Country Reports
IUMI Cargo Committee

IUMI

IUMI Annual Conference 2022
Cargo Committee Meeting
Sunday, 18 September

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IUMI TC
Cargo Committee
2022

TC Cargo Committee

Isabelle Therrien, Falvey Cargo, Canada, Chairperson

Mike Brews, Horizon Underwriting Managers (Pty) Ltd; Vice Chairperson

Mikaela Tamm, Insurance Sweden, Secretary, Sweden

Paul Ashworth, Sompo International, United Kingdom

John Barnwell, AIG, USA

Niklas Bengtsson, HDI Global Specialty SE, Sweden/Nordic

Magdalena Cruz, MAPFRE Insurance Company, Spain

Richard Golder, Tokio Marine HCC, United Kingdom

Shirley Hung, AXA XL, Hong Kong

Matthias Kirchner, AXA XL, Germany

Hosny Mishrif, Delta Insurance Company, Egypt

Nicole Pousson, AIG, France

Sibesh Sen, HDFC Ergo General Insurance Company Limited, India

Qing (David) Shang, Huatai P&C Insurance Company Ltd, China

Tom Shinya, Tokio Marine & Nichido Fire Insurance Co., Ltd. Japan

Massimo Spinetta, Generali Global Corporate & Commercial, Italy

Vyankatesh Tak, Oman Insurance, United Arab Emirates

Observers

Eric De Smet, Policy Forum Liaison

Kosuke Hashimoto, Executive Committee Liaison

Diego Calderon, ALSUM, STARR Companies

Cargo Committee
Spring Meeting
2022

Agenda, Cargo Committee, Sunday,
September 18th from 9:30-12:30 ,
in the Great America I&II - 6th Floor at the Chicago Marriott

1) Welcome

Isabelle Therrien

Attendance & Introduction of Agenda

2) Election of Cargo Committee

Isabelle Therrien

Election information

Members of the Committee

Contact information

Attachment 1

For further information, please see IUMI Articles of the Association
https://iumi.com/about/articles-of-association,

3) Chair's presentation

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Isabelle Therrien

4) Overview of US market

John Barnwell

5) Guest Speaker

Insight into Cargo Losses

Alex Mican, Director Specialty Lines Prod. Dev., PCS Verisk, USA New Jersey

6) Technical Presentations

Isabelle Therrien & Mike Brews

"Adapting to a world in transition"

Workshop "Cargo" Tuesday, 20 September 2022, 14.20 -17.20, 180'

Chairperson's Report & Introduction, 15'
Isabelle Therrien, Chair, Falvey Cargo Underwriting, CAN-Toronto,

IPP Presentation, 10'
Insight into Cargo Losses

Alex Mican, Director Specialty Lines Prod. Dev., PCS Verisk, USA New Jersey

Seafarer Wellness, 25’
Maurizio Borgatti

The cost of General Average: New normal?, 20’
Nick Coleman, Senior Claims Executive, Gard AS, NOR-Bergen

State of the Global Supply Chain, 25’

Barry Conlon, CEO, Overhaul

Panel Discussion, 30’

Car Carriers – Do you have a sinking feeling?

Moderator: **John Barnwell**, Cargo Product Lead, AIG

- **Gareth Burton**, VP Technology American Bureau of Shipping (ABS)
- **Tobias Sigurdsson**, Head of Cargo and Specie for HDI Global Specialty (Nordic Market)
- **Ronald Kargl**, Chief Underwriting Officer International Markets, Munich Re,

Panel discussion and Q&A, 10’

Conclusion and take aways, 05’
Isabelle Therrien

7) Panel Discussions

Isabelle Therrien , Mike Brews & All

Questions for the Q&A for the panel on the workshop

Polling Questions

8) Country Reports

Isabelle Therrien, All

Round the table, please note the limited time so please hold the presentation and discussions concise.

9) Other business

Isabelle Therrien, All
“ Update on Frans Du Plessis” PhD

IUMI Spring Meeting March 2023 in Hamburg

IUMI Eye Contribution

Contributor from the committee to the Advanced Ocean Cargo modules

Australia
Author: Andrew Kidd

Statistics

The Gross Written Premium for the Australian **cargo market** is highlighted in the below table, as reported to the IUMI Facts and Figures Committee. These figures are compiled by industry leaders represented on the Insurance Council of Australia's Marine Committee.

(Note: Australian Prudential Regulation Authority (APRA) report industry statistics as combined Marine and Aviation, so no official cargo statistics available.)

Acc year	2014	2015	2016	2017	2018	2019	2020	2021
GWP USD	239m	217m	205m	210m	208m	223m	220m	220m
Exchange Rate	0.887	0.811	0.729	0.720	0.780	0.685	0.70	0.70

Market Performance (*NB Statistics are for All Marine – Cargo, Hull and Liability)

		Ultimate loss ratio (%)										
		Development year										
Accident year	Gross earned premium ($ million)	0	1	2	3	4	5	6	7	8	9	10
2007	440						61.0%	63.4%	62.5%	62.4%	55.1%	55.3%
2008	465					67.0%	66.1%	66.3%	67.3%	58.9%	58.8%	58.9%
2009	480				64.0%	63.9%	63.5%	63.1%	55.4%	55.2%	55.2%	55.0%
2010	484			66.5%	65.1%	64.6%	64.6%	57.5%	57.3%	57.3%	57.0%	57.8%
2011	499		75.3%	74.1%	72.2%	71.1%	61.9%	62.2%	61.7%	61.5%	61.5%	61.5%
2012	498	63.7%	63.3%	62.8%	63.2%	55.6%	55.1%	55.2%	55.0%	55.1%	55.0%	
2013	496	82.4%	83.7%	79.7%	71.4%	71.1%	70.1%	70.5%	70.5%	70.0%		
2014	504	65.9%	59.6%	50.9%	50.4%	50.5%	50.3%	50.9%	50.2%			
2015	512	60.8%	59.8%	59.2%	56.1%	56.8%	56.7%	56.4%				
2016	531	57.3%	61.7%	60.6%	60.3%	61.3%	60.4%					
2017	585	68.5%	70.3%	67.9%	66.7%	67.0%						
2018	581	52.9%	51.7%	50.8%	51.2%							
2019	623	48.3%	49.6%	47.5%								
2020	665	51.1%	51.5%									
2021	738	50.1%										

Source:
Australian Prudential Regulation Authority (December 2021). General Insurance Claims Development Statistics, Table 10 – Marine.
Last Updated July 2022.
Retrieved from: https://www.apra.gov.au/publications/general-insurance-claims-development-statistics

Australia
Author: Andrew Kidd

Large Losses and Notable Incidents

No notable large losses.

Underwriting Trends and Hot Topics

Inflation, supply chain delays, hardening market conditions. Ukraine exclusions.

The general insurance market in Australia continued the recent hardening trends as the economy improves post Covid 19 and portfolio's return to normalised claim trends.

The Australian economy started to see inflationary pressures across the majority of sectors towards the end of the 21-22 year. GDP grew by 3.4% in 2021 and is forecast to grow at 4.5% over 2022 and by 2% during 2023 (*Reserve Bank of Australia 2022*).

The cargo market is seeing growth in insured sendings, including the small parcel / e-delivery segment which experiencing 11.9% growth yoy (*Australia Post 2022*). Commodity trade remains strong, with record highs on primary produce commodities such as wheat that is also experiencing record crop levels due to prevailing growing conditions.

Market Players

The leading Marine Insurers in the market remains stable, (in no particular order)

Marine Protect – Insurance Agency under the National Transport Insurance banner, which underwrites on behalf of CGU Insurance (50%) and Vero Insurance (50%)

QBE Insurance – Leading Australian global insurance company, underwriting all classes of marine insurance under several brands.

Zurich Insurance – Subsidiary of Zurich Insurance Switzerland, underwriting all classes of marine cargo and liability insurance.

AM&T – A Company of Allianz – A marine insurance agency owned and backed by Allianz Australia, offering all lines of marine insurance.

Chubb, HDI, Berkshire Hathaway, Liberty International, AIG and Axa XL all have solid marine presence in the market as well.

Lloyds Australia – Continues to have a presence in the marine market.

The Australian Marine cargo market is predominantly an intermediated market, with all the major international broking houses having offices here. In total there is 5,760 Insurance Brokerages in Australia (IBISWorld 2022), many of these are members of cluster groups such as Steadfast and AUB Group. These cluster groups continue to invest in Underwriting Agencies including Marine.

There are only a few specialist marine brokers in the market. The larger brokerages rely on on-line cargo facilities or platforms for the placement of small to medium cargo risks.

Australia
Author: Andrew Kidd

Noteworthy Local Economic/Political/Societal Highlights

The Australian Federal election was conducted in May 2022 and saw the Labour Party return to government after being in opposition since 2007. Their platform included a focus on the environment particularly around energy production moving away from coal, as well as improving minimum wages.
Environmental, Social and Governance (ESG) continues to be a focus for the majority of Insurers. The disclosure of businesses obtaining their income from fossil fuel industries is starting to become a market practice. At the same time the acknowledgment of First Nations people by the broader business community is increasing noticeably.

References

Inside Australian Online Shopping, Australia Post (June 2022) https://auspost.com.au/content/dam/auspost_corp/media/documents/inside-australia-online-shopping-update-june-22.pdf

Reserve Bank of Australia (May 2022) https://www.rba.gov.au/publications/smp/2022/may/economic-outlook.html#:~:text=GDP%20is%20forecast%20to%20grow,months%20ago%20(Table%205.1)

IBISWorld (April 2022)

Insurance Brokerage in Australia, Industry Report K6420

Australian Government (July 2022): https://www.apra.gov.au/publications/general-insurance-claims-development-statistics

Belgium
Author: Eric De Smet

Statistics

Total premium volume on accounting year basis for 2021 amounted to 373,158 mio EUR, with a gross L/R of 66,12% , 77,15% net after commissions and 90,32% including working costs (estim.).

Cargo accounting year figures:

GROSS PREMIUM	PAID CLAIMS	RECOVERIES	OUTSTANDING	TOTAL CLAIMS	L/R GROSS
243.353.078	102.022.045	7.846.964	78.491.824	172.666.905	70,95

BROKERAGE	NETT PREMIUM	L/R NETT	ACQUISITION	TOTAL COSTS	NETTNETT PREMIUM
34.799.490	208.553.588	82,79	30.419.135	65.218.625	178.134.453

Cargo and overall underwriting year figures are shown below:

A working group at ABAM BVT discussed the L./R threshold and in accordance with IUMI standards it was decided to put this at 60% on gross premium level.

Underwriting cargo premium income shows an upwards tendency, mainly driven by underlying insured values of the existing book and not new business.

All recent underwriting years show positive results, however 2018, 2019 and 2020 are above the 60% L/R on gross threshold. For U/Y 2021 it is too soon (stats closed at 31/12/2021).

CARGO RESULTS AS PER 31.12.2021 IN €

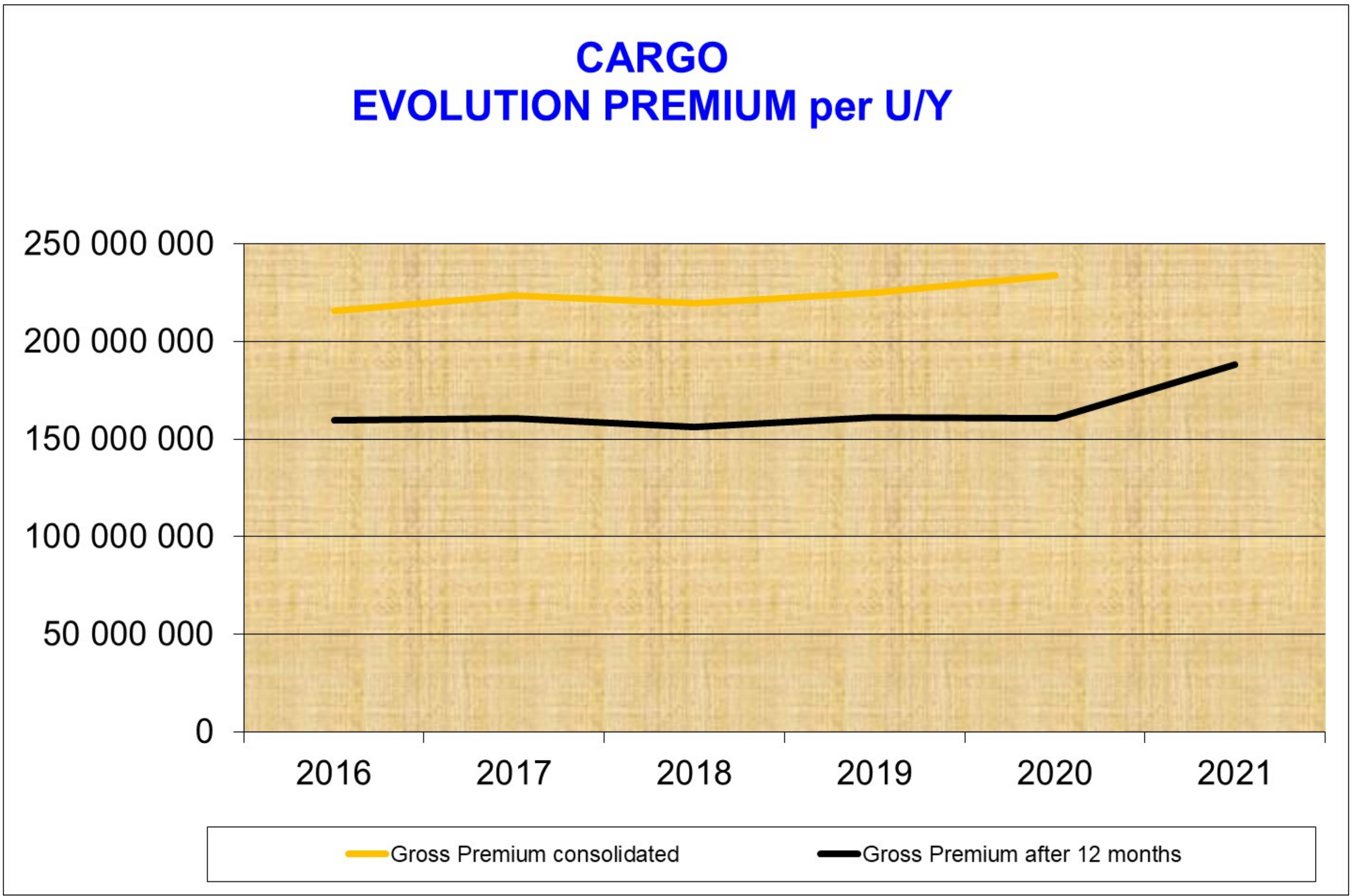
UY	GROSS PREMIUM	COSTS	PAID CLAIMS	OUTST	TOTAL CLAIMS	LR on GROSS	LR on N/N
16	215.824.309	61.090.012	118.739.175	6.106.764	124.845.939	**57,85**	**80,68**
17	223.303.768	62.994.938	126.940.374	6.524.014	133.464.387	**59,77**	**83,25**
18	219.656.021	61.730.745	123.089.701	19.586.140	142.675.841	**64,95**	**90,34**
19	224.784.127	62.171.966	109.954.583	28.411.306	138.365.889	**61,56**	**85,09**
20	233.905.500	63.638.564	123.483.546	36.449.896	159.933.441	**68,38**	**93,93**
21	188.025.372	49.575.460	35.244.097	67.959.659	103.203.756	**54,89**	**74,54**

