



2020 Global Marine Insurance Market

Data sourced from IUMI 2021 Facts and Figure Committee Presentation



CBMU
The Canadian Board of Marine Underwriters

Global Marine Insurance Report



Please Note & Disclaimer

Figures reflect the 2021 state of reporting and will change retrospectively. Some figures are estimates.

For comparison purposes, therefore compare the updated premiums and loss ratios at www.iumi.com !

All information given is of informational and non-binding character.

Figures related to the marine market's performance reflect market averages.

They do not disclose single companies' or local markets' results. As with all averages, individual underwriting units may out- or underperform compared to the average.

IUMI's aim is to provide information as available and raise consciousness for the importance of a fact-based evaluation of the risk exposure covered – and inspire everyone to do their own critical evaluation of real and seeming facts.

Big thanks to Astrid Seltmann
Analyst/Actuary, The Nordic Association of
Marine Insurers (Cefor)
Vice chair, IUMI Facts & Figures Committee



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Global Marine Insurance Report

Market overview

Income by line / by region

Cargo

Premiums / Loss ratios

Hull

Income / Vessel values / Loss ratios

Canada

Premiums / Loss ratios / Market View

Additional data

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



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Market Overview – IUMI Stats 2021 - Highlights

- The global economy appears to have bounced-back more strongly than expected post the outbreak of COVID-19. Consumer and business confidence are at their highest levels since the financial crisis of 2008.
- World seaborne trade has also returned strongly and 2021 trade is likely to exceed 2019. Some shipping sectors (containers, dry bulk and gas) have already returned to pre-pandemic levels.
- The global fleet continues to age and fleet growth has slowed to its lowest level this century.
- Global marine insurance premiums in 2020 reached US\$ 30 bn – a 6.1% increase on 2019.....early indications in 1H2021 show that continued development is uncertain.
- Loss ratios for cargo improved in 2019/20 and have returned the sector to break-even for the first time in many years. 2021 is looking less optimistic as it appears that the frequency and severity of claims is increasing again.
- Hull underwriting returned to profitability in 2020 but the future remains uncertain.
- The frequency of containership fires continues at the same level contrary to a drop in all other types of claims.

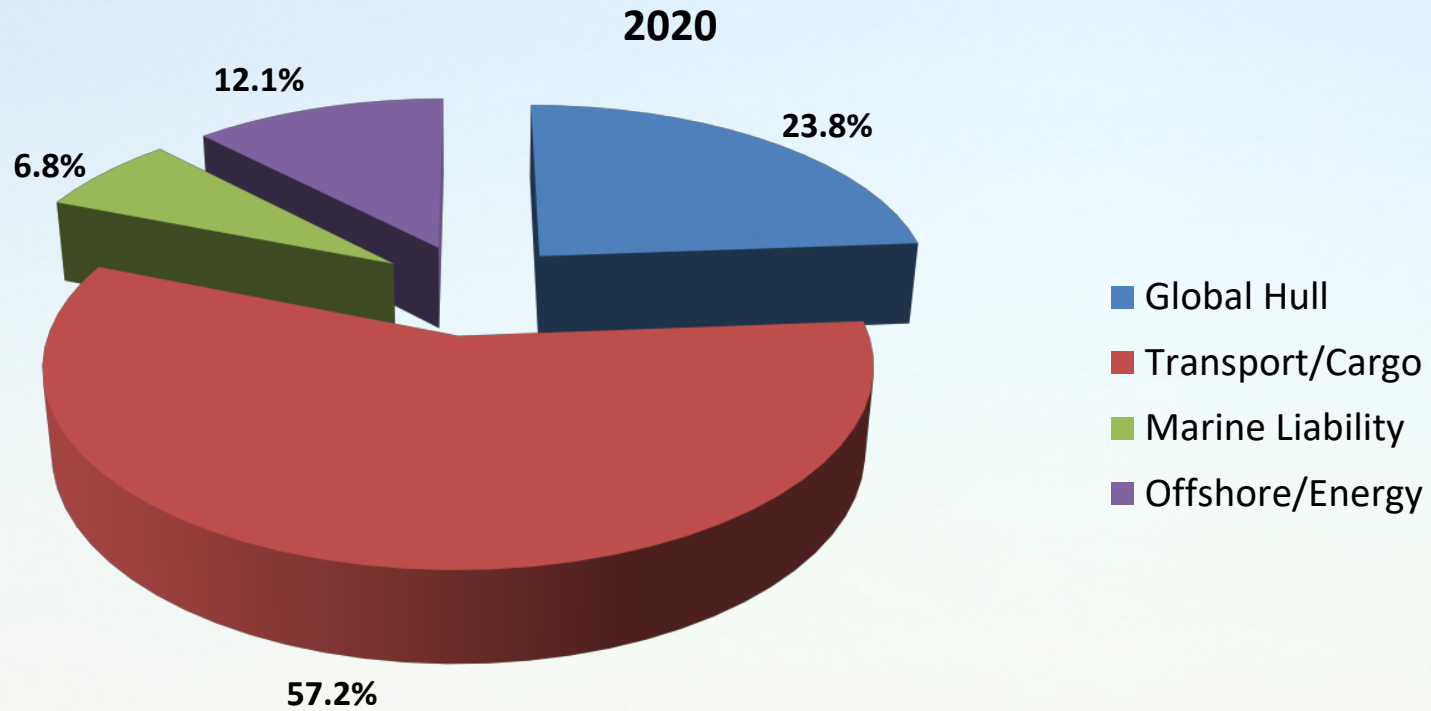
The full report is available to download from IUMI's website: <https://iumi.com/statistics>



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Global Marine Premium 2020 (By Line of business)

Total estimate 2020: 30.0 USD billion / Change 2019->2020: +6.1%
NB: Exchange rate effects

