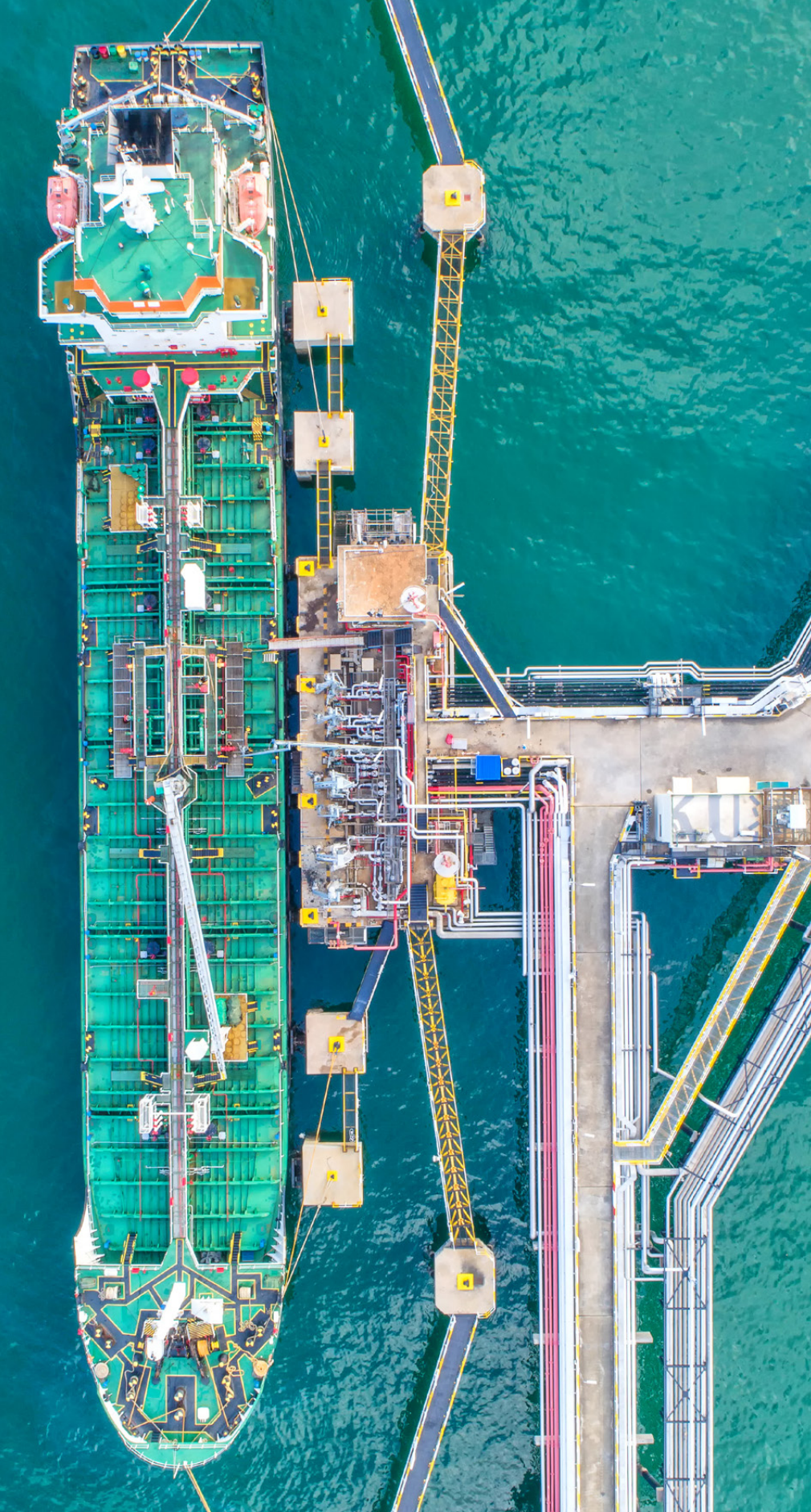


IUMI's 2023 analysis of the global marine insurance market

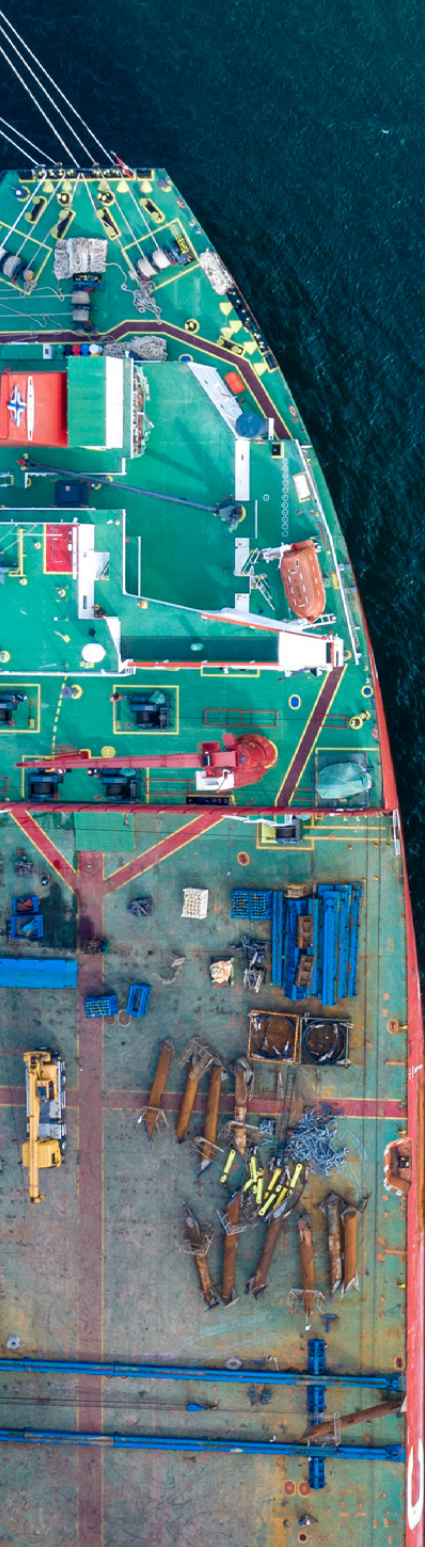


# STATS





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# Introduction

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We are pleased to present our Stats Report for 2023. Overall, marine insurance results do appear to indicate positive growth which is welcomed after a prolonged period of negative returns. Inflation has fallen slightly which is also positive but interest rates remain high and consumer confidence is slowly recovering post pandemic.

However, we shouldn't lose sight of future challenges that are likely to inject a degree of uncertainty into all lines of business. Asset prices continue to rise and inflationary pressure will only add to the value of claims. The oil price is fluctuating and global trade forecasts vary. Trade routes are changing, not least as a result of the war in Ukraine which, itself, is changing the political landscape. New cargoes such as lithium-ion batteries are creating new risks that must be fully understood and mitigated, as are new propulsion technologies resulting from our combined environmental protection ambitions. Added to this, climate change and new weather events are also making themselves known to insurers. We are increasingly managing new types of risk such as cyber and having to deal with the accumulation of risk as cargo of increasing value is being stored in single port facilities or is being carried on vessels that continue to grow in capacity. But against this uncertain landscape, we have seen a much-welcomed improvement for marine insurers stemming from changes to frame conditions and skilled underwriting which is demonstrated in this report.

This report presents data on the global marine insurance market set in the context of world economic performance, trade and the shipping industry. We also offer commentary and opinion based on the data we have collected.

IUMI represents 43 national and regional marine market insurance and reinsurance associations. Our Facts & Figures Committee compiles and analyses data submitted by national insurance associations and cooperates with other data providers.

Our thanks go to those IUMI member associations for their continued support and to the other data providers, who are identified at the end of this report, for supporting IUMI with extensive and up to date information on the relevant trends that impact the marine industry.

Special thanks are offered to the Nordic Association of Marine Insurers (Cefor) for annually compiling global marine insurance data on behalf of IUMI and supporting IUMI with up-to-date hull trend analyses from the Nordic Marine Insurance Statistics database (NoMIS).

**Jun Lin, Chair**

IUMI Facts & Figures Committee

**Lars Lange**

IUMI Secretary General

# Highlights

Global inflation, peaking at more than 10%, was one of the major factors impacting the global economy in 2022. Central banks continued to hike interest rates making borrowing more expensive. The strong US dollar helped performance for insurers receiving premiums in that currency but was not helpful for certain Asian countries whose own currency had weakened when compared with the USD.

A welcome recovery in global trade (volumes and value) was underway despite economic headwinds including inflation. Global seaborne trade had also grown in 2022. Trade patterns were changing partially as a result of the Ukraine war.

The recent slowdown in the growth of the world fleet had now stabilised but the fleet continued to age reaching an average of 22.4 years. For the first time, Chinese ownership had just overtaken Greek ownership. The “short” order-book amounted to around 10% of the current fleet and asset prices continued to rise albeit with a significant correction in the containership sector.

Global marine insurance premiums totalled USD35.8 billion – an 8.3% uplift on 2021. The post-pandemic rebound in trade, increased asset values, reduced market capacity and an adjustment in premiums were all likely to have exerted an influence. European markets continued to enjoy growth whilst some Asian markets had slowed due to a range of economic factors.

Ocean hull premiums were reported at USD8.4 billion, up by 5.7% on the previous year. More activity, more vessels, rising values and reduced market capacity were responsible. Claims continued to be low resulting in positive loss ratios for nearly all regions.

Premiums for cargo insurance reached USD20.5 billion representing an 8.3% uptick on last year and continuing the trend for market development in this sector. This was on the back of a post-pandemic rebound in global trade. Loss ratios had returned to more normal levels and for 2022, had started at their lowest point since 2015.

The offshore energy sector continued its three-year run of premium base growth reporting USD4.1 billion for 2022, an increase of 7.3%. The uptick in oil prices was largely responsible, translating into increased offshore activity and a rise in average day rates. Losses had remained relatively low and recent years' loss ratios were currently positive but take a longer time to develop than for cargo or hull.



# In context

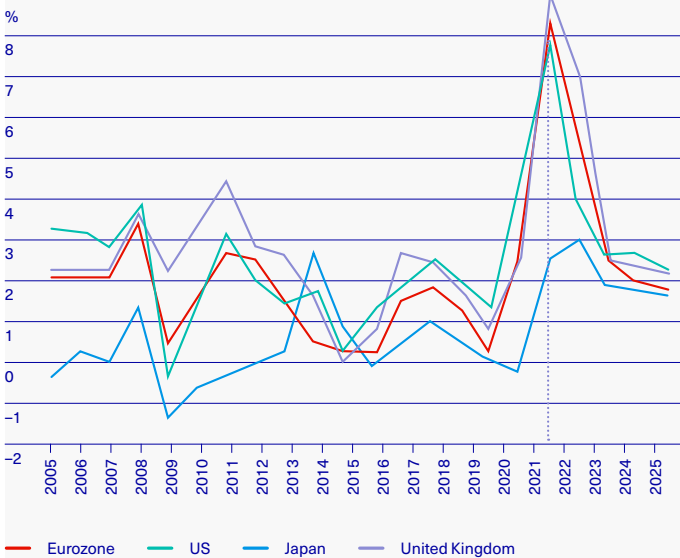
# 10%

Peaking at over 10% in some areas, inflation now appears to be falling in most regions.

Global inflation, a legacy of the pandemic and a consequence of the war in Ukraine, is currently one of the major issues facing the macro-economy. Peaking at over 10% in some areas, inflation now appears to be falling in most regions. Consumer price inflation is also dropping. Whilst inflationary pressures are having less of an impact on goods, the sale of services continue to be affected and so it is anticipated that inflation will remain an issue for some time to come.

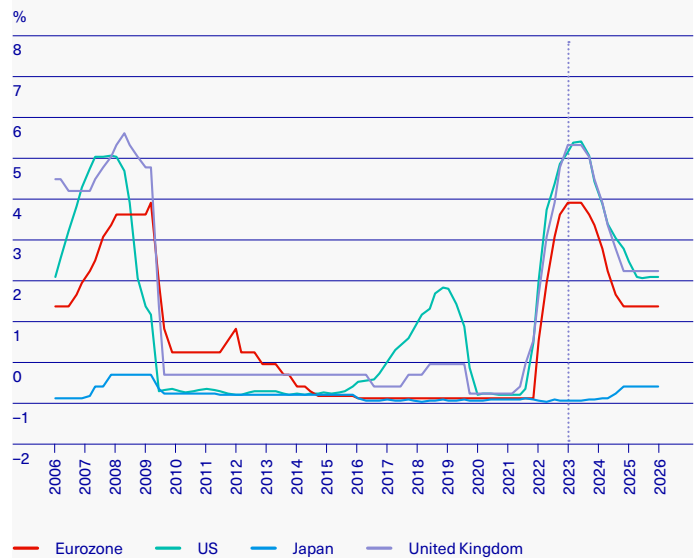
Central banks have employed tools such as interest rate increases to curb inflation and recently the speed of rising interest rates has slowed. Even so, the cost of capital remains relatively high, particularly when compared with the last few years.