Belgium
Author: Eric De Smet

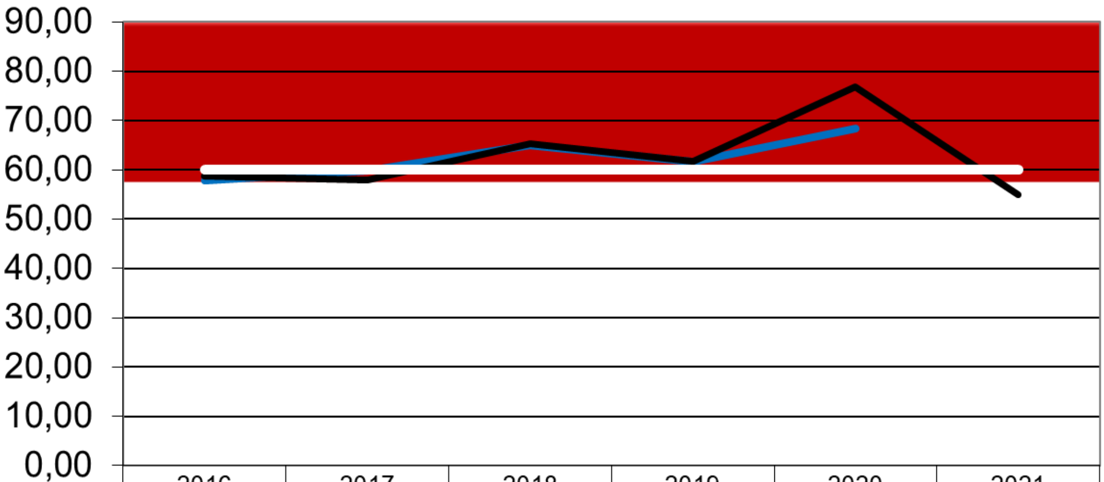
CARGO RUN-OFF AS PER 31.12.2021 IN €

UY	YR	GR PREM	COSTS	PAID CLAIMS	OUTST	TOTAL CLAIMS	LR on GROSS	LR on N/N
16	16	159.610.723	43.261.103	33.357.618	60.353.371	93.710.989	**58,71**	**80,54**
	17	216.520.250	60.948.217	102.987.998	29.904.573	132.892.571	**61,38**	**85,42**
	18	218.920.642	62.392.096	117.625.806	15.340.743	132.966.549	**60,74**	**84,95**
	19	218.674.147	61.969.948	120.431.905	9.606.123	130.038.027	**59,47**	**82,98**
	20	219.292.403	62.031.911	121.706.976	7.239.659	128.946.635	**58,80**	**82,00**
	21	215.824.309	61.090.012	118.739.175	6.106.764	124.845.939	**57,85**	**80,68**
17	17	160.397.142	45.310.006	39.928.471	53.156.055	93.084.525	**58,03**	**80,88**
	18	220.006.049	61.839.920	100.828.319	39.613.998	140.442.317	**63,84**	**88,79**
	19	224.321.376	63.276.197	118.290.510	20.355.494	138.646.004	**61,81**	**86,09**
	20	225.522.309	63.454.949	124.911.033	7.845.971	132.757.005	**58,87**	**81,91**
	21	223.303.768	62.994.938	126.940.374	6.524.014	133.464.387	**59,77**	**83,25**
18	18	156.286.431	43.655.160	43.904.981	58.185.064	102.090.045	**65,32**	**90,64**
	19	214.625.357	59.935.067	95.795.669	51.123.852	146.919.521	**68,45**	**94,98**
	20	220.965.139	61.949.287	116.110.135	29.357.019	145.467.154	**65,83**	**91,48**
	21	219.656.021	61.730.745	123.089.701	19.586.140	142.675.841	**64,95**	**90,34**
19	19	161.188.608	44.290.378	51.353.633	48.202.453	99.556.086	**61,76**	**85,16**
	20	222.683.205	60.914.103	92.755.458	41.489.216	134.244.674	**60,29**	**82,99**
	21	224.784.127	62.171.966	109.954.583	28.411.306	138.365.889	**61,56**	**85,09**
20	20	160.331.243	43.080.824	81.754.723	41.367.787	123.122.509	**76,79**	**105,01**
	21	233.905.500	63.638.564	123.483.546	36.449.896	159.933.441	**68,38**	**93,93**
21	21	188.025.372	49.575.460	35.244.097	67.959.659	103.203.756	**54,89**	**74,54**

Belgium
Author: Eric De Smet



CARGO - EVOLUTION LOSS RATIO on GROSS Premium per U/Y



	2016	2017	2018	2019	2020	2021
L.R. on gross consolidated	57,85	59,77	64,95	61,56	68,38	
Loss Ratio on gross after 12 months	58,71	58,03	65,32	61,76	76,79	54,89
loss/profit	60,00	60,00	60,00	60,00	60,00	60,00

Canada
Author: Isabelle Therrien

Cargo Market

2021 Statistics (MSA Research Data, Canadian Underwriter Stats Guide)
The Canadian Market Total Direct Marine written premium sits at $523,456,000 CAD

(MSA Research) a jump of 8.4% YOY
The overall Net Loss Ratio (all lines combined) is 66% (MSA Research)
The Cargo Line of business (according to historical CBMU statistics) represents approximately 34% of the total WP i.e. $178M CAD
Overall market industry data by line of business represents a challenge for the Canadian market as there is a lack of consistency in numbers reported year-over-year

Large losses and Natural Catastrophes
2021 was another year of major NAT CAT in Canada.
Veteran farmers and ranchers do not hesitate to call this year's drought across Western Canada one of the worst in history. Farmers compare it to 1988 and 1961; historians compare it to the 1930s. What made the drought extraordinary was that the dryness was so widespread, severe and long lasting. Even before summer was half over, dozens of rural communities had declared states of agricultural disaster. With a week to go before harvest, the Canadian Drought Monitor classified 99% of the Prairie agricultural landscape as a drought scene.
The lack of summer rains in the west contributed to the searing heat and spreading wildfires
Across Canada, the wildfire season started about a month early, due to the record dry spring and early loss of alpine snow. Statistics from the Canadian Interagency Forest Fire Centre revealed an active fire year. Nationally, the number of fires were 2500 more than in 2020 and the hectarage of woodland burned was 1.6 times the 10-year average.
In British Columbia, wildfires started up in late June and continued into September. The BC Wildfire Service reported 1522 fires that scorched 889 813 hectares of timber, bush and grassland – an area 1.5 times that of Prince Edward Island, almost 60 times the area burned in 2020, and the third most ever.

On November 13, on the same day when almost 200 countries agreed to the Glasgow Climate Pact at COP-26 with the aim of beginning to lessen the threat and impact of climate-triggered extremes, a mammoth storm began its descent on the south coast of British Columbia. For just over 2 days, massive amounts of rain, powered by jet stream winds, swamped a widespread and already soggy south coast and interior of British Columbia. The sum of 7 atmospheric rivers and 3 weather bombs in November created a flood of floods, quite likely the most destructive and expensive weather disaster in Canadian history. Access to the port and highways around the port was shutdown due to the flood.

Canada
Author: Isabelle Therrien

Insured Damage for Severe Weather Events in 2021

January 12	Western Canada storms	$134 million
March 26	Eastern Canada storm	$50 million
June 30	Lytton, BC wildfire	$102 million
July 2	Calgary, AB hailstorm	$500 million
July 15	Barrie, Ontario-and-area tornadoes	$100 million
July 22	Prairie storms	$120 million
August 2	White Rock Lake, BC wildfire	$77 million
September 7 & 22	Southern Ontario storms	$105 million
September 11	Hurricane Larry in Atlantic Canada	$25 million
November 13	British Columbia floods	$515 million
December 11	Eastern Canada windstorm	$152 million

Source: Insurance Bureau of Canada

Canada
Author: Isabelle Therrien

Underwriting trend and Hot Topics

Mergers and Acquisitions: Intact and RSA merger- Combination of the two entities started in 2021 with the Marine line of business being led by Coast Underwriters

Expense reduction still a priority

Underwriting discipline remains a priority however the market is starting to see a stabilization of the market correction that happened in 2020

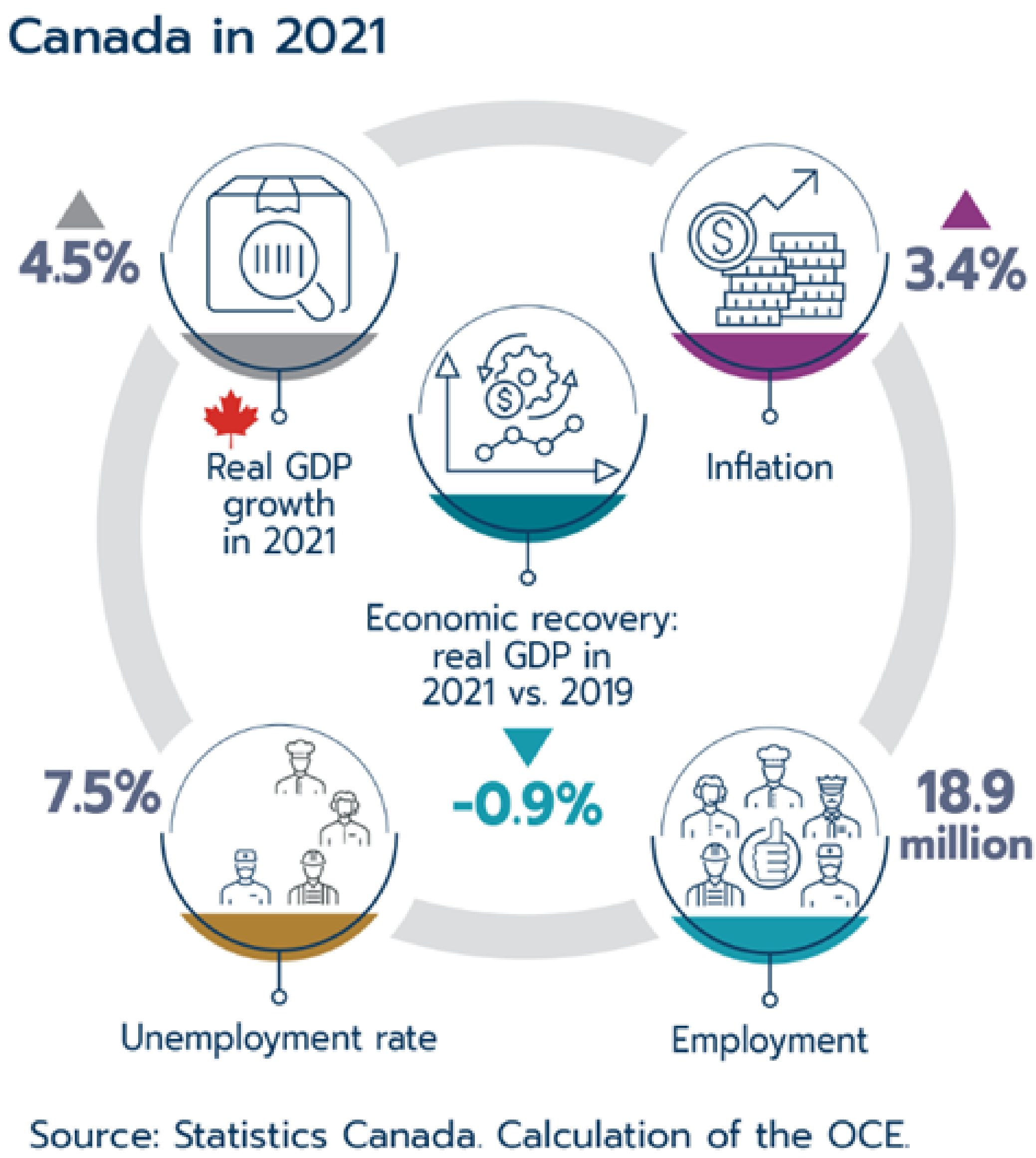
The Zim Kingston Fire will have an impact on the Canadian Cargo market as a good portion of the Cargo was destined to Canada and insured in the market. Of the 109 containers lost overboard, it is estimated that only 4 containers have washed ashore. The environmental impact is also significant with about 50,000 KG of debris already removed from the shoreline.

Noteworthy Local Economic / Political / Societal Highlights

Highlights

In 2021, Canada is experiencing an economic recovery while still contending with a global pandemic. Overall, the Canadian economy expanded 4.5% in 2021, following a 5.2% decline the year before. The surge in activity south of Canada's border helped to drive record-breaking growth in Canadian trade. In 2021, exports of goods and services expanded 18.3% to reach a record high of $766 billion, driven largely by surging natural resources prices, but also from broad-based demand for a multitude of products, from consumer electronics to professional and financial services.

Canada
Author: Isabelle Therrien



Markets and competition

The Canadian Cargo market was still considered a hard market in 2021 although there was an easing of corrective measures towards the end of 2021 and in early 2022. We have not seen cargo capacity enter the market in the past 12 months. Generally speaking, renewal business is renewed at a slight rate increase or as expiring depending on the performance of the account.

Cargo markets include Lloyds, CNA, Intact(Coast), Northbridge, Allianz, Great American, Chubb, Liberty, AIG, Travelers

Managing General Agents include Falvey Cargo Underwriting, Coast Underwriters, Burns & Wilcox, Eagle Underwriting

China
Author: David Shang

Statistics：

Year	Gross Premium	Net Loss	Net Loss Ratio
2020	1,359,610.03	566,320.33	55.79%
2021	1,686,985.48	700,316.51	57.61%

Compared with 2020, China cargo market has about 24% growth in 2021. This is a remarkable achievement, considering less than 10% growth ratio in 2020 and 2019.

