we thought might be in store for all of us this time last year, I think we can all confidently agree that the reality was completely different. It has made for an exceptionally challenging year for everyone, not least all parts of the maritime industry and our focus has been to help and support our Members and clients.

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Focussing on the fundamentals

Being able to budget effectively is a vital part of any business planning process, and that is especially true in challenging economic circumstances. This is why we invested time and effort this year in reviewing our premium policy so that our Members could be much clearer at the point of purchase about the price they are buying for their P&I insurance at Gard.

Although continuously falling claims costs from 2010 to 2019 have meant that we have delivered strong results and been able to reduce the cost of our products, the fact that the reductions in price for mutual P&I were announced several months after the end of the policy year made budgeting much harder for shipowners. This is what drove us to change our model and introduce the Owners' General Discount, which takes effect at the beginning of the policy year. We hope this gives our Members much greater transparency and predictability as to the real cost of buying mutual P&I products with Gard.

The combination of the 5 per cent reduction in the Estimated Total Call for the 2019 policy year, and the 5 per cent discount for the 2021 policy year delivers a total estimated saving for Members of USD 36 million.

Sharing insights and expertise

2020 has also seen an exceptional claims picture, with the whole marine insurance market significantly impacted by an increased severity in major casualties. Insurance is an inherently volatile market. This year for example, July and August – which are normally very quiet claims months, saw a number of large claims hitting the industry, and we still have the winter in the northern hemisphere to come when we traditionally see more accidents. Our claims staff have been fully engaged with Members and clients helping them to deal with the immediate crisis and the consequences of the casualty.

A vote of confidence to the Nordic hull market

Following a strong development of our marine portfolio, the Nordic hull market is now larger than the Lloyd' market for this line of business. We are experiencing an increase in shipowners, a good share of them Mutual P&I members, placing claims lead for their hull cover with Gard. We are very pleased to receive this vote of confidence from our Members and clients in the current challenging operating environment.

A positive industry influence

While so many aspects of life have been affected by Covid-19, the impact on seafarers has been extreme. In normal time, over 50,000 ships with 1.2 million seafarers are on the move, with around 200,000 sailors in transit for crew changes around the world. Closed borders and quarantine regulations meant that moving these personnel was and continues to be very difficult. We rely on these professionals for trade to flow and for economies to receive the goods they need but many seafarers have been isolated and stuck onboard vessels for more than a

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year now. This is a dire situation and it can't continue. A sustainable ocean economy requires sustainable working conditions at sea and we P&I Clubs, industry together with port authorities across the world to support solutions to the seafarer crisis.

The global nature of our Members and clients, as well as our own operations, means that everyone will experience the coming holiday season differently and, for many, their special celebrations have been very difficult this year because of the coronavirus. The early news on a vaccine is positive, so it is possible that we can see some light on the horizon. From all of us at Gard we hope you stay safe in the months to come.

****Rolf Thore Roppestad****Chief Executive Officer

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