

intelligent insurer

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IUMI TODAY

Geopolitical tensions elephant in the room for marine insurers: IUMI sec general

GEOPOLITICS, PLUS TECHNOLOGY, safety and environmental, social and corporate governance (ESG) issues, will be the four main themes of the International Union of Marine Insurance's (IUMI) annual conference, taking place in Singapore. But the real elephant in the room of these topics is geopolitics, which will dominate the agenda.

That is according to Lars Lange, secretary general of IUMI, speaking to *IUMI Today* in advance of September's event. He recommended a Monday September 8 workshop being moderated by IUMI president Frédéric Denèfle,

which will address geopolitics under the workshop title "Re-Globalization—Geopolitics and Trade". But, he added, there are so many different yet interconnected concerns for marine insurers to grapple with.

"It is the elephant in the room," Lange said. "That workshop will cover geopolitical tensions, which are manifold. We still have the war in Ukraine. We have issues in the Red Sea, tensions in the South China Sea. We have sanctions in place, tariffs, trade restrictions. None of that is good for our business, or our clients." **3 →**



Lars Lange

GEOPOLITICAL RISKS loom large yet insurance rates soften



Chris Jones

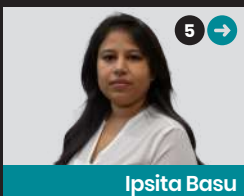
IN LINE WITH RATES in many other parts of the market, rates in marine insurance are broadly softening globally at present. But this is overshadowed by bigger concerns for insurers around increasingly complex geopolitical risks including tariffs and other emerging risks, which will likely dominate agenda at IUMI's annual conference taking place in Singapore this week.

That is the view of Chris Jones, chief executive of the International Underwriting

Association (IUA), which has some 80 members in London representing the wholesale non-life market, many of which write marine business. Its Marine Technical Committee has some 30 members, and it is a member of IUMI, through which it shares thought leadership and lobbies on behalf of members.

"We are seeing softer market conditions in a variety of classes, broadly driven by an increase in capacity, despite the fact that **4 →**

INSIGHTS AND ANALYSIS FROM MORE LEADERS INSIDE



Ipsita Basu



Rahul Khanna



Robert McMillan



Marcus Baker



Daniel Tadros



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GEOPOLITICS

Geopolitical tensions elephant in the room

➊ Duty calls

Lange added that insurers have an important duty to their clients amid such complex challenges. “As insurers, we must remain an educated, experienced partner for our clients. We offer so much more than just insurance. We must also advise and guide our clients.”

A second theme, innovation and technology, will be discussed in a Tuesday September 9 workshop led by Rahul Khanna, chair of the IUMI Data & Digitalization Forum. Lange said this will cover many aspects of innovation including artificial intelligence (AI), of which he says there is increased use in the sector.

“That will look at best practice for implementing AI and what is possible, what is not possible. It should be thought-provoking,” he said.

The third topic, ESG, is arguably the broadest. Lange said alternative fuels and the decarbonisation of shipping in terms of targets and dates will cover much of the ‘E’ in ESG. Topics such as the use of hydrogen and nuclear as fuels will be discussed, as will developments in carbon trading mechanisms.

The ‘S’ in ESG will look at the human element of shipping: how seafarers are trained and how technology can ensure they are not overburdened. That session will dovetail with the recent publication of IUMI’s updated policy and paper on modern slavery, which has been agreed by 42 countries. That paper will also cover off the ‘G’ in ESG, although he expects wider issues of diversity to be examined as well.

Safety first

The fourth theme of the conference will be what Lange describes as IUMI’s bread and butter: safety in shipping. He noted the role IUMI plays as a non-governmental organisation at the International Maritime Organization (IMO) in this context. He anticipates that one hot topic in this part of the conference will be

KEY POINTS:

- Asia hub vital for IUMI
- IUMI 2025: 600 delegates, 36 nations
- Trade tariffs add uncertainty



IUMI’s recent initiative in attempting to lower the number of container vessel fires.

