

## Too soon for optimism for global hull underwriters: IUMI

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Global marine hull insurance premiums reached \$7.1bn in 2020, up by 6% from 2019, according to the IUMI Stats Report, published this week.

IUMI noted that a particular feature was the redistribution of market shares between the major hull markets, with strong growth from the Nordic market, a minor increase in the UK (IUA) as well as a number of Asian markets, while the decline in the UK (Lloyd's) market continued.

The gap between average vessel size and insured value, which began to widen in 2014 and then increased year-on-year, appeared to be narrowing slightly from 2020, said IUMI. Similarly, the gap between global fleet size and global premiums, which had been increasing since 2012, showed signs of reducing in 2020, albeit modestly.

IUMI said that, since this trend change started from a low level, producing unsustainable underwriting results over a couple of years, it was still early days and remained to be seen if these positive trends could be sustained.

As the recent 2021 mid-year hull trend analysis published by the Nordic Association of Marine Insurers (Cefor) showed, the frequency of hull and machinery claims continued its long-term downward trend, with what IUMI described as “an extraordinary drop” in 2020. It said that this decline was likely due to the pandemic reducing shipping activity in some sectors.

Total loss frequency was also extremely low, although with some limited oscillation. IUMI warned that valid concerns remained that claims would “inevitably begin to rise as shipping activity returns to more normal levels, particularly in the cruise sector”.

Loss ratios for 2019/2020 were considerably lower than in the immediately preceding. Years. Ocean hull underwriting appeared to have returned to a technical breakeven, following many years of unprofitability.

However, IUMI said that this was largely due to reduced shipping activity stemming from the pandemic.

Indications in H1 2021 appeared to show that any market improvement might have slowed or even plateaued. This, coupled with an inevitable rise in claims as activity levels normalized, was likely to dampen the modest recovery, IUMI warned.