

Offshore energy underwriters should welcome a low carbon future, says IUMI



10th September 2021

The offshore energy insurance sector continues its period of relative stagnation with IUMI (International Union of Marine Insurance) reporting a global premium base for 2020 of USD 3.6 billion. Although a slight uptick on 2019, premiums have been languishing at low levels for the past six years or more. A continuing low claims environment has offset, in part, the low premium base but profitability has been limited.

Speaking at this year's IUMI conference online from Seoul, chairperson of the Offshore Energy Committee, Frank Streidl urged underwriters in this sector to look for new opportunities:



“The economy as well as society will always require energy and traditional sources are giving way to more sustainable fuels”, says Streidl.

“Our reliance on oil and gas is transitioning to renewables such as wind and solar power. Longer term, we’ll see hydrogen as well as carbon capture and storage processes and facilities starting to dominate. Underwriters need to recognise this change and be much more proactive in working with energy companies to deliver new and innovative insurance products.”

The accelerated transition to greener energy will, according to Streidl, be driven by a mix of political imperatives, technological progress and business initiatives. If energy underwriters embrace the move as an opportunity and not a threat, then a continuation of the success of the offshore energy insurance sector looks set for the long-term.

He says: “Underwriters must start working hand-in-hand with energy companies as partners in this inevitable transition. We need to develop new insurance products that cover the transition without any gaps. Our role is to be both reliable and transparent in this process.”

Although Streidl recognises that income derived from the offshore oil industry is paying for development in greener fuels, he views them as separate entities. There will continue to be a need to produce oil and insure conventional offshore energy assets but, increasingly, to cover the risks associated with new sources as well. Oil and gas accounts for more than 90% of premium in the offshore energy market but Streidl sees that percentage continuing to decrease, albeit slowly, over the coming years.

“The upstream energy insurance market is in hibernation”, he says. “We need to turn it around to our favour. There is a major opportunity for energy underwriters to create a new and exciting business portfolio and to be a facilitator - and not an obstructor – in the global move to a greener society”.

Ends

Further information from:

Katerina Dimitropoulos , Navigate PR (London)

T: +44 (0)20 3326 8463

E: kdimitropoulos@navigatepr.com

Notes to editors:

The International Union of Marine Insurance (IUMI) represents 45 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