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IUMI TODAY

'We keep promises': marine carriers ready to tackle a new world of emerging risks

FROM WARS AND TRADE TENSIONS to artificial intelligence, decarbonisation and autonomous shipping, marine insurers face an increasingly complex collection of risks. But the industry should view that environment with confidence rather than fear, according to Lars Lange, secretary general of the International Union of Marine Insurance (IUMI).

For Lange, marine insurance has always existed to solve problems. The risks may be evolving rapidly, but the fundamental proposition remains the same: clients need an

insurance partner capable of understanding their exposures, providing financial protection and continuing to support them when conditions become difficult.

"We have the capacity, we have the products, we have the mechanisms in place, we are a small but well-educated industry, and we can cope with that," Lange said.

That message is particularly relevant as geopolitical instability creates new complications for global shipping. Conflict in Ukraine and the Middle East, disruption in the Red Sea **4** →



Lars Lange

INSURERS INNOVATE as geopolitical risks reshape trade



Emiel Paaij

RISING GEOPOLITICAL TENSIONS, climate change and increasingly fragile global supply chains are creating risks traditional marine insurance products might not always address neatly. But for Emiel Paaij, head of marine - Europe at Markel International, that is precisely where the marine market has historically proved its worth.

Marine insurers have spent centuries adapting to changing patterns of trade and emerging exposures, often developing

solutions for risks that do not fit comfortably elsewhere. Paaij believes that same instinct will be increasingly important as clients confront disruption ranging from conflict around key shipping routes to cyber threats and climate-related interruptions.

"One of the things marine insurance is famous for is if one of the other traditional lines, like property or casualty, doesn't want to do it, it comes on the desk of a marine underwriter," he told *IUMI Today*. **6** →

INSIGHTS AND ANALYSIS FROM THE INDUSTRY'S MOVERS AND SHAKERS INSIDE



Matt Jenkins



Robert Stocker



Veith Huesmann



John Owen

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COVER STORY

Marine carriers tackle a world of emerging risks

and uncertainty surrounding the Strait of Hormuz have all added to the challenges facing shipowners and cargo interests.

But Lange stressed that uncertainty itself is nothing new for marine insurance. “Insurance is designed for troubled times such as those we are currently experiencing. Our offer to our clients is to help them address their issues and solve their problems. This is what our products are made for, and our staff are trained to do,” he said.

Geopolitics now encompasses everything from wars and maritime security to tariffs, sanctions and trade barriers, with the potential to disrupt shipping routes and global supply chains. Yet Lange argues that insurance should be seen as part of the mechanism that allows trade to continue through those periods.

“Insurance is part of the solution, not of the problem. If things become difficult, insurance helps you.”

Recent events in the Middle East have offered an important test. Questions quickly emerged around whether marine insurers would continue offering protection and whether sufficient capacity would remain available as risks increased.

The answer to both questions, Lange said, was yes. “We are really proud that we have managed to offer products which work in these situations,” he said. “There was a lot of talk about insurance, particularly with regard to the Strait of Hormuz. First thing: are you still able to grant insurance? Second, do you have capacity for that? Yes, we do.”

IUMI has similarly stressed publicly that marine insurance capacity has remained available through the recent Middle East disruption, including for vessels seeking to transit the Strait of Hormuz where legally permissible.

For Lange, that demonstrates a wider point about the role of the industry. Marine insurers are commercial organisations accountable to shareholders, stakeholders and reinsurers. They cannot provide unlimited protection regardless of price or circumstances.

But they can work to keep risks insurable. “We are still in a position to offer insurance coverage permanently and without any gap, at a certain price and within certain conditions,” he said.

That requires expertise as much as capital. Lange argues that marine insurance is “much more than just financial security”. Insurers must increasingly act as long-term risk partners, helping clients identify, assess and mitigate exposures before losses occur.

KEY POINTS:

- Risks ever more complex
- Geopolitics a challenge
- Marine insurers lead innovation

“You need a partner whom you really rely on, whom you trust, where they have real expertise and experience,” he said.

Innovation through adversity

That relationship becomes particularly important as entirely new categories of risk emerge.

Alongside geopolitics, Lange highlighted decarbonisation, digitalisation, AI and autonomous shipping as areas requiring insurers to develop their understanding alongside their clients.

Autonomous vessels, for example, raise questions ranging from remote operation and pilotage to maintenance and cargo management. Decarbonisation is introducing new fuels and technologies with different safety characteristics, while IUMI is also examining the longer-term potential for nuclear propulsion.

“Insurance is part of the solution, not of the problem. If things heat up, insurance helps you.”

The common requirement is to understand the exposure sufficiently well to insure it. “We are not frightened of emerging risks,” Lange said.

Marine insurance also has a long history of responding creatively to new exposures. The sector’s roots stretch back centuries and, as trade and economies developed, marine underwriters frequently found themselves being asked to consider risks outside their original remit.

Lange sees the same problem-solving mentality continuing today. Once insurers understand an emerging exposure, they can begin developing tailored solutions around it. “This is what our member companies do across their daily business, and once you have understood these risks, you can provide tailor-made insurance solutions.”

Cyber provides one example, with specialist insurers developing increasingly sophisticated

expertise around an exposure that was once poorly understood.

AI could have an even broader impact. Lange sees two dimensions: the new risks created as clients adopt AI, and the opportunity for insurers to use the technology themselves.

For underwriters, AI could significantly reduce the time spent gathering and processing information, freeing specialists to concentrate on interpreting risk and making decisions. IUMI itself has made data and digitalisation an increasingly important part of its work, including through its Data and Digitalisation Forum and educational activities.