**Chart 1: Consumer price inflation in advanced countries**  
Percent change



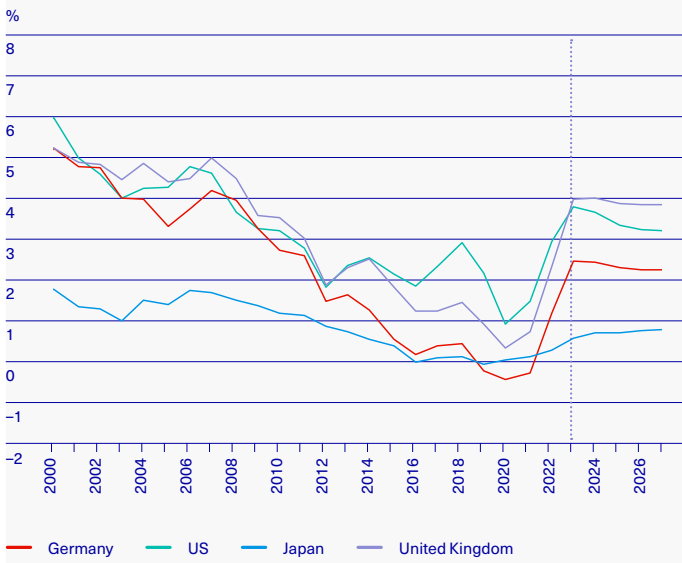
Source: S&P Global Market Intelligence

**Chart 2: Policy interest rate**  
Percent change



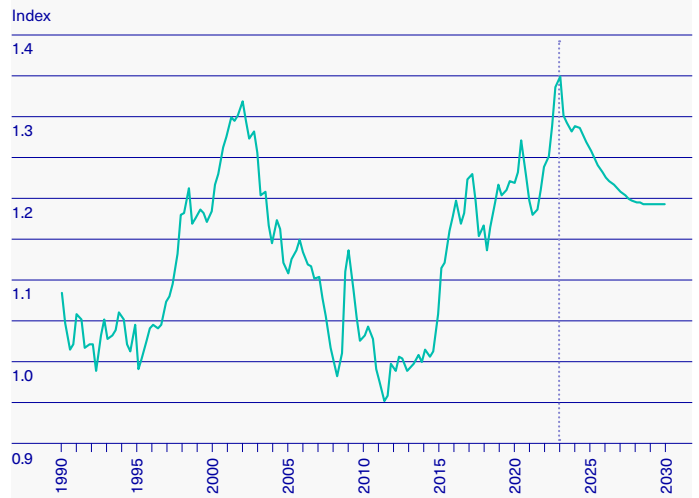
Source: S&P Global Market Intelligence

**Chart 3: Ten-year government bond yields**  
Advanced countries, percent change



Source: S&P Global Market Intelligence

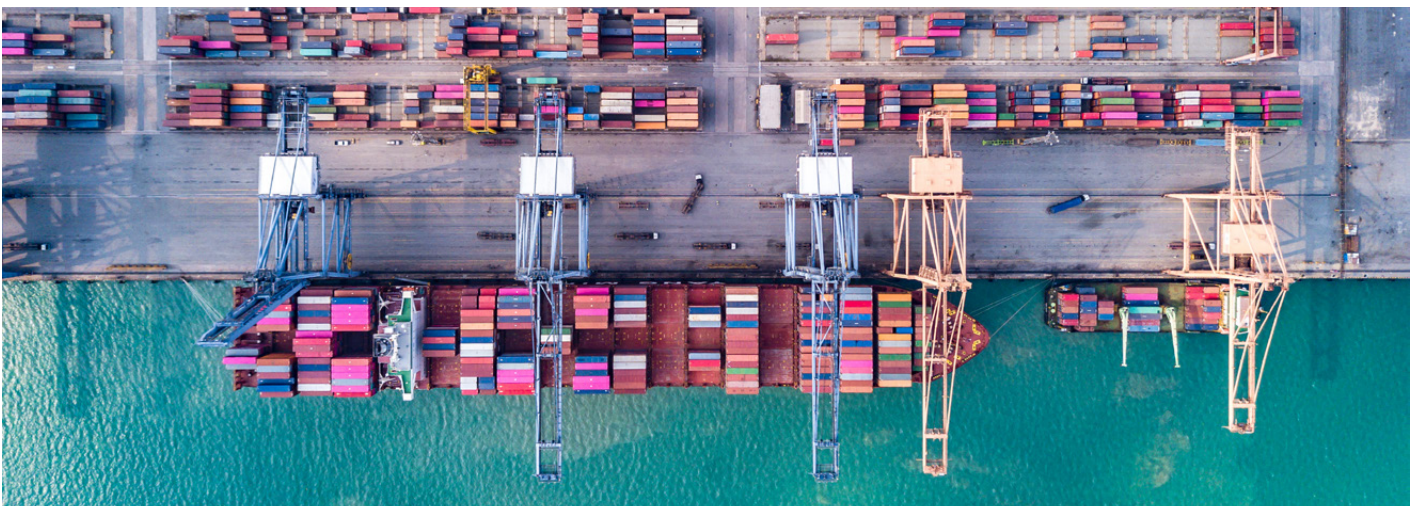
**Chart 4: US dollar's real trade-weighted exchange rate**  
Index, 2012 = 1.0



Source: S&P Global Market Intelligence

Historically, there has been a casual link between high investment returns and poor underwriting results and so there is concern that the current high interest rate environment has a potential to mask underwriting achievements. To maintain the current market results, underwriting standards would have to be maintained without permitting high interest rates to skew poor performance.

Similarly, the strong US dollar run has helped results for insurance companies domiciled outside of the USA. Those companies will receive the majority of their premiums in US dollars but pay overhead in local currencies. If the US dollar weakens, those companies might find their underwriting results negatively impacted.

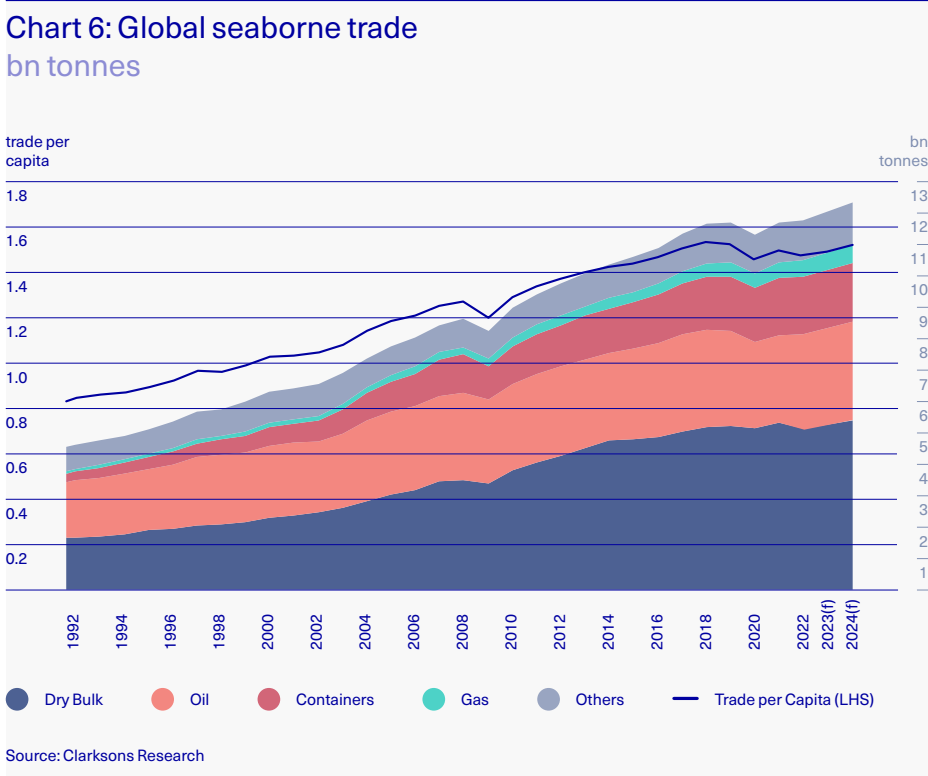
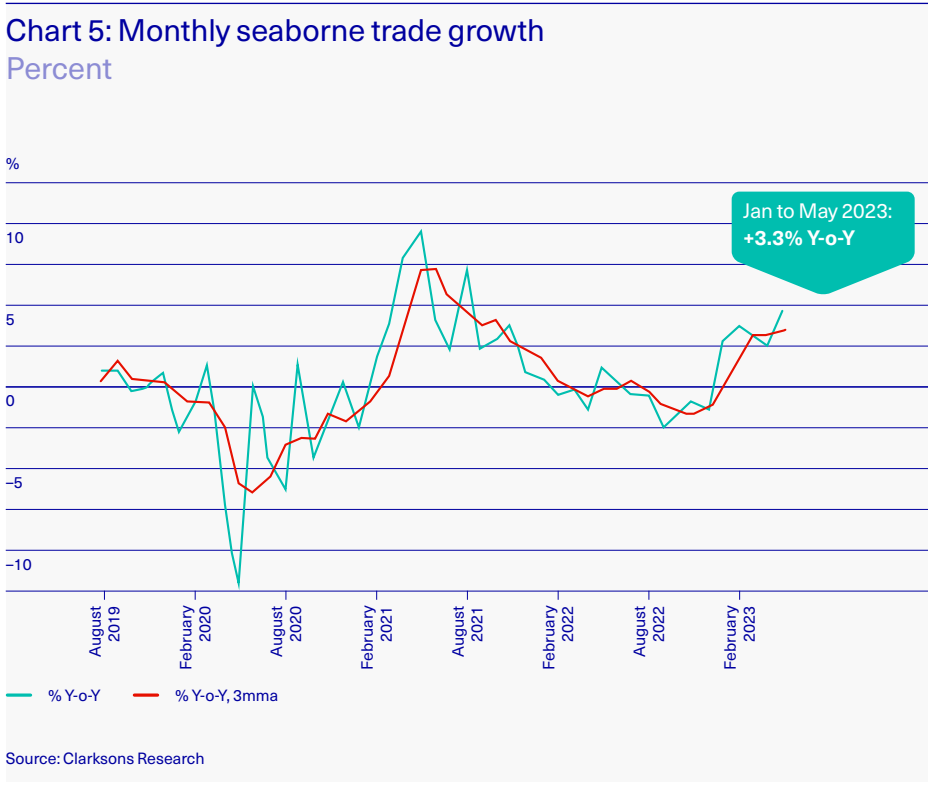


# +3.3%

This year has seen a welcome recovery in global seaborne trade.

## Global trade

This year has seen a welcome recovery in global seaborne trade despite continued buffeting from a number of economic headwinds, including inflation. Trade patterns continue to develop with the war forcing crude oil to travel on longer than normal sea routes. With no end in sight for the war, it is likely this will not change anytime soon.





# +23%

Ocean carriage of cars has jumped by a massive 23%.

Year-on-year growth for the ocean carriage of cars has jumped by a massive 23% whereas the container trades appear to have shrunk by almost 4%. This is largely due to high inflationary pressures affecting consumer confidence. A 10.5% increase in coal trades is concerning in terms of global ESG ambitions.

# -3.7%

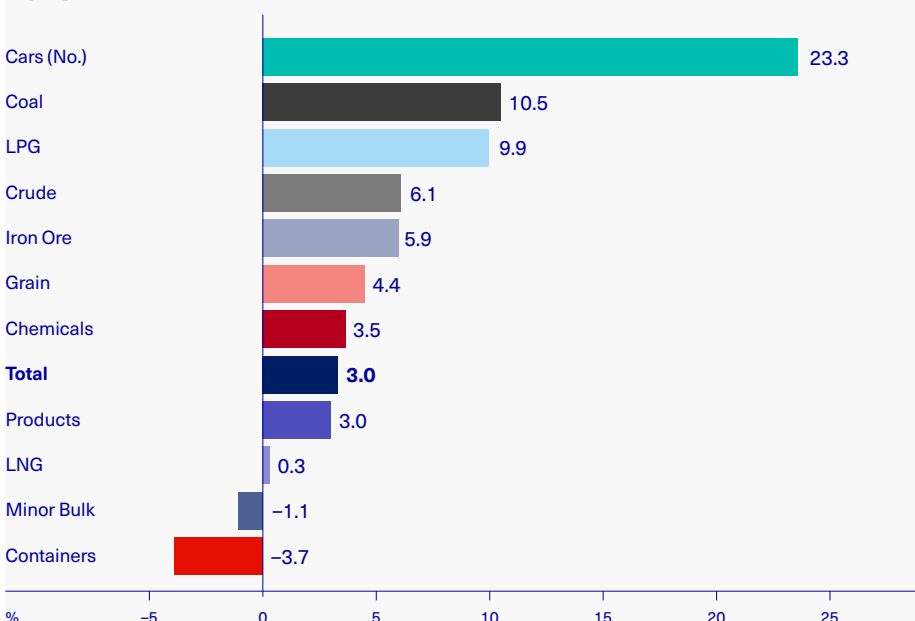
Container trades appear to have shrunk by almost 4%.

Chinese related trade accounts for around 50% of global seaborne activity and there are some reports of that economy slowing. Although the headline numbers are weaker than they have been, depreciation of the Chinese currency is likely to be a significant factor. Total container capacity calling at Chinese ports shows no signs of slowing; and the China-USA trade, whilst down from the Covid peak, remains strong. Similarly, exports of electric vehicles from China are at record numbers but probably not fully counted. With freight rates for car carriers at sky-high levels, many vehicles are now being moved by container which might explain observations of a reduction of total car carrier capacity calling at China recently, despite rising car exports.

# 50%

Chinese related trade accounts for around 50% of global seaborne activity.

Chart 7: YTD trade volumes, year-on-year growth 2023



Source: Clarksons Research

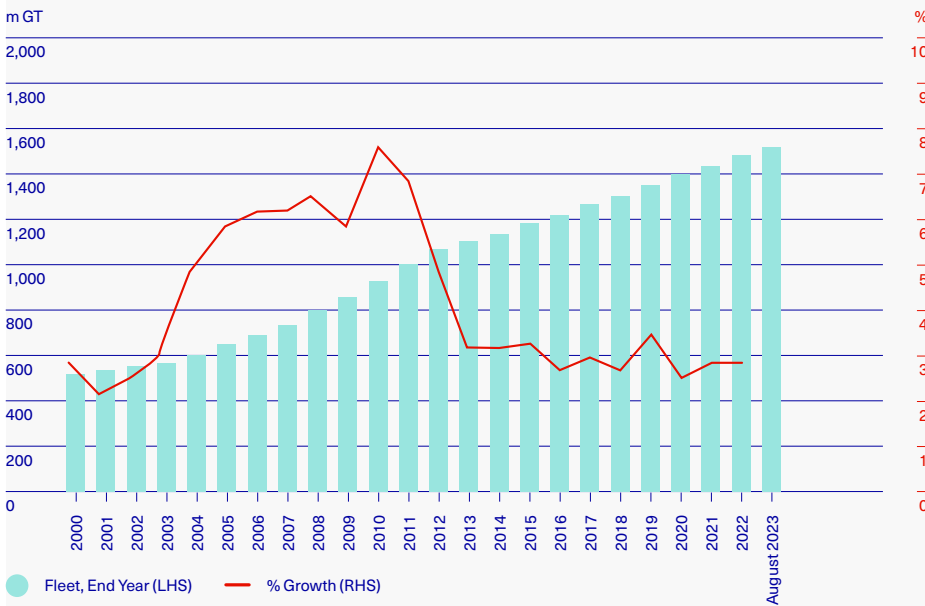
# +2.1%

## World Fleet

The slowdown in global fleet growth has stabilised and is reported to be at 2.1% (gross tonnage) currently. New deliveries are down but so is scrapping activity.

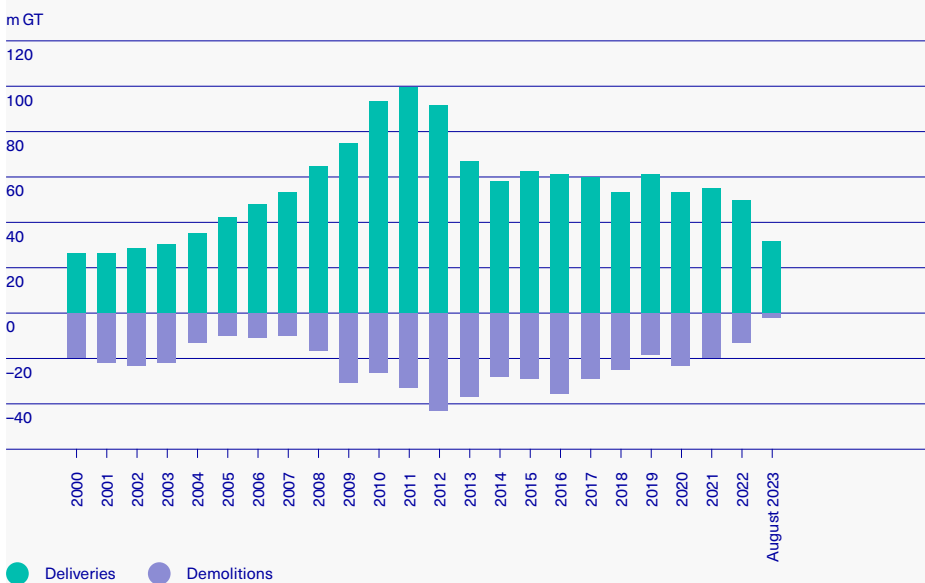
Global fleet growth has stabilised at 2.1% gross tonnage.