Owing to lack of relevant data, we choose net loss amount and net loss ratio to show the performance of China cargo market in 2021. In past 5 years, net loss ratio of China cargo market has maintained a stable state at the range of 50%~60%.

Large Losses and Notable Incidents

Each year, there are a lot of goods exporting from the “World Factory” China to worldwide. In 2021, there were several major incidents relating to such export shipments, which have led to large losses to cargo owners and finally to insurers from China. These incidents could be split into two types. One is cargo overboard or sinking of the carrying vessel, which includes COSCO NAGOYA (IMO 9380271), RISE SHINE (IMO 9164550), MAERSK EINDHOVEN (IMO 9456771), MAERSK ESSEN (IMO 9456783). The other is GA, which includes ZIM KINGSTON (IMO 9389693), KENT TRADER (IMO 9236652), NYK DELPHINUS (IMO 9337652), INTERASIA CATALYST (IMO 9439711), EVER GIVEN (IMO 9811000). For example, there are about 750 containers falling overboard from MAERSK ESSEN (IMO 9456783) during its trip from China to USA. The probable loss to insurers shall be tremendous. But as these are confidential information of insurers, reports of these losses are not available.

Underwriting Trends and Hot Topics

In 2021, the China cargo market has continued the trend of softening. This is mainly caused by sufficient or, to some extent, surplus capacity. In addition, insurers still could gain profit from most of the cargo business, and this encourages them to become more and more aggressive. Rate below 0.01% has become popular for those business with huge T/O, like over CNY10 billion. But it is considered that such low price has hit the bottom.

With rapid development of new energy industry in China, insurers have been given more and more opportunities to write transit of lithium battery or lithium battery packed with equipment. This is not the only situation in traditional lithium battery industry. In 2021, there are over 300,000 new energy cars being exported from China to Europe or Southeast Asia. In addition, more and more solar product manufacturer in China has begun to develop energy storage system (ESS), which is actually an aggregation of dozens of lithium batteries. Please note that all top 10 solar manufactures come from China. A shipment of ESS loaded onto one carrying vessel with sum insured over USD200m has been seen in China market. Considering dangerous nature of such cargo, this is a big challenge to insurers in China market.

ESG has become a hot topic in China market. Many local insurers have taken steps to develop and implement their ESG strategy. As to cargo insurance area, some insurers begin to implement preferential policies on clean energy industry. They would like to give more support to wind power and solar energy industry when providing insurance service.

China
Author: David Shang

Market Players

China cargo market could be considered as a highly concentrated market to some extent. Top 3 includes PICC Property and Casualty Company Limited (PICC), Ping An Property & Casualty Insurance Company of China Ltd (Ping An) and China Pacific Property Insurance Co., Ltd. (CPIC). CR3 of cargo insurance in 2021 is about 54.7%. They could be defined as tier 1 players.

Tier 2 players include China Life Property and Casualty Insurance Company Ltd. (China Life), China Continent Property Insurance Co., Ltd. (CCIC), Sunshine Property & Casualty Insurance Co., Ltd.(Sunshine), Taiping General Insurance Co., Ltd. (Taiping) and Huatai Property and Casualty Insurance Company Ltd. (Huatai). Total market share of these tier 2 players is about 24%.

Noteworthy Local Economic/Political/Societal Highlights

CNY Billion

Year	Trade Volume of Import	Trade Volume of Export
2017	12,479.00	15,331.00
2018	14,088.00	16,413.00
2019	14,325.00	17,237.00
2020	14,293.00	17,928.00
2021	17,366.00	21,735.00

We could see from the above table that the trade volume of import & export of China in 2020 did not maintain a rapid growth rate as it has done in past few years. The chaos resulting from the impact of COVID-19 has disturbed normal international trade globally at the very beginning of the outbreak of COVID-19. Clearly, China has also been impacted greatly. While China's import & export has recovered quickly from this situation and has achieved over 21% growth in 2021. It is the most important reason that the China cargo insurance market could also achieve about 24% growth.

Egypt
Author: Hosny Mishrif

General Comments on Home Country/Region

Egypt's Macro Economy continues to show its ability for more than a year and a half to overcome the COVID-19 pandemic. Macroeconomic stabilization and energy sector reforms, which implemented in recent years, have helped in:

Building resilience.

The mobilization of international financing which has contributed in keeping foreign reserves at the high levels.

The monetary easing the selected sectoral support.

Partially, alleviated pressures on households and private businesses.

Contributed in the reduction of domestic borrowing costs for the public sector.

Egypt also continues to address and manipulate the economic problems, through taking steps to:

Strengthen the management of the public debt.

Promote financial inclusion.

Enhance aspects of the business environment, such as:

** Streamlining customs clearance processes.

** Facilitating business restructuring procedures.

Accordingly, the International Rating Agencies have thus maintained Egypt's outlook as 'stable', despite the acute global crisis caused by COVID-19.

Economic activity and foreign income sources in Egypt have picked up, reflecting:

Favorable annual base effects.

Easing restrictions and the Reactivation of Economic Activity.

Egypt's Export-Oriented Sectors that were contracting since the beginning of the crisis (tourism, manufacturing, extractives, and the Suez Canal) started recovering.

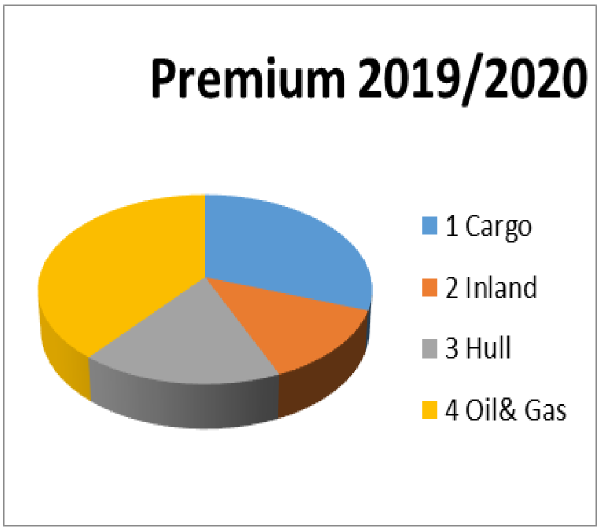
Egypt
Author: Hosny Mishrif

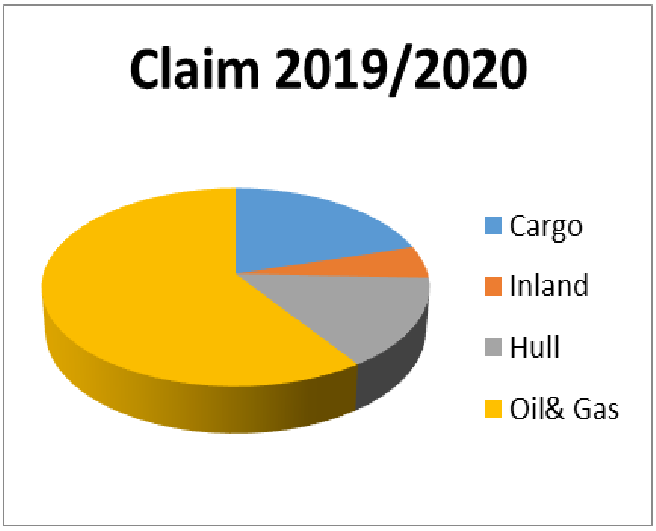
The Economic Indicators: Marine Egyptian Market Statistics:

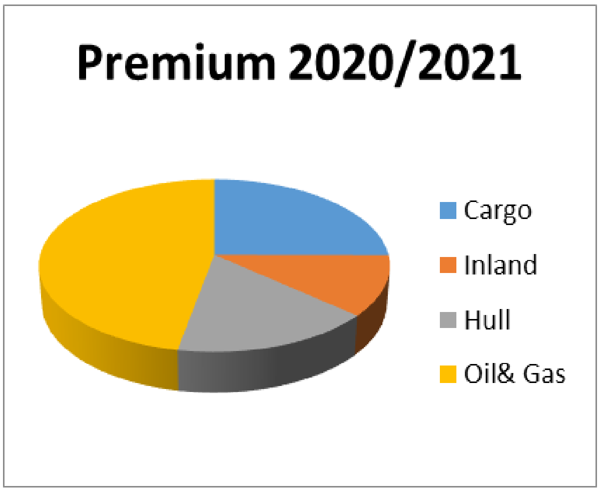
		2020	2021
Labor force		28m Persons	29m Persons
Unemployment		7.7 %	8.5 %
Exports		40 USD Billion	45 USD Billion
Imports		72.5 USD Billion	76.8 USD Billion
Population		103 m persons	104 m persons
Tourism	No of Tourists	3.5m persons	5m persons
	Income	$ 4 Billion	$ 6.5 Billion
Suez Canal	No of Crossing Vessels	18830 vessels	21650 vessels
	Income	$ 5.6 Billion	$ 7 Billion
Inflation		8.9 %	10%
Rate of Economic Growth		5.8%	6.2%
Budget Deficit		7.5% of GDP	7.7% of GDP
Net Foreign Direct Investments FDI		$5.1 Billion	$5.9 Billion
GDP		$ 394 billion	$ 404.14 billion
Net External Debit		$ 125 Billion	$ 138 Billion
Net International Reserve “NIR”		$41 Billion	$38 Billion

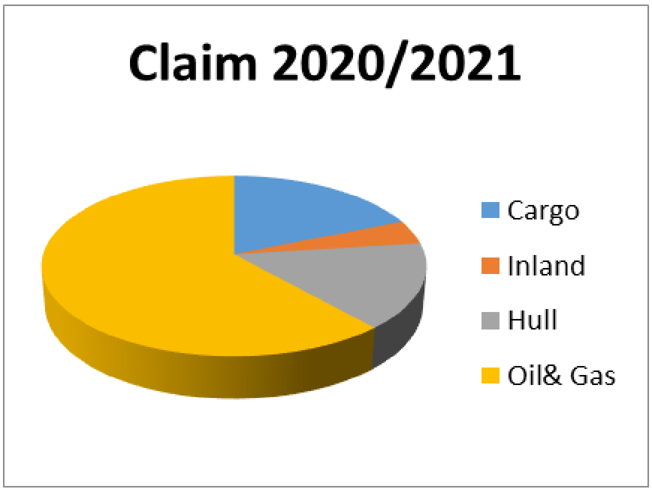
Egypt
Author: Hosny Mishrif

		Premium (US$)		Claims (US$)	
		Premium 2019/2020	Premium 2020/2021	Claim 2019/2020	Claim 2020/2021
1	Cargo	17,228,111	14,443,889	4,689,833	4,627,722
2	Inland	7,314,056	6,559,389	1,199,111	1,071,000
3	Hull	9,761,000	9,520,889	3,402,111	3,833,056
4	Oil& Gas	22,051,667	27,108,389	13,674,222	15,229,556
Total		56,354,833	57,632,556	22,965,278	24,761,333









Egypt
Author: Hosny Mishrif

Large losses:

No large losses reported during that period

Competition:

Still very tough competition in the Egyptian Insurance Market due to increasing the number of insurance company to be more than 25 company are active in the local market, in addition to the Covid-19 crisis. All together were clearly reflected in reducing the Rates.

Main Legislation governing the insurance business in Egypt:

The new insurance law is going to be issued after the approval of the Egyptian Parliament. It is expected that this law will flourish the Egyptian insurance market and will contribute in increasing the insurance support in the GDP.

Top News 2021:

One of the positive effects of the pandemic was the raise in the insurance awareness among the society. Thus increasing the demand for some insurance products significantly, especially for Medical and Life insurance, which resulted in an increase in insurance premiums.

The Insurance Federation of Egypt is implementing its sustainable strategy towards achieving insurance inclusion in Egypt.

France
Author: Nicole Pousson

Statistics:

2021 gross written premium for Cargo business in France: €726.8M (composed of: direct Cargo €538.1M + direct Freight liability €155.6M + inward reinsurance €33M), a +15% increase from prior year (€633.5M in 2020). (France Assureurs)

Loss ratio triangles for direct Cargo business in France (based on premium gross of acquisition costs):

	1st YEAR	2nd YEAR	3rd YEAR	4th YEAR	5th YEAR	6th YEAR
2012	58%	53%	51%	51%	50%	50%
2013	58%	55%	49%	49%	50%	50%
2014	65%	61%	59%	59%	58%	57%
2015	63%	60%	55%	55%	53%	53%
2016	58%	57%	60%	58%	57%	**61%**
2017	65%	66%	69%	69%	**70%**	
2018	66%	78%	70%	**69%**		
2019	49%	45%	**45%**			
2020	56%	**58%**				
2021	**47%**					

In 2021, Cargo premium represented 34.8% of total premiums of the French Marine/Aviation/Space market (vs. 36.5% in 2019) (France Assureurs)

Large Losses and Notable Incidents:

Claims information for 2021 has been provided to IUMI Facts & Figures Committee, including the following:

A claim valued at $45M in Q2 2021 in respect of fire/explosion on an inland transit in the USA

A claim valued at $12.5M in Q2 2021 in respect of a fire/explosion on storage in Spain

A claim valued at $9.3M in Q1 2021 in respect of snowstorm Filomena on storage in Spain

A claim valued at €3.6M in Q2 2021 in respect of damaged food on a transit from India to Liberia

A claim valued at $3.5M in Q4 2021 in respect of theft of manufactured goods on an inland transit in Italy

Underwriting Trends and Hot Topics:

Coverage and sanctions issues in the context of the Ukrainian crisis, including:

Successive updates (on 24th February and 1st March) of War/SRCC risk score levels (to "case-by-case" status) of Russia/Ukraine/Belarus/Azov Sea/Black Sea on the market reference service supported by the CESAM (grouping of main French marine insurers) – consultable at https://rg.cesam.org/en

Among the topics addressed at "Le Rendez-vous ParisMat" French marine market conference (held in Paris in June 2022, attended by 700+ participants): Marine risk aggravation (mega containership fires, batteries, electrical vehicles transported by Ro/Ro and car carriers); Supply chain complexification; The Ukrainian crisis.