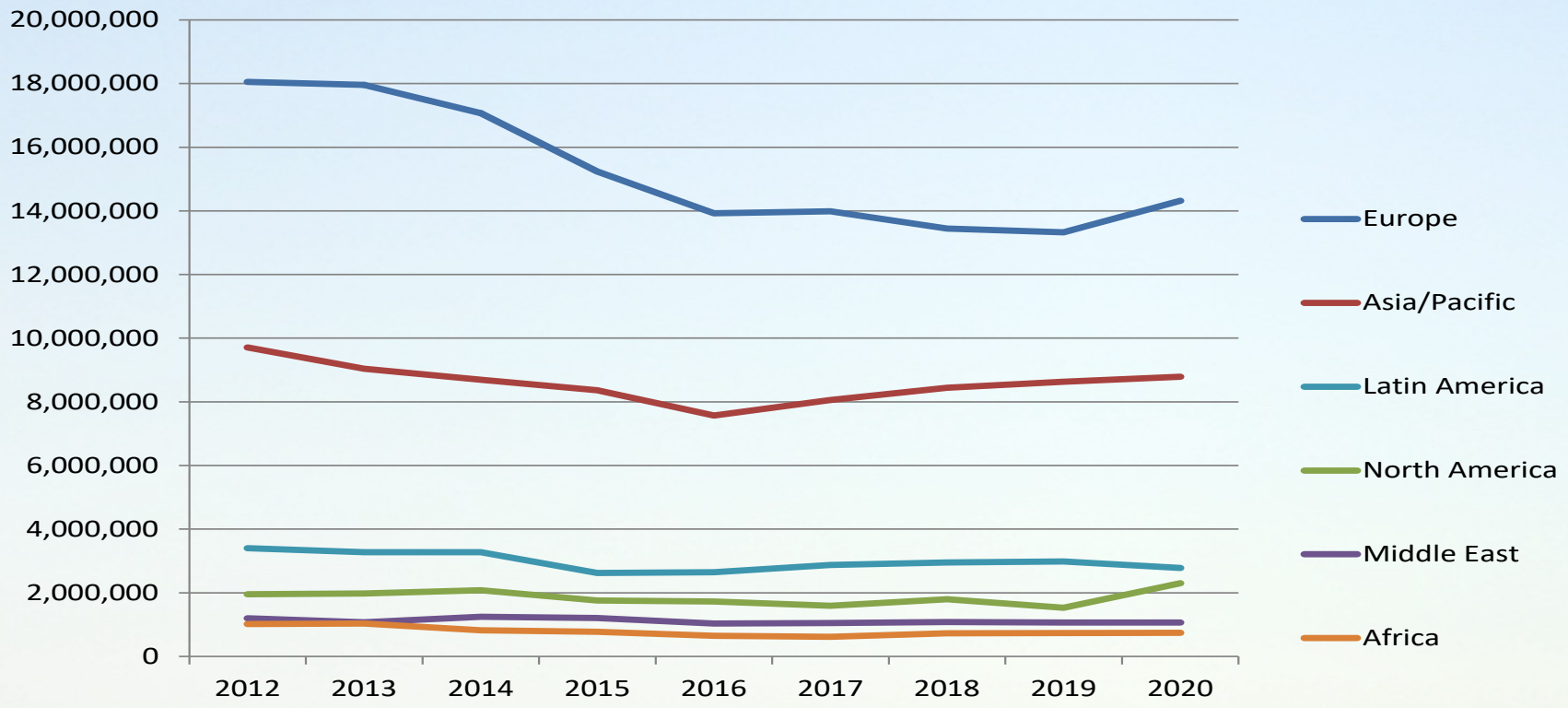




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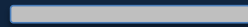
The Canadian Board of Marine Underwriters