Chart 8: Development of the global fleet  
Million GT



Source: Clarksons Research

Chart 9: Deliveries and scrapping of global fleet  
Million GT

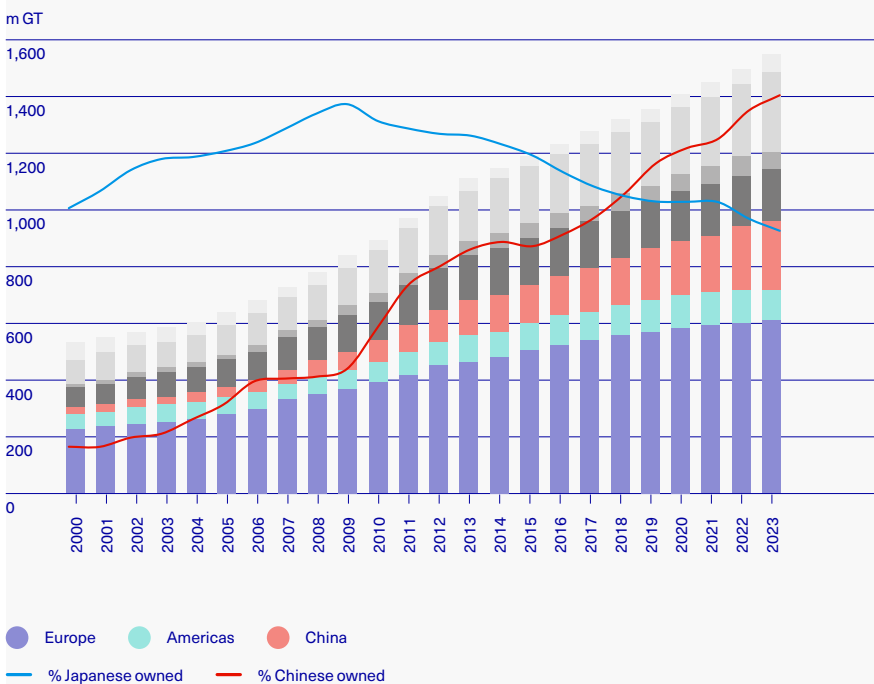


Source: Clarksons Research



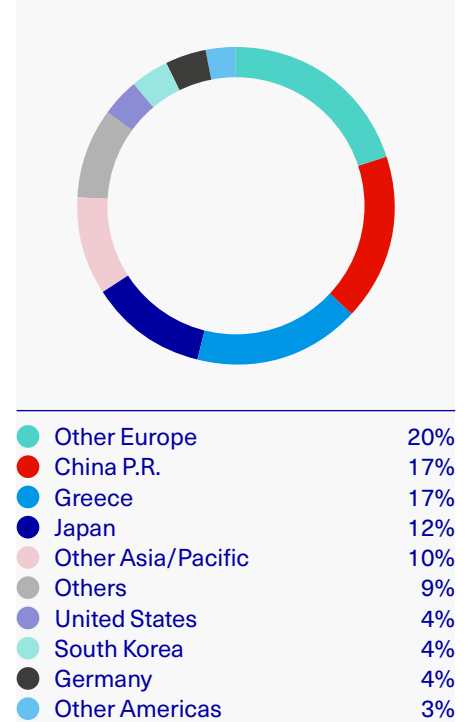
Fleet ownership continues to develop with many Japanese owned vessels making way for the growth of the Chinese owned fleet as sale and lease-back arrangements are put in place. In August of this year – and for the first time – the Chinese fleet was reported to just overtake the Greek fleet in terms of gross tonnage.

**Chart 10: Long term regional development**  
Million GT



Source: Clarksons Research

**Chart 11: Regional ownership**  
Percent, August 2023



Source: Clarksons Research

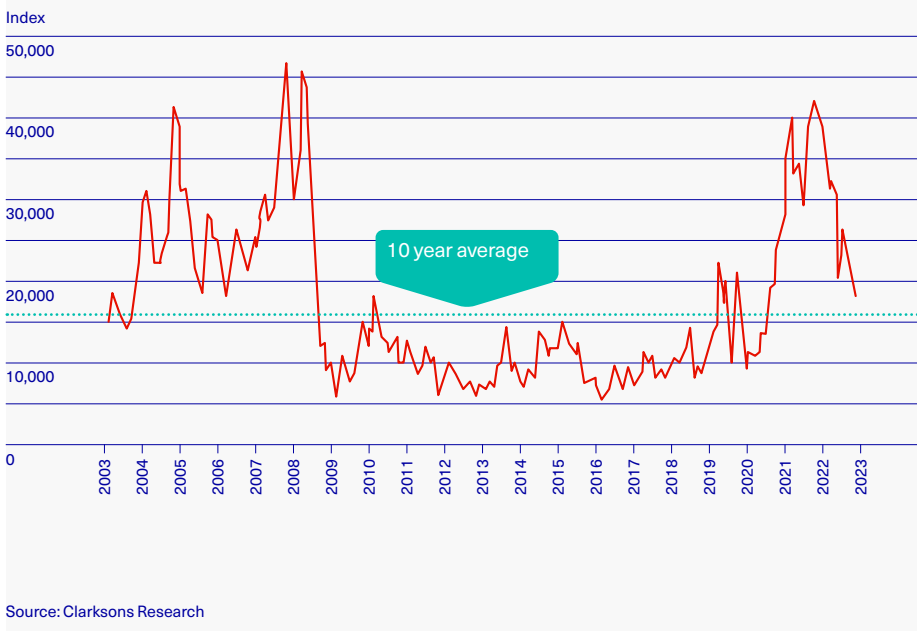
17%

The Chinese fleet was reported to just overtake the Greek fleet in terms of gross tonnage.

Although freight rates have slowed since 2022, they remain above the 10-year average.

Asset prices for new builds continue to rise, as do second hand prices, but the massive jump in containership prices seen last year has now reversed.

Chart 12: Clarksea Index  
USD/day



# 348bn

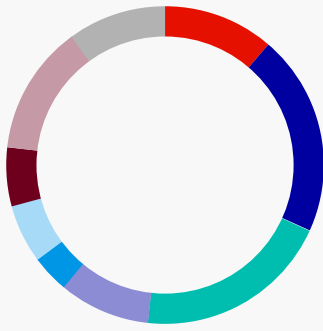
By contracted value, the order-book was estimated to be USD348.5 billion in August 2023.

The global order-book remains “short” (but still healthy) at around 10% of the fleet, this is compared with a 50% order-book in 2008. By contracted value, the order-book was estimated to be USD348.5 billion in August 2023. It should be noted that the order-book is never certain as delays, cancellations and contract renegotiations are all future influencers.

The adoption of new fuels is beginning to impact the order-book with new vessel types starting to make an appearance. This trend will continue, however high interest rates and cost of capital will influence the composition and capacity of the order-book going forward.



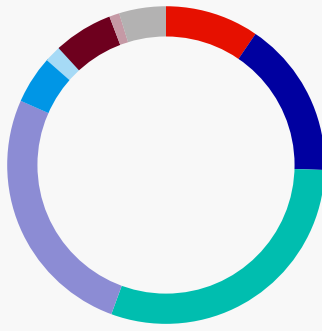
**Chart 13: Share of order-book**  
Number of vessels



- Tankers
- Bulk carriers
- Container/MPP
- Gas
- RoRo/PCC
- Other Cargo
- Cruise/Ferry
- Tugs/Dredgers
- Offshore/Other

Source: Clarksons Research

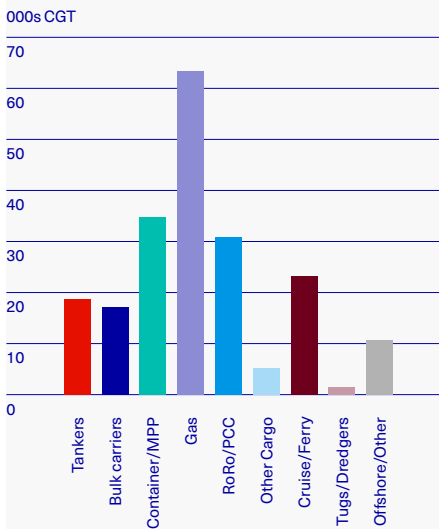
**Chart 14: Share of order-book**  
Gross tonnage



- Tankers
- Bulk carriers
- Container/MPP
- Gas
- RoRo/PCC
- Other Cargo
- Cruise/Ferry
- Tugs/Dredgers
- Offshore/Other

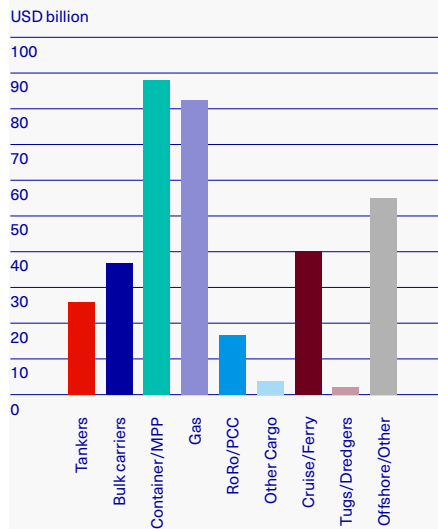
Source: Clarksons Research

**Chart 15:**  
Vessels on order  
By average size



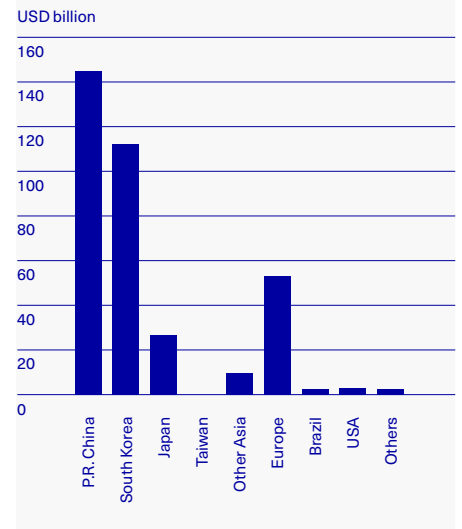
Source: Clarksons Research

**Chart 16:**  
Value of order-book  
By vessel type



Source: Clarksons Research

**Chart 17:**  
Value of order-book  
By country/region of build



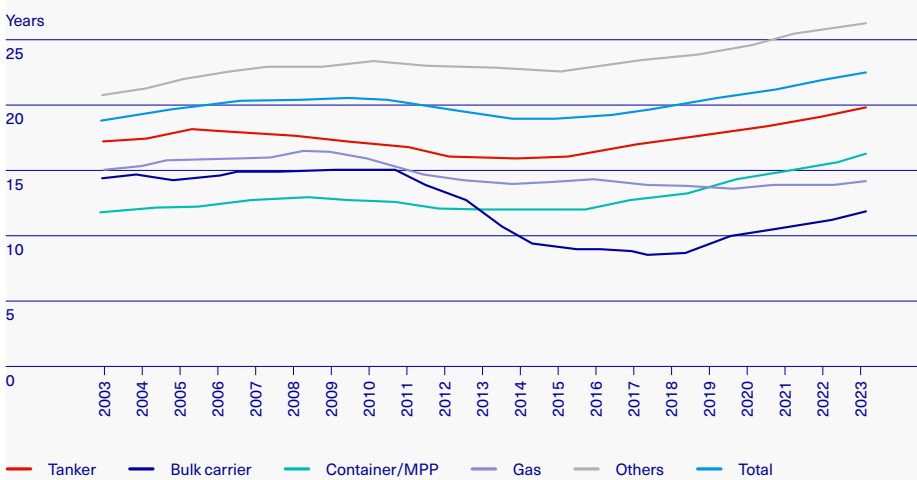
Source: Clarksons Research

# 22.43

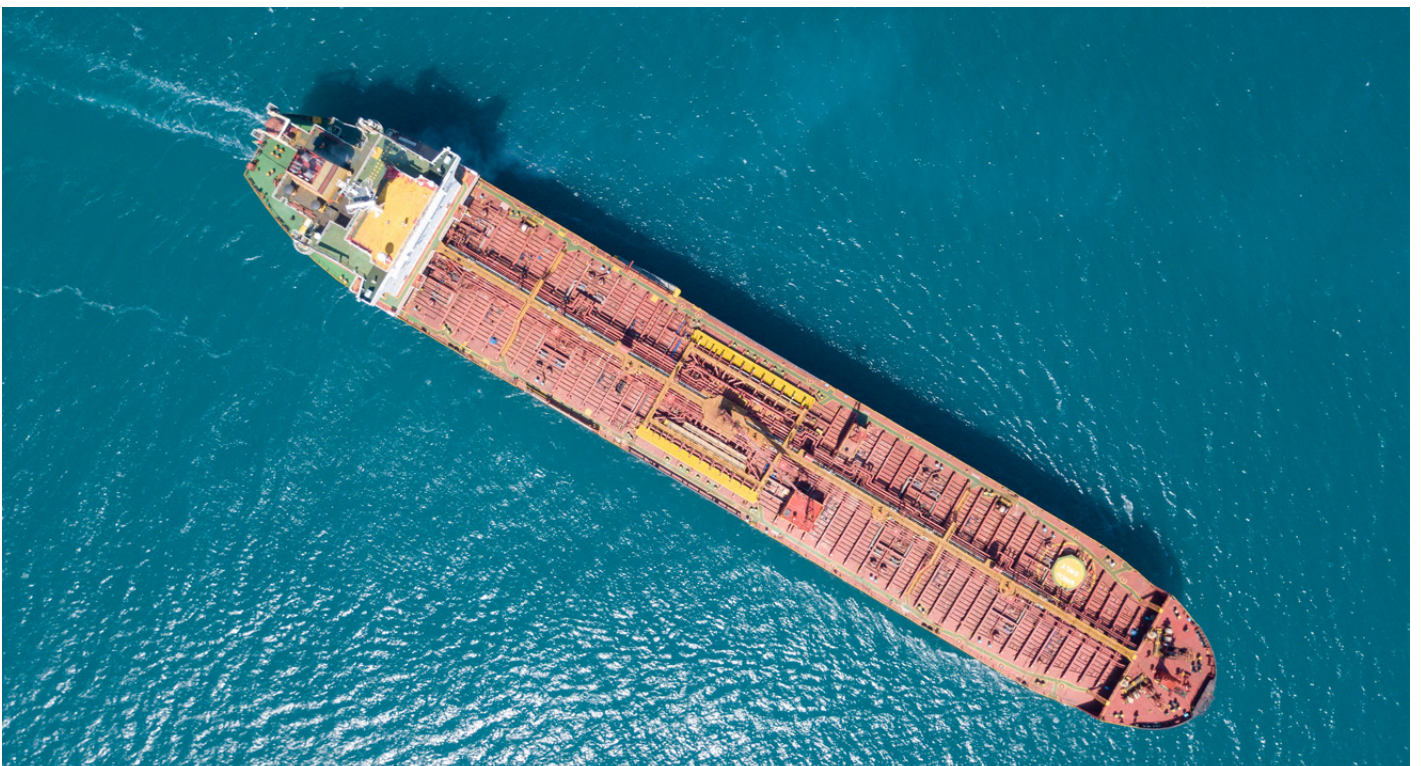
Of concern is the continuing increase in the age of the world fleet which, in August 2023, stood at 22.43 years. With the possible exception of gas carriers, all vessel types are getting older. This has the potential to impact the future claims environment.

