

IUMI reports growth in hull and cargo market for 2020

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In the 2021 analysis of the global marine insurance market from the International Union of Marine Insurance (IUMI) (the IUMI Stats Report), it was reported that global marine insurance premiums for 2020 increased by 6.1% from 2019, reaching \$30bn in 2020.

IUMI said that early indications in 2021 were showing that continued development was uncertain.

The hull underwriting sector grew by 6% in 2020, with global premiums reaching \$7.1bn. IUMI noted that “importantly, the gap between global premiums and global tonnage had begun to reduce”. For the first time in many years loss ratios had improved sufficiently to return the sector to a technical break-even position. However, IUMI noted that any recovery had begun from a very low base and a return to more normal levels of shipping activity was likely to increase current low levels of claims frequency.

Cargo underwriting also returned to a technical break-even position in 2020, with global premiums written rising by 5.9% to \$17.2bn. However, IUMI warned that a likely increase in nat cat events going forward, coupled with increased risk accumulations, had the potential to impact cargo underwriting performance in 2021.

An oil price rally reversed the fortunes of the offshore energy insurance sector in 2020 to halt many years of a declining premium base. The 2020 premium base was recorded at \$3.6bn. IUMI said that new underwriting potential was likely to result from increased offshore reactivation but warned that this would bring additional risk and the possibility of an increase in the current extremely low levels of claims.

IUMI Secretary General, Lars Lange said that “the health of marine insurance as detailed in this year’s IUMI Stats Report is mixed. The 2020 global premium results and loss ratios from the hull and cargo underwriting sectors showed that both these insurance lines returned to a technical break-even in that year. This was achieved after many years of unprofitability. However, the recovery was from a very low base and within the context of reduced shipping activity and, consequently, a very low claims frequency. As we move forward, we are seeing shipping activity return to

pre-Covid levels and offshore projects being commissioned and reactivated. There is concern that a revitalized shipping & offshore industry will generate additional claims which may, in turn, impact on future profitability.”

For the second year, IUMI has also included analysis from its own Major Claims Database – an ongoing project developed in partnership with the Boston Consulting Group.

IUMI noted that the global merchant fleet continued to age, and the average now sat at 21.75 years, (14.7 years for vessels greater than 2,000 gt).

Growth in gross tonnage slowed to 2% year on year, with 42% of all tonnage now owned in Asia. IUMI noted that Greece retained its current leadership position (17%) but predicted that it was likely to be unseated by China (currently 15%) over the coming few years.

Deliveries were down year-on-year but scrappings remained largely static. The global order book was much shorter than in recent years, sitting at around 4% of the total fleet. Its contracted value as of August 1st 2021 stood at \$251.18bn, representing 3,914 vessels or 86m gt. The majority of new ships were being built in China and Korea, although new cruise vessels were being constructed mainly in Europe. The fastest growing newbuild sectors were cruise/ferry, followed by the offshore/ other vessels (thought to also include yachts) and then container ships and gas carriers.

2020/21 saw a record number of offshore wind projects sanctioned, with an estimated value of \$57bn, overtaking projects sanctioned in the offshore oil and gas sector (\$43bn) for the first time. However, offshore wind continued to represent a very small element of the global energy mix at just 0.2%.

IMN will be looking at the various sectors in more detail over the next few days.

<https://iumi.com/statistics/public-statistics>