

Inland hull, fishing vessel and yacht insurers hit “reset” but where to from here?, asks IUMI



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Underwriters insuring inland hull, fishing vessels and yachts have suffered at least six years of returning profitability while tackling inflationary pressures. Recently, this market hit the “reset” button in an attempt to restore sound underwriting principles and more consistent returns, but the future still remains uncertain.

This was the conundrum being debated at this year’s International Union of Marine Insurance (IUMI) 150th annual conference in Berlin (Germany) today.



Chairing the Inland Hull, Fishing Vessel and Yachts (IFY) Workshop, Hilton Adams, Chair of IUMI’s IFY Committee said:

“In general, most insurers in our line of business are reporting a greater soundness to their book which is encouraging to hear after a prolonged period of challenging market conditions. Fortunately, our sector has not been affected too heavily by the recent geopolitical events which have impacted other marine insurance lines. Smaller vessels can more easily avoid high-risk areas. This also includes piracy and hijacking. However, there are a number of uncertainties that we are having to face up to and which will, inevitably, make underwriting more challenging as we move forward.”

Two key issues were highlighted by Rick Salway, Vice-Chair of the IUMI IFY Committee:

“Increasingly unpredictable weather events are beginning to take their toll. It is not just the hurricane season in the Atlantic Basin that we are concerned with. Today, severe weather is no longer confined to specific geographies or periods in the year and we are seeing more claims as a result. Droughts and floods are more prevalent which is creating navigation issues for vessels that might ground unintentionally, or fail to navigate a structure due to higher-than-normal water levels. Lightning strikes are also on the rise and this is particularly concerning for fibreglass vessels which are highly susceptible to costly electronics damage. As a result, we’ve seen significant lightning deductibles become much more widespread recently.”

The conference also heard that an ageing fishing vessel fleet coupled with a lack of crew was also an issue. Older vessels were harder to maintain and repair expertise was becoming more scarce and expensive. The rising cost of newbuilds was a contributory factor. A lack of crew meant that some fishing vessels were undermanned or crewed by a less qualified team, again leading to the possibility of more losses and claims.

Negligence by crews was also a concerning trend. Regulatory compliance, particularly the need to lower carbon emissions was also adding to a vessel's newbuild and operating costs.

In the yacht fleet, a desire by owners to purchase pre-owned vessels rather than wait for a newbuild had significantly increased demand which, in turn, had driven up valuations. This was also putting pressure on insurers.

Summing up, Rick Salway said:

“Our market is relatively insulated from geopolitical events but major insurance losses such as the Baltimore Bridge incident may impact all marine insurance lines, including ours. Whilst our market is in a better place than it has been for a number of years, there are concerns that we face a bumpy road ahead if lessons from six years ago have left our memories.”

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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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