“It is in my view a real opportunity to make our industry more efficient,” Lange said.

But the technology also creates uncertainties. Marine insurance has traditionally regarded human error as a significant contributor to claims.

Increasing automation raises a new question: what happens to that risk profile when decisions previously taken by humans are increasingly influenced or made by machines?

The industry does not yet have all the answers – and Lange does not believe it needs to pretend otherwise. Instead, insurers must continue learning alongside shipping companies, cargo owners, technology providers, regulators and international organisations.

Keeping risk insurable

Despite the technological changes, Lange expects geopolitics to remain the “elephant in the room”. It is also an exposure largely outside the control of either insurers or their clients.

That makes the reliability of the insurance relationship even more important.

“We keep things insurable,” he said.

For an industry built around uncertainty, Lange does not believe marine insurance needs to chase excitement for its own sake. Its value comes from something more fundamental: consistency, expertise and the ability to respond when clients encounter problems.

“Insurance comes back to trust and reliance and long-term business,” he said.

Recent geopolitical events have tested that proposition. They have also, in Lange’s view, demonstrated why marine insurance continues to matter. “We have proven to be a partner for our clients and that is something which should make us confident,” he said. “We don’t earn money currently on these war situations, we deliver a service and we keep our promises.”

CLAIMS

Dali proves carriers' resilience

Dali loss has been a test for industry – but one that illustrated just how effective the risk-transfer in place for such incidents can be.



Since cargo ship MV Dali collided with Baltimore's Francis Scott Key Bridge on Marsh 26, 2024, the insurance industry has steadily been trying to get a handle on the loss.

Perhaps inevitably, loss estimates steadily increased to the point they are now edging towards \$3 billion. But the incident has also illustrated just how effective the risk-transfer in place for such incidents can be.

That is according to Matt Jenkins, senior broker, Gallagher Re, who argues that while the scale of the loss has tested the international protection and indemnity (P&I) insurance market, in fact, it has also shown the value of insurance and reinsurance.

"Dali is a significant marine claim, but

KEY POINTS:

- Dali loss a test for carriers
- Losses spread far and wide
- Unlikely to result in hardening

Broad industry shoulders

Jenkins notes that, given the size of the limit, it requires a wide support base from both the direct market as well as the reinsurance market. "The direct market supports a large proportion of the programme, but they are supported by comprehensive treaty reinsurance programmes. In turn, many treaty reinsurance providers will also purchase their own retro protection. As such, the impact from Dali is spread across the industry," he said.

The upside of this is that the losses are spread out between many carriers; the downside is many carriers will have experienced some loss due to the event. Yet Jenkins does not believe that the incident will have a significant bearing on sentiment in the market – and pricing or terms and conditions.

This is partly because the losses have been spread out – and partly because new capacity has been entering the market in recent years.

"The renewal season ahead will be interesting as some reinsurance and retro programmes will be affected by the Dali deterioration and/or potential claims arising from the Persian Gulf conflict, particularly programmes which are purchased on a composite basis and therefore have exposure to Political Violence and Terrorism losses," he said.

"On the flip side to this, over the past few years there continues to be significant capacity growth in the direct, treaty and retro marine and energy space, and we expect this to continue into 2027."

Judged on merit

He stresses that each deal will have its own nuances in terms of supply and demand

and loss experience – and therefore on the negotiation between carriers and clients. But he stresses that most carriers are coming from a place of stability, having enjoyed several years of solid results.

"Whilst each treaty renewal will have its own specific dynamics and claims performance, we do not expect any sort of hardening or withdrawal of capacity from the space, especially off the back of extremely profitable results for these capacity providers in recent years," Jenkins said.

That said, he does anticipate some movement at the very top of the risk chain. "The retro market is potentially going to more consistent in some potential hardening given its exposure to Dali's deterioration."

“Dali is a significant marine claim, but since the incident all layers of the re/insurance industry has proven how resilient and effective the system is when called upon.”

“On the flip side to this, over the past few years there continues to be significant capacity growth in the direct, treaty and retro marine.”

since the incident all layers of the re/insurance industry has proven how resilient and effective the system is when called upon," he told *IUMI Today*.

He noted that the International Group of P&I Clubs is supported by a reinsurance programme that provides coverage up to \$3.35 billion.

The first \$10 million of any claim is covered by the individual P&I club; losses between \$10 million and \$100 million are shared collectively across all member clubs in the International Group pool; reinsurance covers losses up to \$2.25 billion in excess of the \$100 million pool threshold; an additional \$1 billion layer sits on top, taking total coverage to \$3.35 billion.

He said that in some ways the Dali loss will eventually be seen as a good test for the market – and one it came through, illustrating the value of re/insurance and the fact that these specific risk structures have been set up in a way that works.

"Moving forwards shipowners should be pleased with how resilient the re/insurance market has been over the past few years post Dali. Whilst pricing naturally ebbs and flows depending on claims activity, the re/insurance market continues to show its value to the International Group through its long-term support." ●

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MARINE

Insurers innovate as geopolitical risks reshape trade

“And a marine underwriter will start thinking about: ‘well, how can I find a solution for this?’”

Problems to be solved

The need for that problem-solving mentality is growing. Most marine clients form part of complex international distribution networks, Paaij explained, making them particularly exposed when the movement of goods is interrupted. Current concerns around the Strait of Hormuz and Red Sea, alongside disruption affecting routes such as the Panama Canal, illustrate how events far from a company's own operations can rapidly affect its supply chain.

