IUMI Spring Stats Upate 2025

Market Commentaries for

- Cargo
- Ocean Hull
- Offshore Energy

Cargo Statistics

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Global Trade and Economic Trends

As of May 2025, global economic growth is facing continued headwinds amidst geopolitical tensions, inflationary pressures, and ongoing supply chain disruptions. Following a recovery post-COVID-19, growth has moderated. According to the IMF, global GDP is forecast to expand by 2.9% in 2025, reflecting a slowdown in growth from previous years due to higher interest rates and reduced consumer demand in key markets.

Global trade growth remains subdued, with the World Trade Organization (WTO) projecting merchandise trade volumes to grow by just 2.3% in 2025, impacted by persistent regional conflicts, protectionist trade policies, and realignments in global manufacturing bases. Key sectors—such as electronics, automotive, and agriculture—continue to show volatility. Export demand has weakened in Europe and North America, while Asia remains a mixed picture amid Chinese economic rebalancing and Southeast Asian growth (Source: WTO, April 2025).

The container shipping sector remains under pressure. Though volumes are slowly recovering, capacity imbalances, rising operating costs, and decarbonization regulations have reduced profitability. Carriers are investing heavily in green fuel technologies and retrofitting vessels to comply with IMO 2030 emissions targets, but these efforts have significantly increased capital and operating expenditure.

Dry bulk shipping has seen moderate gains, with iron ore and coal trades stabilizing, although environmental restrictions in several importing countries are curbing long-term demand. Agricultural commodity trade remains dynamic, driven by shifting climate patterns and changing regional production capabilities.

The global oil and gas trade has been influenced by the ongoing energy transition. While traditional oil demand is slowing, LNG shipping has expanded rapidly, especially in Asia. The U.S. continues to be a key energy exporter, but increased competition from Middle Eastern and African producers is reshaping trade flows (Source: Hellenic Shipping News, March 2025).

Evolving Challenges in the Global Cargo Insurance Market

The global cargo insurance market in 2025 remains in correction mode, recovering from years of underperformance. The line is still grappling with low underwriting profitability, though some regions and markets have shown improvement due to more disciplined underwriting and targeted rate adjustments.

Global premiums are still technically inadequate in many markets, particularly in regions exposed to climate-related CAT events, geopolitical conflict, and high-value supply chains. There is an increasing awareness of accumulation risks, especially in mega ports, large distribution centres, and aboard ultra-large container vessels. The war in Eastern Europe, disruptions in the Red Sea region, and increasing cyber exposures have introduced new layers of complexity to risk modelling and underwriting.
Cargo underwriters are dealing with a blurred line between marine and property risks, with Stock Throughput (STP) and storage extensions carrying unpriced exposures traditionally reserved for property insurers. Additionally, supply chain digitization has introduced significant data security and business interruption concerns, which many cargo policies were not originally designed to address.

Acquisition costs remain high, with brokerage commissions in some markets still reaching 20–30%, despite mounting pressure on expenses. Market consolidation and the exit of several underwriters from the line have led to capacity constraints in certain niches.

There are still technical knowledge gaps within the underwriting and broking communities. Many accounts are still priced based primarily on historical loss performance rather than real-time exposure modelling. Meanwhile, coverage breadth has continued to expand, often without commensurate pricing.
The human toll continues, with insurers scaling back marine divisions and reallocating resources to more profitable lines or insurtech initiatives.

Despite the above, we are seeing emerging signs of increasing capacity in the market which may have an impact on the pricing models in this sector

Loss Activity and Emerging Risks

Major catastrophic events in recent years have reinforced the vulnerability of global cargo supply chains. Losses related to climate change, including record-breaking floods, wildfires, and hurricanes in North America and Asia, have resulted in significant cargo damage and business interruption.

Shipboard fires remain a major concern, driven largely by lithium-ion battery shipments and hazardous materials, often improperly declared or stowed. High-profile incidents involving containerships—including the MSC RENAISSANCE (2024) and EVER

MARITIME (2023)—have reignited industry debate around cargo declarations and enforcement of safety standards.

Losses due to containers overboard persist, particularly on ultra-large vessels navigating high-risk routes. The integration of automated tracking systems and smart containers is helping to improve loss prevention and cargo monitoring, though these technologies are not yet standard industry wide.

Hazardous cargo compliance is a top concern. In response to rising incidents, global inspection programs led by organizations like the National Cargo Bureau (NCB) and CINS have expanded. Carriers are implementing AI-driven screening tools and updated Dangerous Goods Risk Protocols, modelled after Maersk's Risk-based Stowage System, in coordination with classification societies and regulatory bodies.recognised the inherent problems with fuel switching at sea on vessels seeking to comply with MARPOL requirements.