“We have been participating in a number of IMO working groups and committees looking at the causes of and potential solutions to containership fires. One area of focus is the ocean carriage of electric vehicles where we’ve recently updated our advice and guidance in a position paper. That is a very important topic.”

Tying all these themes together will be the issue of how insurers help their members in ways that go way beyond risk transfer. Lange noted that the way the market works together to solve complex problems is very effective, pointing to the work of the London Market’s Joint War Committee, which works with external stakeholders and risk experts to advise clients on threats in different areas.

“That sort of collaboration as an industry is very effective,” he said. “As an industry, we work together with external stakeholders to assess what is possible, what will develop,

“We need free trade as an industry... it’s the most important topic this year.”

how, and where are we able to bear the risks. It means we can hold the dialogue with those risk prevention entities.

“Without us, our clients would have to do that directly. It is where we, as risk experts, can play an important role. Again, insurers do so more than just take in premium and pay claims. We are there to help our clients mitigate and understand the risk.

“That is the beauty of IUMI: all our members and partners have the same interests in business. We need free trade as an industry. That is, in my view, by far the most important topic this year. Yet we are seeing more tariffs and more restrictions. And even more war.

“Are we still able to provide war insurance? That is one debate. Historically, that is something we are very proud of as an industry: we’re able to provide war insurance cover for most of the high-risk areas around the globe.”

Back to Asia

Lange is pleased to be taking the annual conference back to Asia, which represents around one third of marine insurance premiums. The event was in Tokyo in 2018 but a 2021 event in Seoul was cancelled as an “in-person” event due to the COVID-19 pandemic, although it was held virtually.

“Our global conference is back after seven years, although we’ve held our smaller Asia Forum in the region each year since 2018. Asia is extremely important for us. It is a growth market and I think that has been reflected in the number of attendees,” he said, noting that the conference has some 600 registrations from 36 countries.

“Being in Singapore is very important for us. It is an extremely well-developed hub in Asia, alongside Hong Kong, Shanghai, Tokyo, Mumbai and others. Singapore is a good partner for us in the industry,” Lange concluded. ●

“The way the market works together to solve complex problems is very effective.”

STRATEGY

Geopolitical risks loom large as rates soften

“Claims have not really improved,” Jones told *IUMI Today*. “There is some divergence: in US casualty, for example, there is a push for rate increases. There is some nuance by geography. But we’re generally moving towards soft market conditions.”

The increase in capacity competing for business is marked in some areas. He cites an August 2025 report by Gallagher Specialty, which shows that global marine cargo capacity has increased to some \$1.5 billion, exceeding 2017 levels when rates were very soft.

“Those levels of capacity make for challenging market conditions. There are still opportunities, but we are seeing that transition into a soft market.”

In some ways it is a surprise that rates are softening, given the growing complexity of the risk landscape. Jones cites geopolitical risks, tariffs and supply chain risks as just some of the growing challenges for carriers. And these are set against a landscape of a fast-moving picture in terms of new technology, including the use of artificial intelligence (AI), alternative fuels and the threat of cyber attack.

Jones said he sees the role of the IUA as helping members understand and adjust to such challenges. In addition to helping marine members prioritise addressing underlying and emerging risks, such as geopolitical situations and alternative fuels, it actively engages with the Joint War Committee to provide security information to members in high-risk areas.

“We look at the key challenges and emerging risks, against the backdrop of, not pricing specifically, but general market conditions. First, we try and ensure that members are fully informed about what is happening. Along with other bodies, we engage with security consultants to provide information and security advice. Having that sort of expertise to help our members understand what is happening on the ground is an area we can add a lot of value,” Jones said.

Another area the IUA is looking to assist members is around the use of AI. He describes this as a hot topic and one that transcends many parts of marine insurance, from processes and operational efficiency to risk mitigation. But it also has the potential to change the nature of the underlying risk—and where liability sits.

