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# Marine risk

## Teaching old seadogs new tricks

# Marine risk

From wars to tariffs, from technology to climate, mariners – ancient and young – directly face a more diverse set of risks than perhaps any other type of insured. They are leaning on re/insurance solutions more than ever before.

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# The growing arsenal of marine war risks

## Maritime operators face a combination of traditional threats, a deteriorating international situation, and new weapons and tactics, from drones to spoofing

The marine war risk market is stable despite a darkening geopolitical outlook and, in fact, prices are falling in line with the rest of insurance. That said, the risk environment faced by shipping is changing, *writes Ben Margulies*.

Marine war carriers still have to face seafaring criminals and wars between states, but some of these threats are reviving or becoming more intense. Meanwhile, state and non-state actors are employing new tactics, from drone fleets to jamming and spoofing navigation systems.

Thorbjörn Emanuelsson, director of underwriting at the Swedish Club, worries attacks on shipping have become strategic, rather than opportunistic. “Looking ahead, the most concerning developments are those that treat commercial shipping as geopolitical infrastructure and seek leverage through asymmetric disruption,” he tells *Insurance Day*.

“The common thread is not any single technology but the intent to impose outsized trade and safety effects at chokepoints and along key corridors,” he adds.

At an operational level, new technologies and tactics are combining with older perils to menace shipping operators and their insurers. There are growing risks from unmanned weapons systems alongside traditional forms of piracy, while artificial intelligence “spoofing” poses increasingly serious operational, legal and reputational problems for insurers.

Markel International’s head of hull and war, Katie Costello, and head of cargo, Brook Styles, point out the 2010s saw state-linked and proxy actors beginning to target maritime assets to advance political leverage, using explosive boats and the resurgence of limpet mines. In the 2020s, ordinary piracy has also revived in traditional high-risk areas, including the Gulf of Guinea, the waters of the Horn of Africa and the Malacca Strait between Malaysia and Indonesia.

### Hijacking, physical and virtual

Somalian pirates may take and hold a ship and its crew, as occurred to the *Maersk Alabama* in 2009, while off the Nigerian coast, and in south-east Asian waters, pirates are more likely to seize goods and then leave. More recently, attackers have begun seizing and holding commercial vessels for extended periods of time.

Andreas Bisbas, chair of marine mutual reinsurance and head of mutual war at Miller Insurance, describes the Houthi seizure of *Galaxy Leader* in November 2023 as a “dramatic statement”, highlighting the crew was kept prisoner for more than a year.

To Neil Roberts, head of marine and aviation at the Lloyd’s Market Association, drones may be alarming but “worse overall” is the prospect of prolonged detentions for a variety of local reasons not always related to conflict.

Ships can also be hijacked virtually, through automatic identification system (AIS) and global navigation satellite system (GNSS), such as GPS, spoofing, which allows bad actors to place shipping in false locations.

Simon Lockwood, head of shipowners at Willis Marine, says state actors spoof AIS and GNSS signals for a variety of reasons. Iran may use spoofing to argue foreign merchant vessels have strayed into its territory, which would give Iranian forces the justification to seize them.

Bisbas observes Russia uses spoofing


Yellow Boat/Adobe Stock

to falsely place ships in its ports or other locations that suggest the vessel is violating sanctions. This creates reputational and legal problems for the shipowners, which must prove their innocence, and more generally disrupts global shipping.

The spoofing issue and the problem of extended detentions are closely related, according to Andrew Moulton, senior underwriter at Ascot Group, since the goal of spoofing is often to produce a pretext for vessel seizures. "AIS spoofing has become easier and a lack of adherence by littoral states to comply with established maritime protocols increasing, leading to extended vessel detentions and criminalisation of crews," Moulton says.

Costello and Styles say insurers are improving their intelligence collection, making it easier to predict physical and cyber attacks. However, it can be hard to determine who has perpetrated an attack: "Carriers are facing liability challenges resulting from increasing hybrid and multi-modal advanced attacks, designed to blur responsibility with proxy action deniability becoming commonplace," they say.

Bad actors can also jam AIS and GNSS systems, which has become increasingly common. According to NorthStandard, the number of vessels reporting GPS jamming problems in the Sudan and Red Sea area increased from zero in the second quarter of 2024 to 890 in the second quarter of 2025. In the Baltic, the number rose from 1,225 in Q1 2025 to more than 5,800 in Q2 2025.

### Squalls don't move the market

Despite global tensions and instability, marine re/insurance markets are quite stable going into 2026. WTW forecasts that marine hull and machinery premiums will fall between 0% and 5% and Gallagher Specialty expects most protection and indemnity clubs to raise reinsurance rates between 5% and 7.5%, despite the record number of pool claims in 2023/24.

## Murderbots and other physical risks

The direct threat to vessels from missiles and mines is far from new, but the military use of drones is quite recent – the US Air Force and Central Intelligence Agency first armed a drone in 2000.

The Red Sea and Gulf of Aden, for example, have seen co-ordinated attacks using missiles, one-way UAVs (drones) and uncrewed surface craft alongside boarding attempts.