France
Author: Nicole Pousson

Market Players:

Top 5 marine insurers in France (based on 2021 premium): AXA XL, Helvetia, Allianz, Generali, AXA France (France Assureurs)

Recent new insurer entrants to French marine market: Berkshire Hathaway Specialty Insurance and QBE

New insurer brand SMA Transport created in 2021 when historic marine MGA Cinabre (formerly Martin & Boulart) joined construction-specialist mutual group SMA

Merger of two major brokers Siaci Saint Honoré and Diot (Burrus Group), forming Diot-Siaci, operationally effective in 2022

Acquisition, by Diot-Siaci, of Paris-based specialist marine MGA BSA, announced in February 2022, reinforcing the broker's presence in French overseas territories

Acquisition, by MGA WeSpecialty, of Rouen-based specialist marine MGA Cogeas, from Diot-Siaci, announced in July 2022

References

France Assureurs. (2022 June 13). Statistiques de l'assurance Transports 2021.

Germany
Author: Matthias Kirschner

Statistics

Accounting year 2021

Cargo (incl. freight forwarders, CMR and carriers liability etc.)

Gross premiums	$1,200,434,000	(+0,57%)

Pure Cargo

Gross premiums	$856,022,853	(-2,63%)

Carriers Liability

Gross premiums	$344.411.628	(+9,52%)

Underwriting year 2021:

Cargo (incl. freight forwarders, CMR and carriers liability etc.)

Gross premiums	$912,852,478
Paid claims	$191,627,387
Total claims incl. outstanding	$635,936,136
Loss ratio paid	21%
Total loss ratio	70%

Pure Cargo

Gross premiums	$631,587,000
Paid claims	$145,250,000
Total claims incl. outstanding	$413,630,000
Loss ratio paid	23%
Total loss ratio	65%

Carriers Liability

Gross premiums	$281,264,000
Paid claims	$46,376,000
Total claims incl. outstanding	$222,305,00
Loss ratio paid	17%
Total loss ratio	79%

Large Losses and Notable Incidents (Cargo)

COVID-19 has had little impact on the German marine insurance market. There has been only a slight weakeing in premium income in Pure Cargo, while the volume of claims there has decreased considerably. Carriers liability, on the other hand, even recorded an increase in premiums. Storm Bernd flood gross loss estimate to approx. USD 20mn, EVER GIVEN to 10mn. Of course, the Felicity Ace loss will have an impact on the German cargo insurance market, but in the 2021 underwriting year or later.

Large losses in 2021 exceeding EUR 500,000

Reported losses	25
Total amount	$54,943,000

Notable incidents in 2021	**German market share**
Storm Bernd flood	approx. $20,000,000
EVER GIVEN	approx. $8,800,000

Germany
Author: Matthias Kirschner

Underwriting Trends and Hot Topics

Sanctions on Russia, Belarus
Inflation, rising costs
Local tax
COVID-19 – exclusion clause
NatCat - Warehouse/storage accumulation risks
Blockchain/Parametric cover in Marine Insurance
Blackout-/ Cyber-exclusion clause

Market Players

Overall a large number of competitors
Major players are ERGO, HDI GLOBAL, KRAVAG-LOGISTIC, ALLIANZ – ESA, AXA XL etc.
Several large speciality insurers in niche segments with clearly defined product and customer segments (e.g. Travel insurance) as HANSEMERKUR, ERV

Noteworthy Local Economic/Political/Societal Highlights

Due to their strong dependence on trade volume (imports, exports and domestic trade), the insurance premium is highly cyclical. However, increases in the global trading volume, in particular, are not fully reflected in premium growth because insurance premiums are rather based on competition in the market but on the increased insured risk.

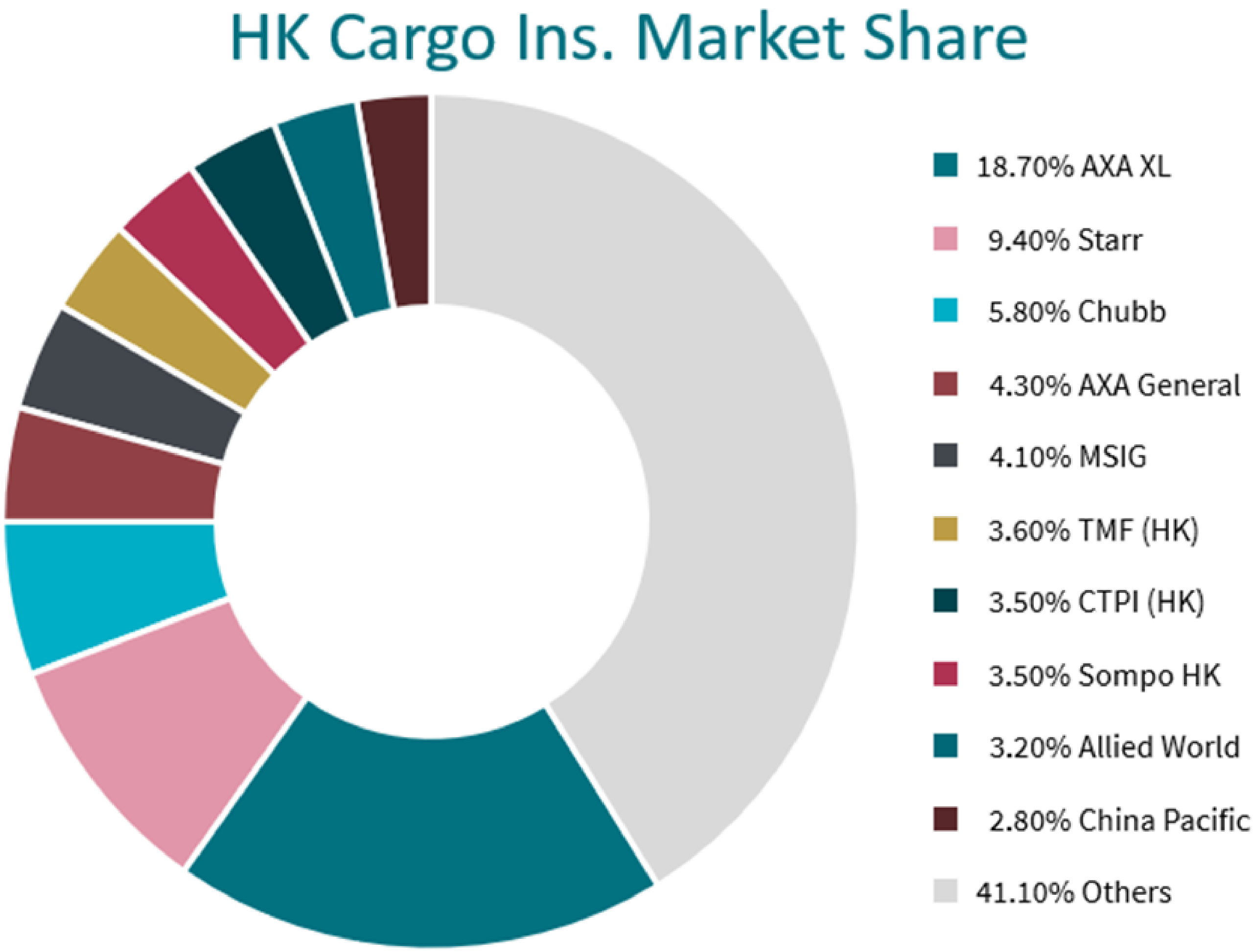
Hong Kong
Author: Shirley Hung

Statistics & Market Players:

In 2020, there are 63 Insurance company that can insure Cargo insurance in Hong Kong.

Total premium is HKD1.56b, maintain the same as 2019.

Total 57 Hull insurer with HKD2.7b which is around 10% increase when compared with previous year.



Hong Kong
Author: Shirley Hung

Large Loss:

Hi-Tech and electronic component are still the major theft loss in Hong Kong. However, there is no major loss in the market.

Underwriting Trends and Hot Topics：

Marine Market
Cargo market is getting soften after 2 years of hardening, while hull market stand firm at the peak of harden market.

Captive Domicile
Made legislative amendments to expand the scope of insurable risks by captive insurers in Hong Kong, which came into effect in March 2021. Formed the Hong Kong Specialty Risks Consortium to help match demand and supply in the specialty risks area.

Marine and Specialty Risks
A tax concession to reduce the profits tax rate by 50% (ie 8.25%) for general insurers and insurance brokers for marine and specialty risk insurance became effective in March 2021.

Reinsurance
The China Banking and Insurance Regulatory Commission ("CBIRC") further extended the preferential treatment for qualified Hong Kong professional reinsurers to 30 June 2022, reinforcing Hong Kong's status as a global risk management centre.

COVID 19
Hong Kong has suffered under several waves of covid infections. Not only the retails, hotel and restaurant, shipping and logistic industry has also been affected by the lockdown of the borders.

Reference:
Statistics & market players - Insurance Authority of Hong Kong

India
Author: Sibesh Sen

India Growth Story

India cross the USD 500m premium for the first time. Post the pandemic period, Marine Cargo business has shown healthy growth of 29%. The growth is led by increased activity in manufacturing, imports, exports as well as increase in values insured. Marine Hull business however shows a negative trend. The industry business numbers and growth for cargo, hull and overall marine business in the last five years is as under:

Year	Particulars	Marine (USD M)	Cargo (USD M)	Hull (USD M)
2021-22	GWP	**523.76**	**392.70**	**131.06**
	Growth	19.82	28.81	-0.90
2020-21	GWP	**437.12**	**304.87**	**132.25**
	Growth	-0.6%	-8.1%	22.1%
2019-20	GWP	**439.87**	**331.58**	**108.29**
	Growth	8.67	9.51	6.19
2018-19	GWP	**404.77**	**302.79**	**101.98**
	Growth	11.9%	9.1%	20.9%
2017-18	GWP	**361.84**	**277.46**	**84.38**
	Growth	12.0%	9.2%	21.1%
5 years	**Growth**	**44.75**	**41.53**	**55.32**

Marine is among the smallest line of business occupying 1.9% of total general insurance business in India. The Indian economy has embarked on an ambitious project of becoming a USD 5 trillion economy by 2025 and it is expected that marine business especially cargo will show even better growth trends in the coming years. The Indian Insurance Regulator (IRDAI) is pushing insurance companies to innovate and increase penetration which is currently low.

The Marine Players

The Indian Market has 23 general insurance companies who write marine cargo business and not more than 5-6 write hull business. The market is segregated between government insurance and private insurance companies. The business split currently is 60% for private players and 40% for government ones. The major players in the market are ICICI Lombard, Tata AIG and New India Assurance who between them cover about 40% of the market.

All the major international brokers like Marsh, Aon, Gallagher, Willis have their presence here with over 500 local brokers. The broking business constitutes over 50% of the business, 20% being direct and the remaining done through individual agents. The treaty reinsurance in most cases is on XOL basis with the National Re (General Insurance Corporation) being the lead player. With effect from 1st April 22, all the general insurance companies have to necessarily do a 4% obligatory cession to National Re as against 5% being done earlier. The Regulator has approved 100% FDI in broking.

India
Author: Sibesh Sen

Soft Market

India continues to remains a soft market with the fall in rates for cargo showing little signs of improvement. With large domestic capacities, most risks are underwritten locally at low rates and deductibles. Profitability for most insurers on standalone marine is a challenge however with a controlled pricing and covers for Property and Engineering risks, the portfolio approach of PEM is considered the usual practice for large corporates. The smaller entities are however underwritten on case to case basis but with the proliferation of multiple intermediaries and intense competition, pricing often is compromised. The cargo loss ratio is around 80% and on an overall basis is not generating profits for most insurers.

IUMI Asia Meet

The General Insurance Council is a body representing insurance companies and it has been playing a major role in creating a common meeting ground for discussions on the market and improving the underwriting standards. This year under the aegis of the Council, the IUMI Asia Meet was held in India on 30th May and 1st June 2022. The programme was the first of its kind in terms of having excellent speakers from India and abroad including the IUMI top brass of Richard Turner and Lars Lange but the overwhelming response of the Indian insurance fraternity. There were over 225 delegates present and since the two years Covid hiatus, the feedback was outstanding. Topics ranging from Sanctions, New Fuels, Cyber Risks, General Average, Supply Chain Disruption, Digitization, Loss Control and Improving Marine Education in India.

IUMI Asia Forum Brochure

Cargo Pool

India has a dependence on the Russian trade. Major imports include crude, fertiliser, coal and edible oil and major exports are rice, gems and jewellery, engineering and manufactured goods. Since the Sanctions Clause LMA 3100 in conjunction with Specified Areas Exclusion meant all shipments to and from Russia, Belarus and Ukraine were off bounds for Indian interests, at the behest of the Indian Government, all the insurance companies got together under the aegis of National Re and created a Marine Cargo Pool to cover imports of crude, fertiliser and coal on port to port basis. All the companies agreed to put in twice their net capacities to create the pool which has the ability to write risks up to USD 65M on a first loss basis. This pool has a separate UW and Claims Committees and all the risks written are reinsured by the pool in proportion to each company's contributions.

India
Author: Sibesh Sen

Boosters for Indian Trade

The government has launched the PM gati Shakti- National Master Plan for Multi-Modal Connectivity. It is essentially a digital platform to bring 16 government ministries including Railways and Roadways together for the integrated planning and coordinated implementation of infrastructure projects, Gati Shakti will incorporate the infrastructure schemes of various projects like Bharatmala, Sagarmala, Inland Waterways, Dry/Land Ports, UDAN under one cohesive structure. Economic Zones like textile clusters, pharmaceuticals, defence corridors, electronic parks, industrial corridors, fishing clusters, agricultural zones will be covered to improve connectivity and make Indian businesses more competitive. It will also leverage technology extensively including spatial planning tools with Indian Space Research Organisation imagery.

Apart from Gati Shakti, India is on course to investing heavily on port development under the Sagarmala programme and aims to operationalize 23 inland waterways by 2030. With Sagarmala programme, it is expected that cargo traffic will grow threefold.

All these governmental initiatives should give a shot in the arm for incremental growth of marine insurance in India in coming times.

