

Navigating the Evolving Landscape of Marine Insurance Claims

The maritime industry is a cornerstone of global trade, facilitating the movement of goods and services across oceans, connecting economies, and sustaining supply chains. Marine insurance plays a crucial role in this intricate network, providing risk protection for vessels, cargo, and other marine assets. However, the marine insurance landscape is constantly evolving, shaped by emerging trends, technological advancements, and the ever-changing risk profile of maritime operations. Understanding these trends is essential for marine insurers to navigate the complexities of the industry and effectively manage risk.



Top Causes of Marine Insurance Claims: A Closer Look

Marine insurance claims arise from a variety of factors, each posing unique challenges for insurers. According to marine insurance trends, the top three causes of marine insurance claims by value are:

Fires and Explosions: Fires on board vessels have become the leading cause of marine insurance losses, accounting for 18% of the value of claims analyzed between 2017 and 2021. This alarming trend is partly attributed to the increasing carriage of goods including lithium-ion batteries on ships, which can pose a significant fire risk due to their potential for overheating and spontaneous combustion.

Cargo Damage: Cargo damage remains the most frequent cause of marine insurance claims, accounting for 30% of the total number of claims. This is often due to inadequate handling, improper storage, or faulty packaging, leading to physical damage, spoilage, or contamination of goods.



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Following his graduation from Istanbul Technical University with a degree in Mathematics Engineering, Umut started his marine risks insurance career in 2005 at Anadolu Insurance Company. He later joined Aon ve Omni as an insurance and reinsurance broker. In 2014 he took the position as Underwriter of Türk P&I. Umut's responsibilities include establishment of Company's risk and business acceptance criteria, review and guidance of rating practices and application of these practices to both prospect busines and portfolio, and ensuring smooth and continuous run of the Company's reinsurance treaty programmes. His articles on various insurance related topics continue to be published in maritime and insurance sector periodicals.



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Natural Catastrophes: Extreme weather events, such as hurricanes, typhoons, and floods, have become more frequent and severe due to climate change, resulting in a growing number of marine insurance claims. These events can cause significant damage to vessels, ports, and infrastructure, leading to costly repairs and disruptions in maritime operations.

Emerging Trends Shaping the Marine Insurance Landscape

In addition to the top three causes, several emerging trends are shaping the marine insurance landscape, posing challenges for insurers. These trends include:

Increasing Vessel Size and Complexity: The growing size of vessels and the increasing complexity of maritime operations are leading to larger and more complex claims. This requires insurers to develop sophisticated risk assessment and mitigation strategies.

Supply Chain Disruptions: Global supply chains are becoming increasingly complex and interconnected, making them more vulnerable to disruptions caused by natural disasters, political instability, or cyberattacks. These disruptions can lead to delays, losses, and claims.

Cybersecurity Threats: The increasing reliance on technology in maritime operations has exposed the industry to cyberattacks, which can disrupt operations, compromise sensitive data, and lead to financial losses.

Strategies for Mitigating Risk and Enhancing Resilience

Marine insurers can adopt a range of strategies to mitigate risk, enhance resilience, and navigate the evolving marine insurance landscape. These strategies include:

Underwriting Prudence: Careful underwriting practices are crucial to avoid exposure to high-risk vessels, cargo, or operations. Insurers should thoroughly assess risk factors, conduct detailed inspections, and apply appropriate risk-adjusted premiums.

Crew Training and Education: Investing in crew training and education on fire prevention, cargo handling, and emergency response procedures can significantly reduce the risk of accidents and claims.

Technological Advancements: Leveraging technology, such as data analytics, artificial intelligence, and remote monitoring systems, can improve risk assessment, enhance claims processing, and facilitate proactive risk mitigation.

Policyholder Engagement and Education: Educating policyholders on risk management practices, cargo handling techniques, and safety protocols can help prevent losses and reduce claims.

Collaboration and Information Sharing: Collaborating with industry partners, sharing knowledge and best practices, and engaging in research and development can help identify emerging risks and develop effective mitigation strategies.

Embracing Agility and Adaptability

The marine insurance industry is continuously evolving, driven by technological advancements, changing risk profiles, and emerging trends. To remain competitive and effective in this dynamic environment, marine insurers must embrace agility and adaptability. By understanding and addressing the latest claims trends and implementing robust risk mitigation strategies, marine insurers can navigate these challenges that lie ahead.