Past issues
IUMI Political Forum

Increasing cost of claims

Brief description

It is generally recognised that inflation will cause claims amounts to rise across the board as the cost of services and parts rise as a result. The changes to the traditional factors like the costs of steel and labour could theoretically be absorbed through rating and deductible adjustments.

What is not so easily absorbed is the recent and developing trend of government intervention by Coastal States which has in several cases led to enormously inflated claims, far in excess of the original ship value. This is very concerning for marine property underwriters, and equally affects the P&I Clubs and their reinsurers.
With the increasing numbers of vessels which, because of their size, exceed salvage industry capabilities, there is speculation that removal of wreck cover will need to be limited in the future.

Relevant authority / organisations and documents

- The Nairobi International Convention of the Removal of Wrecks, adopted in 2007.

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 46 national and marine market insurance and reinsurance associations.

The roles of IUMI are to
– act as a focal point and representative voice on behalf of the marine and transport insurance industries in dialogue with all interested parties,
– share information and research that are non-commercially sensitive with regard to marine and transport insurance,
– bring together marine insurance practitioners to facilitate the exchange of technical information and best practice, and
– provide information on positions taken by IUMI.

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