“All supply chains are based on just-in-time delivery,” he said. “If there is a disruption, that means the whole production chain will fall apart. Those are the real risks.”

Climate change adds another dimension. Low water levels have previously affected inland shipping in Europe, restricting the ability of vessels to move goods from Rotterdam into the German hinterland, while the same has been seen in the Panama Canal.

Cyber threats sit alongside these physical and geopolitical exposures, creating an increasingly complex risk environment for companies whose operations depend on goods moving reliably across borders.

Paaij believes the question is whether businesses have examined the full range of potential scenarios closely enough. Regulatory developments in Europe are placing greater emphasis on companies understanding and mitigating their exposures, which in turn is likely to create greater demand for brokers and insurers to help find more innovative solutions.

The challenge is magnified by the geographical spread of today's geopolitical uncertainty. “Geopolitical tensions have increased over the last two or three years,” Paaij said. “It's coming more to the fore, and it's not like one part of the world is at risk. Everywhere tensions are arising.”

No crystal ball

Some threats might not crystallise immediately. Political changes taking place today could alter trading patterns or exposures over the next five or 10 years, requiring clients and insurers to think in scenarios rather than simply extrapolating from existing loss experience.

KEY POINTS:

- Marine risks very complex
- Innovation needed across board
- Parametric solutions to the fore

That should encourage marine insurers to look beyond conventional asset protection. “Most of what we do involves helping clients protect their assets they have on their balance sheet, but we can and should begin to look at new products,” Paaij said.

One opportunity could be combining covers that have traditionally operated in separate silos. Paaij points to potential combinations of political violence and cargo insurance, or trade credit with commodity cargo business. Hull insurance might similarly be combined with an element resembling business interruption when geopolitical events prevent a vessel from operating.

“All supply chains are based on just-in-time delivery. If there is a disruption, that means the whole production chain will fall apart. Those are the real risks.”

Such precise products have yet to be determined. His point is that the market should start asking what clients need when traditional categories fail to capture the economic consequences of disruption.

Parametric insurance could form part of the answer. Rather than rely solely on physical damage, a product could potentially respond when a measurable event causes significant disruption. Paaij offered examples such as a vessel being unable to sail for more than 30 days because a port is blocked, or goods failing to arrive within a defined period because of a geopolitical event.

The important ingredient is metastability. If an insurer can understand an exposure,

identify reliable data and attach a numerical value to the consequences, it might be possible to construct and price a solution.

“If, as a marine insurer, we can make sense of the data and quantify an exposure, we can build an insurance solution that gives clients the protection they need,” Paaij said.

He sees scope for traditional and parametric protection to work together. Physical damage coverage could sit alongside a predetermined response to an associated interruption, effectively extending protection beyond the damaged asset towards its wider financial consequences.

“As long as we can understand it, calculate it, get some experience with it, we can combine those two,” he said.

If that sounds like a departure from traditional marine underwriting, Paaij argues that history suggests otherwise. Marine insurance has repeatedly evolved as commerce and society created new exposures. Early insurance markets in London and continental Europe were built around maritime trade before expertise expanded into other areas of risk.

Paaij points to the development of accident and health protection for seafarers and, later, property insurance as examples of risks that found their way to insurers accustomed to solving maritime problems.

That heritage matters because today's challenge is again one of adapting insurance to a changing world. The difference is that modern underwriters have access to technology their predecessors could never have imagined.

“You can ask AI tools, and they will get better and better over time,” Paaij said. “Things that would take an underwriter or a person weeks to sort out can now take a couple of minutes. The phase of technology development we are in now is such an exciting time, specifically in the marine insurance world.”

For an industry whose history has been defined by finding ways to insure new and difficult risks, today's uncertainty might therefore represent more than a challenge. It is also an opportunity for marine insurers to do what they have always done: understand how the world is changing and find a way to insure it. ●

Emiel Paaij is head of marine at Markel Europe. He can be contacted at: emiel.paaij@markel.com

RISK

Marine accumulations stack up

Examples of marine accumulation risk have manifested multiple times in recent years. Identifying the next one – and getting protected – requires creative thinking.



By Robert Stocker, managing director,
Global Specialties, Willis Re

What is the worst-possible marine reinsurance loss? The vast majority of risk carriers in the world with exposure to syndicated marine liability risk has a piece of the claims arising from the 2024 collision of the container vessel Dali with the Francis Scott Key Bridge. It's universally acknowledged as the largest single marine casualty ever, ahead of the clean-up of the wreck of the Costa Concordia.

The lion's share of the c. \$3 billion (and rising) Baltimore bridge loss is expected to fall to retrocessionaires, through the International Group of P&I Club's reinsurance tower. Insurers cover the first \$500 million, reinsurers the next \$700 million, and their retrocessionaires everything else after about \$1.2 billion. The loss shows how a single vessel can yield a huge liability loss.

An abundance of insurance capacity in lower-attaching marine markets means Baltimore is likely to impact retro pricing only. Still, it prompts reconsideration of marine accumulations, their potential magnitude and the outwards programmes in place to protect against catastrophic events.

A growing trend

Several marine accumulations have had the potential to become significant losses in recent years. Most current and visible is the mass of moribund ships in the Strait of Hormuz. Roughly 500 vessels and their 6,000-or-so crew were laid up there over the summer, according to the UN, and few have passed out since.

