

Economic recovery fuels premium rise

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Global marine insurance premiums reached US\$33bn in 2012, an increase of just under 5% on the previous year.

The total was announced at the annual conference of International Union of Marine Insurance (IUMI) in London.

Patrizia Kern, of Swiss Re Corporate Solutions and chair of IUMI's facts and figures committee, explained how the gross direct premium income was being driven by a gradual recovery of the wider international economy.



"In 2012 the globe experienced uneven growth," she commented. "Emerging economies continued to grow, but at a lower rate due to the recession in Europe which limits demand.

"Emerging economies remain crucial for the development of global trade and they have an influence not just on the world economy but also on marine insurance.

An expected increase in global trade is expected to maintain stability for marine insurance premiums despite challenging conditions for the international shipping market, Ms Kern told delegates on the first morning of the conference.

"The profitability of the global shipping market is expected to decline," she predicted. "Where does this come from? There is over capacity in the shipping market."

"The price of oil also seems not to have decreased despite lower demand from countries such as China, most likely due to an unstable political situation in countries in the Middle East.

"But the demand for marine insurance will be stable. It can be predicted that trade growth will increase. This should grow the marine insurance market."

IUMI's reporting of marine insurance premiums has improved in recent years due to better data collection by national marine insurance associations. The organisation has also been discussing the possibility of researching more claims data in the future.

Presenting the results to the conference Astrid Seltmann, analyst at the Central Union of Marine Underwriters (CEFOR), confirmed the growth in global marine premium reflected a renewed increase in trade generally.

Almost half of the total income came from Europe, but Asia also represented a very significant share. The offshore energy market in, particular, demonstrated increased growth over the past year.

Ms Seltmann also stated that major hull losses are accounting for an increased share of the total loss figure with cases exceeding \$100m rising from 2% to 5% of the overall total in recent years.

"What is most important is to monitor ship values," she said. "There is an increased risk of extreme losses"