Ocean Hull Statistics

Prepared by Ilias Tsakiris, Chairman & Paul Fry, Vice-Chairman, Ocean Hull Committee

Fleet Composition and Growth

Global fleet capacity has expanded to an all-time high, continuing its steady growth. In 2024 alone, the world fleet grew about 3.4% to ~2.4 billion deadweight tons (roughly 1.7 billion GT). (source: Clarksons Research, World Fleet Statistics, March 2025 – Global Fleet Development.) Growth has been uneven across sectors – container ship capacity surged by ~10% last year (after a wave of new mega-ship deliveries), whereas the tanker fleet grew less than 1% amid minimal new supply. With deliveries outpacing removals, there is a mounting surplus of ships in many segments. There are simply too many vessels chasing available cargoes, creating a classic “buyer’s market” where charterers have abundant choice and older tonnage stays in service longer. While the current detours around the Cape of Good Hope have temporarily tightened supply, the underlying overcapacity persists.

The overabundance of tonnage, particularly in the bulk and container segments, continues to distort freight markets and may further depress earnings when geopolitical disruptions abate. Orderbooks have risen after a surge of contracting – 2024 saw the largest newbuilding order intake in 17 years, totalling ~66 million CGT, worth $204 billion. As of March 2025 the total value of newbuilding orderbook as at US$488.4 billion (contracted value) (source: Clarksons Research, World Fleet Statistics, March 2025 – Orderbook and Shipyard Capacity.) Despite this, the global orderbook remains modest at ~15% of fleet tonnage, well below historic peaks. Its concentration in containerships and gas carriers - almost half of which are alternative-fuel capable - underscores a

technological pivot. Yet this also introduces uncertainty, especially where emerging propulsion systems are unproven in operational and claims terms.

Scrapping, Recycling and Fleet Age

Ship demolition activity is near record lows, leading to an aging, ever-expanding fleet. In 2024, only 324 merchant ships were recycled – the lowest annual level in nearly two decades. The average vessel age is now about 22.6 years, and a growing share of ships are operating well beyond their economically optimal lifespan. This is of particular concern to underwriters, as machinery-related claims remain a leading loss driver. The prolonged use of vintage tonnage raises red flags and reinforces the need for stricter technical due diligence and condition-based underwriting, especially for ships over 15 years old. Red Sea disruptions have temporarily increased demand for older ships, delaying scrapping decisions. However, once geopolitical tensions ease, this pool of older vessels could quickly become obsolete and face accelerated recycling. (source: Clarksons Research, World Fleet Statistics, March 2025 – Demolition Levels, Fleet Age Profile).

Offshore Energy Statistics

Prepared by Michele Cibrario, Vice-Chair, Offshore Energy Committee

General Overview

The offshore Upstream has seen a renewed inflow of investments. There is a noticeable amount of new deep-water drilling (with day-rate for floaters reaching the $400k mark), new production systems show higher concentrations of value, offshore gas handling and liquefaction provisions and onshore process facilities are also on the rise. New investments are coming along investment in older legacy fields, with most investments targeting incremental gas production.

Oil price and production

Nowadays a price of $70 per barrel (as at March 2025) is considered a low oil price and even mighty producers such as Saudi Arabia find this level of oil price borderline too low. The cost structure of new Upstream projects have skyrocketed and the old benchmark breakeven price of $40 per barrel is definitely not paying the bills anymore.

Meanwhile, OPEC has announced plans to gradually unwind its voluntary production cuts starting April 2 2025, aiming to increase oil output by 2.2 million bpd by Sept 2026. This move seeks to balance global supply and demand dynamics, with price forecasts expected to hover around $70-$73 per barrel by end of 2025 (as per Clarksons). Such unit price decrease will be taken into account by oil companies planning further investments and will drive a more careful approach and a slowdown in investments.

Given the slower Energy Transition (chiefly on offshore windfarming), even the IEA is now talking about the need for an increased production of natural gas. So, for different reasons both OPEC and Westerns countries push for more oil and gas production.

Upstream insurance market

The traditional Energy Upstream insurance market is in a softening state and lately experienced a relatively benign claims environment, perhaps with an exception for offshore CAR projects that has suffered a number of losses and where new enquires seem to be more challenging to place. To be noted here that a few claims from offshore renewables are starting to appear in the Energy Upstream insurance market and steadily contribute to the loss ratio of our industry.

Renewable Energy assets

The Energy Transition space, in addition to Offshore Wind Farms and Network/Transmission assets, comprises now firmly the first few Carbon Capture Utilization and Storage, some electrification projects of some key heavy industries and Geothermal Energy. Most insurance markets perceive the Energy transition of their insurance risk portfolios as the continued support to their existing client base as they move through the Energy Transition themselves, this means that the perimeter of the Energy insurance portfolios tends to expand to often include also onshore renewables, whose handling requires coordination with the Onshore Construction/Engineering underwriting teams and no longer just the Marine & Energy underwriting team. Lines of business blur together and Energy Transition senior underwriters and risk engineers with such a comprehensive view are in very high demand.