IUMI President and Secretary General with Indian representatives in IUMI Committees

Italy
Author: Massimo Spinetta

Cargo statistics
Marine Cargo figures of the last five years (amounts in US $):
Source: Associazione Nazionale Imprese Assicuratrici (ANIA)

Underwriting Year		as at ... years				
		1	2	3	4	5
2017	Gross premiums	168,002,596	213,741,953	218,232,871	241,746,009	226,621,964
MARKET SHARE: 66,04%	Paid claims	20,392,911	70,256,398	103,953,781	120,231,622	113,957,337
	Total claims incl. outstandi	73,440,754	118,745,966	131,048,170	147,313,004	129,633,743
	Loss ratio paid	12.1%	32.9%	47.6%	49.7%	50.3%
	Total loss ratio	43.7%	55.6%	60.0%	60.9%	57.2%
2018	Gross premiums	163,657,148	212,858,742	244,266,958	229,544,734	
MARKET SHARE: 64,02%	Paid claims	37,199,310	97,304,729	136,924,849	136,845,493	
	Total claims incl. outstandi	110,955,942	155,373,580	185,394,200	153,998,731	
	Loss ratio paid	22.7%	45.7%	56.1%	59.6%	
	Total loss ratio	67.8%	73.0%	75.9%	67.1%	
	In 2018, 2 more Companies (representing a share of 11.04% of the cargo sector) has joined the survey					
2019	Gross premiums	154,820,035	226,007,597	220,676,440		
MARKET SHARE: 60,06%	Paid claims	15,844,898	74,511,739	93,423,844		
	Total claims incl. outstandi	66,635,118	118,158,084	113,518,542		
	Loss ratio paid	10.2%	33.0%	42.3%		
	Total loss ratio	43.0%	52.3%	51.4%		
2020	Gross premiums	176,664,572	225,461,992			
MARKET SHARE: 74,22%	Paid claims	17,397,334	58,831,355			
	Total claims incl. outstandi	48,001,589	107,572,079			
	Loss ratio paid	9.8%	26.1%			
	Total loss ratio	27.2%	47.7%			
	In 2020, 2 more Companies (representing a share of 12.91% of the cargo sector) joined the survey					
2021	Gross premiums	227,904,031				
MARKET SHARE: 76,42%	Paid claims	32,477,248				
	Total claims incl. outstandi	82,893,178				
	Loss ratio paid	14.3%				
	Total loss ratio	36.4%				

Large Losses and Notable Incidents
Cargo claims figures have been reported by ANIA to IUMI Facts & Figures Committee.

Total Large losses (>250K) occurred in 2021: € 7.9M + US $. 4.6M split as follows:

Inland transit:
€ 1.9M (0.9M breakage – 0.4M misappropriation – 0.6M road accident);
US $ 1.6M (1.3M theft/robbery – 0.3M breakage).

Ocean voyage:
€ 2.8M (0.8M theft - 0.6M wetting – 0.4M denting/breakage - 1M unknown);
US $ 2.5M (1.8M contamination – 0.7M other).

Storage:
€ 1.2M (0.7M denting/breakage – 0,5M fire/explosion);
US $ 0.5M (unknown).

Other: € 2M

Italy
Author: Massimo Spinetta

Source: *Associazione Nazionale Imprese Assicuratrici (ANIA)*

Underwriting Trends and Hot Topics

Climate change – Focus on increased risks related to Nat-Cat perils;

Clients still looking for discount during renewal negotiation despite local market continues to remain less soft than previous years;

Requests for remarketing more and more frequent regardless of technical results of the risk submitted;

International Sanctions: different approach among Insurers in managing shipments involving sanctioned Countries;
Covid 19's: Assured's turnover reduction continues also during 2021;

Adoption of new clauses:
 "Marine Cyber Endorsement LMA 5403" replaced Clause 380;
 "Communicable Disease: Clause JC2020-011 is the most used even if some Clients ask for JC2020-012.

Market Players

2021 GWP for Cargo direct business in Italy amounting to € 302,2M (+2.6% vs 2020).

Cargo premium representing 40% of MAT 2021 global premium.

2021 Top five Cargo Insurers:	Total Premium (€ thousand)	variation 2021/2020	Market share
GENERALI	80,410	1.2%	26.61%
CHUBB EUROPEAN GROUP	40,626	6.9%	13.44%
GRUPPO ASSICURATIVO UNIPOL	39,287	9.5%	13.00%
XL INSURANCE COMPANY	27,438	-3.4%	9.08%
GRUPPO ASSICURATIVO ALLIANZ	19,971	-2.6%	6.61%

Distribution channel:

Brokers:	68.1%
Agencies:	27.9%
Direct:	3.7%
Banks/financial advisors:	0.3%

Source: Associazione Nazionale Imprese Assicuratrici (ANIA) – Premi del lavoro diretto italiano 2021

Noteworthy Local Economic/Political/Societal Highlights

During 2021 Italian GDP grew by 6.6%, recovering two thirds of the exceptional contraction of 2020 due to the health crisis. The recovery was widespread in all macro-areas: growth was equal to 7.2% in the North East, 6.8% in the North West, 6.1% in the Centre and 5.7% in the South. Economic activity was particularly lively in the two central quarters of the year but slowed down in the fourth quarter, reflecting the difficulties of the supplying chains, the resurgence of the pandemic and the sharp rises in prices of raw materials, especially energy.
Inflation accelerated to 1.9% on average for the year, after being almost nil in 2020. Price growth was mainly driven by energy prices increases in the second half of the year.

Production activity began to expand again. The largest increases were recorded in various sectors (manufacturing of electrical and household appliances, articles in rubber/plastics and metallurgy) however, the level prior to the start of the pandemic was only fully recovered in the construction sector, which benefited from substantial tax incentives in upgrading the housing stock. Nevertheless, some sectors have not recovered pre-pandemic activity levels; these include textiles (-20.7% vs 2019), coke and refined petroleum products (-8.8%) and the production of means of transport (-6.8%). The manufacturing system has made significant progress in the field of digitalisation of business processes: the diffusion of basic digital technologies has increased and the use of agile work has continued.

Italy
Author: Massimo Spinetta

Exports of goods and services increased by 13.3%, almost entirely recovering from the contraction of the previous year. The increase in sales of goods was more pronounced towards Euro Area Countries, especially Germany and Spain. Among the markets outside the Area, the dynamics of exports to the United States were particularly favourable; those towards Switzerland, Japan and the United Kingdom were weaker. For the latter country, at the end of 2020, the end of the transition period provided for in the withdrawal agreement for exiting the European Union also had a negative impact.

Imports of goods and services increased by 14.2%. Purchases of rubber, plastic and metal products, computers and electronics and energy commodities contributed significantly. Crude oil is the main component of Italian imports of energy products, even if over time its incidence, like that of coal, has decreased in favour of gas above all. The weight of the latter has doubled compared to the early nineties. In 2021, oil represented 42% of the total value of purchases, compared to 32% for gas, 15% for refined petroleum products, 9% for electricity and a residual share of coal.
Among the products linked to the pandemic, imports of vaccines amounted to € 1.9 billion, those of protective masks to € 0.5 billion (compared to € 3.1 in 2020).

As regards sustainability and technological innovation Italy is fully committed to comply with the European Commission project named “Fit for 55” issued on July 2021.
The reduction of the negative effects of transport sector (responsible for about 25% of greenhouse gases emissions in the European Union) is a strategic goal for the EU which, as is well known, aims at a 55% reduction of emissions by 2030 (compared to 1990) to achieve the zero emissions target by 2050.

Sources:
Istat Istituto Nazionale di Statistica – Rapporto annuale 2022 – La situazione del Paese
Associazione Nazionale Imprese Assicuratrici (ANIA) - L’Assicurazione Italiana 2021-2022
Banca d’Italia – Relazione annuale 2021

Japan
Author: Tom Shinya

Statistics
Japanese Cargo Market Overview of 2021 Fiscal Year (April 2021 to March 2022)

GWP :
JPY220 billion (equivalent to US$ 1.8 billion (based on the exchange rate of US$1=JPY122)) This is +16.3% compared to FY2020.

Gross Paid Claims :
JPY91 billion (equivalent to US$ 746 million (based on the exchange rate of US$1=JPY122)) Gross paid claims of FY2020 was JPY82 billion.

Loss Ratio (G/G) : 42% (Net/Incurred basis is 44%)

Ref. The General Insurance Association of Japan http://www.sonpo.or.jp/en/statistics/
Exchange rate of US$=JPY122 is based on the final day of FY2021.

Large Loss
No major incidents on cargo. Some flooding from heavy rain, major earthquake in the Tohoku area in March but cargo loss was minimal on both incidents. No major typhoons striking the Japanese islands.

One major warehouse fire loss.

Underwriting Trends and Hot Topics
Trading recovered after the fall of FY2020. On top of that, the rise of the commodity prices and the extreme freight had driven the insured amount even higher.

Without major nat cat affecting cargo, FY2021 was not a bad year for the underwriters. Rates were rather stable during FY2021 after the increase of FY2019-2020 for the loss affected accounts at typhoon Jebi of 2018. (Jebi was the largest loss event in the Japanese insurance history with cargo loss over US$500 million (US$16 billion for all lines). Main Locations of losses were Port of Kobe, Port of Osaka and Kansai Airport. Approx.80% was flood water damage while stored at ports).

For the war of Ukraine, the Japanese underwriters held the cargo war cover for the shipments to/from the area during FY 2021 and up until May 2022. Around May to June 2022 they started to cancel the war cover for the shipments to/from the area.

The cargo war cancellation did not bring impact to the actual trade since the ocean carriers had already canceled their shipments after the outbreak of war and accordingly the trade itself had already been minimal.

Market Players

The number of Domestic Insurers are 30, Foreign companies are 22. The three major insurers being ; Mitsui Sumitomo Insurance Co., Ltd., Sompo Japan Insurance Inc., Tokio Marine & Nichido Fire Insurance Co., Ltd.

Ref. The General Insurance Association of Japan http://www.sonpo.or.jp/en/statistics/

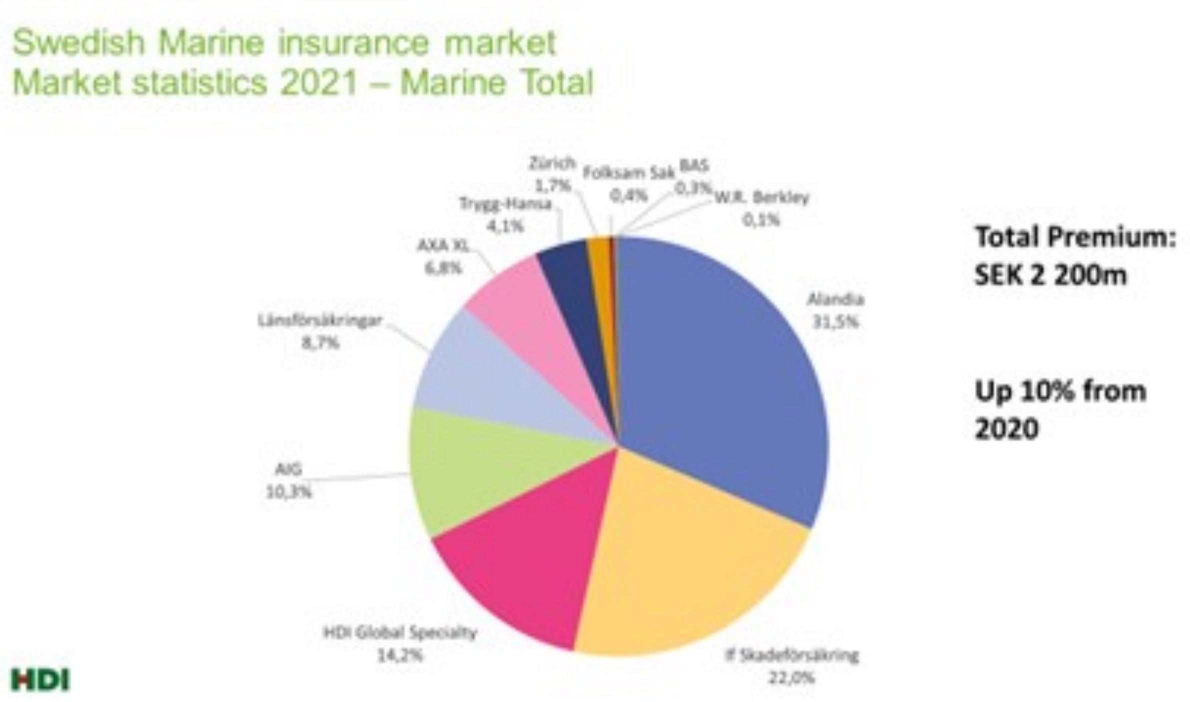
Nordic Countries (Denmark, Finland, Norway and Sweden)
Author: Niklas Bengtsson

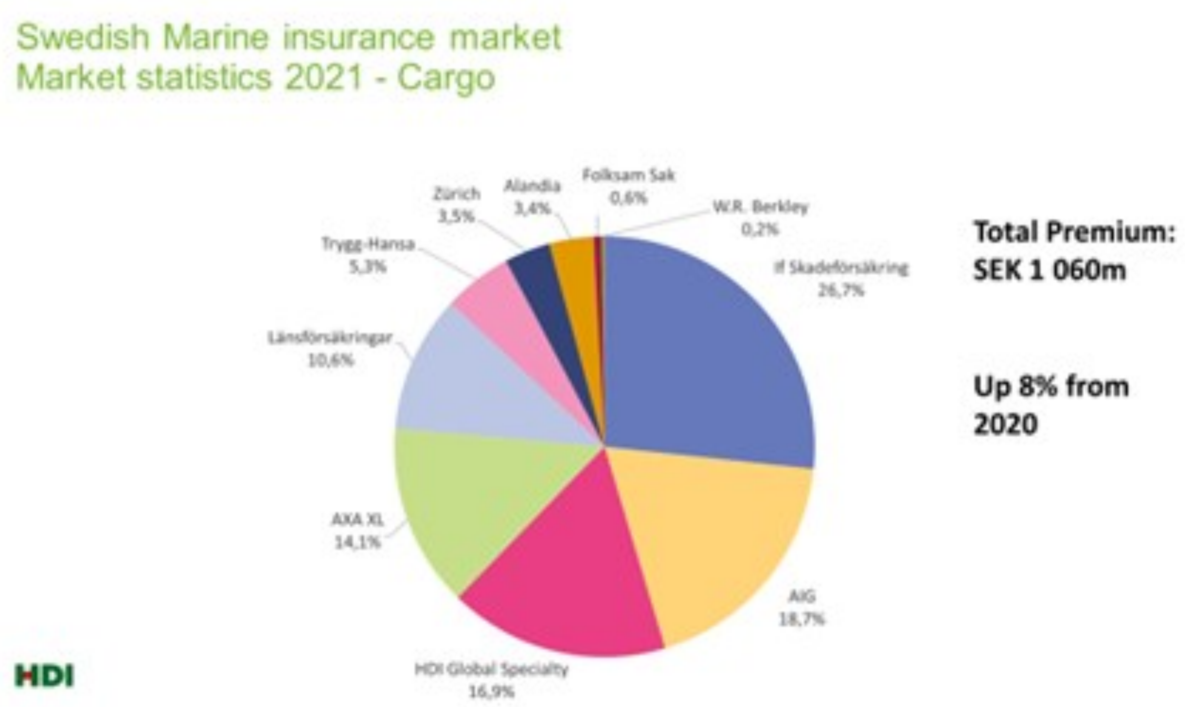
Report outline: Nordic countries (Sweden, Denmark, Norway and Finland)

Cargo Market:

Statistics

Gross Written Premium 2021: USD 285m
Sweden 50% Finland 26% Denmark 17% Norway 7%





Nordic Countries (Denmark, Finland, Norway and Sweden)
Author: Niklas Bengtsson

Large Losses and Notable Incidents
Fire at warehouses

Underwriting Trends and Hot Topics
ESG becoming more involved in the underwriting process

Sanction regimes major impact in the underwriting

The Nordic market is becoming more active after silent period during Covid.