Marine premiums by region 2010-2020





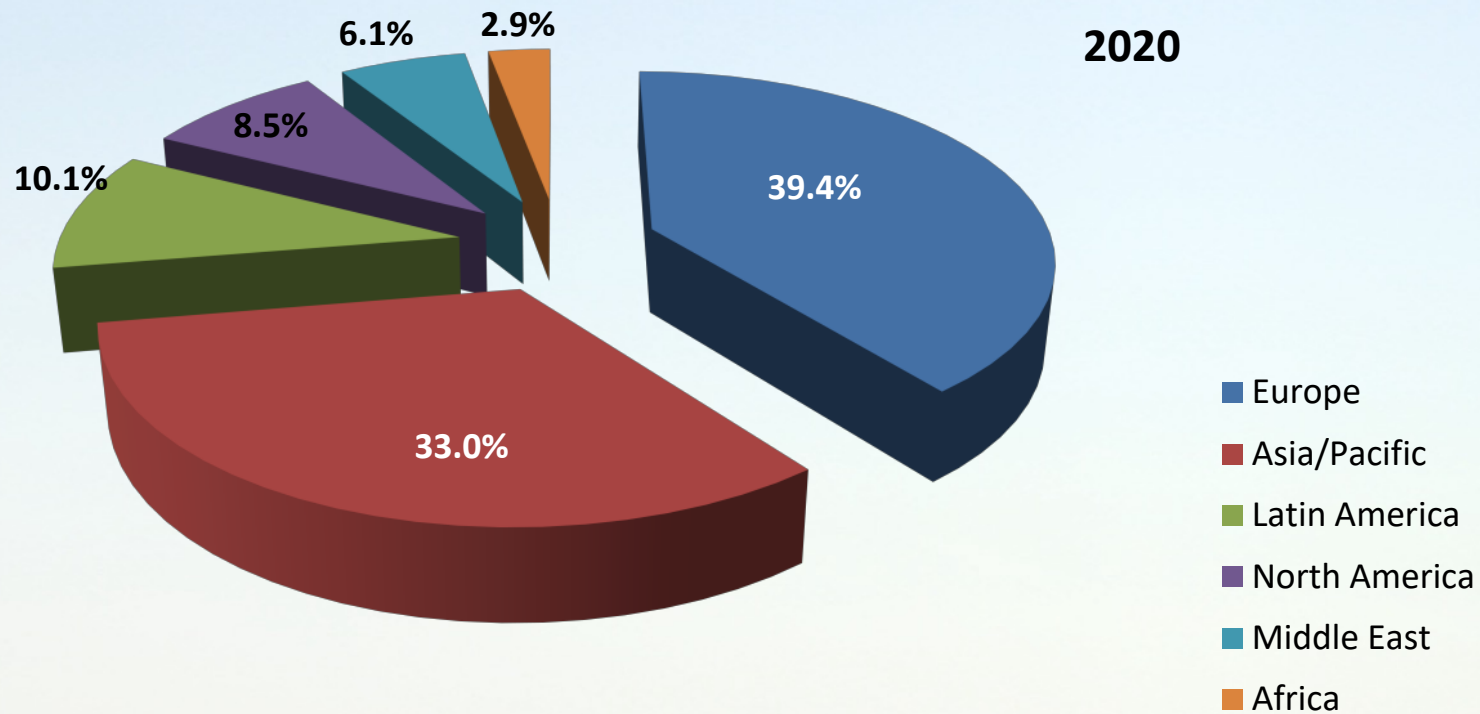
Global Cargo Results 2020





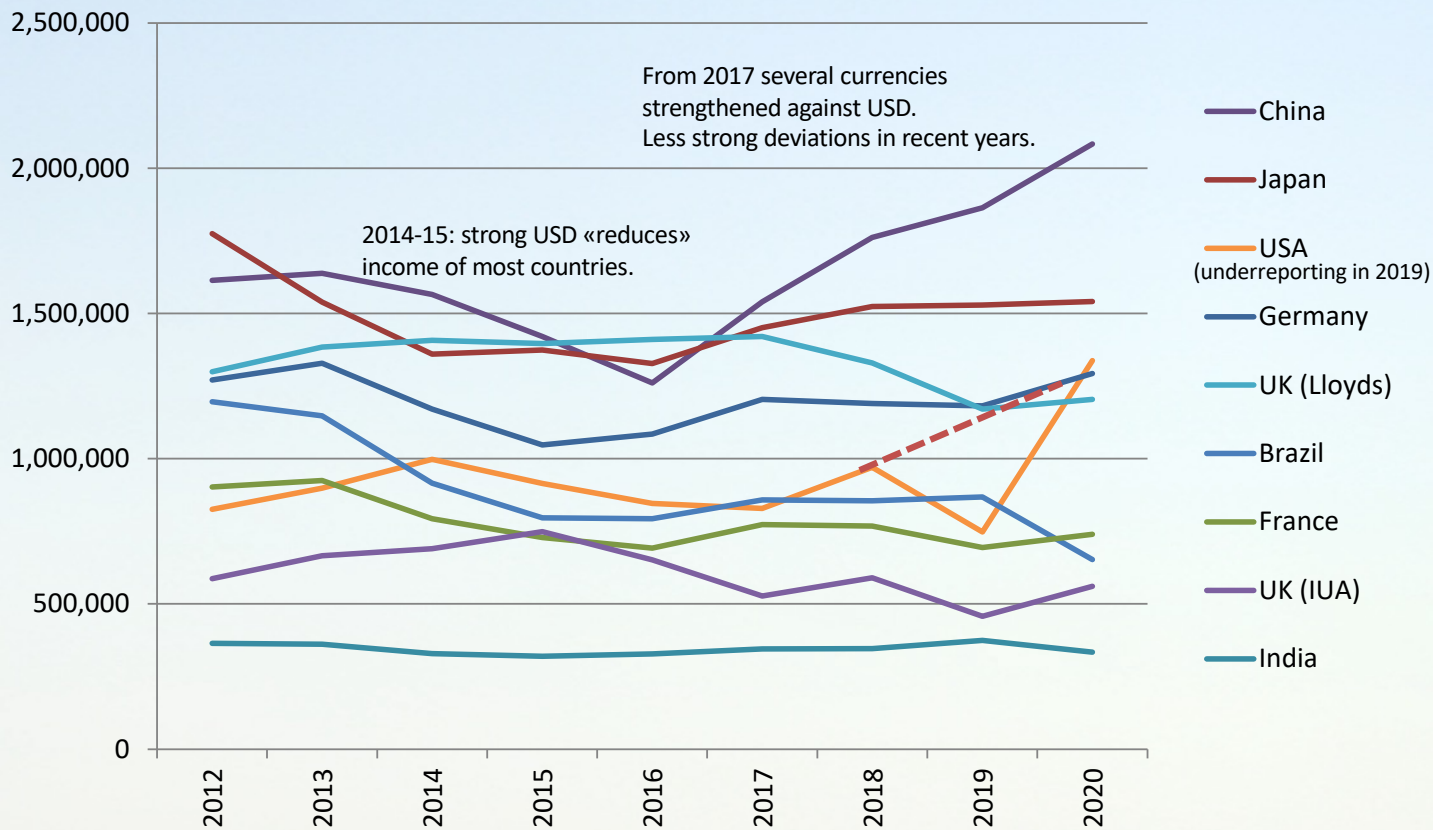
Global Cargo Premium 2020 (By Region)

Total estimate: 17.2 USD billion / Change 2019 to 2020: 5.9%
Exchange rate effects strongest on cargo premium.





Global Cargo Premium 2020 (By Market)

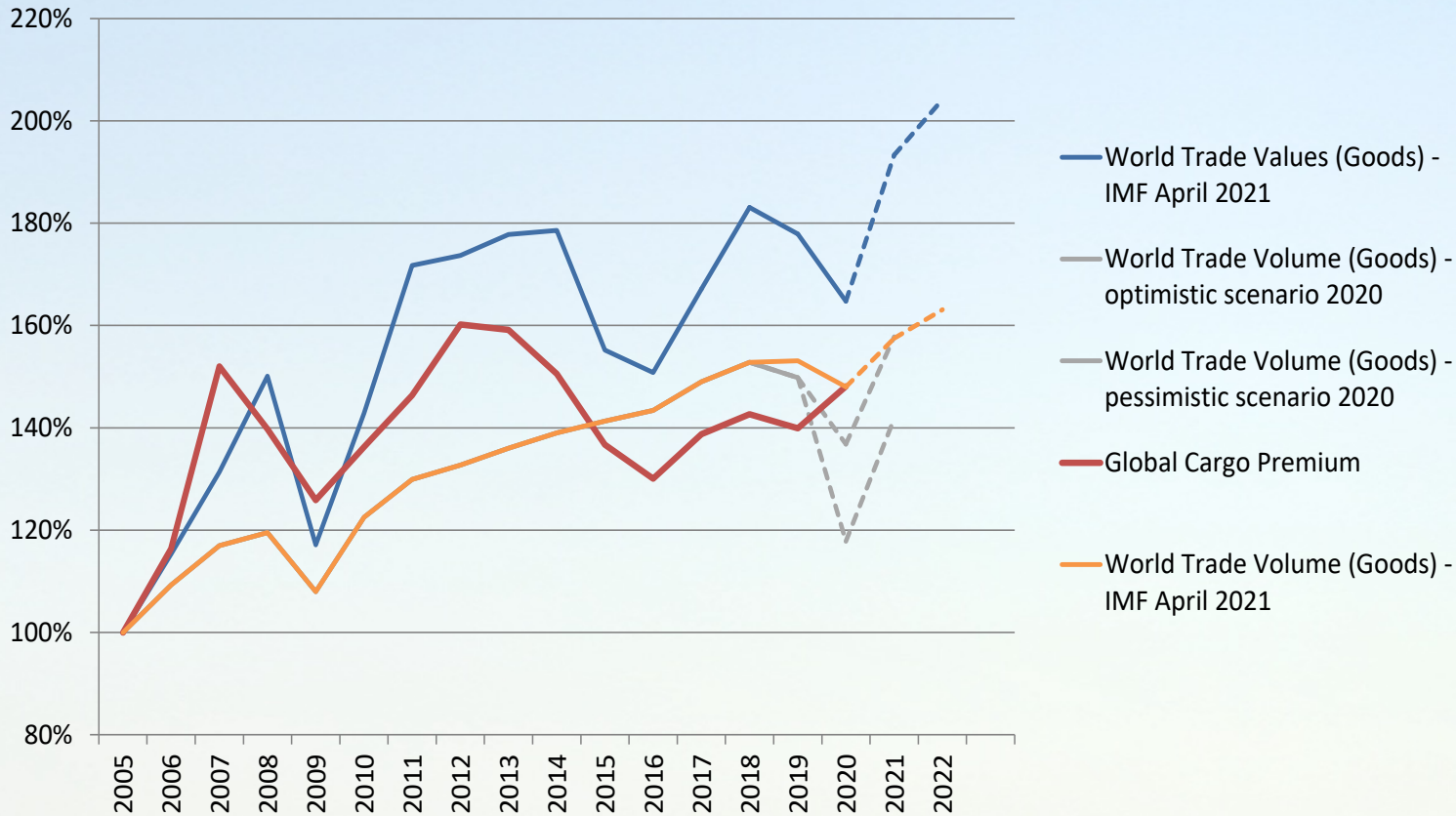


China growth continues.
Moderate growth
in other regions.

Various influences.
Global trade major driver.
Exchange rate effects,
other market conditions.



World Trade Values and Exports



COVID-19 rendered world trade forecasts uncertain.

Actual 2020 development better than optimistic IMF forecast.

Cargo premium follows world trade values. Lagged behind in recent years but upswing in 2020.

Extended risk covers and increasing risk of event losses (risk accumulation) need to be taken into account.



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And then...There's the Cargo Loss Ratio!

