

WHAT SERVICES DOES MARITIME SERVICE PROVIDE?

Maritime services

- 1 Financial and legal, 2 Technology
- 3 Port and logistics services
- 4 Commerce

Ship finance

Two of the largest banks are DNB NOR
Nordea

Conventional Marine Financing

Conventional marine financing involves a security arrangement with a bank or other lending institution, by which money to purchase a vessel is received in exchange for a security interest in the vessel.

Mortgage The security interest generally takes the form of a "First Preferred Ship's Mortgage". The borrower executes a "promissory note" promising to pay the loan, as well as, a "First Preferred Ship's Mortgage" which pledges the vessel as security for the loan.

This mortgagor pledges the ship as security for the loan and has priority over most other claims with some specific exceptions.

Equity and Loans

Newbuildings – 15 – 20%

Used – 24 – 40%

Loans are normally over 8 years with mortgage on the ship

Interest and equity is evaluated based on ship type, size, age, market outlook and the borrower

Encumbrances from the bank is the norm

Venture Capital

Venture capital is money invested by private individual to provide start-up costs, vessel purchase funds and operating costs.

The money is invested in a particular ship or project with the purpose of earning profits for the investor.

Generally, venture capital is secured only by the project. If the ship or shipping project fails, the investor loses his investment.

To get a loan...

Standard commercial financing depends upon your credit history, amount of down payment and the evaluation of the ship. A long-lasting, good relationship with a bank is essential.

Marine lending is viewed as a high-risk market due to the nature of the business. To balance out the risk factors, the banks will look at several things, principally, the credit history and other suitable security such as real estate, cash or investments in addition to the ship.

Generally, the bank will not lend money for

- Start up costs
- Repairs or refitting;
- Fuel and lube oils;
- Insurance and fees.

Ship brokers

Main task is to link available capacity to cargo/activity needs.

Most important task is to establish a contract between buyer and seller.

A broker negotiates the sale, and contributes within legal and financial solutions.

Ship brokers (cont)

Other tasks include:

- Find cargo for ships and ships for cargo
- Develop the contracts involved.
- Contribute to the development of new ship constructions and the newbuilding of ships.

Insurance

- An important part of the shipping infrastructure.

Insurance policies existed for 300 years

Annual policy price is based on the shipowners accident statistics.

The Scandinavian Institute of Maritime Law at the University of Oslo is one of the top academic maritime law institutions in the world.

Types of insurance

Hull and machinery

Protection & Indemnity

Loss of Hire

Strike insurance

- Cargo insurance

War Insurance

Insurance brokering

- The shipowners support in case of an accident

Place the different insurances at the most reasonable price

Active guidance on risk analysis

Scandinavia – 80% of all insurance through broker



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Insurance companies

The largest insurance companies in the World are the Norwegian companies

Skuld (1897) and Gard (1907).

Gard in addition owns Gard Marine & Energy which holds a global market share of 11% within marine insurance.

CEFOR All marine and energy insurance companies are members of CEFOR

All 13 members work with hull and machinery, P&i, cargo and war assurance.

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