While debates continue over relevant policy language (the word "trapped" has proved contentious), other accumulation losses are more clear-cut. Causation was obvious when the ultra-large container vessel Ever Given broached-to and ran aground in the Suez Canal in 2021, trapping around 400 vessels, for example.

That year the marine market faced a wave of Covid-related claims. One accumulation risk that did not bring loss was the mass

KEY POINTS:

- Baltimore loss to hit retro
- Accumulations hard to calculate
- Brokers must analyse portfolios

of cruise ships parked in Caribbean waters, where over 60 high-value vessels and their crews formed a huge group of at-risk assets. Fortunately, this idle fleet weathered the hurricane season successfully.

Drilling rigs parked together in the wake of an oil price collapse have in the past formed a high-value marine accumulation. It's another which, luckily, has yet to manifest as a loss. The circumstances may seem unlikely in the prevailing oil price environment, but unlike a supertanker, such things can turn in a flash.

“An abundance of insurance capacity in lower-attaching marine markets means Baltimore is likely to impact retro pricing only.”

The global marine market isn't always lucky. It has, for example, borne the loss of several serious cargo accumulations in recent years. Port accumulations are potentially huge, since the facilities by their very nature attract agglomerations of insured value.

Explosions in Tianjin in 2015 and the port of Beirut in 2020 – both caused by fires which led to the violent ignition of improperly stored hazardous chemicals – revealed the potential for loss. Both caused total claims in the region of \$3 billion, or about 10% of annual global cargo premium, although in both cases a lot of the loss ended up in the property market.

A calamity at the port of Shanghai, the world's busiest, could be significantly more costly than that.

Accumulations tough to calculate

Accumulations do not necessarily become losses, as some of these examples show. However, even when the loss manifests, it might be possible to avoid a severe hit to the bottom line.

When a stalled fleet is unable to budge, at least a few individual ships are likely to escape, as we've seen during the Iran conflict. Other vessels are likely to survive the war intact, even after having been declared constructive total losses. They pass into insurer ownership.

The spectre of port accumulation is more complex, with potential multiline losses under coverage which cannot be rescinded (unlike, for example, marine hull war).

However, cargo has no delay coverage, so can remain stranded indefinitely without a claim. Meanwhile, risk management processes are the subject of constant improvement.

There's one thing all of these real and potential marine accumulations have in common, though.

They are unrepresented in realistic disaster scenarios. They require insurers and their reinsurance brokers to deftly analyse portfolios, measure potential accumulations (obvious and less likely), and ensure the appropriate protection needs are identified and obtained.

How would a massive explosion in the refineries of Rotterdam harbour impact marine insurers if cargoes and vessels were also lost to the resulting maelstrom?

More familiar for some, what would be the impact of an explosive incendiary event in Monaco harbor during the Grand Prix?

Realistic accumulations should be imagined and assessed, values at risk analysed, and resilience measured. Then, together, we can protect against marine accumulations through an appropriate, innovative reinsurance programme. ●

MARKET

Marine insurance supply rated stable

The global marine insurance market remains in a stable position, with premium growth strongly supported by a weak dollar in hull and cargo. Meanwhile the sector is entering a period of significant change driven by geopolitics, new trade routes, digitalisation and the transition to a lower-carbon shipping industry.

Opening the International Union of Marine Insurance (IUMI) annual conference in Rotterdam on Monday, September 21, IUMI president Frédéric Denèfle said that while the overall market was performing well, insurers needed to remain alert to the forces reshaping global trade and the risks they bring.

"The hull and cargo markets have shown growth in terms of premium income, although the offshore energy sector remains relatively subdued," said Denèfle. "US trade tariffs haven't caused the disruptions we feared, and the world economy was more resilient than anticipated. But there is considerable uncertainty from increasing war risks, additional capacity bringing greater competition and continued inflationary pressure. This is coupled with ongoing uncertainty around free trade and global commerce."

Changing global trade

Despite these challenges, Denèfle highlighted the ability of marine insurers to continue providing cover in all of the world's higher-risk regions. He said the changing geopolitical landscape was also likely to influence the future shape of global trade and, consequently, the risks that marine insurers will be asked to cover.

"As insurers, we must be prepared to insure tomorrow's trades and trade routes, including those being introduced to avoid areas of tension and conflict," he said. "We

KEY POINTS:

- Premium growth on weak dollar
- Significant change on horizon
- Offshore energy still subdued



“The world economy was more resilient than anticipated. But there is considerable uncertainty from increasing war risks.”

Frédéric Denèfle

also need to understand the new markets that will inevitably emerge as a result of geopolitical developments.”

Denèfle also stressed that marine insurers had an important role to play in supporting the decarbonisation of shipping.

"Insurers must take a leading position on the decarbonisation of shipping, despite the hiccups we have experienced so far on this

journey," he said. Technology is another area where Denèfle expects significant change. The rapid development of data standards, digitalisation and AI is already beginning to influence how marine insurance operates.

"I see a day, not too far in the future, when our sector will be able to offer fully digitised and standardised global cargo insurance certificates that meet the requirements of financial institutions and our customers," he said.

Embrace new technology

AI will also have a growing impact on the sector, he added. "It is going to change how we operate. It will make us smarter and more efficient and we will need to embrace and adopt this new technology wholeheartedly."

While the pace of change is considerable, Denèfle said the marine insurance sector was well placed to respond.

"Despite all this change, our sector remains strong, agile and ready to adapt."

Denèfle also used his address to recognise the longstanding relationship between IUMI and the Netherlands, which is hosting the conference in Rotterdam this year.

