

IUMI looks to the future of marine insurance at its 150th anniversary conference in Berlin, Germany



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As part of IUMI's (International Union of Marine Insurance) 150th anniversary celebrations in Berlin (Germany) this week's annual three-day conference included a workshop that majored on the future of marine underwriting.

A historical look at the past 150 years of marine underwriting established the context for the debate presented by Tom Shinya, Senior Expert – Marine Underwriting Department, Tokio Marine and a member of the IUMI Executive Committee; Joe Hughes, Chairman, Shipowners Claims Bureau Inc; and Sundeep Khera, Global CUO, Hull & War, Head of Marine, AXA XL.



“Learning from the successes and failures from history is the only way to draw up a strategy for the future. Looking back at the history of our industry is a valuable opportunity for all of us involved in marine insurance”, said Tom Shinya.

When asked to discuss the key challenges marine insurers might face in the future, there was general consensus that climate change and its impact on losses and claims would feature highly. Changing weather patterns would place increased strain on supply chains causing delays and risk accumulations. Coupled with this were advances in technology including AI and cyber-risk. People would be encouraged to work smarter and it was thought likely that fewer people would be engaged in a wider range of activities. Enhanced regulatory obligations and global conventions were also thought to have a significant impact going forward.

Many on the panel believed that some of these challenges would also create opportunities encouraging underwriters to innovate, invest in advanced technologies, become more proactive with loss control and develop more sophisticated risk assessment and management strategies. It was agreed that marine insurers had proven their ability to adapt but that more comprehensive risk management processes and better collaboration would be required going forward.

“Digitisation and technological advancement are leading to the creation of new types of data within transportation domains. The insurance and reinsurance market can utilise this data in enhanced underwriting, new product creation, and more efficient

claims processing”, said Markus Spielmann, Head of Marine, Munich Re.

Increased engagement with regulators was also thought to be a good thing. On the whole, the panel thought that their industry should strengthen its appetite for change. To thrive into the future an optimum legal environment was required alongside solid government support and an adequate supply of relevant data to allow informed decision making. The digitalization of trade documents was also considered to be important.

Changes in Government policy would also create significant change. Using the offshore energy market as an example, Melanie Raven, Active Underwriter with Ark Syndicate and Chair of the IUMI Offshore Energy Committee said:

“Significant growth will be driven by society’s transition to clean energy sources. As a consequence, insurance products will need to adapt adjusting for integration of new tech and unique risks associated with these technologies. Governments will be a driving force here and, in the UK, we’ve already experienced guidance for carbon capture, utilisation and storage (CCUS), for example”.

Geopolitical tensions were making the provision of cover more challenging in certain regions and this was said to be of growing concern in the future, possibly with the potential of making certain activities uninsurable. There was agreement that events with the potential of resulting in “gigantic loss aggregation” would be unlikely to be able to attract adequate cover – examples included radio-active or bio-active contamination or large-scale cyber warfare.

Where sectors were in transition – the move from fossil fuels to renewables, for example – there was little or no historical data or experience on which to assess the likely risk. Whilst it was likely that these activities would remain insurable, it was thought that limited market capacity might create an issue going forward.

Moving on, the panel debated the ongoing quest for new talent and recognised the need to attract young professionals into underwriting. All agreed that more investment and change was needed to demonstrate that marine underwriting was beginning to align with young peoples’ desire to work in inclusive, ethically conscious industries that offered an acceptable work/life balance. Underwriting was considered a “people” business where relationships and communication was vitally important. It was agreed that this would continue into the future despite AI and other technologies becoming more widely available.

The panel was clear that marine insurance should not stand still in the face of change. Onward movement, innovation and adaptation would be central to the industry’s future well-being.

When asked for their predictions for the future, the panel was agreed that technology would play a major part with insurers becoming more able to enhance their risk assessment, streamline claims processing and loss prevention, and improve their operational efficiency. The need to decarbonize and the rise of autonomous vessels would also be a significant challenge, as would a rise in protectionism. Overall, the panel was optimistic about the future and was certain that the

industry's long history had equipped marine underwriters to face the future with confidence.

“Trusted relationships coupled with analytic tools are a powerful combination to understanding current and emerging risks across the marine, cargo and logistics industry. With real-time and actionable insights, insurers can create more impactful solutions, which may lead to new capital pools for both inland and ocean marine clients,” said Lee Meyrick, Global Industry Specialty Leader, Transportation & Logistics and CEO Global Marine, Aon.

The workshop was moderated by Isabelle Therrien, Executive Vice President and Head of Cargo for Falvey Insurance Group, the diverse panel of industry experts comprised:

- Sundeep Khera, Global CUO, Hull & War, Head of Marine, AXA XL
- Joe Hughes, Chairman, Shipowners Claims Bureau Inc
- Markus Spielmann, Head of Marine, Munich Re
- Lee Meyrick, Global Industry Specialty Leader, Transportation & Logistics and CEO Global Marine, Aon
- Melanie Raven, Active Underwriter, Ark Syndicate and Chair of the IUMI Offshore Energy Committee
- Mara McDaniels, Senior Marine Risk Consultant, Allianz
- Tom Shinya, Senior Expert – Marine Underwriting Department, Tokio Marine and a member of the IUMI Executive Committee

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About IUMI The International Union of Marine Insurance e.V. (IUMI) is a non-profit association established for the purpose of protecting, safeguarding and advancing insurers' interests in marine and all types of transport insurance. It also provides an essential forum to discuss and exchange ideas, information and statistics of common interest for marine underwriters and in exchange with other marine professionals.

IUMI currently represents 42 national and marine market insurance and reinsurance associations.

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