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International
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Marine Insurance

Steady insurance markets for hull and cargo in 2024 but offshore energy business is challenged.

Headwinds loom for all markets, reports IUMI.

Today, the International Union of Marine Insurance (IUMI) presented its analysis of the latest marine insurance market trends at its annual conference in Singapore.

The global marine insurance premium base for 2024 was reported as USD39.92 billion, representing a 1.5% increase on the previous year.

Global income was split by region: Europe 46.96%, Asia/Pacific 29.79%, Latin America 10.19%, North America 7.75%, Middle East 3.53%, Africa 1.38%.

By line of business, the largest share was commanded by transport/cargo at 56.7% followed by global hull 24.2%, offshore energy 10.9% and marine liability (other than P&I covered by IG clubs) 8.2%.

Providing some commentary on the premium income, IUMI's Chief Analyst, Veith Huesmann said:

"We've seen premium income in Asia grow steadily since 2016, supported by new product lines and increasing intra-Asia trade. By contrast, Europe and Latin America appear to have plateaued since 2023. Changes in premium income tend to stem from a rise in global trade (for cargo) coupled with increases in vessel values (for hull) or an uptick in the oil price encouraging more activity in the offshore energy sector, although this hasn't been the case in 2024.

Geopolitical instability will impact specific regions, of course. Added to this, general market conditions, specifically capacity, will also have an effect and 2024 saw more capacity enter all markets.

The other side of the coin is the claims environment which continues to be relatively benign and this has translated into a good performance – in terms of loss ratios – for the hull and cargo business lines. However, the perennial challenges of ever-larger vessels, net-zero, mis-declared cargoes, accumulations, vessels fires and high-risk zones remain."

Cargo

Cargo continues to dominate global marine insurance premiums accounting for US\$22.64 bn in 2024, an uplift of 1.6% from last year. Premiums are largely driven by global trade activity as well as movements in asset and commodity prices. The oil price in particular plays a dual role: it is both a key product and a major source of revenue, influencing both cargo and offshore energy insurance. Cargo premiums remain heavily influenced by the Chinese market which is being driven by e-commerce and return-insurance schemes. Europe (37.68%), traditionally the leading cargo market, is now experiencing a slight decline, while Asia/Pacific (35.15%) continues to rise. As a result, the gap between the two markets is narrowing.

Loss ratios for cargo have been improving steadily since 2018 which is encouraging new capacity into the market. In 2023 and 2024, Europe reported exceptionally low loss ratios, while Latin America remained at an average of 40–50%. In the US, a small number of companies reported poor results, pushing the brown water market average to around 50–60%.

An absence of any major catastrophic loss in 2024 coupled with containable attritional losses have contributed to a stable cargo market. However, the impact of the current economic and political uncertainties is yet to be seen.

Ocean Hull

The Ocean Hull sector reported global premiums of USD9.67 bn representing a 3.5% increase from the previous year. The dominance of the European hull market (52.91%) over other regions remains significant and the gap between Europe and Asia continues to widen.

Several European countries reported notable premium growth in 2024 partly strongly influenced by swinging exchange rates: Turkey recorded an increase of more than 30%, the Nordics reported a stable 5% rise and Russia – which is included in the European reporting – announced growth of 15% as a consequence of imposed sanctions. In Asia, China reported 9% growth in hull premiums. However, the overall trend for Asia over the past year has flattened, with Chinese performance partly compensating for weaker results in other Asian markets such as India, Singapore and Japan. This can be explained by the fact that many newbuilds delivered from China are typically insured locally.

In Europe, the average loss ratio has remained relatively stable at around 60–65% since 2021. Cost inflation, deductible structures and premium developments continue to shape these figures. For a deeper analysis, reference can be made to the IUMI Hull Inflation Index at www.iumi.com.

New capacity in the hull market is also having an impact, not only for the core product but also for auxiliary covers such as loss of hire. Geopolitical tensions, which force re routing of global trade, are temporarily relieving supply-side constraints.

The ageing of the global fleet presents additional challenges. Delayed scrapping leads to older tonnage remaining in service which, in turn, raises the frequency of machinery claims. Fires on car carriers and container vessels also continue to be a major issue for hull and cargo insurers. Emerging factors such as the introduction of alternative fuels, new technologies such as 3D-printed spare parts present fresh underwriting challenges. Growing inflation of costs further contributes to higher probabilities of constructive total losses.

Offshore Energy

Global premiums in the Offshore Energy market were reported as USD4.34 bn in 2024, a 7.9% reduction on 2023. The UK market continued to dominate with a global premium share of 67.33%.

This market continues to suffer from a prolonged soft cycle, now in its fifth to sixth year. The decline in 2024 European premium figures is mainly due to non-renewals and reduced new business in the UK, volumes reported by markets such as Japan, Malaysia and Egypt show a stable to downward trend. The Nordic market shows resilience and reports a 27% increase while Nigeria stands out with a 40% decline due to removal of petrol subsidies, liberalisation of the foreign exchange market and change of fixed to floating exchange rates by the Central Bank. While 2024 saw no major claims, attritional losses remain the main concern. Oil prices are showing signs of stabilising at around USD 60–70 per barrel as OPEC+ begins to unwind its voluntary production cuts of 2.2million barrels/day in six instead of 18 months.

Summarising, Jun Lin, Chair of the IUMI Facts & Figures Committee said:

“The marine insurance sector is relatively stable but faces some strong headwinds, with geopolitical and trade tensions creating an unprecedented level of uncertainty across global trade. While growth in seaborne trade has slowed —

partly due to tariffs and a normalisation following the extraordinary demand surge in 2024 — it is encouraging to see growth in cleaner fuel volumes outpacing those of fossil fuels.

Whilst tariffs are having an impact, put in context, they are currently affecting less than 4% of global trade.

Interest rates globally have already started to fall and the consequent reduction in inflation will likely impact overall profitability for most insurers. Similarly, the weakening US dollar will squeeze top line premium income and add to claims costs for those insurers paying out in non-US dollar currencies.

At the same time, an ageing global fleet presents growing challenges, from machinery failures to increased maintenance demands and seafarer well-being.

Claims were relatively benign in 2023 and 2024 but this year has seen an uptick particularly in groundings, large vessel fires and, of course, war-related losses.

The relatively weak oil price continues to impact offshore energy prices and, consequently, insurance premiums. There has been a substantial pull-back in capex spend, particularly in the Middle East. We've also seen a dip in investment in offshore wind projects in 2024 but spend is expected to pick up this year and over the coming years."

Note

IUMI's total world-wide premium includes data from all relevant marine insurance markets. Care should be taken when making comparisons with earlier figures as data coverage varies in different years and a number of figures will be updated retrospectively. Similarly, the presented loss ratios for Hull, Energy and Cargo do not encompass all countries per region and underwriting year results do develop over a couple of years due to a time lag in claims reporting and payments. When interpreting statistics, caution should always be applied regarding what the data actually relates to.

IUMI stresses that all figures released by IUMI's Facts and Figures Committee are global market sums or averages. While these reflect the average performance of the marine insurance market, individual companies' or countries' results may differ substantially. As with all averages, individual underwriting units may over or underperform compared with the average. IUMI does not make any statements about

what actual applied premium rates were or should be. The aim of IUMI is solely to provide data as available and raise awareness for the importance of a critical evaluation of the risks covered.

The full presentation is available to download from www.iumi.com