"The Netherlands has hosted our conference no less than five times in recent history and has supplied two IUMI presidents – Mr Rogaar in 1962 and Mr Kamp in 1985," he said.

"Throughout their membership, insurance specialists from the Netherlands have contributed hugely to our association through their participation in our technical committees and forums."

He also highlighted IUMI's continued development over the past year, including an expansion of the Secretariat and further growth in its advocacy, policy, learning and market analysis activities. ●

PARTNERSHIP

Saudi Re to lead on new Saudi marine war risk insurance pool

Saudi Re will lead on a new Saudi pool for marine war risk insurance, a national marine war-risk insurance pool covering cargo and hull, following approval by Saudi Arabia's cabinet.

This initiative, which will mean cooperation between the public and

private sectors, aims to enhance the Saudi insurance market's readiness to address marine insurance risks while supporting the continuity of trade flows and supply chains.

Mohammed Al-Jadaan, the kingdom's minister of finance, said: "The Saudi pool

represents a specialised national mechanism that enhances the insurance market's ability to deal with the risks of maritime warfare, and supports the continuity of trade and supply chains, through a partnership between the public and private sectors." ●

TRADE

Naval forces face resources dilemma

The challenge facing naval forces is no longer simply to protect shipping from one threat, but to decide where limited resources should be deployed as risks emerge simultaneously on key trade routes.

That was the message from Rear Admiral George Pastoor, fleet commander of the Royal Netherlands Navy, who used his experience of protecting merchant shipping in and around the Red Sea to illustrate the increasingly difficult choices facing naval forces.

Pastoor described naval vessels effectively acting as a shield between commercial shipping and attacks involving missiles and drones.

"This is what the Navy ships do. They dart in between. They shield you," he said, recalling operations in which naval forces intercepted drones and responded to attacks on merchant vessels.

But the geography involved is vast and the number of naval assets limited. Pastoor said decades of smaller fleets mean that deploying vessels to protect shipping far from home

inevitably reduces their availability elsewhere. That can create new vulnerabilities. As naval attention has concentrated on threats around the Red Sea, Gulf of Aden and Strait of Hormuz, Pastoor said piracy has re-emerged.

"We focus on that area. But suddenly we see something else happen as well. Piracy came back," he said.

It demonstrates the difficulty of securing global shipping lanes against multiple evolving threats simultaneously. Naval forces can escort vessels, protect freedom of navigation and reassure crews, but they cannot be everywhere.

"We cannot guarantee 100% interception rate," Pastoor said. "If you want to do 100%, you need multiple assets."

The economics are challenging, too. Pastoor highlighted the imbalance involved in potentially using sophisticated multi-million euro defensive missiles against drones costing a fraction of that amount. Fewer available escorts can also require merchant vessels to travel in convoys, potentially increasing transit

times through dangerous areas. For insurers, naval intervention has a complex effect. A military presence can reduce the probability of a vessel being successfully attacked and provide reassurance to shipping. But deploying warships also confirms that an area represents a genuine security risk.

Pastoor nevertheless believes naval operations can help prevent critical shipping routes from becoming completely unusable.

"It stabilises trade routes at some point," he said, adding naval protection can provide "a stabilising ceiling to insurance escalation" by reducing the probability of total loss.

Yet military power cannot resolve the geopolitical disputes creating those threats.

"We counter the symptoms," Pastoor said. "The military can do a lot, but the solution lies on land. The solution lies at politics."

The uncomfortable fact is naval forces can help keep vital trade routes open, but concentrating limited resources against one threat can create space for another to emerge. ●



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MARKET

Premiums increase despite softening

Global marine insurance premium income increased by 5.5% in 2025 to \$42.6 billion, according to the latest market analysis from the International Union of Marine Insurance (IUMI), presented on September 21 at its annual conference in Rotterdam.

The headline increase, however, masks a continuing soft market across most marine insurance business lines, IUMI said. Currency movements, increased capacity and competitive pressures have all contributed to underlying market conditions remaining challenging.

Global premium income in 2025 was distributed across the major marine insurance regions as follows: Europe 46.5%, Asia/Pacific 30.8%, Latin America 10%, North America 7.2%, Middle East 3.5% and Africa 2.1%.

Transport/cargo remained the largest business line, accounting for 57% of global premiums, followed by ocean hull at 24.7%, offshore energy at 11.1% and marine liability, excluding P&I business covered by the International Group of P&I Clubs, at 7.3%.

"Changes in marine insurance premium income are generally driven by factors such as global trade volumes and commodity prices for cargo, vessel values for hull and oil prices and activity levels in the offshore energy sector," said IUMI chief analyst Veith Huesmann.

"Although we report an increase in global premium income, 2025's reporting figures are heavily supported by exchange rate effects. The weakness of the US dollar has had a significant impact on the global figures, with major reporting currencies appreciating by around 7-13%. Once currency effects are taken into account, the market remains soft across all major business lines, with increased capacity adding to competitive pressure in most sectors.

"The claims environment has remained relatively stable, with no catastrophic loss significantly affecting any sector of the market. However, attritional losses continue to build and are eroding profitability, particularly in ocean hull.

"More broadly, tariffs have not acted as the brake on global trade some commentators had predicted, while stronger-than-expected global GDP growth has been broadly positive

KEY POINTS:

- Cargo premiums increase by 6.9%
- Ocean hull premiums increase of 9.4%
- Global offshore energy premiums flat



“Tariffs have not acted as the brake on global trade some commentators had predicted, while stronger-than-expected global GDP growth has been broadly positive for marine insurance.”

for marine insurance. We can also observe first signs of the AI race with high-value semiconductors being traded.

