

# Too soon for optimism in the ocean hull insurance sector, reports IUMI



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Speaking at today's IUMI (International Union of Marine Insurance) conference online from Seoul, Rama Chandran, chairperson on the Ocean Hull Committee expressed concern over the long-term sustainability of the hull and machinery insurance sector.



*He said: "Whilst it is encouraging to see the 2020 premium base growing from the previous year alongside improvements in loss ratios, we mustn't forget that we are operating from a very low position and that the premium base has only recently begun to creep upwards following a sustained decline since 2012. The improvement in loss ratios for 2020 largely stems from reduced shipping activity during the recent COVID period and a subsequent lack of claims."*

*Looking ahead, Rama Chandran continued: "The first half of this year (2021) has seen a potential deterioration in the overall premium base from 2020 – it continues to develop, but growth appears to have slowed, or even plateaued since 2020. This is likely due to increased market capacity, particularly from London. As shipping activity returns to pre-COVID levels, it is inevitable that we'll see a rise in claims and that will dampen the more encouraging loss ratios IUMI reported for the 2020 period. Overall, the ocean hull sector is improving but it is not yet certain how sustainable that improvement will be."*

In addition to long-term sustainability, IUMI's Ocean Hull committee has identified three major concerns for the coming period:

COVID continues to impact seafarers with some vessels reporting up to 50% of crew affected. Challenges remain over seafarer vaccinations and the ability to switch crew at certain ports. Through no fault of the seafarer, many vessels are sailing with crew on extended contracts which has the potential for crew fatigue possibly leading to an increased casualty rate.

Fires onboard large containerhips continue to impact hull, cargo and P&I insurance and, sadly, have resulted in tragic loss of life and environmental damage. The main cause appears to be

wrongly declared or non-declaration of dangerous cargoes. Much work is being done to address the issue and IUMI is at the forefront of lobbying for change.

Decarbonisation of shipping is underway but remains a long way from reality. Changes to fuel and propulsion types will impact the hull sector and underwriters must be in a position to understand the risks before adequate insurance products can be developed. Technology and infrastructure must be developed and crews must be trained appropriately. Like others in the industry, IUMI is calling for a holistic industry response, together with governmental support, to achieve a low carbon future.

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Further information from:

Katerina Dimitropoulos , Navigate PR (London)

T: +44 (0)20 3326 8463

E: [kdimitropoulos@navigatepr.com](mailto: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](http://www.iumi.com)