

Information will be driver for success

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Hull underwriters were told the market has to better share its information if it is to turn its fortunes around.

Speaking at the IUMI annual conference in London Just-Arne Storvik, Founder and senior Partner of ReCap Solutions said if underwriters were to succeed they need to address how they access and use the information available across the market.

Mr Storvik was giving the economist's view of the marine market and told delegates that the figure of 17 years of pure underwriting losses for the hull market was a cause for concern.



He said the market needed to share information and not only on the major losses but also on near misses, smaller incidents and dangerous incidents so underwriters had a better picture of the issues.

"The market is not transparent enough," he said.

"The importance of information sharing is huge in improving market deficiencies," he added. "The leaders in the insurance and risk market such as Warren Buffet for example don't necessarily have better information but they use it better."

Mr Storvik said the hull market may not realise just how heavily the odds are stacked against it in terms of a range of risks such as rising exposures, the long term effect of the fall in the established market currencies against the emerging nations' currencies and the future impact of legislation.

On why hull and machinery underwriters are delivering such poor results the excuse that it is a loss leader to allow underwriters to participate in the wider marine market does not hold water.

He compared the hull market to the likes of major computer mobile phone and razor firms which will price hardware, handsets and razors cheaply.

"The issue the hull market has is that unlike the types of firms mentioned it does not have the

same lock in mechanisms," he added.

As an economist he said the inbuilt tribal loyalty which is present in other markets does not have the same influence in the hull market given its truly international nature.

He added the other issue for the hull market was the difficulty of hull underwriters to create products which can bridge the divide between the hull and P&I markets.