

IUMI president predicts shake-up in marine underwriting



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Opening today's annual IUMI conference in Tokyo, President Dieter Berg predicted an impending shake-up in the marine insurance sector driven by the current environment of disruption.

Disruption, according to Berg, is the raft of technology and business innovation that is destroying existing business models and which extends to every corner of the business world. It is exacerbated by the current macro-environment of a stagnant economy and increasing national protectionism that is continuing to affect premium income.



Incoming innovation is already impacting activities such as electronic navigation and smart port logistics and is driving new initiatives including autonomous shipping and intelligent containers. Blockchain technology and the internet of things are two additional technological advances that will drive disruption further.

Although disruption will inevitably lead to a shake-up in marine insurance, the effect can be positive as long as the industry embraces the change.

Berg explains: *"We need to inhale innovation. Digitalisation will change the way our clients operate and we, as marine insurers, must follow suit. In the future, insurance will be placed on electronic platforms as our next generation of clients will want 24/7 access to insurance products and instant responses. The insurance value-chain will shrink and the role of the broker will inevitably be impacted as well. Because of this, it is likely that global premium income will continue reduce and this means that we, as marine insurers, need to change our game and find additional streams of revenue"*.

"Although the next generation of clients will demand a more rapid and responsive marine insurance sector, they will also require more customised solutions and that represents a significant opportunity for us. I predict a much greater future need for consultancy, claims management and loss prevention advice and the income we can derive from those activities will address the shortfall in future premium income. Digital innovation does not have to destroy value in our market".

"Underwriting is a personal business driven by relationships and it is that strength that will help protect the sector in the future", Berg continued. "Trust and reliability are the core currencies of marine insurance and these qualities cannot be replaced digitally – we need to capitalise on

that”.

Berg believes that the specific expertise required to insure the niche marine sector coupled with the high service levels delivered within an international marketplace and the strength of personal and business relationships will bode well for the future.

Within the industry itself, Berg was keen to highlight the need to recruit high quality new entrants against increasing competition from other business sectors. There will be a “*war on talent*”, he said and marine insurers “*must do a good job to sell an old industry*”.

Although marine insurance faces uncertain and disruptive times, Berg is confident that the sector will capitalise on the opportunities to ensure it continues to thrive in the future – albeit with emphasis on technical underwriting and additional focus on consultancy services.

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