



MARINE LIABILITY - MARKET UPDATE 2020/21 (Q1)

As we look back on 2020 and Q1 2021, the challenging market conditions that were felt in 2017, 2018 and 2019 have persisted and a further Market hardening has occurred.

There have been a series of notable losses including the explosion at the Port of Beirut, the Port of Tilbury fire, DP World crane allision claims, Californian wildfires, and "GOLDEN GATE" loss deteriorating to USD 778m.

Additionally 2020 was the most active hurricane season in the US and Caribbean on record with 30 Named Storms making land fall including H Delta and H Laura which have resulted in huge Marine Losses at Lake Charles and across the Caribbean region.

COVID-19 has also created a lot of uncertainty with Insurers estimating a total Insured loss of approximately \$107 billion. Additionally all Re/ Insurance Companies have had a severe reduction to their valuation as the effects of Covid took hold of the Global Stock Markets and therefore wiping billions of USD off the Companies balance sheets. At this stage it is difficult to predict the size of the loss and estimates vary as current litigation in the US, Europe and UK will play a key role in how the losses unfold but the Professional view is losses in excess of USD 200bn attributable to the Global Pandemic.

All these factors have resulted in Underwriters looking to apply rises across the Marine Class, even on clean business. Average increases on loss free Marine Liability / Ports and Terminal business now stands circa 10-15%. Marine Property rises are higher and the minimum starting point is 15% but for Natural Catastrophe exposed Property the increase is far more severe.

However Accounts that have experienced losses are being assessed more closely and bespoke rises are applied.

We have witnessed Underwriters undertaking an increased level of scrutiny upon their portfolios and, where necessary, implement "corrective" measures.

These corrective measures could be in the form of substantial premium adjustment, tightening of the coverage, scaling back of their capacity or, in extreme cases, they have been unwilling to renew and/ or have pulled out of the class completely.

For some forward thinkers the difficult market conditions do offer some opportunity and we have witnessed some new Insurers entering the market. At this stage the new entrants are taking a prudently

cautious approach to risk selection. We are diligently monitoring the impact of these new entrants and their effect on the market but they are looking to write "low risk" business as they try and slowly build up their portfolio's.

Remedial action is continuing to be undertaken by the Lloyd's and Company markets Globally. This remedial work took various forms from Insurers withdrawing from specific marine classes to a complete withdrawal from marine insurance as Insurers focused on returning to profit and maintaining their "A" rated S&P and AM Best ratings. The following Insurers have exited the Marine class in one form or another in the last 24 months with the threat of more to come. Acapella, Advent, Amtrust, Antares, Argenta, Aspen, Barbican, Brit, Canopus, Channel, Chaucer, CNA Hardy, Hiscox, Kiln, Markel, Montpelier, Pioneer, RSA, Skuld, Sirius, Standard and WR Berkley.

The knock-on effect of the hardening Market has also been felt by Insurers in their own Reinsurance buying as "Cost to Capital" has significantly increased. This increased costs to the Insurer cannot be absorbed and ultimately gets passed on to Global Assureds.

Despite these unprecedented Market conditions Tysers continue to strive to negotiate the best possible terms and conditions and leave no stone unturned in pursuit of our continued support to our valued clients.

We are very proud of our Market retention rate at 98% and it has been proven that the terms we achieve are better than our competitors by a significant margin.