



# SHIP'S HULL, P&I AND SHIPBUILDING RISKS

## General trends

At the beginning of this summer of 2022, almost all segments of maritime transport seem to be performing at historically high levels (container ships, bulk carriers, oil tankers, chemical tankers, gas carriers, and offshore wind turbines) despite - or thanks to - the war in Ukraine and the macro-economic repercussions it is causing. At the same time, many shipowners are looking at the best ways to tackle energy transitions with multiple, but still uncertain, technological choices, requiring significant and unavoidable investments.

With regard to marine insurance, an important distinction must be made this year between our different markets.

The **"Hull and Machinery"** market as well as the related risks (Safe Arrival and Operating Losses) are showing a certain stability both in terms of capacity and pricing levels.

In the **"Shipbuilding risks"** market, we are seeing clients withdraw from the London market as much as possible in favor of the Nordic market, whose stability is valued for long-term risks.

The **"War Risks"** market is obviously very troubled by Russia's aggression towards Ukraine.

The **"P&I"** market is marked by continued difficult results for P&I Clubs (with combined ratios above 100% for all Clubs), the merger of two of the largest P&I Clubs, and the concentration and/or withdrawal of certain fixed premium P&I players.

## Market capacity

Having taken over from London in 2021 as the world leader in "Hull" insurance, the Scandinavian market has maintained its leadership in 2022. With the arrival in 2021 of new syndicates on the Lloyds market, London is showing a renewed and sometimes very competitive appetite, but nevertheless without managing to dethrone the Scandinavians.

The **"Hull"** insurers in the French market (mainly AXA XL, ALLIANZ GC&S, SCOR, HELVETIA and GENERALI), Italian (SWISS RE, SIAT, etc.) and continental (ERGO, BALOISE, MS AMLIN, etc.) have regained a certain commercial momentum and appetite for new business, taking back market shares that had been lost over the last two years.

In shipbuilding, other than for the largest cruise ships (> 1.5 billion) where this is more difficult, the market has sufficient capacity to meet current projects, particularly in the military arena.

With many ships currently stranded in the Sea of Azov and the Black Sea (but also goods in warehouses or on board ships), war risks insurers are highly exposed to major losses. Capacities are therefore tighter where the amount of capital to be insured is high and/or the risks are more exposed geographically or over time.

The ongoing merger of the NORTH and STANDARD P&I Clubs should not negatively affect the P&I market capacity obtained as part of the International Group, but it will reduce the choice from 13 to 12 P&I Clubs. At the beginning of this summer of 2022, the NHC just announced its withdrawal from P&I (fixed premium), having failed to achieve positive results after fourteen years of existence.

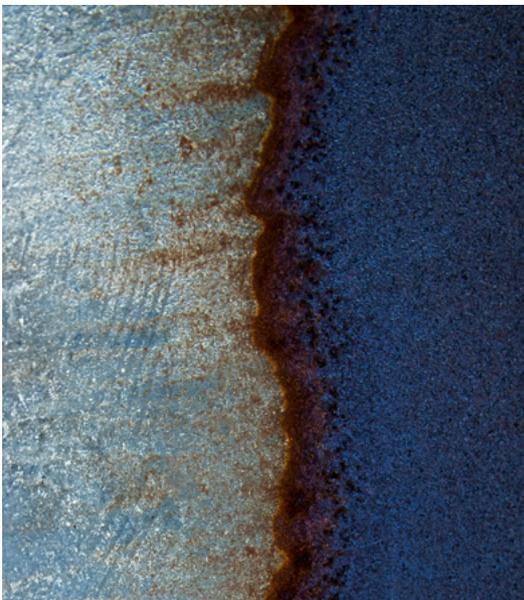
## Developments in coverage

Overall, there were no developments in coverage in 2022, but it is nevertheless subject to increasingly stringent compliance and sanction clauses.

In shipbuilding, the most extensive coverage is more difficult to obtain than before and requires in-depth technical discussions with insurers as well as contractual adjustments.

War risk coverage is becoming increasingly restrictive, particularly with regard to seizure, detention, etc., for which the probationary period is often extended from 6 to 12 months. More generally, travels to areas with increased risks (Black Sea, etc.) is subject to restrictions on a case-by-case basis.

Rules in connection with the fight against global warming are apparently being gradually inserted into the marine insurance chain, but nothing has really been imposed to date, with the possible exception of the refusal by certain insurers to cover risks considered to be incompatible with environmental protection.



## Pricing trends

After significant increases for 3 to 4 years, the insurers' pricing discipline continues to rule out any decreases although Hull and Machinery premiums have nevertheless stabilized across all markets in 2022. Many accounts with very good underwriting results have been renewed on an unchanged basis, but with some increases of 2.5% to 5%, either due to a technical adjustment (premiums deemed technically too low), or in anticipation of current inflation, which will de facto lead to an increase in the price of repairs. Hull accounts which have experienced losses continue to see very significant increases.

For shipbuilding, rates remain high, but stable.

While basic war risk premiums have remained relatively stable and still competitive, additional premiums for travel, especially to Russia in general and the Black Sea in particular, have jumped dramatically and are difficult to negotiate.

The P&I Clubs have imposed very significant across-the-board increases in premiums (and often deductibles) in 2022 (between +5% and +15%) and given both the continued negative underwriting results, as well as the declining financial results in the first quarter of 2022, we fear the increases will continue in 2023.

With the return of inflation in most countries and the significant losses that could be generated – primarily for war risks - by the Russian-Ukrainian crisis, and the increase in natural disasters, particularly in Europe, we fear an increase in reinsurance costs in 2023 with its inevitable consequences on marine and non-marine insurance.



**Bertrand Faurisson**  
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# DIOT-SIACI'S EXPERTISE

## What is our operational technical expertise?

With extensive experience in the maritime sectors: shipping, marine works, shipyards, and marine and cargo services; Diot-Siaci's marine teams design customized, economically and technically efficient solutions both in France and around the world.

## How do we assist and support you?

With an in-depth understanding and knowledge of the maritime industry, its products and challenges, with more than 13,000 insured vessels and 3,500 claims handled, we offer a support service drawing on hundreds of cases and thousands of events of all kinds. Our claims services support our clients in the active management of their claims.

## What can we offer you?

More than 200 specialists with extensive technical, geographical and contractual experience in the world of marine insurance.

Unique resources in the market with dedicated, loyal, multinational men and women and decades of proven experience with over €500 million in premiums placed annually.

## What makes us different?

- Leading team in the worldwide Hull, Shipbuilding Risks and P&I insurance market thanks to the successful merger between Cambiaso Risso (Italy), Cap-Marine (France) and Fender S.A. (Greece).
- Our international experience and the wide range of our technical, legal and contractual skills and expertise.
- With a presence in 14 countries, we have an extensive specialized network through which we can make international placements via direct access to the world's major marine insurance markets, France, Italy, London, Scandinavia, Continental Europe, and Asia.
- The management of reliable data relating to developments in our clients' activities and loss experience or the underwriting appetite of insurers and their financial health using high-performance tools.
- (High-performance) tools/management/control and reliability of data.

**Cap-Marine**, a member of the Diot-Siaci Group, is set to continue its strong growth in the field of "Hull, P&I and Shipbuilding Risks" marine insurance both in France and internationally for the 6<sup>th</sup> consecutive year.



More than 200 specialists



More than 13,000 vessels insured



More than €500 million in premiums placed



Over 3,500 claims handled

In marine insurance, the Diot-Siaci Group, through its lines and subsidiaries (Cambiaso Risso, Fender and Cap-Marine) is present in 14 countries.