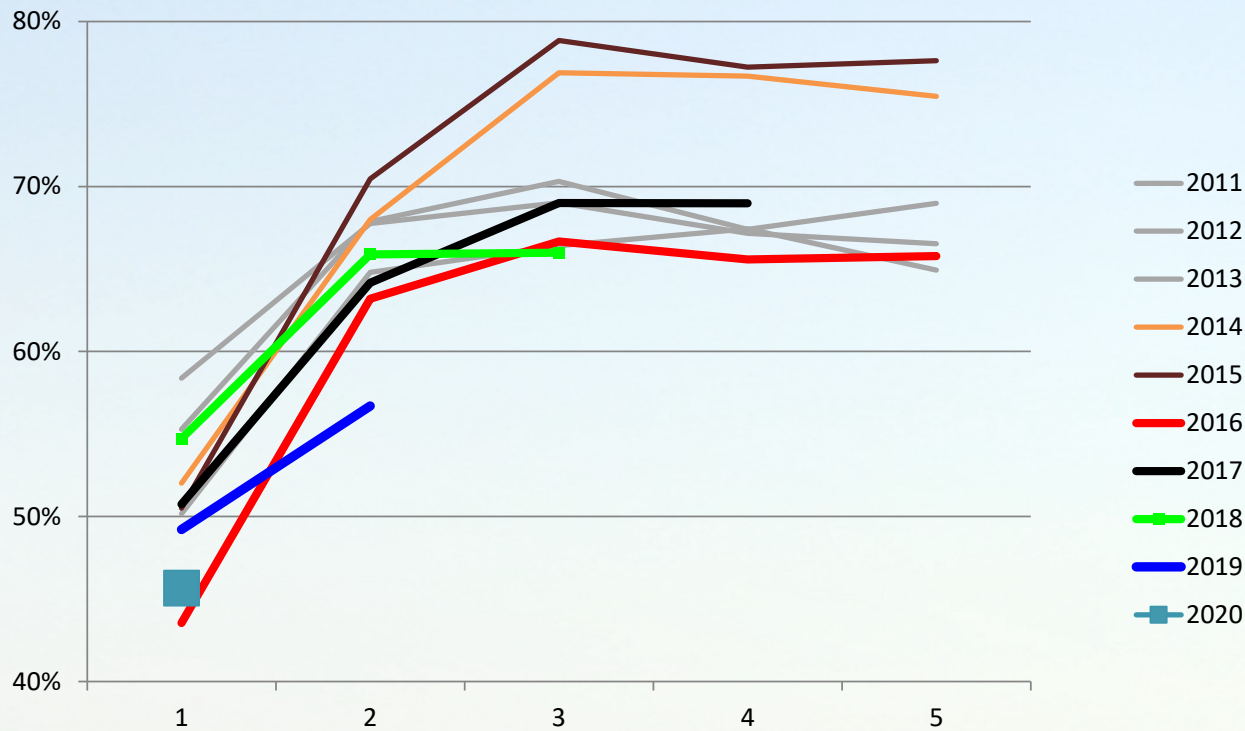




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Cargo Gross Loss ratio (UW Years 2011-2020) – Europe only!



2014, 2015, 2016:
Deviation from typical pattern:
extraordinary steep increase in loss ratios.

2017, 2018, 2019
Return to more 'normal' (=flatter)
development pattern.

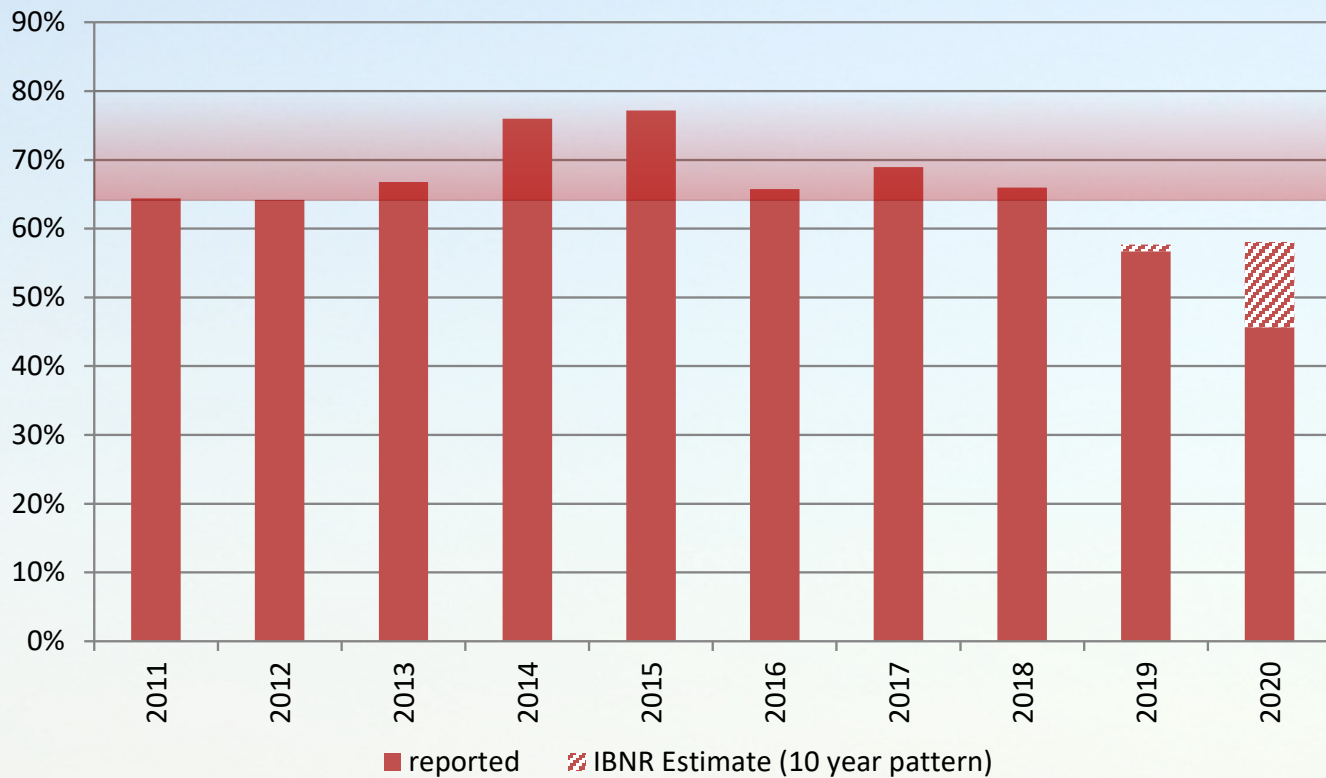
2020 starts at a low level.

* Technical break even: gross loss ratio does not exceed 100% minus the expense ratio (acquisition cost, capital cost, management expenses)

**Data included from: Belgium, France, Germany, Netherlands, Italy, UK



Cargo Loss Triangulations (UW Years 2011-2020)



After a number of years with heavy event impact, some improvement from 2019.