“There needs to be a nuanced approach as to how AI is being used. AI is such a wide-ranging term; it depends on what level of

KEY POINTS:

- Rates are softening with some exceptions
- Geopolitical risks a worry and challenge
- AI and cyber need a nuanced approach

“Those levels of capacity make for challenging market conditions.”

automation are you talking about. You need to think about overrides and where potential liabilities will lie,” Jones explained.

“We receive a lot of questions about excluding AI liability, which seems to me to be an extremely difficult thing to do. First, it’s difficult to define exactly what you mean by AI. Second, it’s so integrated into processes. It’s more about managing that risk and excluding it.”

A similar area of concern for members is cyber risk: in terms of how to mitigate it and how to insure it. Again, Jones describes this as a complex issue. “Cyber is similar to AI: it’s built into everything we do. The key is there needs to be clear policy language in place. You need a distinction between malicious and non-malicious activity and the correct policy. The market is quite advanced in terms of policy approaches, but it’s an ever-changing risk.”

Three strategic aims

Jones, who took the reins of the IUA on May 1, identified three key areas to focus on during his tenure, all of which are very relevant to marine insurers: underwriting and claims excellence, risk, and retention of talent.

“We should never forget that claims is a big part of our proposition.”

On the first, he notes that the IUA has some 1,000 practitioners on its underwriting and claims committees, which is a huge level of engagement. “London as a global hub lives or dies by its underwriting and claims expertise. That is especially true in marine and we will bring that front and centre to our operations by identifying and promoting technical excellence on key underwriting and claims issues, developing our thought leadership work and looking at risk more holistically,” he said.

“We should never forget that claims is a big part of our proposition; it’s one of the first things that clients look for. So we need to promote that technical excellence and add value in terms of collaborating with external partners to do deeper dives into emerging risk, and in areas that members individually probably wouldn’t do.

“As a global market, we can decide where to target areas where we can offer value to our membership and then to the wider marine community.”

In terms of the focus on risk, Jones said the challenge currently is that this is quite siloed. He wants to revisit how his association views risk and develop a more integrated approach, whether this means looking at emerging risk, systemic risk or bringing new products/trends to the forefront.

The focus on talent will be driven by the IUA Futures initiative, which involves providing networking, training and education opportunities for practitioners in the first five years of their careers.

“We will develop a more coordinated approach to our education and training offering and a key part of this is the IUA Futures initiative. We are focusing on keeping talent in the market through education and peer engagement—so targeting the 0-5 year experience range. This will be complementary to existing work in the market,” Jones explained.

He wants to showcase better the excellent work within the IUA and the membership to reflect the increasing diversity in the business profile of its members. It is attracting more managing general agents and more niche providers in addition to the traditional large, multinational carriers. ●

MARINE

Ports power India's marine rise

India's marine market is expanding fast but capacity gaps, port risks and geopolitical uncertainty are keeping reinsurers firmly in play, says Markel's Ipsita Basu.



From the expansion of port infrastructure to increasing activity in shipyards, India's marine sector is undergoing significant developments, and insurance providers are adapting accordingly.

"When we talk about ports, it's a complex system in operation: highly organised, with docking ships and stacking containers. It resembles Lego blocks from afar, but it supports trade and economic movement," said Ipsita Basu, head of marine at Markel India, in an interview with *IUMI Today*.

India's marine insurance market is experiencing changes alongside accelerated infrastructure growth, evolving shipbuilding initiatives, and new maritime legislation. More than 30 general insurers operate domestically, yet only a few underwrite marine hull insurance. Although domestic capacity is slowly increasing, reinsurance capacity is still required.

"The capacity is concentrated among the top five or six companies," Basu highlighted, cautioning that combining hull, cargo, and port exposures could increase accumulation risks. "If a vessel were to hit a berth and sink, this would represent port, hull, and cargo losses within one account."

Expansion dynamics

Growth in India's ports and shipbuilding industries is altering both risk and opportunity profiles. Basu noted that "95 percent of international cargo to and from India is carried on foreign-owned vessels", indicating the need for domestic fleet expansion. While China, South Korea, and Japan handle 93 percent of global shipbuilding, India holds a 2 percent share. With major Asian shipyards booked until 2028, some orders are shifting toward India.