Average age of world fleet in years.

Chart 18: Average age by ship type  
Years



Source: S&P Global Market Intelligence

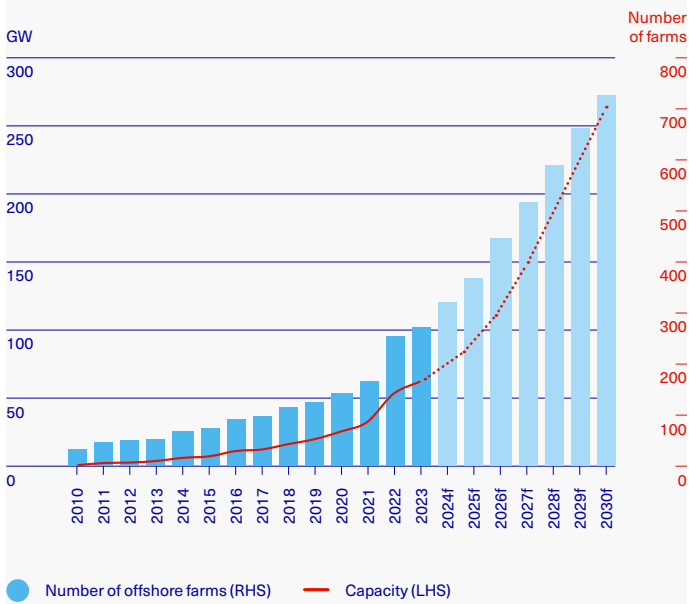




### Offshore wind

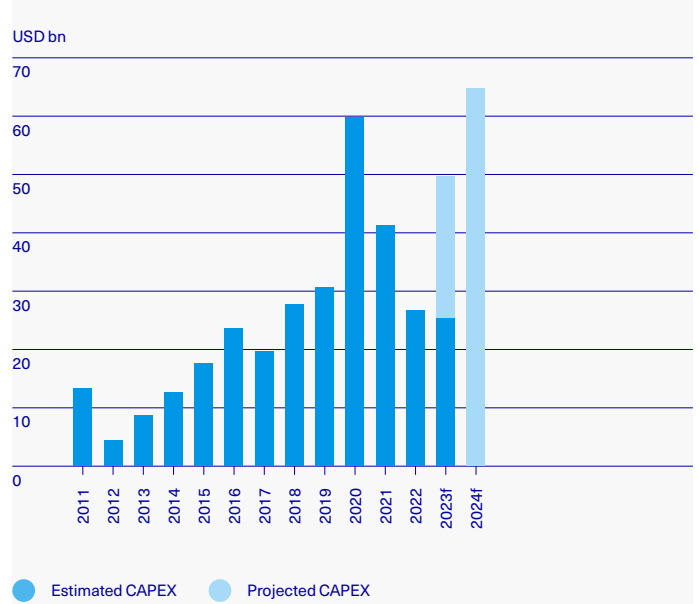
It should be noted that the global offshore wind market continues to grow in importance. The upward trend is positive following a slight slowdown during Covid. Forecasts for capacity, investment and contracting all remain strong.

Chart 19: Offshore wind capacity forecast



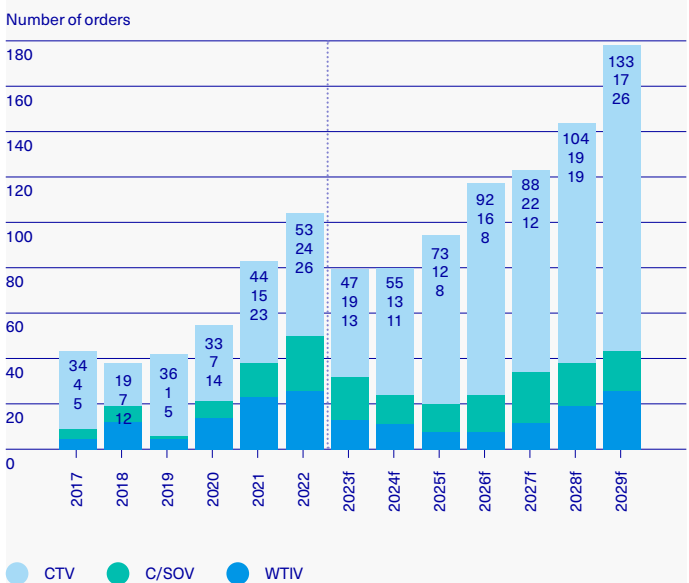
Source: Clarksons Research

Chart 20: Offshore wind investment forecast



Source: Clarksons Research

Chart 21: "Dedicated" wind vessel contracting forecast



Source: Clarksons Research

# Environmental, Social, Governance (ESG) matters

In 2021 IUMI's Facts & Figures Committee began tracking three ESG issues related to the UN's sustainable development goals – illegal, unreported, unregulated (IUU) fishing activities; ship recycling; and greenhouse gas emissions.

The most significant development has been IMO's strengthening of its GHG reduction ambitions. The new strategy calls for shipping to achieve net-zero GHG emissions around 2050 with at least a 20% reduction by 2030 and at least a 70% reduction by 2040 (from a 2008 baseline). This is welcomed and fully supported by IUMI. Insurers will play a pivotal role as new technologies will give rise to new risks that must be understood and insured. Work on creating a safety roadmap is already underway at IMO and elsewhere and will identify the challenges and discuss potential solutions.

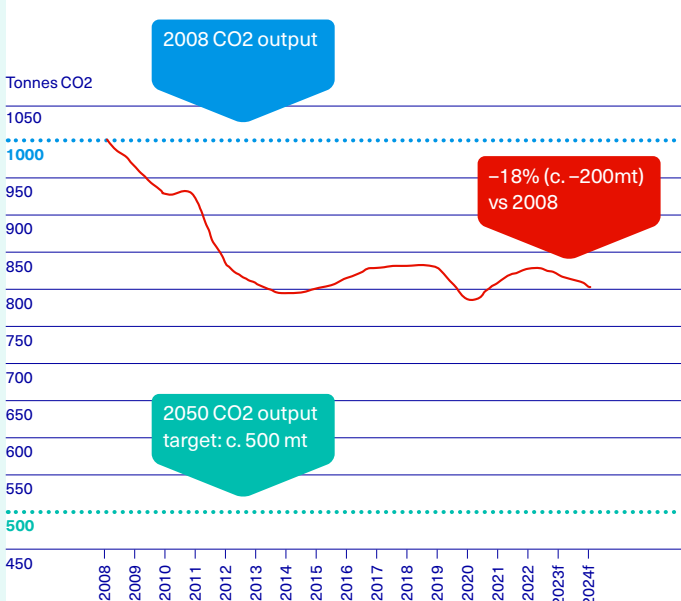
IUMI co-sponsored this IMO initiative – which was spearheaded by the International Association of Classification Societies (IACS) – and will be involved in its continuing development. Guidelines for the safe use of ammonia and hydrogen as propulsion technologies have already been published and most class societies have issued a range of relevant notations. However, it will be important for holistic regulations to be in place which must also put a heavy emphasis on crew safety.

Progress so far is encouraging but there is still a long way to go.

# 2050

The new strategy calls for shipping to achieve net-zero GHG emissions around 2050

Chart 22: Global shipping CO2 emissions



Source: Clarksons Research

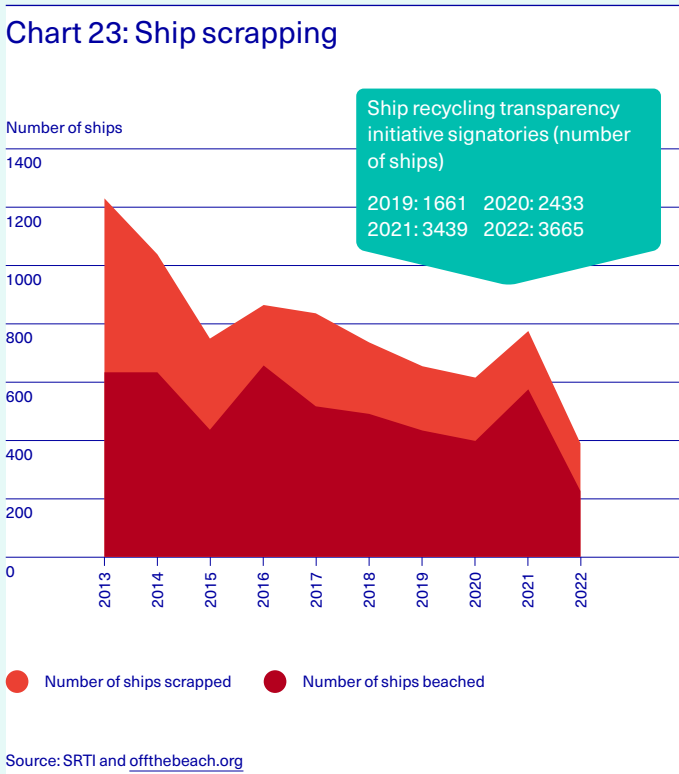


With Bangladesh and Liberia becoming recent signatories to the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, the Convention will enter into force in June 2025. In practice, this means that there will be a clear and uniform set of requirements and certification for ship recycling facilities. Each signatory nation will establish a mechanism for ensuring that its ship recycling facilities meets the standards of the Convention. IUMI hopes this will result in improvements in safety and environmental protection and, importantly, protection of the workforce. To date, progress has been slow in reducing the human and environmental cost of ship-recycling.

IUMI also tracks regional fishing performance through the IUU index. This is considered important as around 20% of all fish are caught illegally which risks over-exploitation of fish stocks, food security and a potential for geopolitical tensions.

# 20%

Around 20% of all fish are caught illegally.



# Marine insurance

# 35.8 bn

USD 35.8 billion marine insurance premiums in 2022.

## A relatively strong growth in the global premium base across all lines of business

The global marine insurance premium base reached a total of USD35.8 billion in 2022 representing an uplift of 8.3% on the previous year. The reasons are complex but likely to include a post-pandemic rebound in global trade coupled with reduced market capacity, particularly for hull. Increased vessel values, more activity offshore and an upward adjustment in premiums were also responsible.

By line of business, cargo continued to command the largest share with 57.3%, followed by hull (23.4%), offshore energy (11.5%) and marine liability (excluding P&I) at 7.7%.

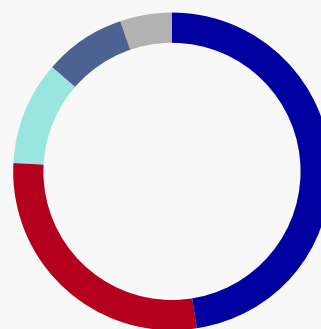
Chart 24: Marine premiums 2022  
By line of business



Transport/Cargo	57.3%
Global Hull	23.4%
Offshore/Energy	11.5%
Marine Liability*	7.7%

\* other than P&I covered by clubs of International Group

Chart 25: Marine premiums 2022  
By region



Europe	47.7%
Asia/Pacific	28.4%
Latin America	10.3%
North America	8.5%
Other	5.1%

NB: Some figures updated retrospectively, graph not directly comparable with previous presentations

By region, there was not much change on the previous year. The European markets were continuing their upward trend having bottomed-out in 2019 and the Asia/Pacific market had experienced slower growth probably as a result of economic factors plus the fact that the Japanese and Chinese currencies were weaker when paired with the US dollar. Overall, the general trend for global premiums was upwards. However, care should be taken as exchange rates impact all markets, particularly cargo where business tends to be written in local currencies.

To accurately track performance, claims trends should be monitored, being coupled with vessel activity, value accumulation, nat-cat impact, the use of new technology and inflation impact on repair costs. Fires, in particular, continued to be a concern in 2022 and also into 2023.

+8.3%

Global marine insurance premiums were up 8.3% on 2021.

Chart 26: Marine premium by region 2012–2022



Source: IUMI



# Global marine hull insurance

# 8.4bn

USD 8.4 billion ocean hull insurance premiums in 2022.

## A positive year for hull underwriters but change is on the horizon

Global marine hull insurance premiums achieved a total of USD8.4 billion in 2022 – an increase of 5.7% from 2021. This was largely due to a combination of growing activity, an increased number of vessels and their rising values, and reduced market capacity.

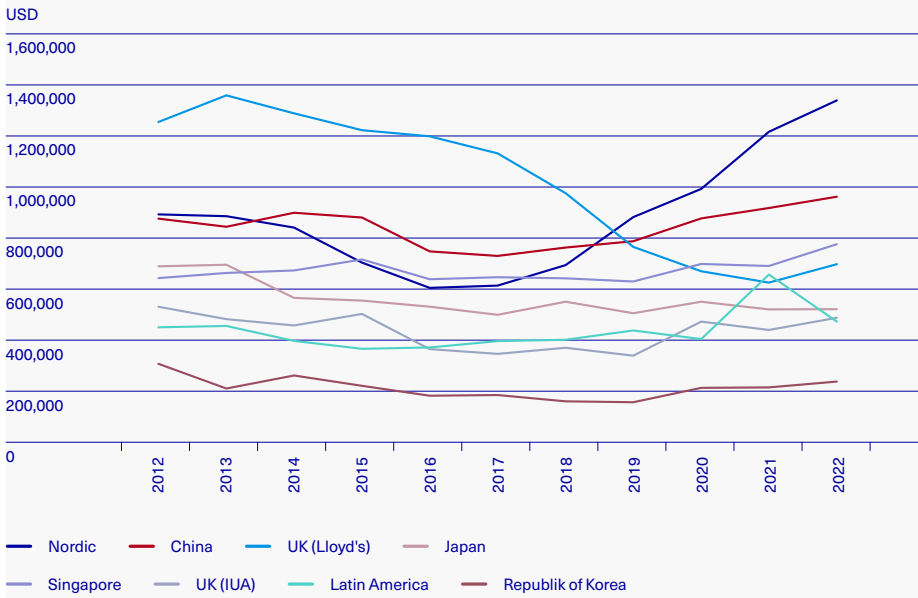
Distribution across regions and markets remained stable with Europe dominating at 51.7% followed by Asia/Pacific at 37%. In terms of performance, all markets except for Latin America continued to improve with the Nordic countries enjoying the steepest growth. The UK's Lloyd's market also enjoyed growth after many years of decline. Premium growth is generated by a combination of several factors: these include the post-pandemic growth in trade and shipping activity, rate corrections after years of negative hull insurance results, increases in vessel values in certain segments, changes in insurance market capacity and – to the degree this is captured by these figures – the recent increase in the demand for war coverage.