Outlier & Nat-cat event losses:
 2015: Tianjin port explosions
 2016: Hanjin, Amos-6 satellite
 2017: Hurricanes / Nat Cat
 2018: Mærsk Honam / Hurricanes
 2019: Fires, Golden Ray capsized
 2020: Nashville Tornados
 2021: X-Press Pearl, Ever Given (GA), Hurricane Ida, One-Apus

* Technical break even: gross loss ratio does not exceed 100% minus the expense ratio (acquisition cost, capital cost, management expenses)

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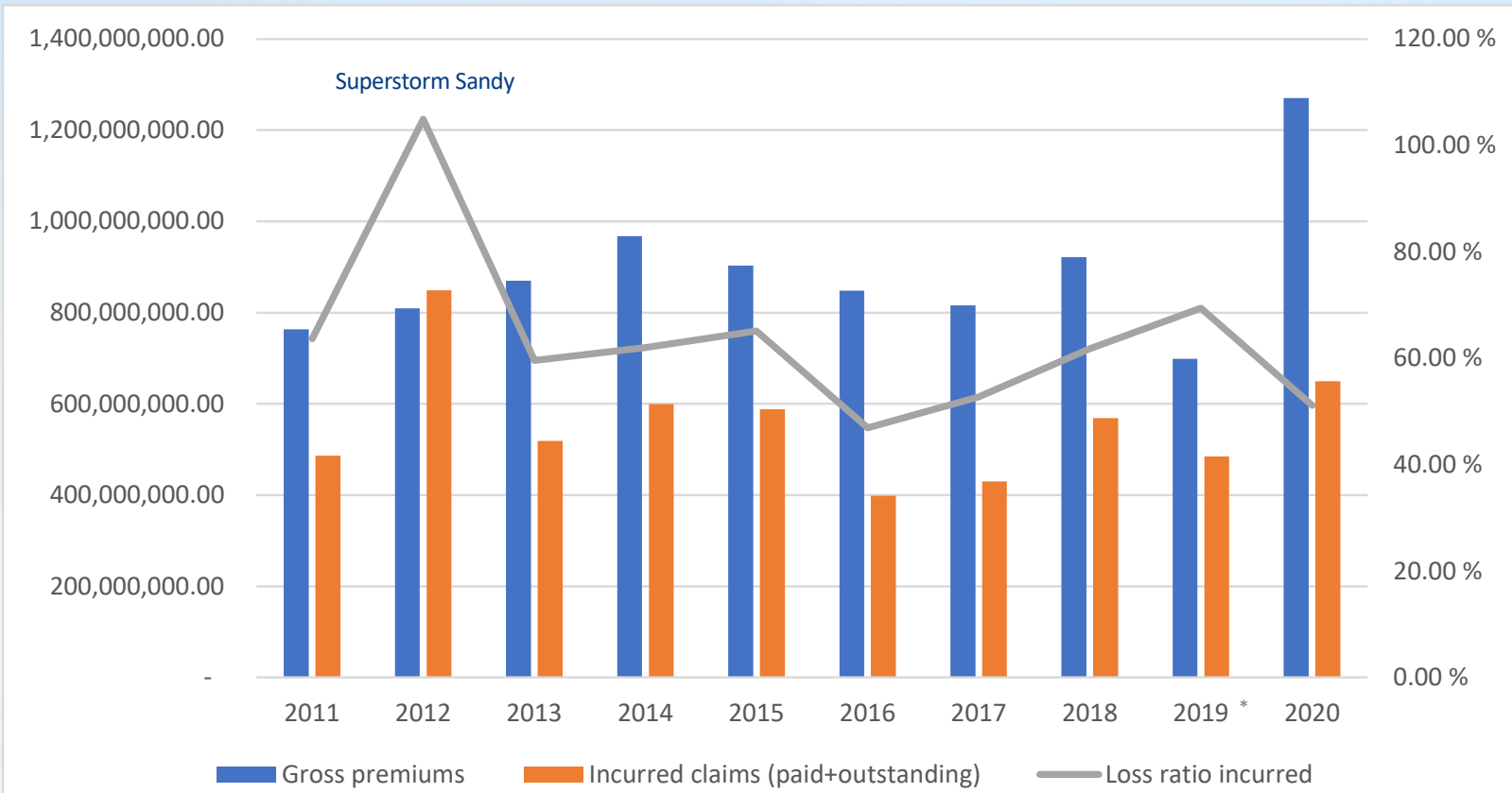


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Cargo – Gross loss ratios accounting year – US

Gross premiums, paid claims



Note this is US only

* Underreporting in 2019



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Cargo Conclusions



1 Growth

Trade growth slowed in 2019, Covid-19 impact in Q2 2020 rebounded in Q3, 2021 trade volumes > pre-Covid??



2 Results

2019 and 2020 look profitable after years of losses on Cargo.
2021 TBA after X-Press Pearl, Ever Given GA and Hurricane IDA



3 Claims

Nat Cat events & Containership losses inc. fires & parametric rolling losses concerning.
2021 supply chain delays and 'any box you can find' losses??

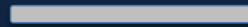


4 Outlook

Hard market softening?
New capacity in market.
Increasingly stock rather than just transit exposure.
Increasing accumulations.
CAT events every year.



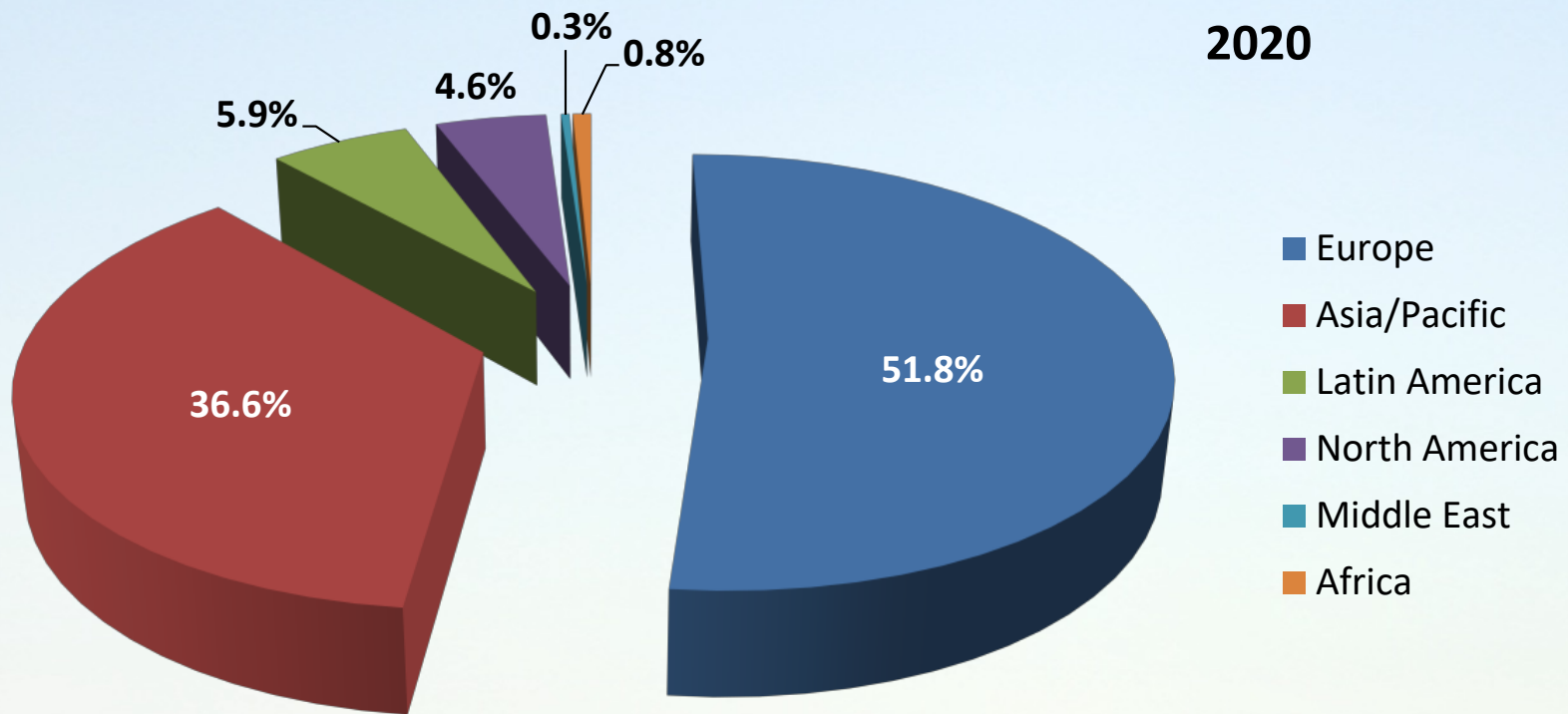
Global Hull Results 2020





Global Hull Premium 2020 (By Region)