"With Southeast Asian shipyards at full capacity, India has an opportunity to expand its shipbuilding industry to meet global demands," she added.

Structural challenges persist, including high capital requirements, long project

KEY POINTS:

- Capacity grows but reinsurers needed
- Ports modernise under PPP model
- Shipbuilding orders shift to India

“Clients can receive immediate coverage approval.”

timelines, limited automation, difficulties sourcing ship-grade steel, and reliance on imported equipment and designs.

"With lower automation levels and despite lower labour costs, India faces about a 20 percent price disadvantage compared to South Korea," Basu observed. Port operations are also changing, with a shift from state-run service ports to public-private partnerships, where private operators manage terminals under concession agreements. "Infrastructure is expanding, new cranes are being installed, and turnaround times are improving," she said.

Insurance perspectives in a changing environment

Underwriters are adjusting their approaches to reflect new risks. "We pay close attention to cargo storage and crane operation and maintenance," Basu explained. Claims can arise from machinery issues or operator errors, such as confusing Fahrenheit with Celsius units in refrigerated cargo shipments.

In these circumstances, local knowledge combined with international claims expertise is important. "Our team meetings include discussions of claims from different markets worldwide, which supports implementing effective solutions in India," she said.

Global trends also affect the Indian market, particularly fluctuations in shipping cycles and tariffs. "Supply and demand remain key factors for the shipping sector," Basu stated. Tariff changes can prompt shipment surges, resulting in congestion, customs delays, and documentation mistakes. "Generally, these factors contribute to shipment delays, uncertainty, and pressure on spot rates."

Geopolitical issues create further challenges. The Red Sea and Persian Gulf are essential for India's energy imports; interruptions in these areas influence premiums and shipping patterns. "Some clients rerouted vessels via the Cape of Good Hope, but later resumed using the Red Sea route due to increased freight costs," Basu noted.

A local presence is an essential advantage for timely support to Markel's insureds. "If a vessel is set to enter a high-risk area, clients can receive immediate coverage approval rather than waiting for London office hours. This approach has enhanced Markel's brand confidence in India," she explained.

Looking forward, Basu commented on recent legislative measures. "In 2025, five major parliamentary acts related to maritime trade were passed, including updates to merchant shipping, carriage of goods by sea, ports, and coastal vessel laws." These reforms aim to strengthen the Indian fleet, encourage investment, and align with international standards.

"The focus is on developing this industry," Basu concluded. "Collaboration is essential, combining local expertise with international knowledge to help India participate actively in the global maritime sector." ●

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MARINE RISK

Shadow fleet: unseen and uninsured

They sail under the radar with questionable safety standards, murky ownership, and no proper insurance. Known as the “shadow fleet”, these vessels now account for around 17% of the world’s tanker fleet—a number that has surged since Russia’s invasion of Ukraine.

Allianz’s report titled “Commercial’s Safety and Shipping Review 2025” warns they are fast becoming one of the most dangerous unknowns for insurers, regulators, and the wider maritime sector.

More than 600 tankers are thought to be quietly carrying sanctioned oil across the world’s oceans, often on ageing hulls with lax maintenance and paper-thin insurance. Allianz says they have already been involved in dozens of fires, collisions and oil spills, and that a major clean-up could cost up to \$1.6 billion.

“Total losses from traditional causes may have reduced over time, but we could be in a position where this positive trend is potentially offset by war and other political-related exposure,” said Rahul Khanna, global head of marine risk consulting at Allianz Commercial. “These vessels pose a serious risk to shipping and the environment, as shown by recent collisions and groundings in Europe and Asia.”

Linked directly to post-Ukraine sanctions, the shadow fleet operates outside normal compliance channels, often changing flags,



Rahul Khanna

switching off tracking systems and conducting ship-to-ship transfers to conceal cargo origins. Many are older tankers nearing or beyond their typical 20 to 25-year service life, making them more vulnerable to mechanical failures, hull breaches and fire.