The gap between total gross tonnage/number of vessels and global premiums – which opened markedly from 2011–2018 – has closed slightly since 2020 and now appears to be relatively stable, following a market correction.

Chart 27: Hull premiums 2022  
By region

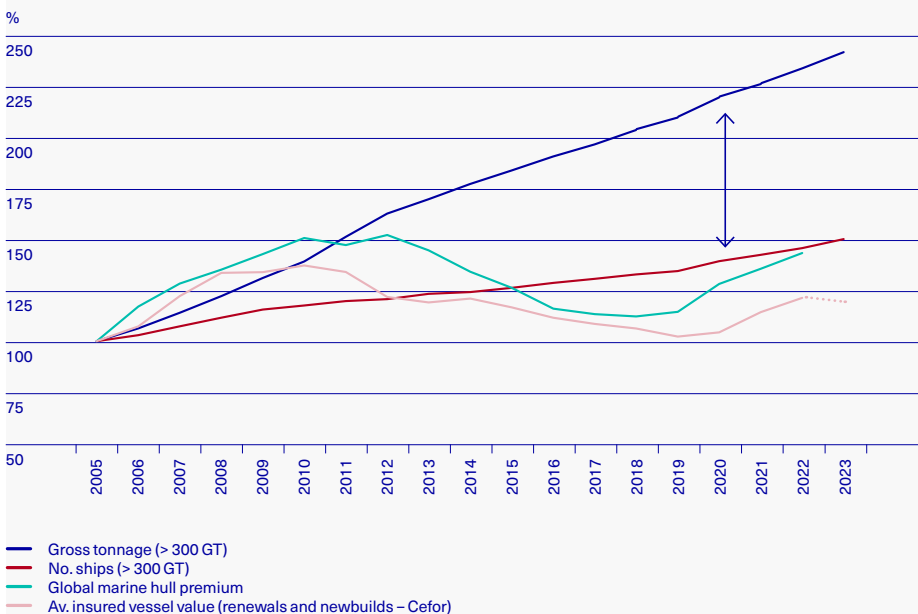


Chart 28: Hull premium trends by major markets 2012–2022



Source: IUMI

Chart 29: Hull premium versus world fleet



Source: Vessels Values: Cefor, world fleet data: ISL, hull premium: IUMI

## Post-Covid, claims frequency has returned to a more normal level but remains low.

### Recent changes in vessel values differ substantially by segment

On the whole, the global fleet is ageing and this is likely to reduce the average value of a vessel going forward. The [2023 half-year hull trend report](#) issued by the Nordic Association of Marine Insurers (Cefor) shows that the change in insured values on renewal varies by sector and, in 2021 and 2022, was particularly marked for containerships. Following huge demand for these vessels immediately post-pandemic which drove vessel values upwards, demand now appears to have normalised leading to reverse value adjustments. The upward adjustment for tankers in 2022, with a further clear increase in 2023, is related to the Ukraine war and a resulting change in trade patterns. Supply/offshore vessels have, after a number of dire years, started to experience some improvement in value development due to the oil price rise driving an increase in offshore activity.

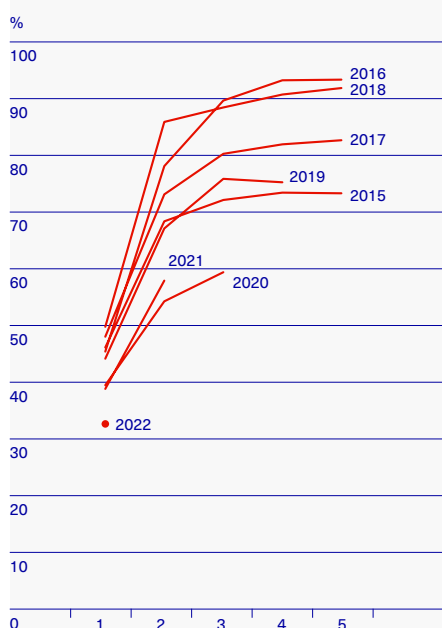
### Claims trends back to pre-pandemic levels

The Cefor report further shows that claims frequency has enjoyed a long-term downward trend. In 2020, there was an extraordinary dip as a result of Covid-induced reduced activity in some vessel segments. Post-Covid, claims frequency has returned to a more normal level but remains low. Total loss frequency continues its long-term positive trend and now appears to oscillate around historically low levels.

Claims costs per vessel have returned to more normal levels following Covid and average repair costs have seen some upward trend probably due to the impact of inflation. Major losses have been moderate in recent years with the exception of onboard fires. 2023 has seen an uptick in major losses which is likely to continue particularly with regard to the high-value containership and cruise ship sectors having resumed full activity.

Loss ratios in nearly all regions experienced a downward trend in 2022 and have done so for the past three years. Having suffered many years of negative results, this is welcome. Loss ratios for 2022 have started from their lowest point since 2015 which is very positive for hull underwriters. For Europe, where loss ratios are presented as underwriting year and not accounting year (as they are for other regions), claims covered under the youngest underwriting years will still develop.

Chart 30: Hull loss ratios – Europe



Notes: Technical break-even: gross loss ratio does not exceed 100% minus the expense ratio (acquisition costs, capital cost, managements expenses). Data is included from Belgium, France, Germany, Italy, Nordic (Cefor) and UK  
Source: IUMI



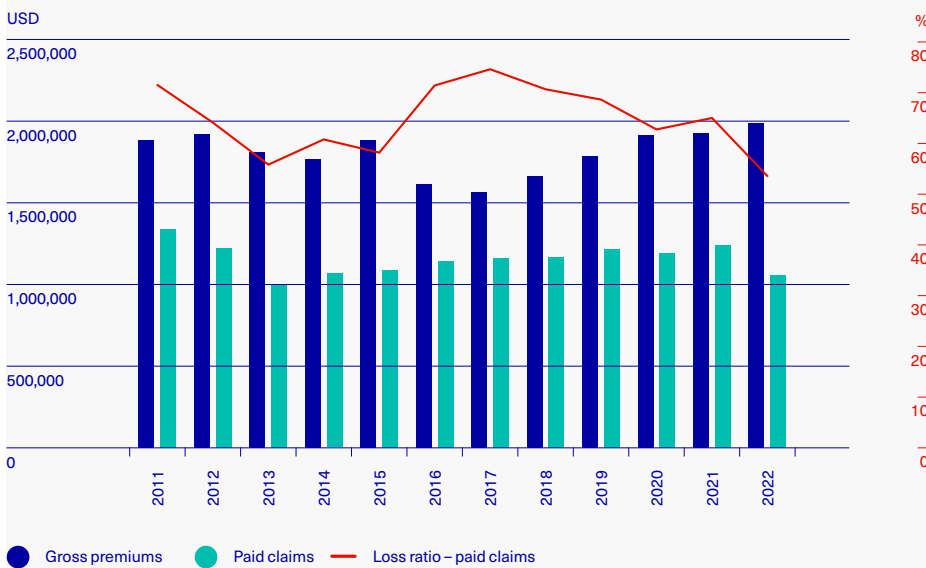
**Chart 31: Ultimate loss ratios – Europe**  
 Underwriting years 2011–22, gross premiums, paid and outstanding claims



Notes: Technical break-even: gross loss ratio does not exceed 100% minus the expense ratio (acquisition costs, capital cost, managements expenses). Data is included from Belgium, France, Germany, Italy, Nordic (Cefor) and UK

Source: IUMI

**Chart 32: Hull loss ratios – Asia**  
 Accounting year, gross premiums, paid claims



Notes: Data from China, Japan, Hong Kong and India from 2015, Singapore not included.

Source: IUMI

## Commentary

There are a number of issues impacting hull insurers including:

### Inflation

During the post-Covid period, there was a scarcity of materials such as steel coupled with an increase in their demand following the re-activation of global shipping. This was exacerbated by rising inflationary pressure, which has driven up the costs of materials, shipyards, and labour. From an underwriting perspective, inflation has not only been applicable to vessel repairs and claims but also to general office overheads. In the main, the underwriting community has not applied inflationary increases to the premium base and this may lead to a reduction in overall profitability over the coming year or two.

### Alternative fuels

Emission reduction technologies are inevitably more sophisticated than the current methods of ship propulsion. This will increase the value of the global fleet and, consequently, the level of risk to be covered. The rapid implementation of these technologies aligned with decarbonisation and GHG emission reduction goals will give rise to new risks such as fuel blends used with current engines or new methods of propulsion. Insurers need to adapt in line with their clients and build up the competence necessary to assess the risks properly and prevent losses.

## Fires on containerships and car carriers

Fires on containerships and car carriers are becoming more common and there appears to be several reasons for the increase. The growing size of container vessels increases the probability of containers containing cargo which may ignite. In particular if this is coupled with misdeclaration of cargo or increased transportation of potentially dangerous goods. One issue is that many of these vessels are now carrying Li-ion batteries or transporting electric vehicles. A major concern is the potential for 'thermal runaway', a chemical reaction which causes rapid heating, fire and sometimes an explosion. However, fires from EVs are, reportedly, no more common than those from conventional internal combustion engine vehicles but demand different methods for preventing and fighting such fires. Traditional fuels such as petrol and diesel also carry substantial potential dangers but the maritime industry has acquired sufficient experience to manage those risks effectively and must do the same for this new technology. IUMI has released a position paper on "*Best practice & recommendations for the safe carriage of electric vehicles (EVs)*" available from [iumi.com](https://iumi.com).

### The "dark fleet"

The IMO's Legal Committee noted that a global fleet of between 300 and 600 tankers, primarily comprised of older ships, including some not inspected recently, operating with AIS transponders turned off, having substandard maintenance, unclear ownership and a severe lack of insurance, is currently operating as a "dark fleet" to circumvent sanctions, increasing the risk of oil spills and collisions.

Issues of accountability and traceability in accidents involving the dark fleet and responsibility for wreck removal, pollution response, ship-to-ship transfers of oil, and compensation for victims all remain unclear.

**Fires on containerships and car carriers are becoming more common**

# Global marine cargo insurance

# 20.5 bn

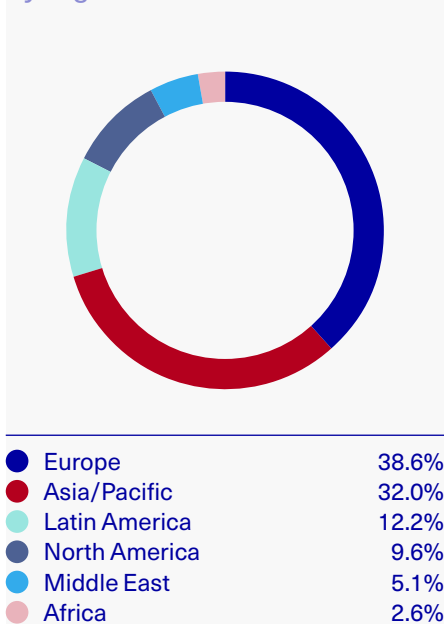
USD 20.5 billion cargo marine insurance premiums in 2022

## Signs of recovery and resilience for cargo underwriters but with a rocky road ahead

The global premium base for the cargo market in 2022 was reported at USD20.5 billion representing an increase on 8.3% on 2021. This demonstrates continuing market development over a number of consecutive years.

Premium distribution across regions has remained relatively unchanged from previous years with Europe and Asia/Pacific commanding the top and second slots respectively. With the exception of the African and Middle Eastern regions, all others have continued to enjoy growth. In terms of major markets, the UK (Lloyd's), US and Brazilian markets grew strongly in 2022 but Japan and China turned downward. The lacklustre performance of these two markets is partly due to a depreciation of those countries' currencies against the US dollar.

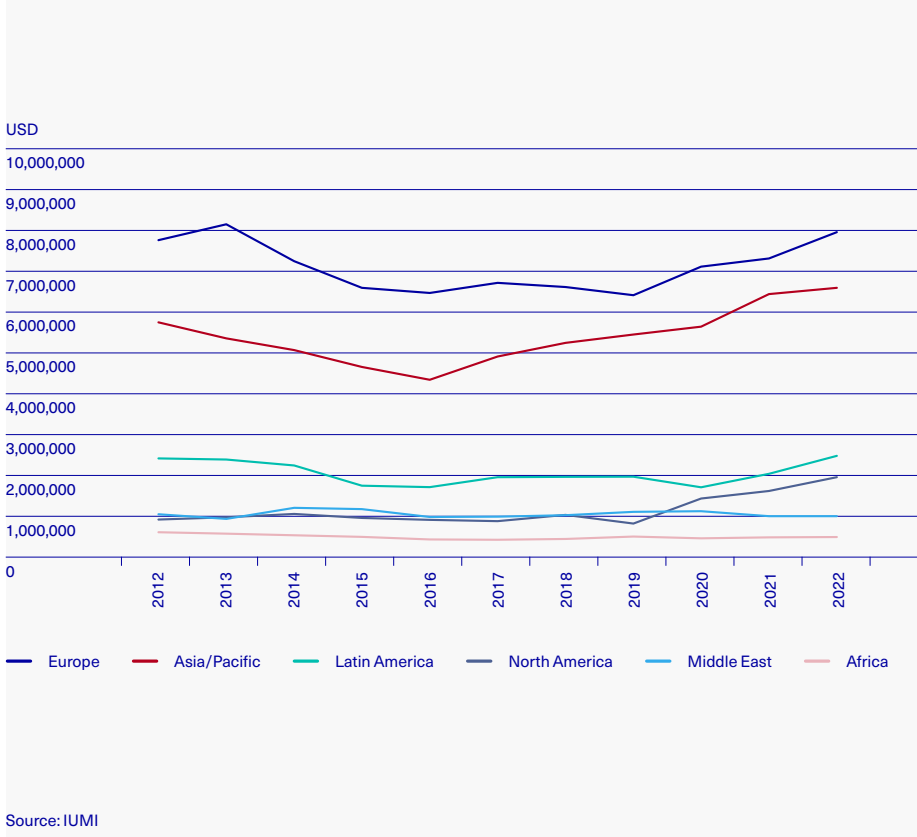
Chart 33: Cargo premiums 2022  
By region





The performance of the cargo market tends to reflect the value of goods transported and global trade volumes which have both rebounded strongly post pandemic. Further growth is projected but forecasts differ and so it is not possible to predict with any certainty. Other factors impacting this market in 2022 included premium rate adjustments, general market conditions and exchange rate effects.

