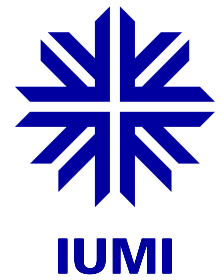


# IUMI reports signs of recovery and resilience for cargo underwriters but with a rocky road ahead



18th September 2023

Speaking at today's International Union of Marine Insurance (IUMI) conference in Edinburgh, Scotland, Isabelle Therrien, Chair of IUMI's Cargo Committee identified a number of headwinds likely to impact cargo underwriters going forward.

IUMI's analysis of cargo premiums reported a global premium base of USD20.5 billion for 2022 representing an 8.3% increase on the previous year and demonstrating positive market development over a number of consecutive years. All regions experienced growth with the exception of Asia which was likely due to economic conditions in a number of that region's countries plus a weakening of certain Asian currencies against the US dollar. Despite this positivity, uncertainty prevails as Isabelle Therrien explained:



*“The cargo insurance market in 2022 found itself at the intersection of economic, geopolitical and sector-specific headwinds. There are a number of key developments that made their presence known last year and which will continue to exert an influence in 2023 and beyond. In the main, the cargo insurance market follows the fortunes of global trade, albeit with a time lag. Covid put the brakes on trade but this was followed by a strong rebound. However, there is much uncertainty about future economic growth and this will impact on the performance of our sector.”*

At a macro-economic level, the future of cargo insurance will be impacted by a general deceleration of global economic growth and the activity of central banks aggressively battling inflation. This is likely to herald a reduction in trade volumes world-wide. Coupled with this, a deepening geopolitical fragmentation is further complicating world trade dynamics which will, inevitably, present new challenges for underwriters. Following covid, supply chains seem to have recovered and freight costs have eased, but some trade routes are beginning to evolve and take on a different shape post-covid.

Closer to home, cargo underwriters are grappling with a number of specific issues: Inflation has a

direct impact on the value of goods transported and, consequently, the value of associated claims. Accumulation of risk in single shore-side facilities or on-board ever-larger vessels continues to generate problems. The war in Ukraine and other geopolitical tensions have injected unpredictability to global supply chains together with the potential for disruption. An increase in natural catastrophes (nat cats) can also cause disruption as well as result in major claims; and some significant loss events in recent years are continuing to ripple through the insurance value chain.

Isabelle Therrien concluded:

*“Whilst there are definite signs of recovery and resilience within the cargo insurance sector, underwriters must be aware of, and navigate, a range of global and sector-specific challenges. As we move forward, it is likely that we’ll see some tension between maintaining underwriting discipline and pursuing growth which reflects the balancing act that cargo underwriters must perform”.*

Ends

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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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