Nitin Chopra, senior marine risk consultant at Allianz Commercial, noted: “Although recent sanctions are making it harder for these vessels to trade, the shadow fleet continues to

“Many are older tankers nearing or beyond their typical 20 to 25-year service life.”

KEY POINTS:

- “Shadow fleet” now 17% of the world’s tanker fleet
- Poses risk to maritime safety and environment
- Reported fire incidents hit a decade high

pose a serious risk to maritime safety and the environment.”

While such vessels dominate headlines, the shipping industry has made notable progress on traditional safety. In 2024, just 27 large vessels (over 100 gross tonnes) were lost worldwide; the lowest ever recorded and down from 35 in 2023. For perspective, there are over 100,000 ships of that size in the global fleet, and in the 1990s, more than 200 were lost each year.

Fires, collisions and groundings remain the top causes of loss, but their frequency has steadily declined thanks to better technology, training and regulation. Some categories remain stubbornly high, however.

Large vessel fires, often linked to mis-declared cargo, caused seven total losses in 2024, the same as in 2023. Reported fire incidents across all vessel types hit a decade high of 250, with almost a third occurring on container ships, cargo carriers or roll on-roll off vessels. The growing transport of lithium ion batteries and battery storage systems adds to the challenge. ●

PARTNERSHIP

MSIG and MSIG Specialty Marine launch new P&I offering

MSIG has partnered with MSIG Specialty Marine to underwrite Protection & Indemnity (P&I) risks directly from its Singapore office. This includes fixed premium owner’s P&I and charterer’s liability solutions tailored to today’s complex maritime landscape.

Asia’s P&I segment is valued between \$1 billion and \$1.5 billion, around 25 percent of the global P&I market, with a projected growth of approximately \$200 million by 2030. These 2024 figures, sourced from IUMI member data and market intelligence compiled by Axco, underline the strategic importance of Asia and its role as a key emerging driver of global marine insurance expansion.

As regulatory frameworks grow more intricate and maritime risk landscape continues to evolve, demand for comprehensive P&I solutions has been growing, making this space increasingly central to marine risk management.

The companies said that, through the synergy, the two entities will deliver a

“Our Singapore operations are primed to deliver comprehensive coverage.”

cohesive and robust suite of marine insurance capabilities, with P&I offerings as the central focus of the partnership.

“Our strategic collaboration with MSIG Specialty Marine marks a transformative step forward in redefining our marine insurance proposition,” said Mack Eng, chief executive officer of MSIG Singapore.

“With the integration of P&I offerings and specialised services, our Singapore operations are primed to deliver comprehensive coverage and operational excellence to our clients. This positions us to fully capitalise on Asia’s dynamic maritime expansion, especially as Singapore reinforces its stature as a premier regional hub for both insurance and shipping.” ●

RENEWABLES

Risk convergence is coming

As China drives unprecedented renewable growth, insurers are rethinking how to cover emerging technologies and concentrated coastal risks, says Robert McMillan.



When super typhoon Yagi swept across Hainan Island last year, it caused significant damage to both offshore and onshore wind farms, highlighting the delicate balance between renewable ambition and the realities of natural catastrophe risk.

Offshore wind farms are multiplying across China's coastal waters and beyond, creating "key risks around accumulation in the South China Sea and off the east coast of China, and aggregation in coastal areas", according to Robert McMillan, renewable energy practice leader at Gallagher Re.

Talking to *IUMI Today*, McMillan described the scale of Asia-Pacific's expansion: by 2028, the region is expected to have developed around 2,000 gigawatts of new renewable capacity, four times the planned growth in North America and more than double that of Europe.

"China presents a huge growth opportunity for energy reinsurance markets," McMillan said, adding that the country was responsible for one third of all global 'green' investments. China's renewable insurance market operates differently from those in more mature regions, with low deductibles, event caps and loss caps.

"The projects are strongly backed by government," McMillan observed, "and they're looking for external investment from outside China." But while European offshore wind farms often operate far from shore, "most of the products are in coastal areas" in China, raising exposure concentrations.