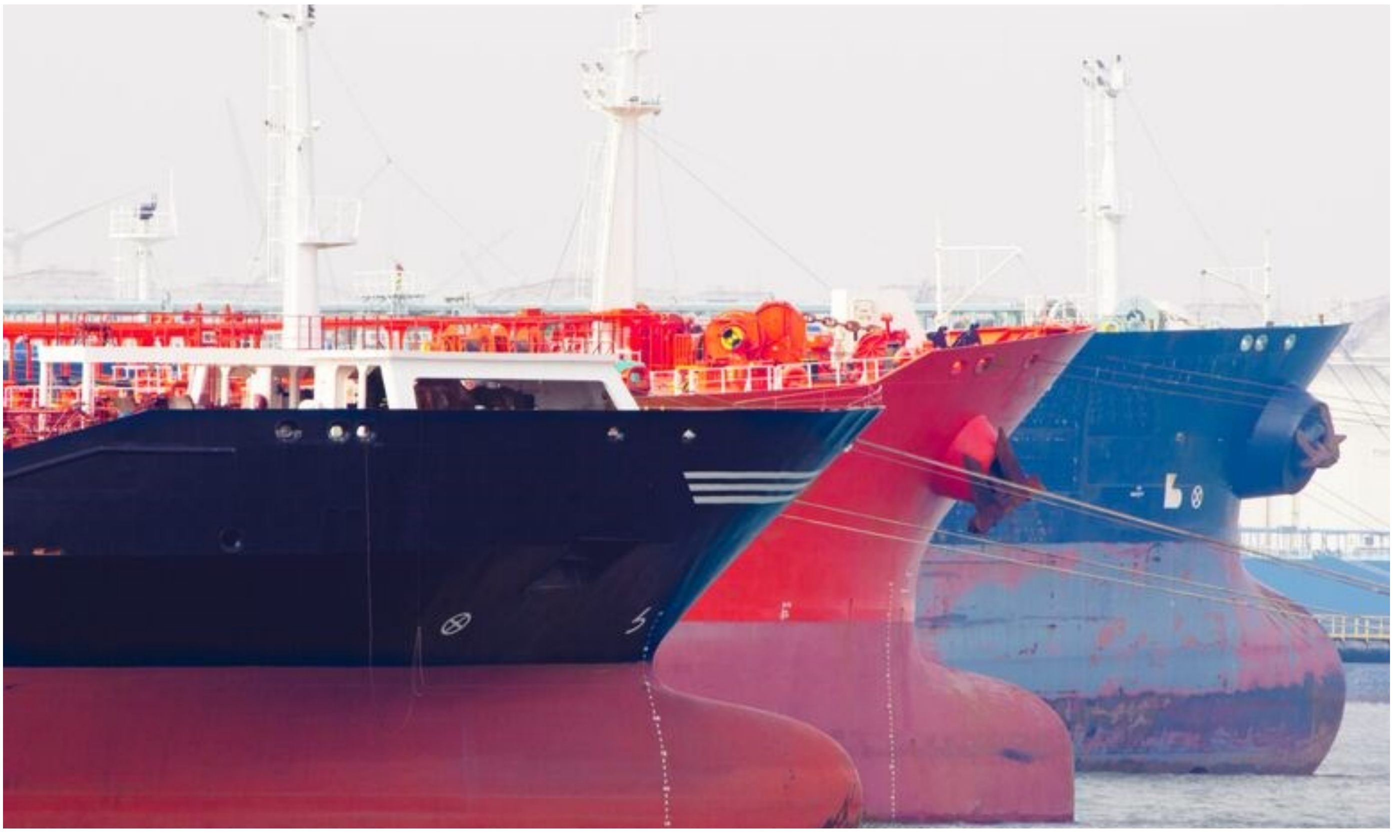
Mergers & Acquisitions among the brokers with specialiced marine insurance brokers are acquired by the major ones in the Nordic.

Stabile market with limited rate changes

Market Players
Pan-Nordic:
If P&C, HDI Global Specialty/HDI Global, AIG, AXA XL, Zurich, Alandia, CNA Hardy, Chubb, Tryg/Trygg-Hansa, Berkley Nordic and QBE

Local:
Länsförsäkringar, Topdanmark, OP/Pohjola, Lokal/Tapiola, Gjensidige, Alm. Brand/Codan, NEM Forsikring

Coverholders:
First, Fender Marine, RiskPoint, Mainpro,



Nordic Countries (Denmark, Finland, Norway and Sweden)
Author: Niklas Bengtsson

Noteworthy Local Economic/Political/Societal Highlights

Sweden: Growth is set to slow to 2.2% this year and 1% in 2023. Heightened global uncertainty will weigh on business investment and exports. Household consumption is backed by a strong labour market, high savings and fiscal support, but will slow as higher inflation and interest rates start to bite. The unemployment rate will continue to fall this year but will level off in 2023, as skills in high demand become increasingly scarce.

Sweden: Demand, output and prices

Sweden	2018	2019	2020	2021	2022	2023
	Current prices SEK billion	Percentage changes, volume (2021 prices)				
GDP at market prices	4 830.1	2.0	-2.3	4.9	2.2	1.0
Private consumption	2 205.5	0.7	-3.2	6.1	3.2	0.5
Government consumption	1 258.1	0.3	-2.0	2.6	1.6	1.6
Gross fixed capital formation	1 217.5	-0.3	1.5	5.9	1.9	1.8
Final domestic demand	4 681.1	0.3	-1.7	5.1	2.4	1.1
Stockbuilding[1]	40.4	-0.1	-0.7	0.4	0.0	0.0
Total domestic demand	4 721.5	0.2	-2.4	5.5	2.5	1.1
Exports of goods and services	2 209.7	6.1	-5.8	7.6	4.8	1.9
Imports of goods and services	2 101.1	2.2	-6.4	9.3	5.7	2.2
Net exports[1]	108.7	1.8	0.0	-0.4	-0.2	0.0
Memorandum items						
GDP deflator	_	2.5	2.0	3.1	6.0	4.4
Consumer price index[2]	_	1.8	0.5	2.2	6.5	5.4
Core inflation index[3]	_	1.7	0.5	2.4	6.1	3.9
Unemployment rate (% of labour force)	_	7.0	8.5	8.8	7.4	7.4
Household saving ratio, net (% of disposable income)	_	15.7	17.0	15.4	12.0	10.3
General government financial balance (% of GDP)	_	0.6	-2.6	-0.2	0.0	-0.1
General government debt, Maastricht definition[4] (% of GDP)	_	34.9	39.3	36.3	33.0	31.0
Current account balance (% of GDP)	_	5.5	6.0	5.4	5.5	5.3

1. Contributions to changes in real GDP, actual amount in the first column.
2. The consumer price index includes mortgage interest costs.
3. Consumer price index with fixed interest rates.
4. The Maastricht definition of general government debt includes only loans, debt securities, and currency and deposits, with debt at face value rather than market value.

Source: OECD Economic Outlook 111 database.

Nordic Countries (Denmark, Finland, Norway and Sweden)
Author: Niklas Bengtsson

Denmark: Growth has slowed due to the Russia-Ukraine war, with GDP forecast to expand by **3% in 2022** and **1.4% in 2023**. The resilience of the Danish economy is underpinned by its low reliance on fossil fuel imports and strong household, corporate and government balance sheets. However, consumer and business confidence have fallen considerably and inflation has increased to over 6%. Further energy market disruption could reduce growth and push prices higher again, while the tight labour market could trigger more sustained inflation if it leads to rapid wage growth.

Denmark: Demand, output and prices

	2018	2019	2020	2021	2022	2023
Denmark	Current prices DKK billion	Percentage changes, volume (2010 prices)				
GDP at market prices	2 253.3	2.1	-2.1	4.7	3.0	1.4
Private consumption	1 058.6	1.2	-1.3	4.2	1.3	1.2
Government consumption	547.0	1.5	-1.7	3.7	-2.4	0.9
Gross fixed capital formation	489.6	0.1	5.1	5.6	4.8	4.3
Final domestic demand	2 095.2	1.0	0.1	4.4	1.2	1.9
Stockbuilding[1]	19.6	-0.2	-0.1	0.3	0.6	0.0
Total domestic demand	2 114.9	0.9	-0.1	4.7	1.7	1.8
Exports of goods and services	1 274.5	5.0	-7.0	7.8	3.5	2.9
Imports of goods and services	1 136.0	3.0	-4.1	8.2	1.1	3.8
Net exports[1]	138.5	1.4	-2.0	0.3	1.5	-0.3
Memorandum items						
GDP deflator	_	0.7	2.6	2.4	5.8	3.1
Consumer price index	_	0.8	0.4	1.9	5.2	3.9
Core inflation index[2]	_	0.8	1.0	1.2	3.0	3.4
Unemployment rate (% of labour force)	_	5.0	5.6	5.2	5.1	5.5
Household saving ratio, net (% of disposable income)	_	3.6	5.8	4.9	4.5	3.3
General government financial balance (% of GDP)	_	4.1	-0.2	2.3	3.7	4.3
General government gross debt (% of GDP)	_	48.4	58.7	50.3	46.0	42.4
General government debt, Maastricht definition[3] (% of GDP)	_	33.6	42.1	36.7	32.5	28.8
Current account balance (% of GDP)	_	8.8	8.1	8.3	9.6	9.2

1. Contributions to changes in real GDP, actual amount in the first column.
2. Consumer price index excluding food and energy.
3. The Maastricht definition of general government debt includes only loans, debt securities, and currency and deposits, with debt at face value rather than market value.

Source: OECD Economic Outlook 111 database.

Nordic Countries (Denmark, Finland, Norway and Sweden)
Author: Niklas Bengtsson

Finland: Economic growth will slow sharply to 1.1% in 2022 and 0.6% in 2023 owing to the waning of the COVID-19 rebound and to the war in Ukraine. Private consumption will be depressed by falling real household incomes but should slowly recover from late 2023 as they begin to rise again. Headline inflation will fall slowly from a peak of 7% in late 2022. After dropping sharply this year, exports should accelerate next year as exporters find new markets and world trade picks up.

Finland: Demand, output and prices

Finland	2018	2019	2020	2021	2022	2023
	Current prices EUR billion	Percentage changes, volume (2015 prices)				
GDP at market prices	233.5	1.2	-2.3	3.5	1.1	0.6
Private consumption	123.9	0.7	-4.1	3.1	0.8	-0.2
Government consumption	53.5	2.0	0.4	3.2	1.4	-0.8
Gross fixed capital formation	56.2	-1.5	-0.3	1.2	3.3	1.4
Final domestic demand	233.6	0.5	-2.1	2.7	1.5	0.0
Stockbuilding[1,2]	2.8	-1.0	0.1	0.8	0.2	0.0
Total domestic demand	236.4	-0.3	-1.2	4.0	1.7	0.0
Exports of goods and services	89.8	6.7	-6.8	4.2	-2.0	3.0
Imports of goods and services	92.7	2.4	-5.8	4.6	3.3	1.6
Net exports[1]	- 2.9	1.6	-0.4	-0.2	-2.1	0.6
Memorandum items						
GDP deflator	_	1.5	1.6	2.7	5.7	3.7
Harmonised index of consumer prices	_	1.1	0.4	2.1	6.2	4.6
Harmonised index of core inflation[3]	_	0.7	0.5	1.2	3.8	4.2
Unemployment rate (% of labour force)	_	6.7	7.8	7.6	7.2	7.7
Household saving ratio, net (% of disposable income)	_	0.4	4.7	1.0	-0.3	0.0
General government financial balance (% of GDP)	_	-0.9	-5.5	-2.6	-3.1	-3.2
General government gross debt (% of GDP)	_	73.1	85.0	78.6	86.3	92.2
General government debt, Maastricht definition[4] (% of GDP)	_	59.6	69.0	65.8	73.5	79.4
Current account balance (% of GDP)	_	-0.3	0.7	0.7	-0.4	0.0

1. Contributions to changes in real GDP, actual amount in the first column.
2. Including statistical discrepancy.
3. Harmonised index of consumer prices excluding food, energy, alcohol and tobacco.
4. The Maastricht definition of general government debt includes only loans, debt securities, and currency and deposits, with debt at face value rather than market value.

Source: OECD Economic Outlook 111 database.

Nordic Countries (Denmark, Finland, Norway and Sweden)
Author: Niklas Bengtsson

Norway: Mainland **GDP growth of 3.5% is projected for 2022**, reflecting the final phase of recovery in the wake of the pandemic. In 2023, economic growth will have declined towards its long-term potential rate, at 1.7%. Risks to inflation are pronounced, given the broadening of large price increases and elevated uncertainties around commodity prices. The labour market, already tight, will add to pressures on wage inflation. House prices and household indebtedness remain high.

