IUMI' Spring Statistics report a continued reduction in total losses

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The International Union of Marine Insurance (IUMI) has released its Spring Statistics which report on three key sectors:

Hull

Hull losses show a general downward trend in total loss frequency for most vessel types. The frequency of total loss since 1997, as a percentage of the world fleet, continues to decrease and has more than halved by both the number of vessels and tonnage. However, an overall increase in percentage of the frequency of heavy weather and grounding related total losses is reported.

PA casualties also reduced year-on-year during the period 2007-2014. Groundings are reported as being a significant cause of this type of casualty.

Cargo

Cargo market statistics indicate the global economy is continuing to recover, although it remains volatile and uneven, and there has been a recent slowdown in key emerging markets such as China, Brazil and parts of Europe. Despite this continued recovery, inflation is likely to remain a factor due to the extent of economic slack in the major economies and the short term market interest rates continuing to be very low.

Oil and gas prices have fallen sharply due to slower growth in key commodity importing nations. Simultaneously, with US shale gas extraction and continued OPEC production, excess supply has also contributed to this dramatic fall.

The cost of salvage and wreck removal is also dramatically increasing - it is estimated that Superstorm Sandy is the sixth costliest event in global insurance history.

Cargo theft, mysterious disappearance and the misappropriation of cargo is also growing in severity.

In general, exposures and risks are growing in size and complexity and these will require stable solutions in the future.

Energy

The energy industry continues to provide profitable results for insurers. The worldwide mobile fleet continues to grow. Although the Gulf of Mexico is showing neutral growth, the rest of the world fleet has increased significantly. For the first time in recent years utilisation rates are down worldwide, with the exception of drillships. Day rates continue to increase in most areas with only a few reductions reported.

Following significant losses experienced in 2013, control of well figures normalized in 2014. Average control of well cost was approximately $14m in 2014 compared with $20m in 2013. The oil price reduction is expected to lead to less drilling this year.

For platforms and pipelines, attritional loss activity continues to remain flat which follows the long term trend. Significant changes in commodity prices over recent months are likely to lead to operators accelerating the decommissioning of these assets.

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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.