Chart 34: Cargo premium by region



Source: IUMI



Chart 35: Cargo premium trends by major markets 2012–2022  
USD

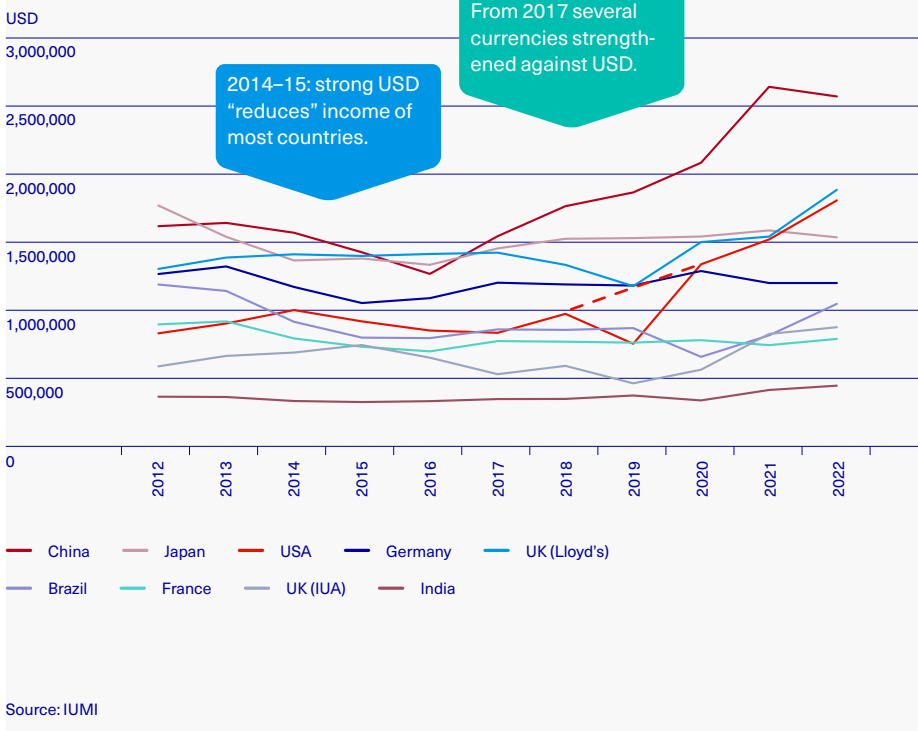


Chart 36: Cargo premium versus world trade values and volume  
Index 2005=100%

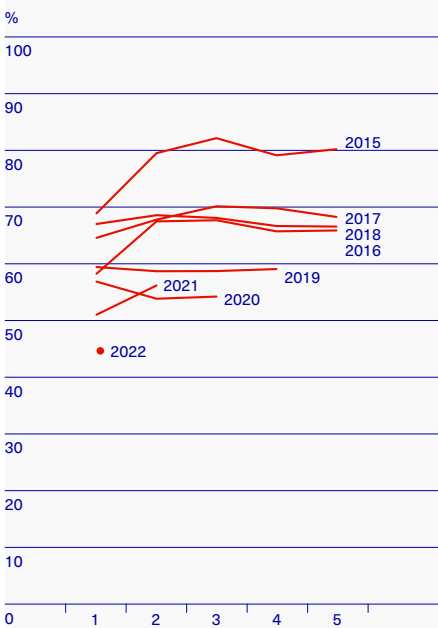


# Recent underwriting years have seen loss ratios return to a more normal – flatter – pattern.

For the European markets, recent underwriting years (including 2022) have seen loss ratios return to a more normal – flatter – pattern following a few years of extraordinary upwards claims adjustments. 2022 started at the lowest level since 2015 which is extremely positive for cargo underwriters and potentially heralds a period of sustainability. It should be noted that this market is reported by underwriting year and so the ratios will develop over the coming few years.

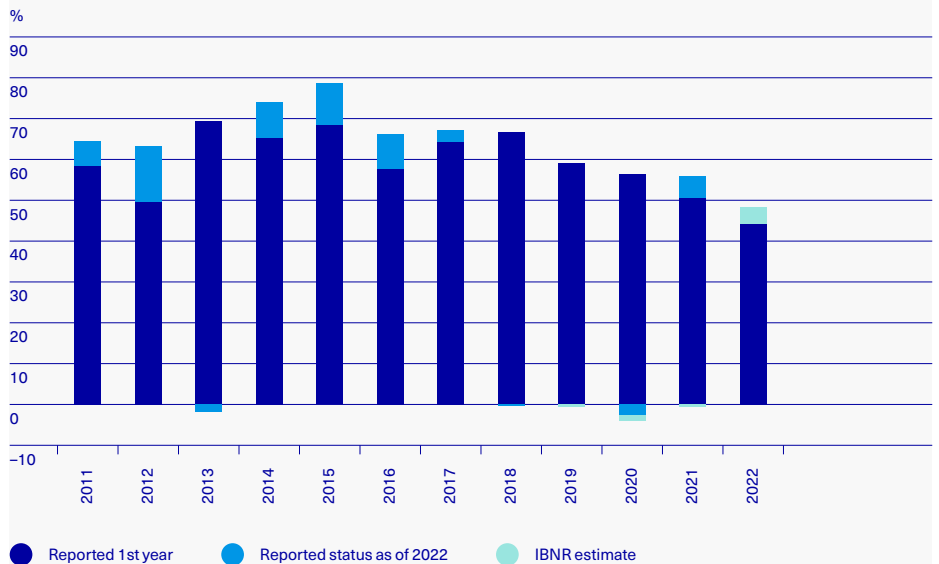
In other regions, loss ratios are reported by accounting year and, in the main, have improved to show a more positive and sustainable global market.

**Chart 37: Cargo loss ratios – Europe**



Notes: Technical break-even: gross loss ratio does not exceed 100% minus the expense ratio (acquisition costs, capital cost, managements expenses). Data is included from Belgium, France, Germany, Italy and UK  
Source: IUMI

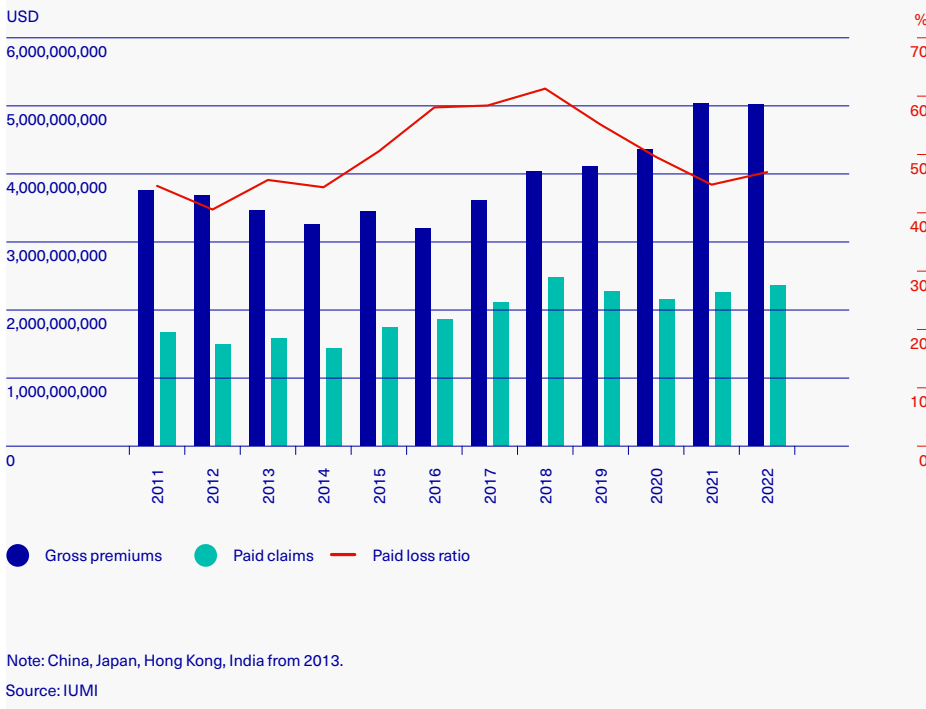
**Chart 38: Ultimate cargo loss ratios – Europe**  
Underwriting years 2011–22, gross premiums, paid and outstanding claims



Notes: Technical break-even: gross loss ratio does not exceed 100% minus the expense ratio (acquisition costs, capital cost, managements expenses). Data is included from Belgium, France, Germany, Italy and UK  
Source: IUMI



**Chart 39: Cargo – Loss ratios Asia**  
Accounting year, gross premiums, paid claims



## Commentary

At a macro-economic level, the future of cargo insurance might be impacted by a general deceleration of global economic growth and the activity of central banks aggressively battling inflation. This could easily herald a reduction in trade volumes world-wide. Coupled with this, a deepening geopolitical fragmentation is further complicating world trade dynamics which will, inevitably, present new challenges for underwriters. Following Covid, supply chains seem to have recovered and freight costs have eased, but some trade routes are beginning to evolve and take on a different shape post-Covid.

Closer to home, cargo underwriters are grappling with a number of specific issues. Inflation has a direct impact on the value of goods transported and, consequently, the value of associated claims. Accumulation of risk in single shore-side facilities or on-board ever-larger vessels continues to generate problems. Mis-declared cargoes and the rising frequency of onboard fires, particularly in containerships and car carriers is a persistent problem. The war in Ukraine and other geopolitical tensions have injected unpredictability to global supply chains together with the potential for disruption. An increase in natural catastrophes (nat cats) can also cause disruption as well as result in major claims; and some significant loss events in recent years are continuing to ripple through the insurance value chain.

# Global offshore energy insurance

# 4.1bn

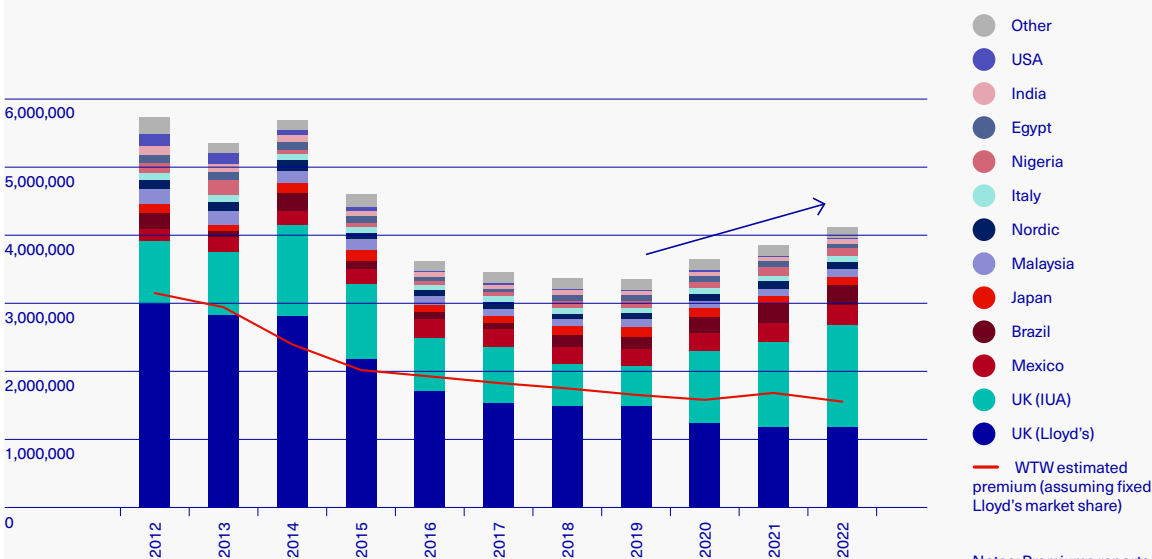
USD 4.1 billion offshore energy premiums in 2022.

## A fundamental shift is underway

The upward trend in the offshore energy premium base continued into 2022 resulting in USD4.1 billion for the year, up by 7.3% on last year. The uptick was largely reflective of the oil price and a corresponding uplift in offshore activity, particularly jack ups and deep-water vessels. Inflation and its impact on asset values was also a factor.

The two major markets in this sector are both in the UK (Lloyd's and IUA) with the IUA continuing to grow its share. Other markets have remained relatively stable. The global premium base which bottomed-out in 2019 and has risen year-on-year since then.

Chart 40: Offshore energy premium 2012–2022



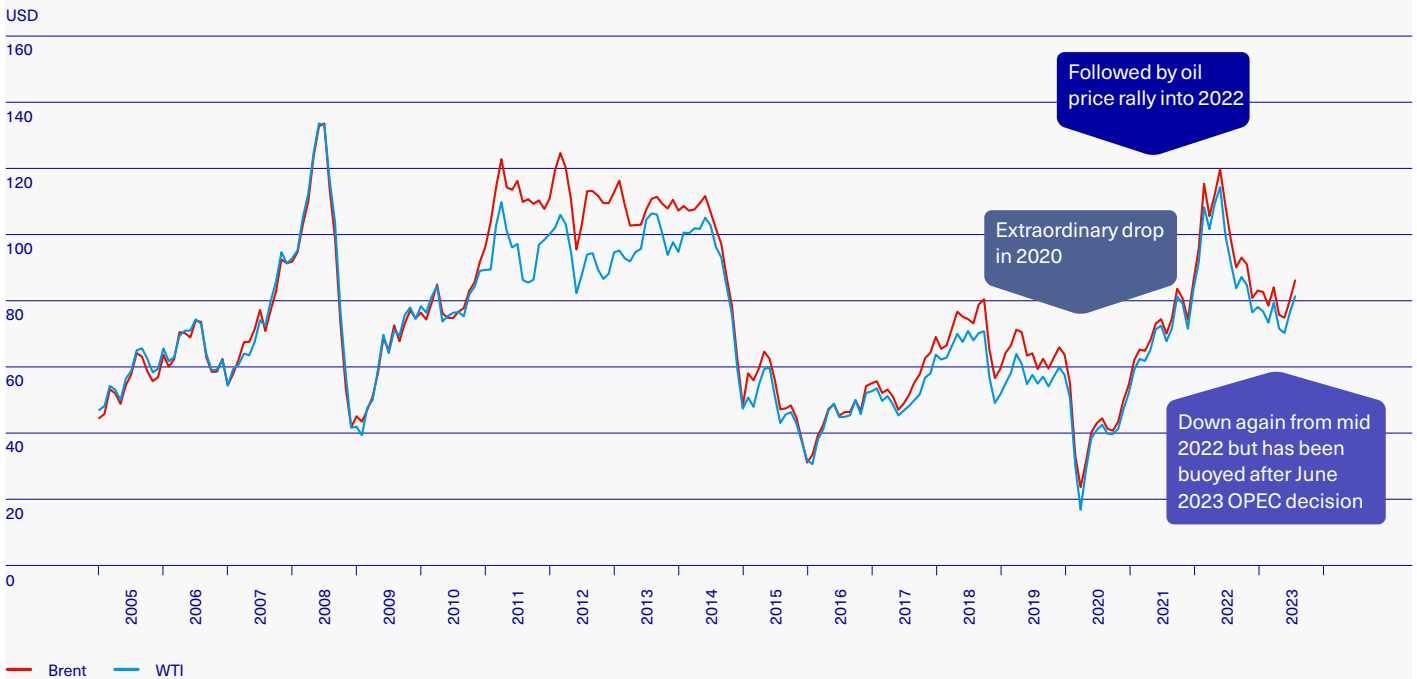
Notes: Premiums reported by associations. Some double-reporting due to global nature of business. →Some overestimation of global premium. WTW (Willis Tower Watson): Derived from Lloyds triangulation. Global premium calculated by assuming a fixed Lloyd's market share in all years. →Underestimation of global premium. Not robust against changes in Lloyds' market share.