Norway: Demand, output and prices

Norway	2018	2019	2020	2021	2022	2023
	Current prices NOK billion	Percentage changes, volume (2019 prices)				
Mainland GDP at market prices[1]	2 935.4	2.0	-2.3	4.1	3.5	1.7
Total GDP at market prices	3 553.9	0.7	-0.7	3.9	4.0	2.3
Private consumption	1 526.9	1.1	-6.6	4.9	5.8	1.5
Government consumption	826.1	1.3	1.8	3.8	0.1	1.2
Gross fixed capital formation	850.3	9.5	-5.6	-0.9	3.9	2.3
Final domestic demand	3 203.3	3.4	-4.2	2.9	3.7	1.6
Stockbuilding[2]	146.8	-1.1	-0.4	0.2	0.2	-0.3
Total domestic demand	3 350.1	2.1	-4.5	3.0	3.9	1.2
Exports of goods and services	1 349.5	1.1	-1.2	4.7	3.3	3.5
Imports of goods and services	1 145.7	5.1	-11.9	2.3	5.4	1.5
Net exports[2]	203.8	-1.2	3.7	0.8	-0.2	1.4
Memorandum items						
GDP deflator	_	-0.5	-3.6	16.9	20.6	1.5
Consumer price index	_	2.2	1.3	3.5	4.6	3.3
Core inflation index[3]	_	2.3	2.7	1.7	3.3	3.0
Unemployment rate (% of labour force)	_	3.7	4.6	4.3	2.8	2.8
Household saving ratio, net (% of disposable income)	_	7.0	14.2	13.1	10.3	8.9
General government financial balance (% of GDP)	_	6.6	-2.6	9.1	10.6	10.9
General government gross debt (% of GDP)	_	47.0	53.8	49.6	..	..
Current account balance (% of GDP)	_	2.9	0.7	15.3	27.0	26.8

1. GDP excluding oil and shipping.
2. Contributions to changes in real GDP, actual amount in the first column.
3. Consumer price index excluding food and energy.
Source: OECD Economic Outlook 111 database.

South Africa
Author: Mike Brews

Economic & Political Review

COVID-19

While the pandemic hit the South African economy hard, we are seeing clear signs of recovery. All restrictions have been lifted and businesses are mostly back to normal. Some companies have all staff back to the office, but many have opted for a hybrid approach with some "work-from-home" days and some days back in the office.

South Africa's GDP expanded by 1.9% in the first quarter of 2022. This is the second consecutive quarter of upward growth. Our economy was back to pre-pandemic levels at ZAR 1'153 billion (up from ZAR 952 billion at Q2 2020)(1)

Floods

Despite this upward trend in Q1, the KwaZulu Natal province was hit by massive rainfall in April 2022 causing devastating floods. Almost 500 people lost their lives and 40 000 were displaced. Homes were destroyed and infrastructure was severely damaged. A survey conducted by the Department of Trade, Industry and Competition revealed that at least 826 companies were affected with a cost estimated at ZAR 7 billion.(2)

The Toyota plant in Durban South, was closed because of the flooding and the estimate claim over various insurers (Asset, Marine and BI) is running at up to US$1billion. Over 4 000 vehicles were scrapped. This loss falls mainly to 3 Japanese insurers and 2 local corporate insurers.(3)

Recovery from this catastrophe is slow, especially considering the cost the country has borne in recent times from the pandemic and the KZN riots.

Labour

Unemployment in South Africa declined to 33.9% in Q2 of 2022 from its record high in Q4 of 2021 of 35.3% despite economists expecting a rise in this statistic. (4)(5) A large contributing factor to this is the emigration of skilled and educated workforce leaving South Africa, with approximately 1 million South Africans living abroad. (6)

As companies continue to battle in the current economic climate, jobs are hard to come by. This has a knock-on effect on crime in the country

Crime

Statistics released by the South African Police Services (SAPS) in June for the period Jan to March 2022, showed an increase of approximately 10% compared to the same period last year. Truck Hijackings increased by 31% while burglary (across various categories) increased by up to 10% (7)

This is a clear indication of the social impact our embattled economy has had on the general population.

While these losses are not large enough to show up on our large loss report, we are seeing an increasing trend in theft and hijacking in our market

South Africa
Author: Mike Brews

Russia – Ukraine conflict

The current war has created a new multifaceted risk to the South African economy. The conflict exacerbates supply chain bottlenecks and inflationary pressures via higher energy and food prices which could probably result in a more rapid tightening of monetary policy and impose additional fiscal pressures

The war is expected to cut as much as 0.5 percentage points on economic growth this year

The war is also increasing global food prices through the following:

 Disruption in shipping, production and security concerns have already resulted in a 50% increase in the price of wheat.

 Russia alone is responsible for 14% of global fertilizer exports, while the inability to export and increase in the price of oil will largely impact fertilizer, fuel, and agrochemical prices.

 Prices of primary agricultural inputs in South Africa are already up by more than 100% compared to January 2021.

 Fertilizers (35% of production costs), fuel (12%) and agrochemicals (8%) are all more expensive than in 2021. (8)

South African Cargo Market

AMUSA have put forward the following estimates regarding the marine market 2021. Rates continue to harden but at a slower rate than previously

The South African Rand has weakened slightly from ZAR15.5/US$1 to ZAR15.9/US$1 over the reporting period (9)

Transport/Cargo - $120 697 500

Global Hull - $13 999 525

Marine Liability - $2 201 250

Total - $136 718 275 (Up from 2020 $123 736 000)

Large Losses and Notable Incidents

AMUSA has again appealed to the market to submit claims to IUMI to be included in the annual statistics. We hope that this is being achieved.

The KZN Flooding has had a massive impact on our market with the larger insurers being affected the most. This has had a knock-on effect on our treaty renewals as well as facilitating the hardening of rates.

Trends

The volatility of the market makes is very difficult to predict any clear trends going forward.

The unemployment statistics will likely result in higher theft losses as citizens try to feed their families

With claims on the increase and the market experiencing some large losses of late, rates are likely to continue to harden.

Capacity is difficult to come by, so we are unlikely to see new players entering our market South Africa is entering its summer rainfall season and we are all keeping a close eye on potential flood losses this year.

References:

Stats SA - 7 June 2022

KZN Provincial Government – May 2022

Insurance Insider - July 2022

Fin24 - Aug 2022

Business Tech - April 2022

SAPS - June 2022

United Nations Development Programme - April 2022

SA Reserve Bank

Spain
Author: Magdalena Cruz

Statistics

a) General overview

Transport insurance (marine & cargo) obtained a volume of premiums of 539 million euros in 2021, raising the sample data to 100%, which represented 1.4% of the set of non-life branches, experiencing growth 3.1% compared to 2020.

The loss rate for transport (marine & cargo) experienced an increase of four points, presenting a ratio of 59.4% and reaching 268 million euros.

b) Cargo information

Cargo insurance experienced an increase of 2%, showing a total volume of premiums of more than 206 million euros. For its part, the number of policies decreased by 20.8%, presenting a figure close to 177,000 for the whole of the market sample carried out.

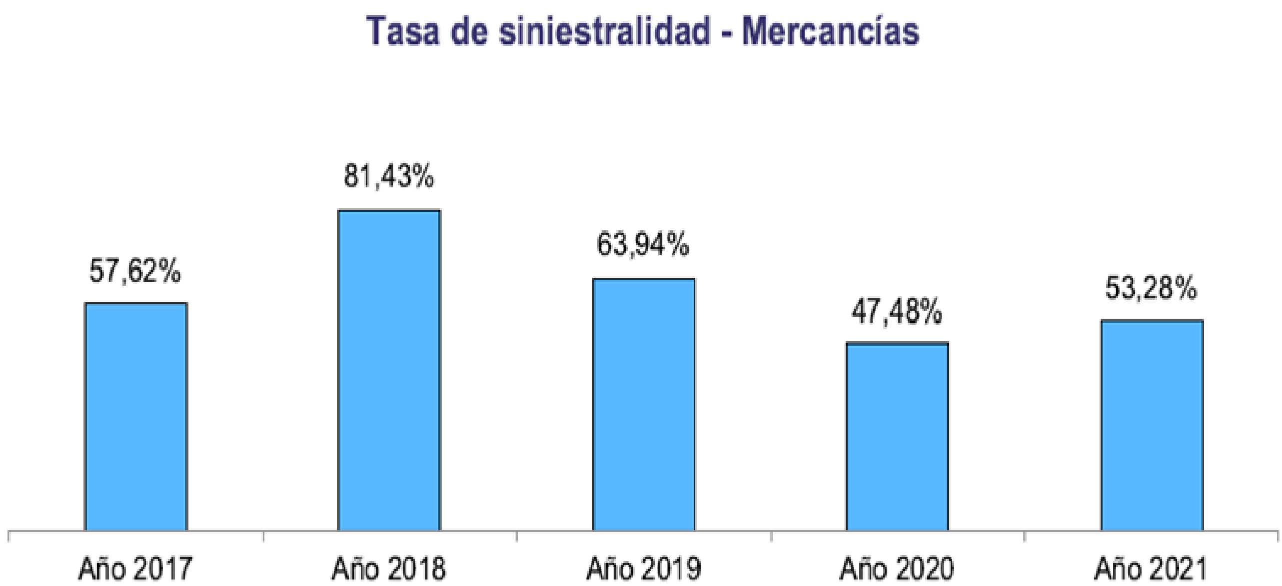
As regards claims behavior, it increased by 14.8% as a result of the economic reactivation after the pandemic, reaching a figure of more than 110 million euros compared to 96 the previous year. However, the number of claims experienced a decrease of almost 20 points, which means that claims are of more economical impact. However, and despite of these figures, the claims ratio of the direct business on premiums obtained an index of 53.3%.

Chart loss rate.

Chart:

Primas Seg. Mercancías = Cargo Premium.

Crecimiento = growth



Spain
Author: Magdalena Cruz

Clase de Vehículo	Causa del Siniestro	Clase de Mercancía	Fecha	Importe (€)
Buque	Vuelco	Mercancía en contenedor	28/05/2021	2.520.000
Terrestre	Evento naturaleza / Inundaciones	Vehículos	02/12/2020	2.057.282
Marítimo	Variación temperatura	Pescado congelado	28/12/2021	2.035.000
Terrestre	Evento naturaleza / Granizo	Vehículos	01/10/2021	1.398.341
Terrestre	Descarrilamiento / Vuelco	Gas turbine	18/03/2021	802.041
Marítimo	Temporal	Maquinaria	22/01/2021	791.216
Marítimo	Variación temperatura	Pescado congelado	28/12/2021	670.000
			TOTAL	10.273.879

First column: type of carriage.

Buque = vessel, terrestre= inland, marítimo= vessel carriage

2nd column: cause of the damages

Overturn, event of nature – floods, temperature variation, hail, derailment – rollover and weather storm

Third column: type of cargo

Vehicles, frozen fish, general cargo, machinery, turbine.

Final column corresponds to the amount of damages paid.

c) Underwriting Trends and Hot Topics

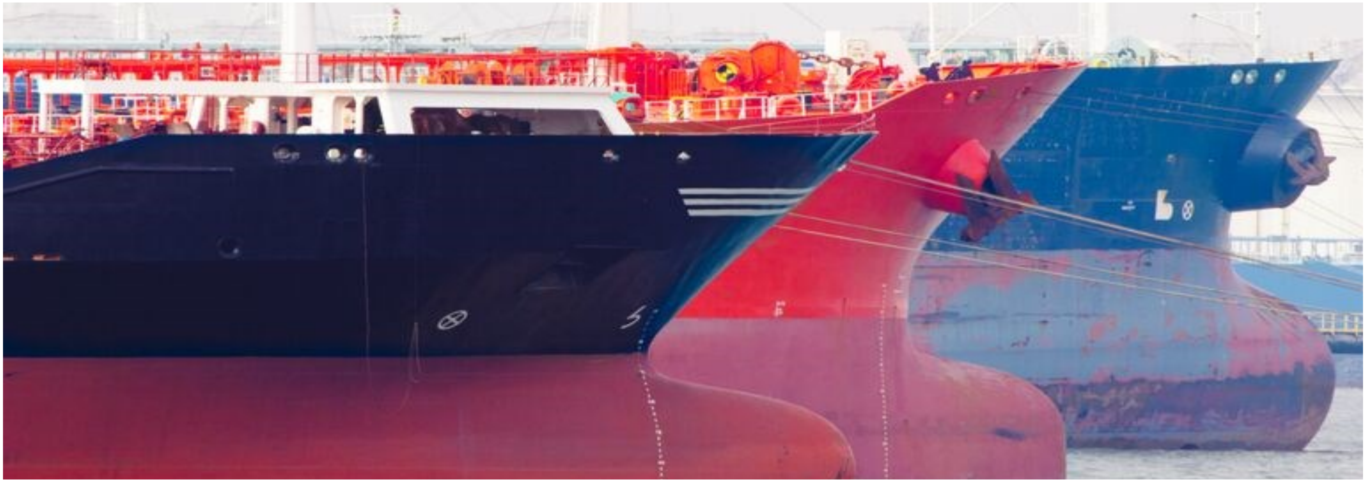
I believe it could be resume in 2 basic ones:

the increase in freight and insecurity difficulties in the logistics chain in general

the inflation we are currently experiencing and how to balance it with our customers and with the increase in value of merchandise and/or repairs

d) Market Players

In cargo we maintain a very stable market in our country. The one more affected is marine (hull & machinery) but in cargo we have capacity and strong international players.

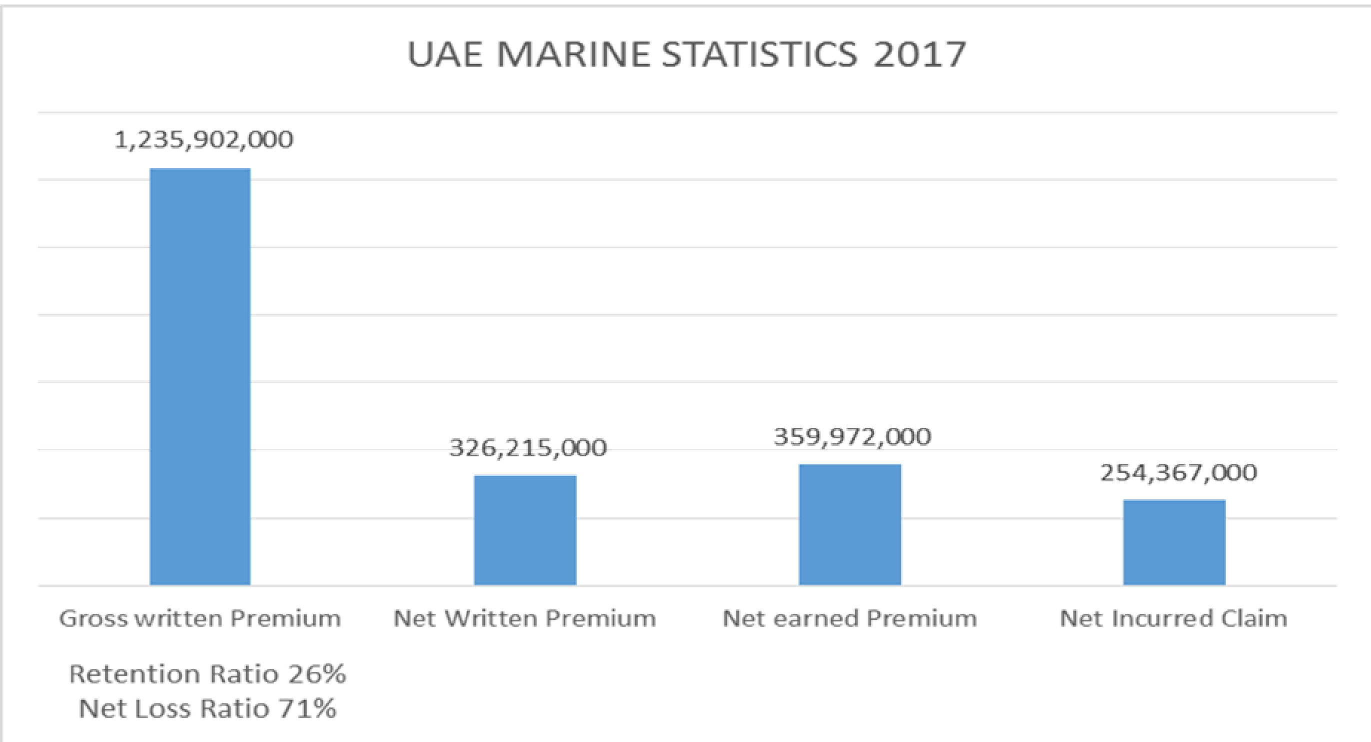


United Arab Emirates
Author: Vyankatesh Tak

Marine outlook of the country:

The economy of the UAE is the second largest in the Middle East (after Saudi Arabia), with a GDP of $450 billion+ in 2018. It is ranked 29th globally. Its economy is strong, stable and vision based with a positive outlook. UAE has AA rating with stable outlook by S&P.