"The most significant market development continues to be in Asia, where premium income has grown steadily since 2016, with China firmly in the driving seat. European growth has continued but is increasingly being outpaced by Asia."

Cargo sees growth

Cargo insurance continues to account for the largest share of the global marine insurance premium base. In 2025, cargo premiums reached \$24.2 billion, representing 57% of the global total and an increase of 6.9% on 2024.

Cargo premiums are closely linked to global trade activity, as well as movements in asset and commodity prices. As in previous

years, the Chinese market was a significant driver. Asia now accounts for 36.4% of the global cargo market. Europe retains the largest regional share at 37.6%, but the gap between the two continues to narrow. The difference in premium share was just 3.3 percentage points in 2025, compared with 7.8 in 2024.

The absence of major catastrophic losses in 2025, combined with largely contained attritional losses, contributed to a stable claims environment.

Europe dominates ocean hull

Global ocean hull premium income reached \$10.5 billion in 2025, an increase of 9.4% on the previous year.

Europe remains the dominant market, accounting for 51.3% of global ocean hull premiums. The gap between Europe and its closest competitor, Asia, has continued to widen since 2020.

China has maintained its strong growth trajectory since 2016, complementing its position as a major cargo insurance market. Much of this growth reflects the increasing volume of Chinese new-build tonnage being insured domestically. By contrast, the strong growth recorded by the Nordic markets in recent years appears to have moderated.

Despite the increase in headline premium income, global fleet growth continues to outpace growth in the ocean hull premium base – a trend that does not indicate a strengthening market.

Offshore energy

Global offshore energy premiums reached \$4.82 billion in 2025, virtually unchanged from the previous year, with growth of just 0.1%.

The UK continues to dominate the global offshore energy market, accounting for a stable 62.7% share of premiums. The UK also accounts for around 30% of the global renewables insurance market which is rough estimate of where the market stands. An increasing share of renewables is very likely in the coming years.

Offshore energy remains in a prolonged soft market cycle, now entering its sixth or seventh year. The absence of major losses has contributed to low loss ratios at the beginning of 2025, although these are expected to develop as claims mature. ●

COMPLEX RISK

Greater risks while softer rates persist

Marine underwriters must navigate the pressures of an ever-evolving and more complex risk environment on one hand, yet increasing capacity and softening rates on the other. In this environment, it is critical that carriers maintain discipline.

That is the view of John Owen, head of specialty, AXIS Global Markets, who describes these dual pressures as the biggest challenge facing underwriters over the next 12 months. “The challenge, particularly in a softening market environment, remains to navigate the impacts of a heightened risk environment, coupled with intensifying competition and new capacity entering the market,” he told *IUMI Today*.

“Mariners are on the front line of heightened geopolitical instability and climate-related upheavals and bear the brunt of supply chain pressure. Faced with this, it’s essential as responsible carriers that we follow through by maintaining underwriting discipline to manage loss frequency and severity.”

Shifting sands

The backdrop to these pressures is geopolitical tensions and changing global trade patterns, which affect the way underwriters assess and price risk.

Owen notes that in some cases, especially in areas of conflict, the risk landscape can change very quickly – requiring underwriters to adapt. Pricing must be tailored to this shifting risk environment.

KEY POINTS:

- Heightened risk environment
- Yet rates continue to soften
- Wary of growing emerging risks



“Mariners are on the front line of heightened geopolitical instability and climate-related upheavals and bear the brunt of supply chain pressure.”

“This includes staying closely attuned to evolving trade routes, which are opening up new accumulation risk and sanctions exposures for marine insurers to address. In particular, recent events highlight the importance of dynamic pricing in marine war, which allows underwriters to react quickly and ensure specialty coverage remains

available to shipments in volatile trading conditions,” Owen said.

Yet for AXIS, he stresses, these challenges also bring opportunities to demonstrate the value of specialty solutions in times of heightened geopolitical tensions. This spans areas including marine liability, logistics, cargo, and renewable energy.

But the picture is yet more complex. Marine insurance is also increasingly impacted by emerging risks, including cyber and technology risks. He notes that it is important underwriters do not underestimate the scope of operational disruption such risks could cause across highly interconnected global supply chains.

“There are examples of a single outage caused by a cyber event having serious consequences among multiple organisations globally, which poses a significant potential risk to ports and logistics companies,” he said.

“An industry, we must provide those joining the profession with the necessary training to continue to expand their skills in the age of AI. It’s essential that we create opportunities to educate and train the marine underwriter of the future to understand and underwrite through an incredibly complex and evolving risk landscape.”

Attending IUMI this week, he believes geopolitical discussions will inevitably dominate. “It will be interesting to gauge industry responses to the exposures associated with opening the northern sea routes as one example.” ●

APPOINTMENT

Miller unveils new senior director joining its marine team

Broker Miller has appointed a new senior director into its marine team who has been given responsibility for supporting business development and client outcomes across both London and international markets.

Andrew Yarwood joins from Gray Page Intelligence Services. Before this, he spent more than a decade as a London market insurance lawyer. He began his career in the marine sector as a claims manager at Britannia P&I Club.

Nick Summers, head of direct marine

at Miller, said: “Andrew brings a unique blend of marine insurance, legal, claims and investigative expertise, combined with an extensive international network and deep understanding of marine risk. His experience across insurance, law, commodities and complex investigations makes him a highly valuable addition to Miller’s growing direct marine business as we continue to deliver timely and innovative insurance solutions against a complex and volatile international backdrop. It’s a pleasure to be welcoming Andrew to the team.”

