

# Positivity and uncertainty on the cards for ocean hull underwriters, reports IUMI



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Chairing the Ocean Hull Workshop at today's International Union of Marine Insurance (IUMI) 150th annual conference in Berlin (Germany), Ilias Tsakiris, General Manager of American Club Europe, CEO of Hellenic Hull, and Chair of IUMI's Ocean Hull Committee opened by saying:

"As we celebrate this milestone, we are reminded of the legacy we've inherited but also of our responsibility to prepare for the future. The marine insurance sector has a long history of adaptability, and now, more than ever, we must remain nimble as the world around us changes."



He emphasized the continuing growth of global ocean hull premiums, which rose by 7.6% in 2023, reaching USD 9.2 billion. He explained that this growth was due to increased shipping activity and the rising value of vessels.

"Shipowners are investing in growing their fleets with more technologically advanced vessels to meet the demands of global trade and consequently hull underwriters have expanded their covers for these higher-value assets."

However, he warned of potential challenges on the horizon from new capacity entering the market, particularly through existing insurers seeking rapid growth.

Tsakiris also touched on the changes in claims activity noting that 2023 saw an increase in claims frequency and costs compared to recent years, though they remained at pre-pandemic levels. "As we move into 2024, the situation appears to be stabilising", he noted.

He highlighted that the post-pandemic environment had introduced new dynamics to the claims landscape, but the industry was adjusting accordingly.

“We’re seeing shifts but the industry is responding well. The fluctuation in claims is something we’ll continue to track but the outlook is more balanced for now.”

## Trade Route Disruptions

One of the significant issues Tsakiris raised was the impact of geopolitical tensions on global trade routes, particularly in the Middle East. He pointed to the ongoing Red Sea crisis, where the activities of the Houthi rebels had led to considerable disruption.

"Many shipowners are avoiding the Suez Canal, choosing longer routes around Africa to safeguard their vessels and crews," Tsakiris said.

This shift, he explained, was not without consequences.

“These longer voyages expose vessels to unfamiliar waters and less developed ports, which heightens the risk of damage and delays. The lack of salvage and repair facilities on these alternative routes means that even minor incidents can escalate into significant claims.”

In addition to the operational risks, Mr. Tsakiris addressed the environmental toll of these rerouted voyages. With longer distances come increased fuel consumption and higher emissions, he noted.

“Whilst, CII rating may seem improved, the ships are burning more fuel as they take these longer routes which directly impacts the industry’s carbon footprint. This is a serious concern as we work towards reducing emissions in line with international targets. We need to find solutions that not only meet regulatory requirements but also genuinely reduce the carbon impact of global shipping.”

Ilias Tsakiris also explored the changing risk landscape as a result of geopolitical tensions.

“Underwriters are increasingly cautious when it comes to vessels with connections to high-risk regions,” he said. "Past experiences in conflict zones, particularly around the Red Sea, are playing a larger role in risk assessments.”

He explained that sanctions and geopolitical strain had made insuring vessels with ties to countries like the US, UK, and Israel more complex. “Risk selection is becoming more selective. Insurers are closely examining both the physical and political risks involved.”

## Future outlook

Looking towards the future, he highlighted the industry’s ongoing efforts to support the transition to more sustainable shipping.

“The push towards dual-fuel vessels and the exploration of alternative fuels is

changing the makeup of the global fleet. New vessel deliveries are strong, but we're also seeing an ageing fleet, which brings its own set of challenges."

One major concern is the growing "dark fleet"—vessels with unclear ownership and often dubious classification.

"This so-called 'dark fleet' presents significant risks for marine insurers. These ships are often operated by questionable entities and their lack of transparency makes it difficult to assess liability in case of accidents or pollution. This is a growing concern for marine insurers."

Despite the many challenges facing the industry, Mr. Tsakiris reaffirmed IUMI's commitment to promoting excellence in underwriting.

"Education and expertise are more important now than ever," he said. "Through initiatives such as the soon-to-be announced IUMI Masterclass in Hull Insurance, we are ensuring that our professionals have the skills they need to navigate these complex times."

He concluded by acknowledging that while the future holds many uncertainties, the marine insurance industry has always thrived on its ability to adapt.

"For 150 years, we have evolved and grown. As we look to the future, we must continue to innovate, educate, and protect the global maritime industry for the next 150 years and beyond."

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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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