Premiums rise across the board

Paul Peachey

Premiums increased across the board in 2023 in a good year for marine underwriters, according to new figures published on Monday.

Global marine insurance premiums were up 5.9% from the previous year to reach $38.9bn, a meeting of underwriters in Berlin was told.

An increase in premiums reflects a rise in global trade and increasing values for ships.

The International Union of Marine Insurance meeting heard that improvements were seen across all lines with the biggest increases seen in hull premiums, up 7.6%, and cargo insurance, up 6.2%.

European insurers remained dominant with 48.5% of the global premiums followed by the Asia/Pacific region with 28.1% and Latin America with 10.9%.

Astrid Seltmann, vice chairwoman of IUMI's facts and figures committee, said: "Overall, 2023 appears to have been a positive year for marine underwriters."

More than half of premiums, or 56.9%, are for cargo insurance with 23.6% for hull for ocean-going vessels.

The rise in premiums was coupled with several years of limited claims, despite some individual high-cost cases involving vessel fires.

But Seltmann said the ever-increasing size of ships, changes in fuels and technology and shifting trade routes owing to geopolitical upheaval have increased the risk of higher claims in coming years.

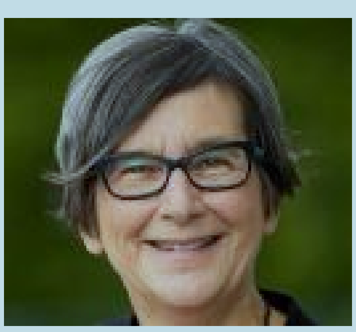
Premiums have steadily increased since hitting a low in 2019.

Hull insurance was worth $9.2bn with Europe securing the largest share of 52%. The UK, China and Latin American markets had all experienced an increase in hull share during 2023 while the dramatic rise seen in the Nordic market appears to have stabilised, according to the data.

Jun Lin, chairman of the committee, said: "The claims environment was also relatively moderate in 2023 with no major weather events or vessel casualties making a significant impact on the overall costs, despite a few costly fires.

"Large vessel fires, particularly on container ships and car carriers, are still a major concern for hull and cargo insurers.

"Increasing geopolitical tensions are creating headwinds for our industry and there seems no end to their impact in 2024 or beyond."



ASTRID SELTMANN: IUMI's facts and figures committee vice chairwoman Photo: Bard Gudim/Cefor

BREAKDOWN: The main spans of the Francis Scott Key Bridge in Baltimore tumbled after the 9,962-teu Dali (built 2015) struck one of its support pillars Photo: National Transportation Safety Board

Did 'loose wire' spark Baltimore bridge crash?

Theory could back shipowner's bid to limit liability over disaster

Paul Peachey
Berlin

The discovery of a loose cable within the circuits of the container ship that brought down a bridge in Baltimore could have a major impact on efforts by the vessel's owner to limit liability for the multibillion-dollar casualty, a legal expert told an insurers' conference on Monday.

The owner and operator of the 9,962-teu Dali (built 2015) went to court to try to limit their liabilities to $43.7m using a 173-year-old US law just days after what is expected to become the most costly maritime accident in history.

The move has been challenged by the city of Baltimore and other parties that are looking to the ship's interests and insurers to shoulder a greater burden of the cost of the disaster that has been estimated at up to $4bn.

But the case brought by the Dali owner, Grace Ocean, and ship manager, Synergy Marine, could have been boosted by the findings from the latest report by US marine accident investigators, which identified a "loosely connected" cable.

Tests showed it could have caused a blackout and loss of power, which was seen before the ship struck the Francis Scott Key Bridge in March this year.

The ship brought down the bridge, blocking a vital waterway, and was stuck for weeks before the twisted wreckage was removed and the ship was refloated. Six maintenance workers were also killed.

Details of the loose cable are included in a 41-page report by the National Transportation Safety Board, which does not go into further detail about the background, maintenance and responsibility for the wires.

But James Mercante, a partner at law firm Gallo Vitucci Klar, said that the "loose wire theory" could help the shipowner show it was not responsible for the blackout.

The ability of the shipowner to limit liability after a major casualty hinges on wording within the 1851 law which seeks to determine whether the crash happened without their "privity or knowledge".

The law was drawn up after shipowners complained they faced unfair competition from the UK, where such a law had been first introduced in the 1730s. The goal was to ensure that investors in shipping would not be deterred because of the risk of facing enormous liability owing to the actions of crews.

"If it's something that Hyundai Heavy Industries was responsible for when they built the ship and over the years just worked its way loose, ... then the shipowners would have a valid defence that this wasn't something they were responsible for," Mercante told TradeWinds.

It would also boost their case if crew maintenance led to their problem, but the owners did not know anything about it.

Mercante told a session at the International Union of Marine Insurers conference in Berlin that he expected the legal action to take seven to 10 years before it was resolved.

Two US politicians have sought to increase liability caps for foreign-flagged vessels as a result of the case and are seeking to backdate any legislation to include the Dali disaster.

The sponsor of the legislation, Democrat congressman John Garamendi, said that his measure would increase the liability to up to 10 times the value of the vessel and its cargo, minus expenses. In the case of the Dali, this would amount to $854m, he claimed.

"If the foreign owners of the cargo vessel that took down the Francis Scott Key Bridge in Baltimore think they can leave American taxpayers holding the bag, I have a message for them: you broke it, you bought it," Garamendi said in a statement in August.

But Mercante told the audience of 800 underwriters in Berlin that there appeared to be no great political support for the measure and the effort may falter in an election year.