IUMI
International Union of Marine Insurance

IUMI 2015 Cargo Statistics – Analysis

Provided by Nick Derrick, Chairman Cargo Committee

Short term market interest rates in the major economies remain very low.

The prospective divergence in the future of monetary policies in major economies could cause problems for some emerging markets.

Equity prices have generally continued to rise on strengthening company earnings, there are hopes of a sustained global economic recovery and significant financial market liquidity.

The slower prospective growth in key commodity importing nations such as China has hit the demand for oil. Simultaneously, excess supply has (linked to US shale gas extraction and continued OPEC production) contributed to the sharp fall in oil and gas prices.

Cargo theft is growing in severity, particularly storage losses from Mysterious Disappearance and Collateral Management Agreements.

Freight rates are under pressure from a weakening import demand from China and the persistent excess shipping capacity.

There is a larger accumulation of values on vessels and ports.

The cost of salvage and wreck removal is dramatically increasing.

Higher commissions are being paid to brokers and agents.

The increased use of broker facilities is leading to commoditising cargo.

Compliance – the requirement for globally compliant programs with admitted policies.

An increased static risk and Nat Cat exposure via Stock Throughput Policies is leading to an increased demand for accurate aggregate accumulation tools.

There has been expanded coverage in cargo policy terms.

Exposures and risks are growing in size and complexity, these require sustainable solutions and will drive opportunities.

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High expense ratios warrant companies to be more productive/efficient and is leading to mergers & acquisitions.

The lack of Nat Cat events since Superstorm *Sandy* has put pressure on pricing. Cargo is still seen as a “soft” class, with low barriers to entry and exit.

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