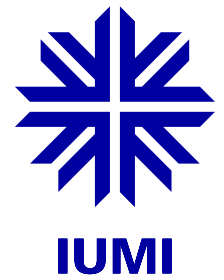


Global ocean hull premiums down in 2015 and sector faces increasing volatility and risk, reports IUMI



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Global premium income related to ocean hull insurance for 2015 was down by 8.4% compared with the previous year and totalled USD 7.5 bn. Although the global fleet continued to grow, average insured vessel values fell and this had impacted negatively on premium income.



Although global premiums fell, the industry was effectively insuring the same level of risk and this, according to Mark Edmondson, IUMI's Ocean Hull Committee Chairman, was adding significant volatility to the market which demanded disciplined underwriting. He explained:

“A detailed knowledge of risk, risk selection and risk management are always important, but in the current conditions of competitive pricing and volatility, they become paramount.”

He went on to warn that: “the soft market is accentuating the skills and experience gap within the marine market and the underwriting sector in particular”.

Edmondson described the current risk environment as “unhealthy” and detailed a number of factors that were currently challenging underwriters. These included the growing risk from cyber security and the increasing size and insured value of vessels, particularly containerships. The lack of available salvage equipment suitable for such large vessels was also a concern. Other factors included new propulsion systems, advanced mechanics, smart ships and extended navigation including Arctic operations.

“In an uncertain environment where margins are thin and volatility is rising, underwriters must take particular care to understand all the risks involved”, he said.

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