

Reduced income and challenges ahead for marine cargo insurance, says IUMI



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At yesterday's IUMI marine insurance conference in Genova, Cargo Committee chairman Nick Derrick announced a reduction in global cargo premiums by 9% from 2014 to 2015, the total premium value being US\$15.8 billion. He stated a combination of a strong US dollar and falling cargo values as the main reasons for the decline.



The UK continued to dominate the marine cargo market with a 13.3% market share (8.8% at Lloyds and 4.5% at the International Underwriting Association). China and Japan retained 9% and 8.7% market volume respectively.

Nick Derrick commented: *"The statistics show that marine cargo insurers are not making any money. World trade values and exports are down and the slow economic growth has created difficult market conditions. An increase in underwriting capacity is also causing concerns."*

On misappropriation, he said: *"There have been some serious misappropriation incidents in London and the US over the past 12 months which have resulted in substantial potential losses. This level of loss is not sustainable in the long term and misappropriation must be addressed."*

Derrick also commented on the ongoing Hanjin situation:

"Hianjin Shipping Co filed for court receivership on the 31 August 2016 and there is a worry that other containership companies will follow. This is particularly a concern in Asia as a number of these operators are carrying substantial debt which could cause them a major problem. We are advising our clients to consult their freight forwarders to get the most up-to-date picture".

The AMOS-6 satellite that was destroyed following the explosion of the Falcon 9 launch vehicle on 1 September this is also likely to impact the cargo market. The satellite had an insured value of US\$285 million dollars (insured in London) and the loss has the potential to affect rates, Derrick warned.

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