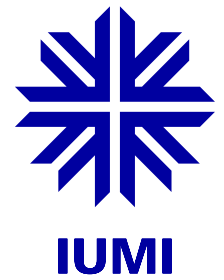


# No growth for Ocean Hull insurance premiums in 2018 but indications might suggest a modest recovery



17th September 2019

Today's IUMI (International Union of Marine Insurance) conference in Toronto, Canada heard from Rama Chandran, chair of IUMI's Ocean Hull Committee who reported zero change in the sector's global premium base in 2018. Global hull premiums were recorded at USD 7 billion which represented 24.4% of the total marine underwriting premium base.



The regional split was reported to be:

- Europe 45.5%
- Asia/Pacific 41.3%
- Latin America 5.8%
- North America 4.2%
- Middle East 2.5%
- Africa 0.9%

Although there was concern over the growing divergence between hull premiums and the growth of the world fleet, there were indications that a modest recovery in global premiums could be underway.

“We are seeing indications that the global premium base is beginning to grow and we are cautiously optimistic of being in a position to make a more positive report next year. But we must recognise that any recovery is starting from an exceptionally low base and so will take time to make a significant impact”, said Chandran.

He went on to explain:

“The challenging conditions have resulted in a reduction in overall capacity and, although unfortunate, that is positive for a market recovery. Total hull losses have also stabilised at a low level which is also good news. But we are now seeing an increase in the frequency and severity of major losses - after two or three benign years – and that will impact on claims costs. However, all things being equal, I believe most

international markets have begun to turn a corner and we can expect to see some modest positivity in the hull sector over the coming year.”

IUMI's statistics reported the hull sector as continuing to generate a technical loss (occurring when gross loss ratios exceeded 70%) and the 2018 underwriting year was forecast to record a gross loss ratio of around 90%. The hull sector had only made a technical profit in three years since 2005.

Chandran reported that vessel earnings and sale & purchase prices were rising and this would assist the underwriting sector. The global order-book was reducing which should help close the gap between tonnage and premiums.

However, Chandran warned of emerging risks which had the potential to impact on the sector in the future:

“2018 saw a rise in the frequency and cost of machinery claims and we expect to see more, similar claims as the impact of the 2020 sulphur cap demands the wider use of low sulphur fuels. The issue of cat fines hasn't gone away and this will continue to impact machinery claims in the future. The unusually high frequency of containership fires is likely to persist at the current escalated level and it is particularly concerning to hear that shipping companies believe around 30% of containers are either mis-declared or under-declared. This is a high-risk area for all marine underwriters and one that IUMI is addressing alongside other industry bodies.”

“We must also be mindful of new risks such as those generated from autonomous shipping and cyber activities. As an industry, we need to build more awareness of these issues and develop products that mitigate the risk and protect shipowners and others.”

*Ends*

Further information from:

Katerina Dimitropoulos, Navigate PR (London)

T: +44 (0)20 3326 8463 / +44 (0) 7469 035425

E: [kdimitropoulos@navigatepr.com](mailto:kdimitropoulos@navigatepr.com)

### Notes to editors:

The International Union of Marine Insurance (IUMI) represents 43 national and marine market insurance and reinsurance associations. Operating at the forefront of marine risk, it gives a unified voice to the global marine insurance market through effective representation and lobbying activities. As a forum for the exchange of ideas and best practice, IUMI works to raise standards across the industry and provides opportunities for education and the collection and publication of industry statistics. IUMI is headquartered in Hamburg and traces its roots back to 1874.

More information can be found at [www.iumi.com](http://www.iumi.com)