Yarwood added: “I’m delighted to be joining the team at Miller, where marine is a cornerstone of the business’s hard-won reputation for client service excellence and deep market specialism.

“To join a London market broker with such heritage in the Marine sector that operates with such continuity across international markets was a uniquely attractive proposition, and I’m excited by the opportunities we see for growth in a risk environment where relationships and specialism are valued more than ever.” ●

WAR RISK

Marine insurers take on war burdens

Marine insurers are at the heart of managing war risks to global shipping and must continue to develop the tools needed to support and facilitate international trade in increasingly challenging conditions, according to IUMI President Frédéric Denèfle.

Chairing the President's Workshop at this week's International Union of Marine Insurance (IUMI) conference in Rotterdam, Denèfle emphasised the importance of ensuring that assureds and the wider maritime community understand the complexities of war risk insurance, particularly during periods of heightened tension and conflict.

"As marine insurers, we are at the very heart of the risk, and we must ensure that we continue to develop the optimum tools to support and facilitate global trade in all conditions, no matter how challenging."

Denèfle highlighted a common misconception that war insurance cover is automatically cancelled when a conflict situation arises.

"When a conflict situation arises, there is often a misunderstanding that cover is cancelled. This is not necessarily the case. When risk increases significantly, some insurers will serve a Notice of Cancellation in relation to the cover their assureds have in place. This enables the insurer to reassess the risk then reinstate the cover on adjusted terms."

"It is important to recognise a Notice of Cancellation doesn't necessarily end the cover. The cover can be amended to ensure the insurer and the client can address the renewed risk together, with confidence in both the

KEY POINTS:

- Marine insurers key to war risk
- Investment in tools needed
- Risk mitigation is key

terms and the price. In the current dynamic environment, we must remain flexible and adaptable."

Denèfle also highlighted the additional information underwriters require to assess and implement war risk cover effectively. Under conventional marine insurance, they will typically consider factors such as a vessel's age, flag, class and trading history. War risk underwriting, however, requires far more detail about the proposed voyage.

"Marine insurers... must develop optimum tools to support global trade."

This includes the specific trading and transit areas involved, the length of time a vessel is expected to spend in high-risk zones and the time required to load and discharge cargo. Obtaining this information can be challenging for some cargo owners who might not have detailed knowledge of the precise voyage or transit arrangements.

Similarly, in high-risk areas, cargo cover will generally be offered on a per-contract basis

rather than through the more general annual open cover arrangements that many cargo owners have historically relied upon.

Denèfle also addressed the increasing importance of risk mitigation measures, including efforts by nation states to provide naval escorts and other forms of protection.

"While this is hugely appreciated, insurers cannot completely rely on protection being available for every transit. Availability and reliability of protection must also be taken into account when offering cover," he said.

A further complexity is the risk of CNED – confiscation, expropriation, nationalisation or dispossession. These risks can become particularly significant during periods of conflict, when states might seek to take control or ownership of vessels or cargo.

"CNED risks in times of war are significant and can arise when states decide to take control or ownership of a vessel or its cargo. It is therefore important for an insurer to fully understand how long a vessel will be operating in a high-risk zone and, in particular, how much time it will spend alongside loading or discharging."

"In general, cover is provided for a limited period in order to minimise exposure to CNED risks as far as possible."

Denèfle concluded "Cover for war risks is becoming more commonplace, and it is important for vessel and cargo owners to understand that insurers need much more information than ever before in order to create tailor-made contracts that deliver adequate protection. Global, blanket cover is simply not an option any more." ●

NETHERLANDS

Dutch Association champions role of resilience

Marine insurers face many challenges, including conflicts across the globe, trade corridors being disrupted and risk premiums rising.

But meeting in Rotterdam, Europe's largest seaport and one of the world's most vital gateways for international trade and maritime commerce, also represents a reminder of the importance of resilience, international cooperation and the role insurers play when the world changes abruptly.

That was the message offered by Richard Weurding, general director Dutch Association

of Insurers, speaking at the opening of IUMI in Rotterdam on Monday September 21, as he reflected on the 25 year anniversary since the



9/11 terrorist attacks and reminded delegates that the last time the conference came to the city was in 1967.