Overall, 61 per cent of cargo destined for GCC states arrives via the UAE's seaports. The UAE has 12 commercial trading ports, other than oil ports. It contains 310 berths, with cargo tonnage of 80 million tonnes.
Fujairah Port in the UAE is the world's second largest bunker port with annual sale of around 24 million tonnes.
UAE is home to one of the fastest growing cargo hubs (air) in the world. Dubai's dedicated Air Cargo terminal handles 2.7 million tonnage in 2018.
Due to politics and dynamics around it, Strait of Hormuz and Gulf waters are always subject of discussions for logistic challenges due to War perils.
Statistics:
Latest 2020 figures are officially not available yet. However, market size had remained stable and in the range of UAE 1.4 Bln (USD 380 Mln) gross written premiums. For reference purpose only, we have shared below 2017 figures.



United Arab Emirates
Author: Vyankatesh Tak

Large Losses and Notable Incidents

Vehicles

The marine market has recently seen some notable claims. For example, on the cargo side, a car carrier (Vessel Golden Ray) capsized off the US coast with all the risk underwritten in the Gulf Corporation Council (GCC). Vessel was carrying 4000+ cars and it was a market loss to UAE, Oman, Qatar and KSA insurers amounting roughly USD 60 Mln+.

UAE is not prone to hailstorms, however, in the month of March 2020, UAE insurer suffered hail damage loss to the vehicles. Exact loss figures are not available. It is understood that roughly 500+ vehicles suffered damages.

Containerized Cargo

On 20 May 2021, X-Press Pearl caught fire off the coast of Colombo Sri Lanka. The vessel was engulfed in flames and declared a total loss. Cargo on the vessel was mostly insured by UAE and Qatari insurers.

Metals & Scraps

UAE insurers witnessed many claims of mysterious disappearances of Vehicles/trucks carrying metal cargo especially at land borders. These claims are in the range of USD 200k to USD 350k per truck.

Mobile shipments

Theft is the common peril for Mobile and Electronic shipments in the region.

On Marine hull front, a loss of a livestock carrier – which sank in a typhoon off the coast of Taiwan – caused a local market loss of around US$25 million. Additionally, a fire in a Qatar shipyard, causing the destruction of a royal family yacht, led to a loss of more than a US$100 million.

Underwriting Trends and Hot Topics

The cargo market in the UAE is reflection of the international cargo market. There are some underwriters who are making money, but the margins are thin. In many cases, once acquisition & reinsurance costs are considered, the book presents a loss. On a market level, although market shown certain improvement, it is still soft to stable market. The reasons are straightforward. The domestic capacity, buoyed by years of increases in treaty capacities, is very large. Most risks can be written by majority of the 60+ onshore domestic insurance companies directly to their automatic treaty capacities. As the UAE is transhipment hub, the economic conditions of the region have an impact on this sector.

Certain sub segments, such as vehicles, heavy lift shipments, high value metal consignments and stock throughput policies has market corrections in rates and deductible levels. General cargo & containerised cargo are stable and flat.

Region specific emerging risk

Political Risk, Cyber Risk, Sanctions & Environment risk.

Regulatory updates:

With effect from 1st January 2021, insurance companies in UAE are now regulated by the Central Bank of the UAE (CBUAE) which assume responsibility of insurance regulation from Insurance Authority of the UAE.

United Arab Emirates
Author: Vyankatesh Tak

Country is on the path of implementing IFRS17 across insurance sectors and work is in good progress with active participations from the regional players.

Market Players

62 insurance companies are operating in the UAE. There are 35 national insurance companies and 27 foreign insurance companies. Out of 35 National insurance companies, 12 are Takaful insurance companies.

Oman Insurance Company, AIG, AXA, RSA, Zurich, ADNIC, EIC, QIC, NGI & Orient group are major player in the UAE market.

Munich Re used to operate from DIFC platform in UAE and decided to exit from the market with effect from 1st January 2022.

References:

Insurance Authority Annual Report 2017.

https://ae.milliman.com/en-GB/insight/Market-Monitor-UAE-Insurance-Industry-Report-2020-Based-on-preliminary-results

UK
Author: Richard Golder / Paul Ashworth

As countries worldwide return to some semblance of normality after the COVID pandemic, the London market practitioners have been returning to their offices, however it is clear that trading in London will never return to pre pandemic status. Most brokers and Underwriters have taken to a hybrid working practice and many brokers find the electronic trading to be their preferred option on all but the most complex or difficult risks.

Lloyd's have committed to remaining in their iconic Lime Street building but what is apparent is there will be different requirements in the future for the face-to-face trading relationships that are so important to the London market.

As companies wrestle with the need for flexible working conditions and the varying demand for office space, it will be a delicate task for managers to balance the two dynamics.

The war in Ukraine is having an impact not just in the terrible human toll but also in the challenges in writing business in the Black Sea and Sea of Azov as well as the spike in commodity prices that is driving high inflation in all of the worlds' economies.

When the War began in February, notice of cancellation was issued but it was a haphazard and drawn out process. This is being reviewed within the Joint Cargo Committee to see if there are lessons that can be learned for smoother administration of policies in the event that similar situations reoccur. Subsequent and continuing sanctions developments has also added time pressures to all.

Given the potential exposures and losses over the marine sector we have also seen the reinsurance market start to exclude all coverage in affected territories leading to significantly reduced capacity for risk in the region as Direct Insurers, keen to maintain support for their clients, approach the risk on a nett basis.

Commodity prices for Energy and foodstuffs have been a direct impact for the global economy. We have therefore seen the need for increased capacity for locations and vessel limits given the significant fluctuation in prices.

Where cargo placements are on an adjustable basis this will diminish the inflationary impacts to the Underwriters, however the general feeling is that inflation will still have some impact to the cargo market, given the significance of the fluctuations.

Loss Date	Quantum USD	Area	Cause of Loss
Sep-21	30,000,000	USA	Temperature Deviation
Nov-21	128,000,000	Japan	Fire
Dec-21	25,900,000	USA	Tornado
Feb-22	255,000,000	Atlantic	Fire onboard 'Felicity ACE'
Feb-22	40,000,000	USA	Rat infestation
Mar-22	190,000,000	USA	Fire at warehouse
Mar-22	22,000,000	Australia	Flood
Apr-22	25,000,000	South Africa	Flood
Jul-22	50,000,000	China	Misappropriation

UK
Author: Richard Golder / Paul Ashworth

Lloyd's Markets results

	Lloyd's V Risk Code 2Q2022				
Year	Net Premium (£)	Claims Paid (£)	Claims Incurred (£)	Net Paid LR	Net Incurred LR
2022	132,767,407	- 687,924	- 22,059,546	**0.5%**	**16.6%**
2021	690,353,319	- 115,725,636	- 357,170,752	**16.8%**	**51.7%**
2020	718,052,818	- 345,630,648	- 436,092,273	**48.1%**	**60.7%**
2019	608,564,990	- 342,308,373	- 390,137,962	**56.2%**	**64.1%**
2018	761,984,944	- 651,086,708	- 704,353,589	**85.4%**	**92.4%**
2017	806,700,220	- 786,655,259	- 834,842,520	**97.5%**	**103.5%**
2016	759,566,111	- 761,869,484	- 787,830,383	**100.3%**	**103.7%**
2015	728,667,858	- 629,195,013	- 649,089,365	**86.3%**	**89.1%**
2014	715,745,091	- 889,849,187	- 903,716,225	**124.3%**	**126.3%**

Underwriting Trends

As well as rating improvements over the last few years the market has also seen greater clarity in wordings. It is pleasing to see that market figures are showing signs that the London market is now in a more sustainable position.

There however, remains significant headwinds through increasing exposure and the unpredictability of risk through weather and climate related issues as well as political and civil tensions. There still does not appear to be sufficient margin to contemplate wholesale rating changes.

Market Players

There has not been any notable withdrawal from the London market in the last year. Capacity has flowed into the London Market again over the last year following market improvements. This is from increased appetite from existing markets and a significant backing for new MGA's. To date the market has remained steady and capacity gaps have been helped by turnover increases and new business opportunities into the London market rather than through rate rises.

USA
Author: John Barnwell

Statistics:

In 2021 US imports of goods increased $500 billion (+21.5%) to $2.83 trillion (full year 2020 vs 2021)

January to June 2022 US imports of goods increased $297 billion (+21.8%) to $1.66 trillion compared to the same period in 2021

US Exports of Goods increased $326 billion (+22.9%) to $1.75 trillion (Full Year 2021 vs 2020)
January to June 2022 US export of goods increased $143 billion (+16.3%) to $1.02 trillion compared to the same period in 2021

Source: US International Trade in Goods and Services June 2022 https://www.bea.gov/news/2022/us-international-trade-goods-and-services-june-2022

In 2021 US Direct Written Ocean Cargo Premiums increased to $1.52 billion, a 13% increase from 2020.

The 2021 Direct Loss and Loss Adjustment Expense for US Ocean Cargo is 51.45%, relatively flat compared to the 2020 result of 51.13%.

2021 US Ocean Cargo represents 55% of the total DWP ($2.7 billion) for US Ocean Marine.

Source: 2021 AIMU Annual Statistical Survey. Note that the number of AIMU member companies reporting for 2021 is 19. The number of member companies reporting for 2020 was 18.

Lack of credible Industry Statistics by Marine Line of Business continue to challenge the US market.

In the US Market, Marine Lines (both Ocean Marine and Inland Marine) are defined by the 1976 Nationwide Marine Definition. Certain lines including, but not limited to, Motor Truck Cargo Legal Liability, Fine Arts & Specie, and Inland Transportation (domestic only) are classified as Inland Marine where elsewhere outside the US these may be included in a Cargo Account.

Large Losses and Notable Incidents

Supply chain delays persist (sea, air, rail, road)

Some larger shippers opting to charter vessels

Some transpacific vessel operators route vessels to Mexico to avoid U.S. West coast congestion

Ever Forward – Grounding near the port of Baltimore, March 2022

Walmart Distribution Center Fire – March 2022

Felicity Ace – February 2022

Natural Catastrophes – Wildfires in the western region of North America and in other geographies. Flooding in the U.S., Australia, Pakistan, and South Africa among others. Severe drought conditions persist in the Southwest of the U.S. and other geographies. This exacerbates wildfire conditions and creates low water conditions for inland waterways. Convective storm activity (tornado and/or hail) continues to be a challenge in the U.S. The Atlantic hurricane season (June-November) is slow to start but predicted to be above average for 2022.

USA
Author: John Barnwell & Andrew D'Alessio

Underwriting Trends and Hot Topics

The U.S. Cargo market conditions can be described as stable/firm. Positive rate change is being realized however at lower percentages than prior year. Premium increases based on insurable exposure growth is impacting portfolios. Contract terms and conditions remain relatively stable. The conservative approach to capacity deployment continues with a comparatively stable subscription market for larger programs.

War/SR&CC exclusions generally applied to shipments to or from Russia, Ukraine and Belarus in late February. Most markets implementing territorial exclusions for these areas going forward until such time that hostilities cease.

Market Players

Global writers include: AGCS (Allianz), AIG, AXA XL, Chubb, Zurich, Starr Marine, Liberty Mutual, FM Global, Sompo International, HDI Global.

National writers include: Travelers, CNA, Hartford (Navigators)

Specialty writers include: Intact (formally IMU / One Beacon), Great American, RLI, Markel, Berkshire Hathaway

Foreign subsidiaries writing in US include: Tokio Marine, Mitsui Sumitomo

Lloyd's US Writers: Canopius, Ascot, Argo, Aspen

MGA's include: Falvey, Southern Marine and Aviation, Roanoke (Munich Re Specialty), Safe Waters (Ryan Specialty), Continental UW's (Houston Casualty Co.), RB Jones / Burns and Willcox (Prosight), Corvus.

Noteworthy Local Economic/Political/Societal Highlights

Inflation has impacted the global economy with costs increasing across the board. U.S. federal monetary policy has been to increase interest rates to curb corporate investment/projects, consumer spending, and ease the inflationary trend. An unintended consequence may be lower shipped values.

Unemployment rate is low and employee turnover is high, creating a creating a competitive market for talent in most industries including shipping and insurance.

The Ocean Shipping Reform Act of 2022 was passed June 16, 2022 with bipartisan support in both the House and Senate. It is touted as the largest overhaul of shipping regulations since 1998 in the US. The legislation broadens the regulatory powers of the Federal Maritime Commission with the goal of promoting U.S. exports while reining in ocean carrier market power that has strengthened over the last 25 years, primarily through the rise of vessel alliances. Key points in focus include: shipper's rights, restrain unfair practices related to demurrage/detention as well as unfair/discriminatory carrier methods against shippers.

Importers are raising inventories which has caused inventory space shortages due to stockpiling for holiday season.

MGA/DUA activity seems to be picking up.

See you in Edinburg….

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