McMillan is concerned that larger turbines and new technologies might also "have an immaturity about them which could bring risk".

Some risks are universal, however. "Cables and foundations are a common source of claims throughout the whole industry and it's no different in China, Taiwan or Vietnam," McMillan said.

Natural catastrophe exposure is also unavoidable. "We see lightning strikes that can

KEY POINTS:

- China drives APAC's 2,000 GW renewables boom
- Coastal build-up heightens nat cat risks
- Due diligence on new tech is vital

affect offshore wind, onshore wind and solar. Those cause claims."

Many of the claims are small and attritional, but severe events do occur. McMillan recalled that typhoon Yagi "demolished a few onshore wind turbines", although he noted that resilience was vastly improving.

"There are lightning protection systems, we're seeing better spacing for battery storage facilities and offshore wind now has protection systems to enable turbines to turn out of the wind."

Wider market issues

The market's response to rising nat cat risk has included portfolio diversification and proportional structures. "To mitigate nat cat claims is to take smaller proportional or quota shares. This seems to be the common thing," McMillan stated.

Another trend is insuring multiple renewable types within one programme to spread risk across technologies and geographies.

Whatever the process, due diligence at the design stage is vital. Correct cable and lightning protection installation, as well as factoring in adequate battery spacing, are steps that "can be affected at the very start if you're doing your due diligence".

While Asia-Pacific's renewables landscape has been "quite a soft market" in recent years, McMillan has seen stable pricing and evolving conditions. "In an immature environment, a lot of people use what they know, and that has come from Europe," he explained.

"China has other priorities, so we're seeing them look for a balance rather than follow what people have done previously in countries that perhaps have different risks."

“China presents a huge growth opportunity for energy reinsurance markets.”

Marine and renewable energy insurance have traditionally been separate, but McMillan foresees increasing convergence. "Solar and onshore wind projects previously used to sit within property and engineering and construction project books, but they're gradually being reconsidered," he said.

Building multi-technology renewables teams therefore makes sense, given the similar engineering principles across solar, battery storage and wind. By 2030, McMillan expects stronger client relationships, better transparency in claims and losses and greater comfort in working with local offices. Nat cat will remain a priority and improved tools will be needed to reflect offshore wind realities and assess accumulation.

To prepare for tomorrow's future, Gallagher Re is investing in data-driven insight. "We use a tool called TGS 4C which allows us to look at the structure of a wind farm, define what nat cat risks they have and give clients a good overview," McMillan said.

Collaboration with established catastrophe modelling providers is central to this, ensuring shared understanding. Reflecting on his earlier work in Asia-Pacific's oil and gas sector, McMillan called the renewables boom "a breath of fresh air" and concluded optimistically: "Go to China, and you'll see electric vehicles everywhere. There is no smoke. They've really embraced this, and it's very warming to see that growth." ●

Robert McMillan is renewable energy practice leader at Gallagher Re. He can be contacted at: robert_mcmillan@gallagherre.com

GEOPOLITICAL RISKS

Geopolitical challenges force risk rethink

Rising geopolitical tensions, regional conflicts, and sanctions are all forcing insurers and shipowners to reassess how they think about risk.

The shipping industry, long celebrated for its resilience and adaptability, is now confronting almost unprecedented operational and regulatory challenges.

Rising geopolitical tensions, regional conflicts, and a patchwork of international sanctions are creating a more complex environment for insurers and shipowners alike.

Recent years have brought escalating tensions in vital waterways such as the Red Sea and the Black Sea, alongside the ongoing enforcement of sanctions against countries including Russia, Iran, and North Korea.

Such geopolitical developments have forced insurers and shipowners to reassess risk exposure, particularly for vessels carrying sensitive cargos such as oil and liquefied natural gas, or transiting through high-risk zones.

At the same time, the fragmentation of global trade blocs and the shift towards regionalisation are forcing the marine insurance sector to adopt more flexible, dynamic approaches to risk modelling and policy design, balancing traditional coverage structures with the need to respond rapidly to a volatile global landscape.