The premium base tends to mirror the oil price which has been relatively strong since late 2020 and more so in 2022. Prices began to fall in 2023 which is likely to herald weaker returns for insurers in 2023 and 2024, although a recent OPEC agreement might arrest the anticipated decline.

Increases in the oil price will drive an uplift in offshore activity, generally after an 18-month lag and this will impact average day rates and the overall premium base as a result.

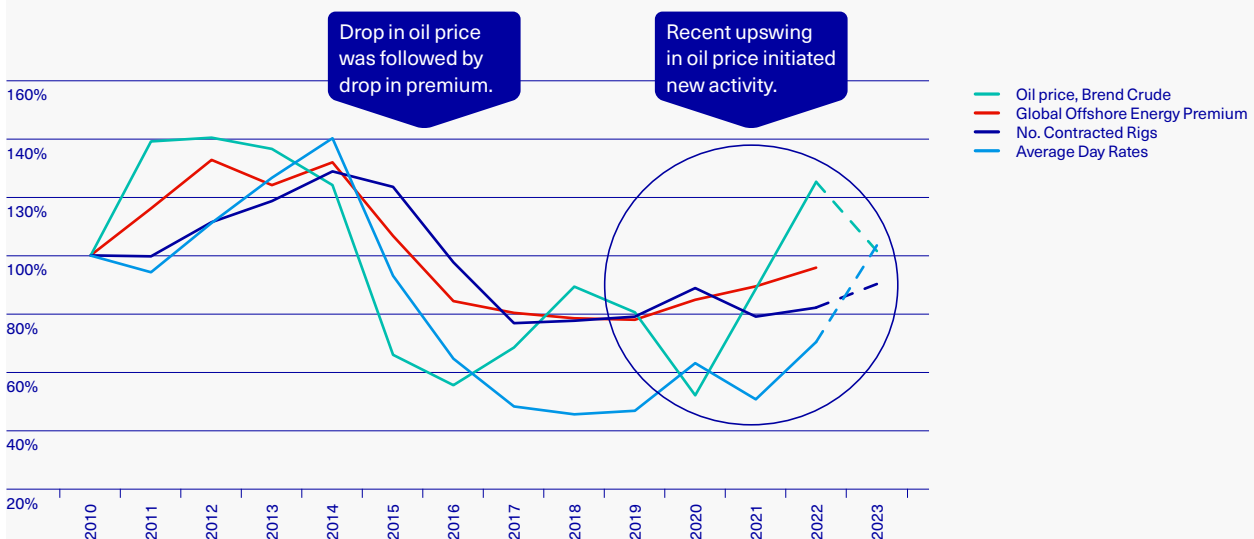
**Chart 41: Average oil price per month**

World Bank commodity price data, January 2005–July 2023 USD/bbl



Source: World Bank

**Chart 42: Energy premium versus mobile units, day rates, oil price**



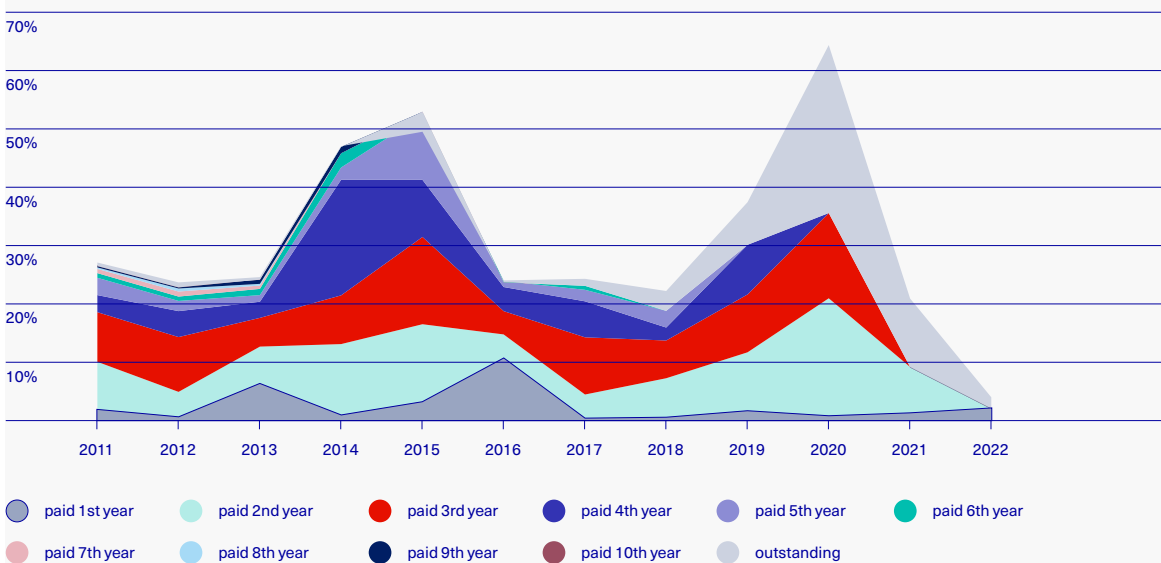
Source: IUMI, Clarksons Research, World Bank

## A fragile balance exists with reduced premiums and a modest claims impact.

There is generally a long back-log in claims reporting which makes loss ratios challenging to analyse and predict. The youngest underwriting years will continue to develop, often over a number of years, and claims impact on results can differ substantially from year to year.

Reported outstanding losses for 2020 increased substantially since last year's reporting but on the whole, losses in this sector remain low and relatively stable. A fragile balance remains, however, with reduced premiums (but now rising) and a modest claims impact. Risks and claims resulting from unit activation have the potential to disrupt the balance.

**Chart 43: Offshore energy gross loss ratios – Europe**  
 Underwriting years 2011–2022, incl. liability, as of year-end 2022  
 Gross premiums, paid and outstanding as reported



Notes: Underwriting years 2011–2022 including liability as of year end 2022. Gross premiums paid and outstanding as reported. Includes data from Lloyd's IUA, Nordic.



Underwriters will need to innovate and re-invent their insurance products so they remain fit-for-purpose.

### Commentary

The coming few years are likely to see the fundamentals of the offshore energy market shift much more significantly than other sectors. As peak oil is approached, the growth in lower carbon technology will accelerate. Floating wind capacity, as an example, is forecast to grow exponentially over the next few years as increased levels of investment are made (see charts 19–21). The evolution of energy production will give rise to a new set of technologies with new risks that will need to be insured.

Carbon capture and storage facilities are likely to feature large over the coming years but underwriters are already used to insuring subterranean structures. Other developments currently underway include methane gas leak detection reducing GHG emissions as well as the electrification of offshore platforms using renewable energy sources. Underwriters will need to innovate and re-invent their insurance products so they remain fit-for-purpose. Insurance must be an enabler and underwriters should, in cooperation with their clients, develop the competence and products needed to support this vital energy transition process.



# Major claims database

# 28

Contributing countries

In recent years we have been recruiting national insurance associations who have agreed to submit data on major hull and cargo claims dating from 2013. This year, our focus has been on growing our pool of contributors and we are delighted to report that the United States of America has now agreed to participate bringing the total number of contributing countries to 28.

*Note: Figures reflect the state of reporting and will likely change retrospectively as they are updated. Reported figures are as accurate as possible but may not be fully consistent for all countries. All data given is of an informational and non-binding character only.*

Chart 44: Contributing countries

Countries	Scope of data	Countries	Scope of data	Countries	Scope of data
Belgium	Hull & Cargo	India	Hull & Cargo	United Arab Emirates	Hull & Cargo
Germany	Hull & Cargo	Italy	Hull & Cargo	New Zealand	Hull & Cargo
Japan	Hull & Cargo	Malaysia	Hull & Cargo	Hong Kong	Hull & Cargo
Netherlands	Hull & Cargo	Poland	Hull & Cargo	Cyprus	Hull
Singapore	Hull & Cargo	Slovenia	Hull & Cargo	Philippines	Hull & Cargo
Sweden	Hull & Cargo	Spain	Hull & Cargo	Croatia	Hull
Switzerland	Cargo	Turkey	Hull & Cargo	South Africa	Hull & Cargo
Greece	Hull & Cargo	United Kingdom	Hull & Cargo	USA	Cargo
Australia	Hull & Cargo	France	Hull & Cargo		
Taiwan	Hull & Cargo	Thailand	Hull & Cargo		

Our cargo data is based on 13 data fields and major cargo losses have been analysed with respect to loss severity, frequency, location and cause. We are publishing our cargo results for the fourth consecutive year. We hope to be able to publish hull data in 2024.

As ever, we thank IUMI Professional Partner, the Boston Consulting Group and the IUMI project team members for their continuing contributions.

# 553

Number of claim records in 2022.

Chart 45: Cargo – Incurred losses and average losses in the period 2013–2022  
USDm



Note: More than 99% of all observations can be used for analysis

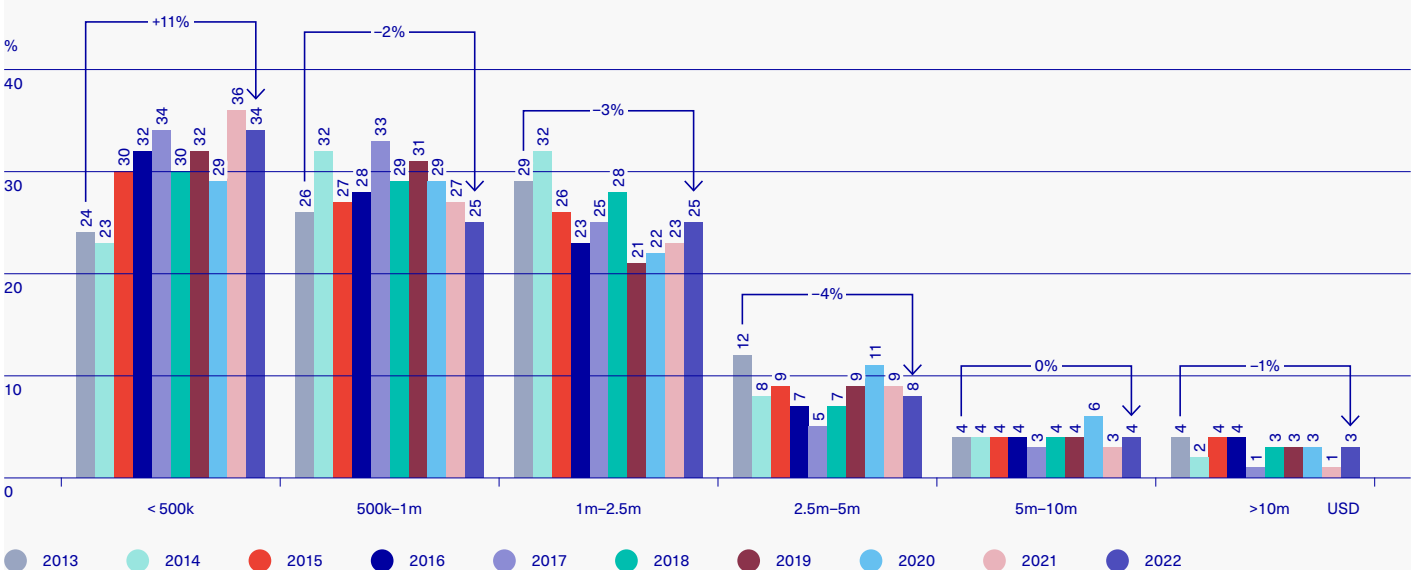
Source: IUMI Major Claims Database

The average cargo loss for 2022 was USD 2 million showing a general upward trend since 2017. In general, it appears that the smaller losses are continuing to grow in number whilst the larger losses are decreasing in number.

# 99%

More than 99% of all observations can be used for analysis.

Chart 46: Cargo – Normalized\* number of losses across different loss size buckets in the period 2013–2022



\* Number of losses divided by number of claim records for every year

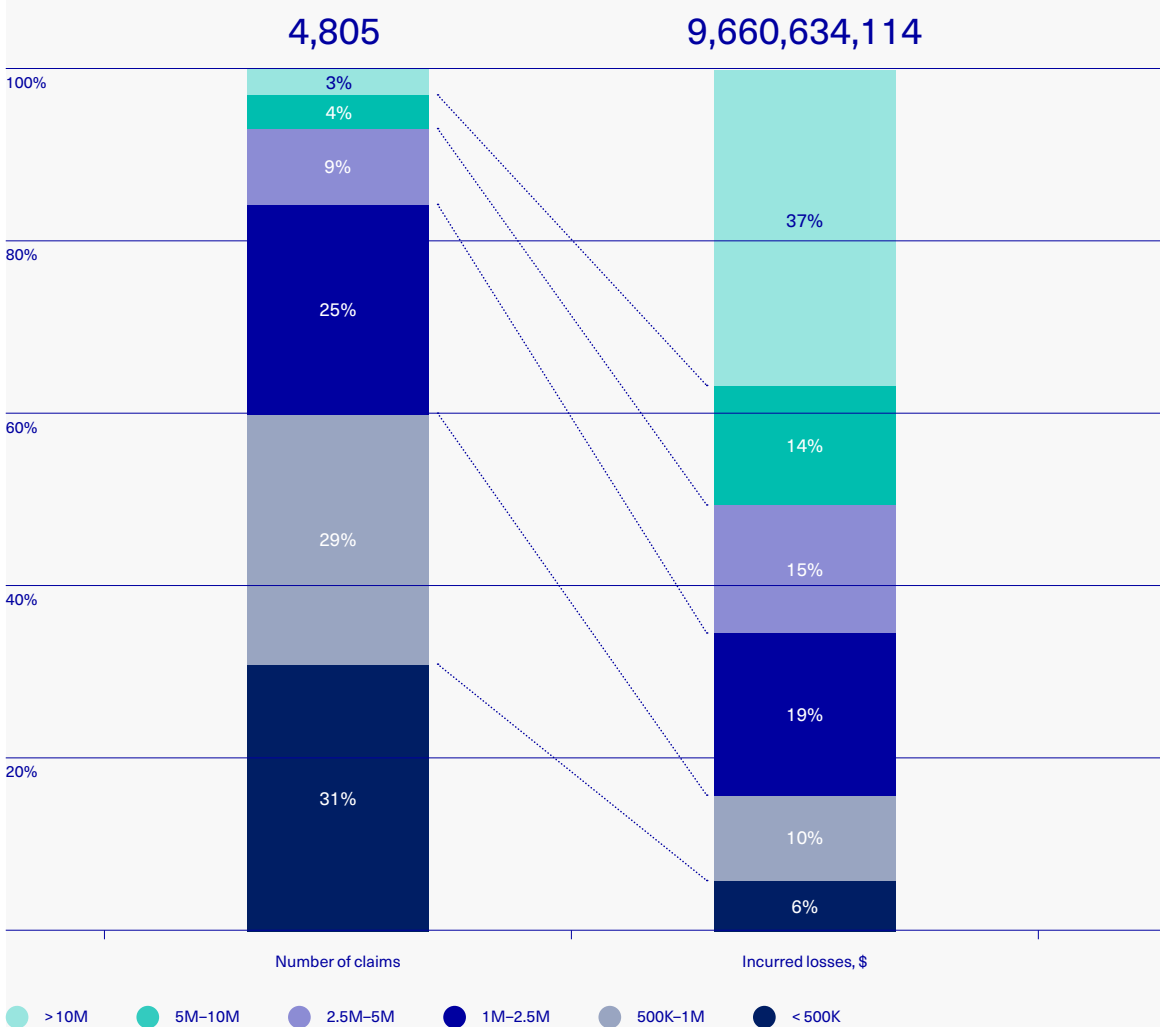
Note: More than 99% of all observations can be used for analysis; Losses are categorized by individual claim records rather than aggregates/events



Chart 47 compares the number of claims with the total percentage of incurred losses. For example, 31% of claims were below USD 500,000 and this accounted for 6% of the incurred loss total.

