

Covid-19 likely to lead to reduction in marine insurance sector size – Turner

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The Covid-19 pandemic is likely to lead to a shrinkage in the marine insurance sector as part of an overall contraction in the global economy, which will lead in turn to a contraction in the size of the industry, according to Richard Turner, President of the International Union of Marine Insurance (IUMI).

Introducing a Cannon Events webinar on “Covid-19: Long-term change in the London Market?”, presented in association with Concirrus, Turner, who said that he was putting forward a personal view rather than the views of IUMI, noted that world merchandise trade was predicted by the World Trade Organization to fall by between 13% and 32%, although even that very wide range was not necessarily the upper or lower limit. By week nine of this year the average weekly distance travelled by containerships had plunged year on year from 1,850 miles to less than 1,700 miles.

At the same time, Turner observed that some clients could be encountering cashflow problems, and that the global macro-economic response had been to cut interest rates – further reducing returns available to insurers on the investment side.

Turner also warned that we did not yet know how well surveyors and salvors could respond in the current situation if there were to be a major casualty, with global air communications in virtual lockdown.