Worries over protectionism

According to the International Chamber of Shipping Barometer Report 2023–2024, political instability, cyber attacks and malicious physical attacks are believed to pose the highest risk to the marine industry's operations.

This is backed up by other reports. A September 2024 survey by QBE Insurance identified sanctions as the top marine compliance risk. And in February 2025, the International Union of Marine Insurance (IUMI), reiterated its commitment to supporting free trade, highlighting that protectionist measures, such as trade tariffs, present challenges to the global marine insurance sector.

At an executive meeting, IUMI officials emphasised that restrictions on trade could disrupt supply chains, increase risk exposure

KEY POINTS:

- New risk assessment for high-risk cargos
- Protectionist measures exert stress on supply chains
- The cost of compliance has increased significantly



“Geopolitical uncertainty is making accurate rate assessment far more complex.”

Marcus Baker

These concerns are reflected within individual companies. Marcus Baker, global marine leader at broker Marsh, told *IUMI Today* that while the shipping industry has long demonstrated flexibility, the current geopolitical uncertainties and conflicts are creating operational challenges and complicating insurers' ability to assess risk and set accurate rates.

“The shipping industry has always shown a remarkable ability for flexibility, but the current levels of uncertainty and geopolitical conflicts are creating operational challenges,” Baker said.

“The ability to quickly adjust shipping routes when conflict happens remains essential. From an insurance perspective this creates additional difficulties as circumstances in every region can be prone to rapid change.

“Unlike previous cycles, the current unpredictability and the greater level of geopolitical uncertainty are making accurate rate assessment far more complex. There remains a strong risk appetite among insurers, but caution is also present as increased sanction obligations have become highly complex and have to be very carefully adhered to.”

Changes in risk appetite

Daniel Tadros, chief operating officer, American Protection & Indemnity (P&I) Club, added that current geopolitical tensions, including sanctions against Russia and unrest in the Red Sea, have prompted a more conservative risk appetite for certain vessels and trading routes, while increasing compliance burdens and compelling insurers and shipowners to adopt more dynamic, short-term approaches to risk modelling.

“Current geopolitical tensions have resulted in a more conservative risk appetite in relation to certain types of tonnage, especially tankers, and trading routes,” Tadros said. He added that the discrepancies between UK, EU and US regulations have placed additional strain on compliance, especially in relation

for underwriters, and affect insured values.

“More trade equates to more vessels and cargoes to insure,” said IUMI secretary general Lars Lange.

“Protectionist measures tend to restrict trade and impact on exposures and insured values for marine underwriters. They will exert stress on supply chains and put pressure on certain trade routes and add to accumulations on vessels or in ports.”



to the carriage of Russian liquid cargos where the price cap requirements differ between the UK/EU and the US.

Speaking about the most pressing challenges shipowners and insurers face in complying with an increasingly complex sanctions environment and how the American P&I Club supports members in navigating these legal and reputational risks, Tadros added: "Shipowners, vessel managers and operators, as well as charterers, are deemed to have a nondelegable duty to conduct their own compliance into their trading partners to avoid engaging in any trade that may involve a cargo or an entity that is subject to US, UK and/or EU sanctions.

"This has placed a heavy burden on shipowners, managers, operators and charterers to either build compliance departments, including compliance search platforms, or engage third party compliance service providers to perform the due diligence required by the regulators. Either way, the cost of compliance has increased significantly."

He noted that some clubs have been forced in the last five years to enhance their compliance teams. The American Club was an exception to this since it had a dedicated compliance department well before 2020 as a result of the US Office of Foreign Assets Control's (OFAC) prominence in issuance of sanctions regulations, especially in relation to Iran, Cuba and Syria.



“They may need to pivot and change their model on a more frequent basis.”

Daniel Tadros

Many clubs have been providing frequent guidance, via circulars, to their members on the promulgation of sanctions regulations

and pointers as to what action the members can take to avoid breaching such regulations.