Chart 47: Distribution of number of cargo claims and incurred losses by size buckets 2013–2022

Distribution of claims by claim size categories, %



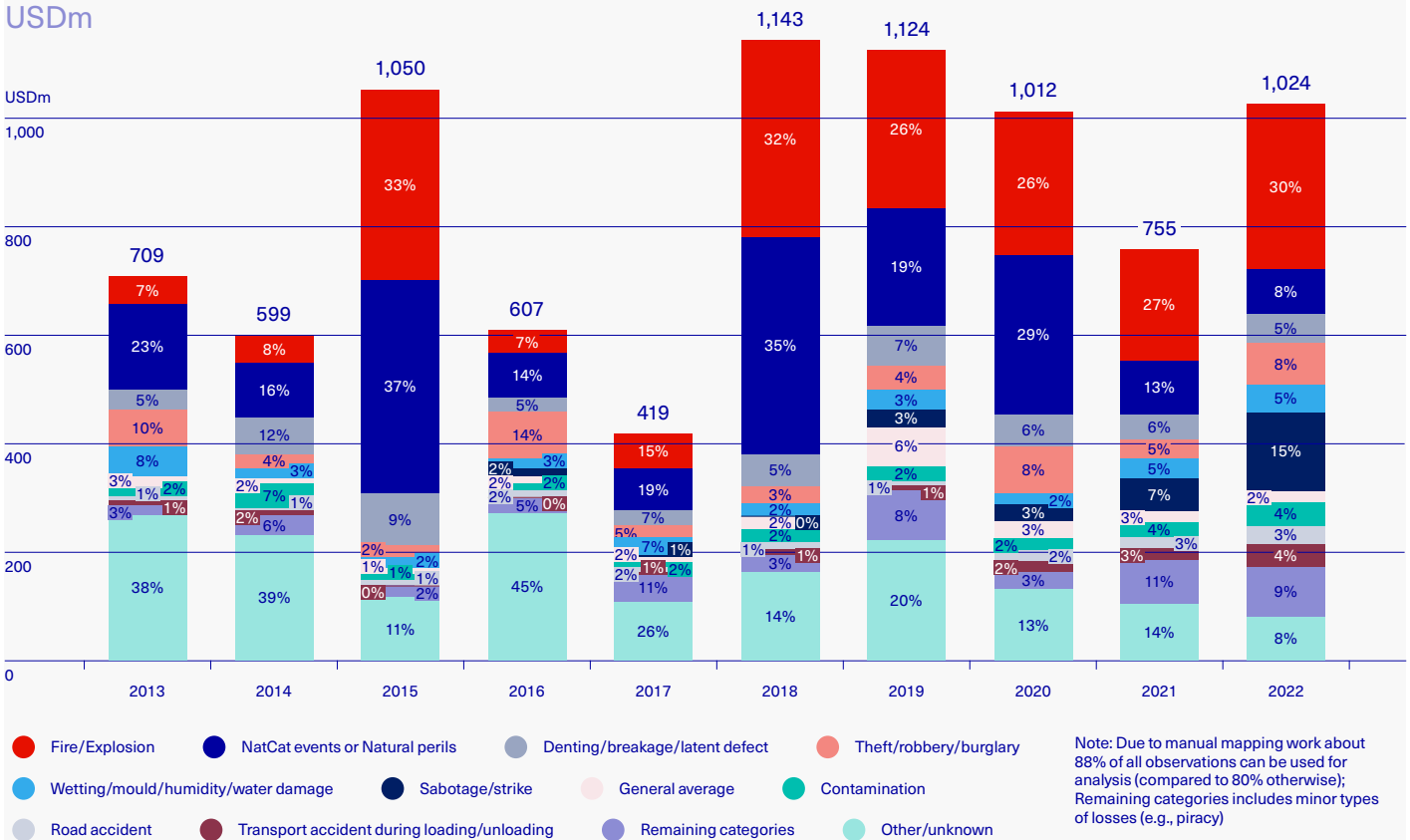
Note: 99% of all observations can be used for analysis  
 Note: Losses are categorized by individual claim records rather than aggregates/events

# 88%

Charts 48–50 give a deeper dive into major cargo losses by type and also by mode of transport. Chart 50 excludes the impact of nat-cats or natural perils (which are included in other charts) to provide further detail.

Due to manual mapping work about 88% of all observations can be used for analysis

Chart 48: Top major cargo losses by type of loss 2013–2022  
USDm

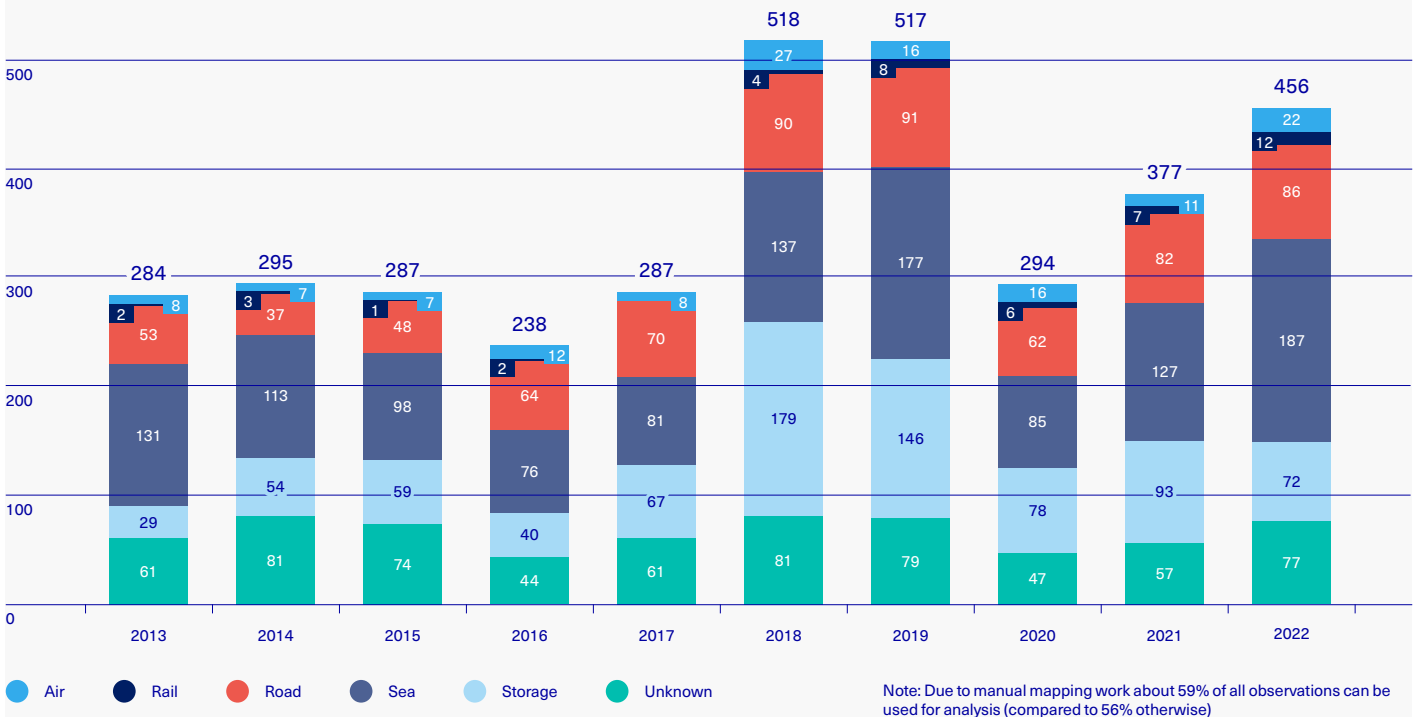


Note: Due to manual mapping work about 88% of all observations can be used for analysis (compared to 80% otherwise); Remaining categories includes minor types of losses (e.g., piracy)

Please note there may be minor discrepancies due to data sets being rounded up or rounded down.

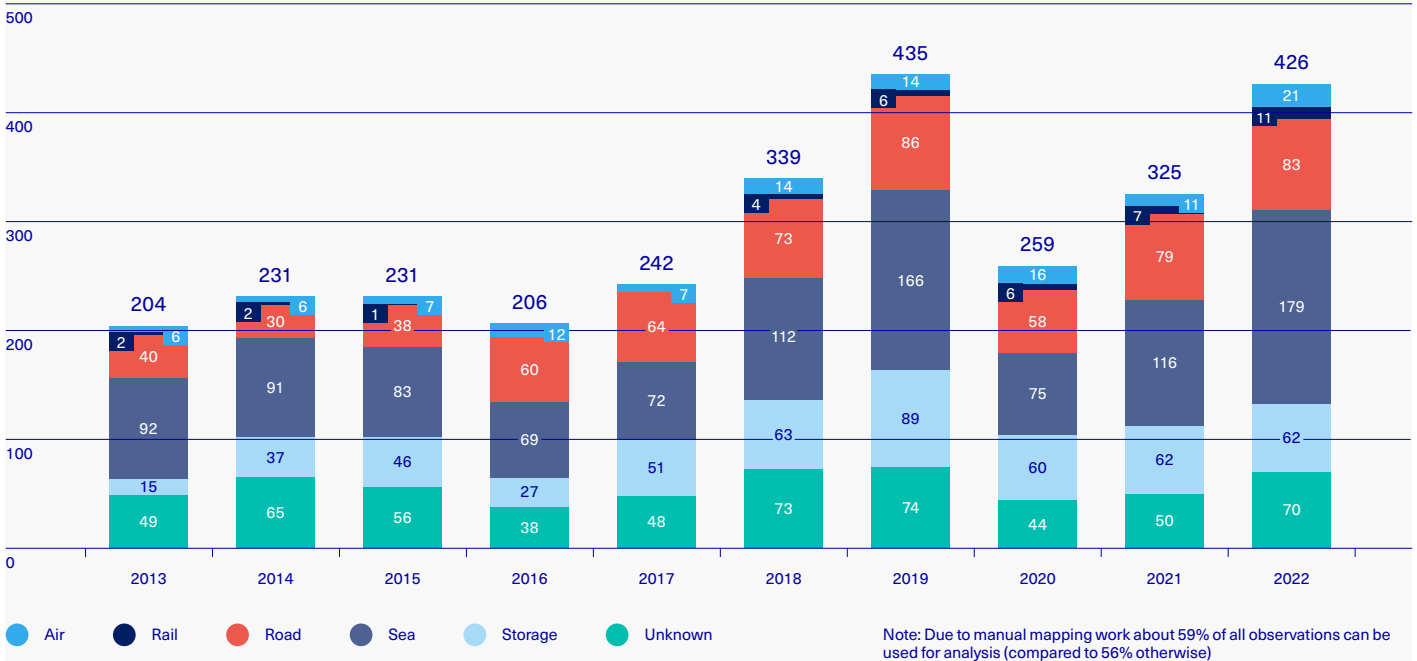
Source: IUMI Major Claims Database

Chart 49: Number of cargo losses by mode of transport 2013–2022



Source: IUMI Major Claims Database

Chart 50: Number of cargo losses by mode of transport excluding nat-cat events/natural perils 2013–2022



Source: IUMI Major Claims Database

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# Notes

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## More information

Additional information such as marine premiums by country, loss ratio triangulations for cargo, hull and offshore energy, and hull and cargo inflation indices are available for IUMI members from the member statistics section of [IUMI's website](#).

## Data sources

Information sources are clearly stated for each chart. IUMI thanks its partners who have kindly supplied charts or data for this document.

## IUMI data

IUMI's total world-wide premium includes data from all relevant marine insurance markets in all continents. Loss ratio data is collected from a number of selected countries which are able to provide such data. Since 2017, IUMI has been adding information about accounting year loss ratios from major Asian and Latin American markets and since 2021 also from the US, in addition to the underwriting year loss ratios reported from major European marine insurance markets.

Care should be taken when making comparisons with earlier figures as data coverage varies in different years and a number of figures will be updated retrospectively. Underwriting year results do develop over a couple of years due to a time lag in claims reporting and payments. The ultimate results as presented in the graphs for the youngest years are thus estimates derived from typical historical development patterns. When interpreting statistics, caution should always be applied regarding what the data actually relates to.

IUMI stresses that all figures released by IUMI's Facts and Figures Committee are global market sums or averages. While these reflect the average performance of the marine insurance market, individual companies' or countries' results may differ substantially. As with all averages, individual underwriting units may over or underperform compared with the average. IUMI does not make any statements about what actual applied premium rates were or should be. The aim of IUMI is solely to provide data as available and raise awareness for the importance of a critical evaluation of the risks covered.

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## About IUMI

The International Union of Marine Insurance (IUMI) represents 43 national and marine market insurance and reinsurance associations. Operating at the forefront of marine risk, it gives a unified voice to the global marine insurance market through effective representation and lobbying activities. As a forum for the exchange of ideas and best practice, IUMI works to raise standards across the industry and provides opportunities for education and the collection and publication of industry statistics. IUMI is headquartered in Hamburg and traces its roots back to 1874.

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