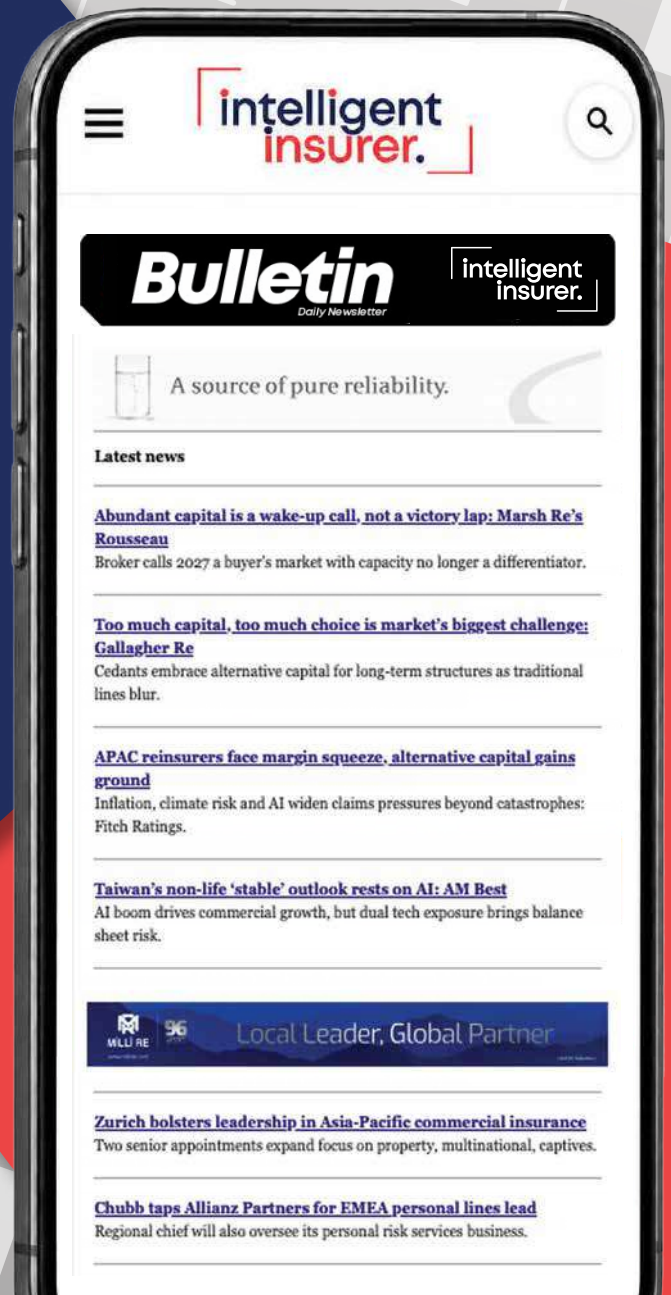
"In the Netherlands, too, we feel urgency of these geopolitical tensions, cyber and hybrid threats, strategic dependencies and growing climate-related risks, all of which raise difficult questions about resilience, coverage and limits of insurability," he said.

"We are also challenged by the often-unknown risk of climate change and by the new technologies and fuels needed to address them." ●

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WAR RISK

War risk blurs traditional boundaries

War risk is increasingly challenging one of the fundamental principles underpinning the reinsurance model: diversification.

As geopolitical threats become more interconnected, losses can spread across territories, classes of business and even both sides of a reinsurer's balance sheet, according to Romain Rossier, head of marine – global clients, Lloyd's, energy and P&I at Munich Re.

Speaking on marine war exposures and realistic disaster scenarios (RDS) at IUMI in Rotterdam, Rossier argued reinsurers must become better at identifying concentrations and understanding how an initially localised event could develop into something much larger.

"War is a peril, it's not an insurance coverage," he said. "Marine war insurance has existed for centuries and its legal foundations have always evolved in response to events."



Romain Rossier

What has changed, he believes, is the speed and complexity of those events. The distinction between war and peace has become increasingly blurred as conventional conflict intersects with sabotage, cyber activity, electronic interference and drone attacks.

For reinsurers, the implications are significant because their business models depend upon risks remaining sufficiently separated. "Understanding geopolitics is key because wars attack the fundamental strength of our business model – diversification," he said.

"Reinsurers rely on perils being separated by geography, type of covers and lines of business. And all of a sudden, wars can link them all."

KEY POINTS:

- War risk poses challenges
- Blurred lines between war and peace
- Carriers must get closer to risk

Changes the question

Unlike a natural catastrophe, the consequences of conflict can also develop over a much longer period and extend beyond insured physical losses. That changes the question reinsurers need to ask. "It is not simply, 'What is my expected loss from the current war?'" Rossier said. "It becomes: when does this conflict stop being a single event and become a potentially ruin scenario?"

Despite that threat, he does not believe the appropriate response is simply to exclude more territories or withdraw capacity. Instead, he said: "We need to keep the cover available and keep underwriting close to the risk."

The bigger challenge is the quality and timeliness of the information available to reinsurers.

If reinsurers cannot establish where vessels and cargoes are located or understand how losses might aggregate, he warned that capacity could become more restricted and exclusions more prevalent.

Thus scenario analysis is increasingly important. Rather than attempt to predict the next conflict, it should expose concentrations, dependencies and interactions between different classes before a loss occurs.

Potential scenarios range from disruption at major maritime chokepoints to cyber attacks against ports, conflicts involving strategic natural resources and, at the extreme, direct confrontation between major powers.

Chokepoints are particularly important because accumulation extends beyond the ships physically inside a waterway. It can include vessels waiting to enter, terminals and energy infrastructure, as well as the consequences of rerouting traffic.

Rossier described the period between the initial event and the ultimate loss as the insurance industry's own "fog of war". Yet underwriting decisions still need to be made.

His hypothetical stress test involving a prolonged closure of the Panama Canal illustrates the potential complexity. Immediate losses could involve hull, cargo and

infrastructure, before spreading into P&I, loss of hire, business interruption and contingent business interruption. He cited a scenario range of \$3 billion to \$15 billion of insured losses, while stressing identifying an exact figure is not the objective.

"The useful output of a war scenario is not precise numbers," he said. "It's understanding the assumptions and accumulation drivers behind it." ●

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A stylized lighthouse graphic composed of geometric shapes in shades of purple, white, and gold. The lighthouse is situated on a rocky island, with a large, dark purple mountain-like shape to its left. The background is a light purple gradient. The Willis Re logo is in the top left corner.

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A decorative horizontal bar at the bottom of the page, consisting of a dark purple segment on the left and a gold segment on the right.