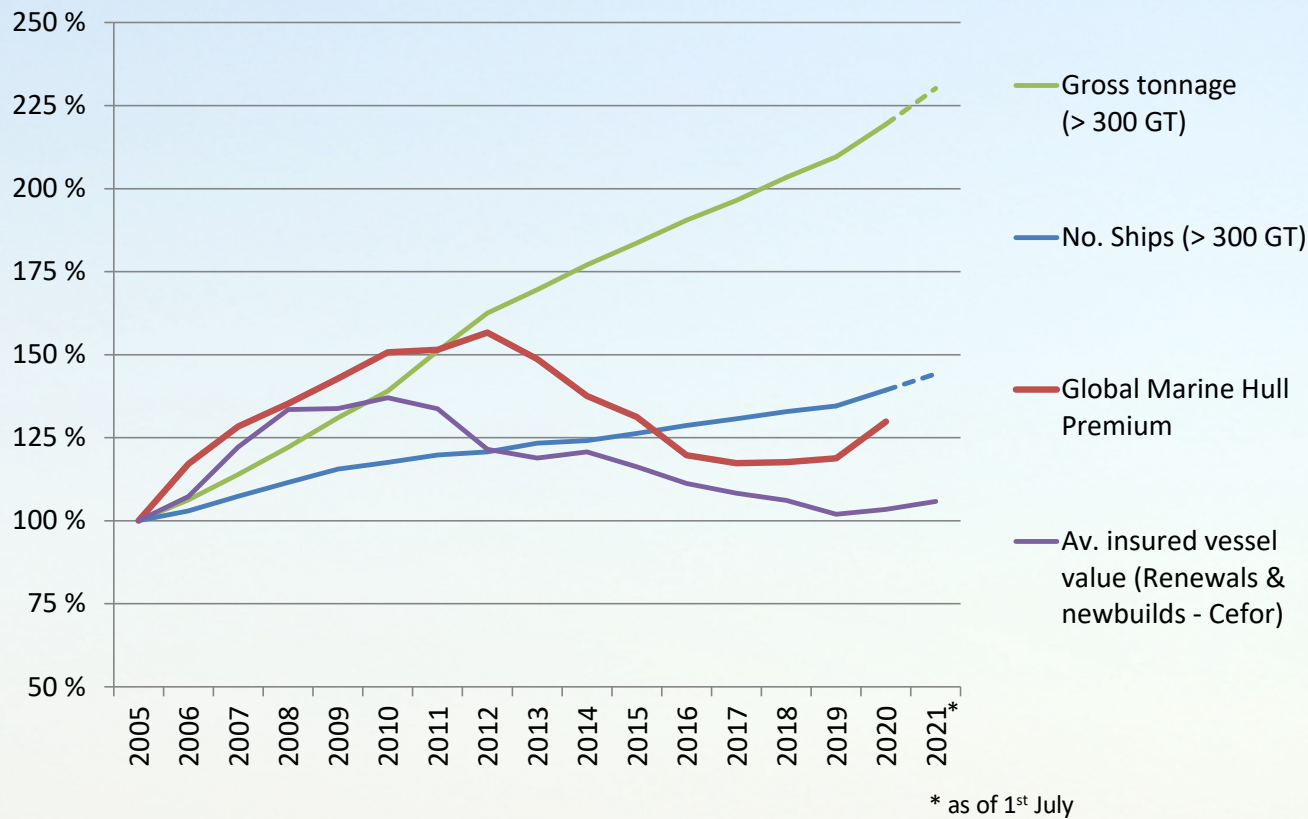
Total estimate: 7.1 USD billion / Change 2019 to 2020: 6.0%



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



Hull Premium / World Fleet



World fleet continues to grow, especially in size.

Downward trend in global hull premium and average vessel values came to a halt. Rising from 2019.

2012-2018 increasing gap between evolution of world fleet growth and hull premium/vessel values.

Slightly reducing in 2020.



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And then...There's the Hull Loss Ratio!



The Express Pearl entered service in
February 2021

2,700 TEU capacity

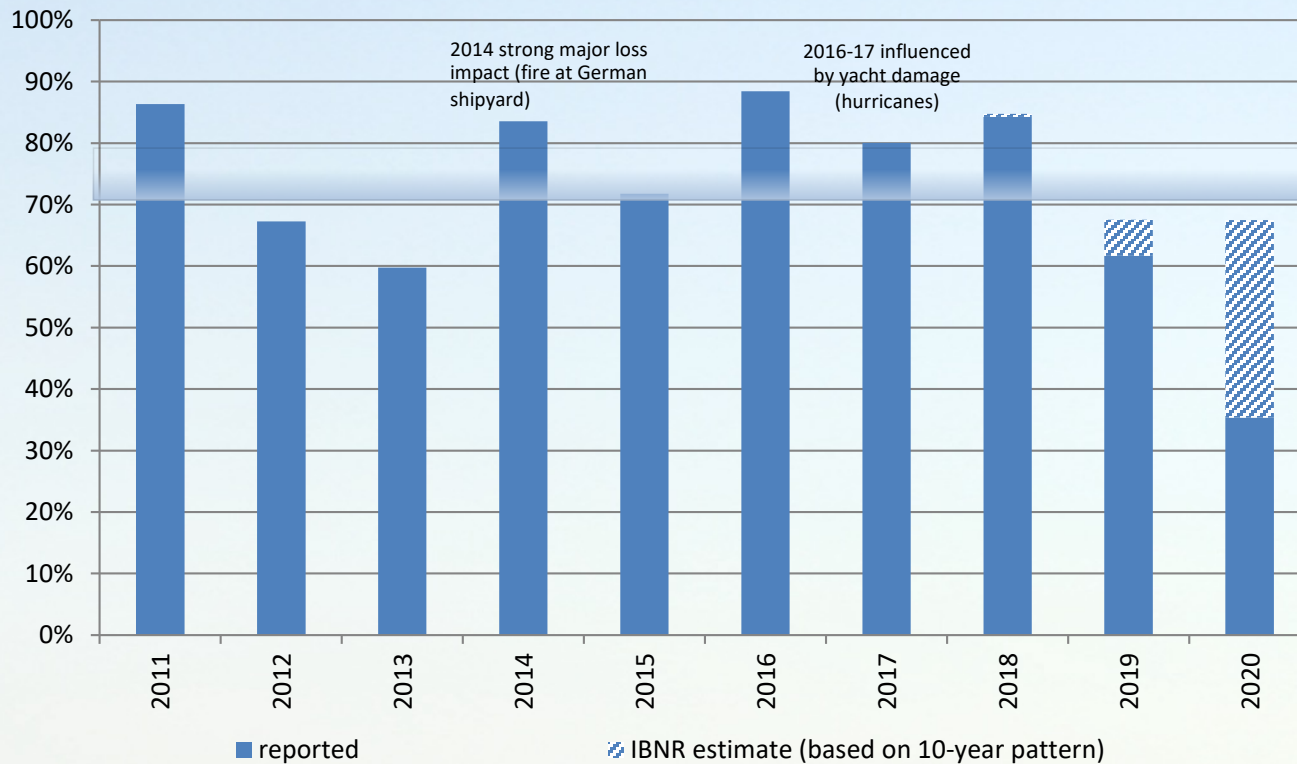
Declared CTL May 27, 2021



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Hull – Ultimate Loss Ratio* (UW Years 2011-2020 - Europe**)

