



MARINE LIABILITY - MARKET UPDATE 2021 (Q2)

Following on from our [Q1 market update](#) there appears to be no let-up to losses impacting the Marine Insurance industry. The high profile incident that of course made the international news was the “Ever Given” incident in the Suez Canal.

The vessel, owned by Shoei Kisen Kaisha and time chartered to Evergreen Marine, ran aground in the Suez Canal on 23rd March 2021 for six days before salvage crews were able to free it on 29th March 2021. The vessel was arrested by the Egyptian government for a considerable period of time whilst canal authorities investigated the circumstances of the grounding. In addition a complex round of legal disputes ensued with the canal authorities seeking to secure USD600 million compensation for loss of revenue whilst the canal was blocked and other associated costs. It has been announced recently that a financial settlement has been reached between the vessel owners, their Insurers(Re) and the canal authorities although the exact compensation amount agreed is undisclosed. We understand through market sources that Insurers(Re) have been notified of a loss in the region of USD60m. Needless to say Tysers are watching developments very closely and the impact this is likely to have on Marine Insurers(Re).

The X-Press Pearl - a cargo vessel carrying tonnes of chemicals - sinking off the coast of Sri Lanka in sensitive fishing grounds, is also a cause for concern to the insurance industry. Notwithstanding the total loss of the vessel and the huge environmental impact, we can anticipate significant clean-up costs being incurred in addition to compensation to fishermen as a result of the impact and loss of fishing rights. Early indication from the Marine Insurance(Re) market is that a claim in the region of USD165m will be notified to Insurers(Re) and again Tysers are watching developments very closely.

The wreck removal operation of the Golden Ray continues to present challenges with a recent fire being experienced, plus a further oil spill during the cutting operation. The associated insurance costs, which are already significant, are increasing daily with the latest total claim figure estimated at USD850m.

As a result of the significant level of past losses (as referenced in our [Q1 report](#)) and the likelihood of future losses, as referenced above, the hard market cycle we currently find ourselves in is set to continue for the foreseeable future.

We have seen a flurry of new Lloyd's startups who hope to take advantage of the continued hard market cycle and the resulting

underwriting opportunities on offer and as such have employed well known marine liability industry underwriters to head-up their offerings. These startup syndicates include Navium, ERS and Inigo although we have seen a very cautious approach so far to underwriting as we would anticipate. Lancashire have also recently expanded their offering to include marine liability by employing one of the industries long-standing marine liability underwriters from AIG. Tysers are clearly monitoring the situation closely and of course have very strong relationships with all of the marine liability underwriters operating within the new operations referenced above.

In Q2 we were invited by the British Ports Association BPA to give them a high-level presentation on the state of the Marine Insurance Market. The feedback to our presentation was positive but with an obvious concern of how the continued hardening market will effect there members premiums moving forward.

With our strong relationship with the BPA we were able to construct some guidelines and proposals to enable them to be well prepared for the potential difficulties that lay ahead.

This supportive work is something that we are and have undertaken for our valued client base which all have deemed of great assistance.

We have already witnessed an early start to the 2021 hurricane season with the first destructive named storm (ELMA) causing severe damage to property in Florida and the Caribbean. Significant losses are anticipated to be reported to Insurers(Re) arising from this hurricane and many experts with knowledge of weather patterns in the region are predicting this year to be at least as active as the hurricane season seen in 2020 which is an area of concern for Insurers(Re). This is especially so in view of the insurance market losses experienced in 2020 ([Q1 Report](#)).

If you have any questions or concerns please do not hesitate to contact us on:

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