Ultimately, however, clubs can only provide sanctions-related advice in relation to cover for a particular voyage or cargo. The clubs' sanctions advice cannot replace the members' non delegable duty to conduct their own due diligence.

More flexibility needed

Tadros noted that the fragmentation of global trade blocs and rise of regionalism are forcing marine insurers to adopt a more flexible, dynamic approach to long-term risk modelling, relying on frequent data reviews and short-term actuarial analysis to adapt to rapidly changing trade patterns.

"While P&I policy structures remain generally stable, as mutual terms and rules were built to adapt to the volatility of global trade and an ever-evolving regulatory environment and are protected by various warranties, the continuously fluctuating nature of global trade has presented significant challenges to marine insurers in terms of long-term risk modelling," he said.

"Marine insurers are forced to be much more flexible through a dynamic approach. They must conduct systematic data reviews and actuarial analysis geared to short-term risk modelling, knowing that they may need to pivot and change their model on a more frequent basis." ●

ELECTRIC VEHICLES

IUMI updates on safe carriage of EVs

The International Union of Marine Insurance (IUMI) has updated its guidance to members around the safe carriage of electric vehicles (EVs)—a response to the growing numbers being shipped and the unique risks they pose.

The set of best practice and recommendations, first published in 2023, was part of IUMI's ongoing support of loss prevention guidance to the global marine insurance and shipping sectors. The updated version, titled "Risk mitigation for the safe ocean and short-sea carriage of electric vehicles", now updates that report.

Five key areas of the original paper have been updated. One is around potential gas accumulation—the risk of flammable gases being released during thermal runaway. If these gases accumulate in unventilated spaces, they pose an explosion risk. The report notes that effective firefighting must address extinguishing fires as well as managing potentially explosive gases, integrating firefighting and ventilation without reducing system effectiveness.

A second update was to total energy release and peak temperatures. The report notes that recent fire tests indicate that total energy released by EVs and internal combustion EVs (ICEVs) is similar, although EVs may exhibit higher peak heat release depending on battery type. For underwriters, the focus should be on overall risk, especially if fires are not rapidly contained.

The report also examines challenges with pure car and truck carrier (PCTC) ship design. It notes that current PCTCs have large, undivided horizontal decks, unlike older subdivided designs, allowing fires to spread rapidly and making containment difficult. On a related note, the report recommends that fixed firefighting systems should be activated promptly and safely, before manual intervention, because accessing burning vehicles is dangerous. Early system activation prevents fires reaching EV batteries and spreading. Manual firefighting should only supplement the fixed system to save lives.

Finally, the report updates on the limitations of foam-based extinguishing systems. It notes that high expansion foam may suppress ignition and prevent heat transmission but has drawbacks: complex operation requiring electricity; reduced penetration and heat resistance in new eco-friendly foams; and a

KEY POINTS:

- ~20m cars shipped globally per annum
- EVs transported in growing numbers since 2017
- Increasing frequency of fires on board car carriers



“Early system activation prevents fires reaching EV batteries and spreading.”

high threshold for “fixed first” deployment due to risks of unnecessary release.

Lars Lange, IUMI secretary general, said: “The volume of cars being shipped by maritime transport globally is around 20 million units per annum. EVs have been transported in ever larger numbers since 2017. There appears to be an increasing frequency of fires on board car carriers although none to date has been found to be solely attributable to an EV—although it is possible that an EV was the culprit.

“However, we are well aware that the characteristics of an EV fire are different from those emanating from a standard ICEV and it is important that carriers, operators and insurers understand the risks involved and the measures that might reduce that risk. This is why we published loss prevention and safety guidelines two years ago.

“However, this sector is rapidly evolving and new research continues to report new findings. In light of that, we have updated our paper with new information and adjusted our recommendations and guidance accordingly.”

IUMI is a member of the International Maritime Organization (IMO) Correspondence Group on this subject which reports to the IMO Sub-Committee on Ship Systems and Equipment (SSE). This group reported to SSE 11 in March and is currently working on an action plan to enhance fire safety measures for ships carrying new energy vehicles. ●

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