NB: Data included changed compared to previous years' presentations (partly revised figures Europe; no US figures included)



After years of unsustainable results some improvement from 2019.

Increasing premiums and low 2020 claims impact influences 2019 and 2020 underwriting years.

2014 to 2018 overcapacity, dropping vessel values, reduced activity influenced income negatively. Yacht damage (hurricanes) impacted 2016/17.

Return to sustainable results possible?

Will return to full shipping activity in 2021 impact claims trends negatively?

*Technical break even: gross loss ratio does not exceed 100% minus the expense ratio (acquisition cost, capital cost, management expenses)

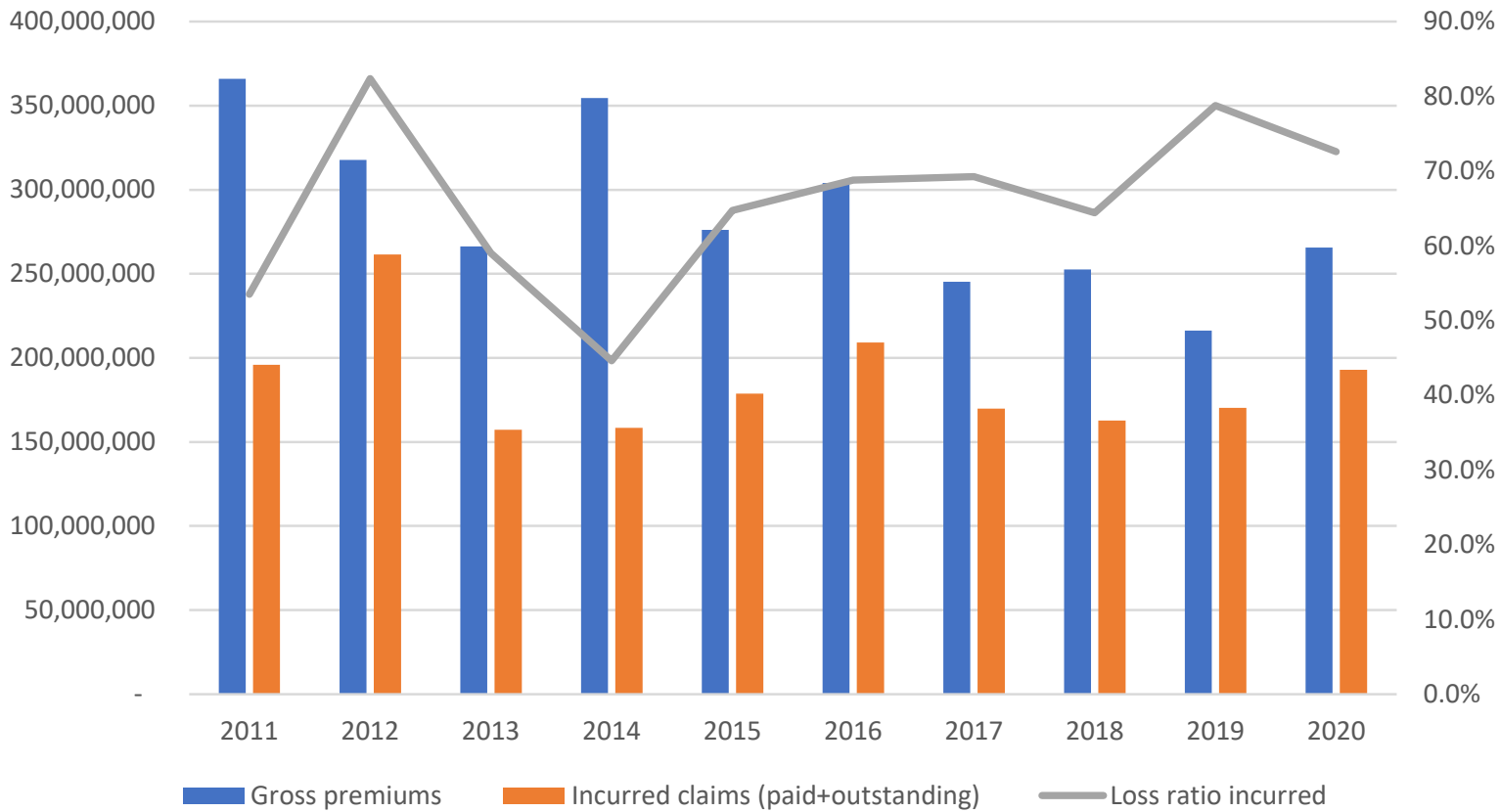
** Data included from: Belgium, France, Germany, Italy, Nordic (Cefor), UK, some US data



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Hull – Gross Loss Ratios accounting year – 2011-2020 - US)



Not profitable in 2019
and 2020
Does not include P&I

Note this is US hull
market only



Exposure

- Downward trend in premium reached bottom but gap between fleet growth and premiums / values remains.
- Insured values on the rise in some segments (container), reflect demand. Supply/offshore still depressed.
- Higher single-risk exposure (with inherent risk of unprecedented

Claims

- Claims frequency and cost reduced in 2020. Some increase in 2021 but still moderate level.
- Total loss frequency: long-term positive trend. Some fluctuation but still at low level.
- Major loss impact low in 2020. Moderate rise in 2021.
- Exception: Fires. No decline in frequency. Negative impact on hull, cargo and environment (X-Press Pearl).

Results

- Improvement starting in 2019 continues into 2020. Combination of low claims impact and rising premiums.
- How will return to full shipping activity impact claims trends going forward? How do new propulsion types and fuels impact machinery claims? Will market overcapacity return? Can a sustainable balance be reached.



