

IUMI President raises concerns for marine insurance

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Speaking at the American Institute of Marine Underwriters (AIMU) biennial "Marine Insurance Issues" seminar in New York today (Thursday 14 May), IUMI President, Dieter Berg raised a number of concerns currently facing the marine insurance sector.



Cyber threats

A growing reliance on IT – within shipping companies, ports & logistics and offshore – is increasing the exposure to cyber risk. Underwriters need a better understanding of these risks and must tailor their products to meet client needs.

Ultra Large Container Vessels

The trend for mega vessels is affecting insurers due to the huge cargo values transported aboard; integrity of vessel structure and stability; and the ability of global salvors to respond to an incident. This increases exposure for insurers. In addition, recent incidents involving car carriers raises a question about accumulation issues in automotive policies.

Increasing complexity offshore

More complex offshore installations, larger Floating Liquefied Natural Gas (FLNG) and Floating Production Storage and Offloading units (FPSO) operating in remote locations, including Arctic waters, inevitably increases risk. More complicated mooring systems and increased on-water traffic surrounding these installations is also causing concern, as is the current volatility in oil price.

Mega subsea construction projects

The rise of mega subsea construction projects in remote offshore areas pose huge challenges to insurers in determining risks, including the value of equipment and the likelihood of salvage.

Berg says: "The marine insurance sector is undergoing a period of change. We are experiencing a number of external challenges due to increasingly complex technologies and the impact from the financial environment. We are facing increased exposure from information technology, from

the growth in offshore oil & gas exploration and from the never-ending search for economies of scale within the shipbuilding and operating sector. Added to that, uncertainty over oil prices and the general economic picture is exposing marine underwriters to a level of risk we've not experienced before. We need to ensure we fully understand the risks our industry is facing and offer products that match these new trends and deliver adequate cover for our clients"

Berg will be leading a discussion on these issues at IUMI's 2015 conference in Berlin (13-16 September) under the theme "Technical, Financial and Human Factors – is there a new normal?"

As IUMI President, Berg is a keen promoter of nurturing and retaining skills within the sector:

"The human element is vital to our business" he says.

"Our clients need experts to guide them and one of my core aims at IUMI is to develop an education and training programme to encourage and tutor the next generation of insurers."

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Notes to editors:

The International Union of Marine Insurance (IUMI) is a professional body which is run by and for its members. IUMI represents national and international marine insurers and considers issues of interest to the worldwide marine insurance industry. IUMI currently has 48 national associations as members, protecting and advancing their interests. IUMI's roots date back to 1874.