Canadian Marine Insurance Market 2020 Results



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2020 Direct Canadian Marine Premium



Total DWP: \$485M CAD

Cargo	\$165M
Yacht	\$160M
Hull	\$82 M
P&I/Liab	\$78 M

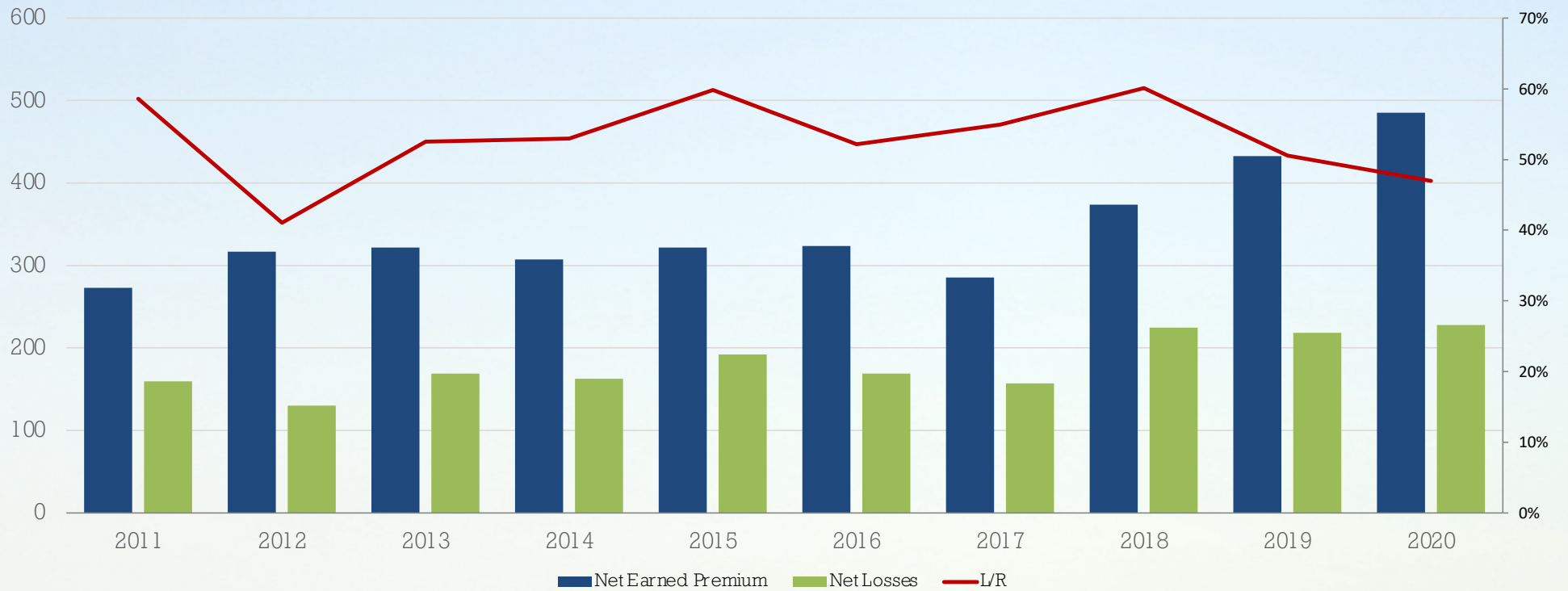
Based on historical data
provided to CBMU applied to
\$485,000,000

Increased from \$433M CAD last
year = +12%



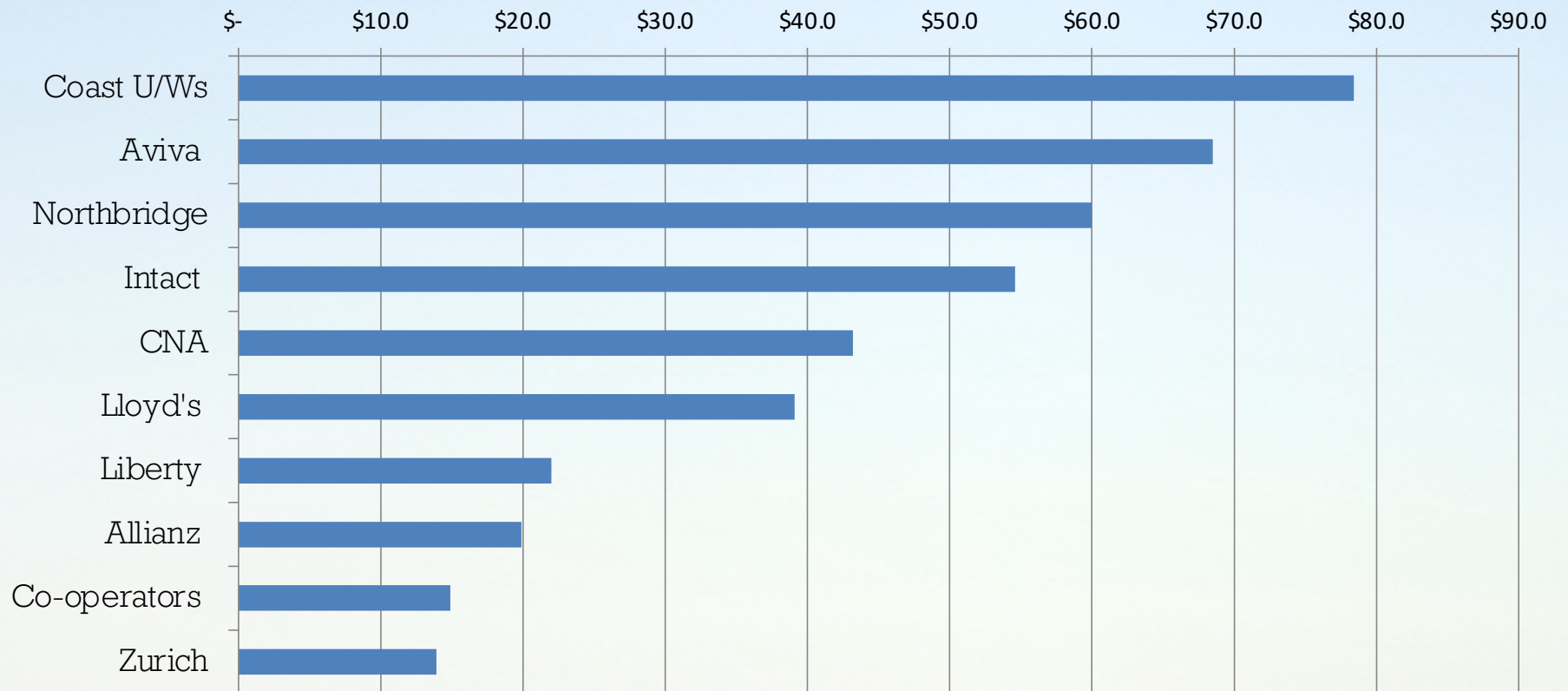
Marine Results 2011-2020

Net Marine Premium/Losses – All lines Combined (MSA Research)





Top 10 Companies by 2020 DWP (\$m) (MSA)





My own personal observations....

- Capacity strong for clean risks
- Volumes up
- CAT modelled on stock
- Aggregations and large event losses remain a concern

Cargo



- Capacity stable
- Tourism vessels laid up
- Large proportion of Canadian fleet still placed overseas

Hull/P&I



- CAT Losses
- Ltd capacity for US CAT, hovercraft, Parasail.
- New boats / Operators
- Claims inflation

Yachts



- Capacity stable
- Excess, Auto, Spec Ops harder to place
- Claims inflation – e.g. US Non-owned Auto

Liabilities



The Canada Marine market has seen double-digit growth for three straight years, and this trend appears to continue through 2021. Overall 2019 and 2020 were profitable years, and the absence of large Canadian CAT losses in 2021 combined with positive rate and rebounding cargo shipment volumes suggests that 2021 should also produce strong results for Canadian marine insurers. **(I wrote this before the ZIM Kingston and BC Flooding losses....).**