Some argue that remotely controlled boats may be more threatening than drones, since uncrewed surface vessels are harder to detect, carry much larger payloads and typically hit on/below the waterline, maximising the potential to cause major damage to vessels.

Drones, mines and missiles are also becoming less expensive, costing as little as a few thousand dollars. They can be deployed with minimal infrastructure and are increasingly accessible to non-state groups, such as the Houthis, through the backing of third-nation sponsors.

Older weapons systems remain a concern because, for example, missiles can carry more explosives than drones. There are limpet mines with 12-month timers, with a number of recent cases connected to Russian ports.

The marine war insurance market is a two-tier system, Lockwood explains. There is a standard marine war policy, applicable worldwide, which is purchased annually. Policyholders can pay additional premiums for coverage in high-risk areas.

The Joint War Committee, a body of London and Lloyd's insurers, issues an influential but not binding register of "listed areas" where marine insurers may charge supplementary premiums.

Despite the deterioration of maritime safety, marine war markets also remain fairly stable. Lockwood describes them as "soft". The markets for the additional war premiums are highly flexible and will rise and fall on short notice after attacks or intelligence about potential attacks.

Bisbas says marine war markets might simply let an attack pass without altering pricing. The marine insurance market has plenty of capital, he says, and short-term hikes will not necessarily produce more income should they have to be reduced soon after.

Moulton observes high levels of competition holding down war marine prices, with "less experienced" managing general agents fighting for commissions and driven by top-line growth depressing premiums.

Price pressures more often show up in quotes for specific vessels or regions. Emanuelsson describes additional premiums and terms as "highly sensitive" to route, timing and ship profile, and they can adjust at short notice to reflect listed area changes, accumulations at chokepoints and shifting campaign intensity.

There are underwriters willing to write policies "discriminately", Emanuelsson continues, as they "prefer owners who evidence strong risk management, voyage planning and compliance with security guidance".

Paul Harrison, divisional director for marine, cargo and logistics at Howden, points out prices are falling for Red Sea voyages, but there are "increasingly stricter" warranties for transits and higher premiums in specific areas. ■

# Black Sea war risk market avoids 'knee-jerk reaction' to renewed fighting

## Spate of recent attacks on ports edges prices up, but only gently

Black Sea marine war risk premiums have inched up on the back of intensified clashes between Russia and Ukraine, with increased enquiry from vessels planning Danube calls, according to market sources, *writes David Osler, Lloyd's List*.

The ongoing fighting has seen both sides target each other's energy infrastructure, with a drone strike on Ukrainian-held Izmail on November 17 hitting liquefied petroleum gas carrier *Orinda* (IMO: 9240122). The incident marked the third major attack on a port in the Black Sea region in the space of just a few days.

Ukraine targeted the Russian port of Novorossiysk on November 29, damaging infrastructure and causing oil exports to be halted from the terminal for nearly 48 hours. Russia retaliated by hitting the port of Odesa, damaging berths and a civilian vessel.

The going rate for Black Sea war risk cover seems to be about 0.5% of hull value per trip, indicating a slight firming after the latest episodes in the war, which commenced with Russia's illegal invasion of its neighbour in February 2022.

However, the mechanism by which the Ukrainian government guarantees the first tranche of any war risk insurance payout seems to be making little difference, underwriters added.

The arrangement was designed to allow underwriters to keep premiums down, facilitating the grain export trade that funds Ukraine's war effort, while still making a commercial return. It is not known whether there have been any claims on the facility since its inception. But at the very least, it has been little used.

Dylan Saunders-Mortimer, UK marine hull war leader at broker Marsh, said: "Inevitably, the sustained intensity of Russian attacks on Ukrainian port infrastructure and, by extension, commercial trade has begun to impact pricing.

"But by now, underwriters are intimately familiar with the risks associated with trade in and around the Black Sea and the abrupt knee-jerk reactions apparent in regions such


A drone strike on Ukrainian-held Izmail hit LPG gas carrier Orinda

KonstanVe/X

as the Red Sea, Gulf of Aden and Indian Ocean do not yet appear to be present here."

Mortimer said his firm had seen underwriters increasing their headline gross rate for owners seeking to arrange Black Sea calls by up to 30%. However, this should not be taken as representative of the market, with such increases in many cases nominal.

"The situation as ever is dynamic and fluid and will undoubtedly be carefully observed by underwriters seeking to monitor their exposure," he said.

Anders Hovelsrud is insurance director of Norwegian war risk mutual Den Norske Krigsforsikring for Skib (DNK) and chair of Cefor, the Nordic marine insurance trade association. "We give quotes on a case-by-case basis, which means the rate is very fluid. What we quote today can be different tomorrow," he said. "Right now, we are around 0.5%, with a bonus for completion of successful calls."

Hovelsrud added he would assess the trend as fairly stable. That said, the number of vessels calling in Ukraine is very low, making it hard to establish worthwhile statistics with significance. Most DNK members prefer to avoid the area.

Another underwriter, who asked not to be named, described 0.5% as the median price, compared with 0.3% until the week before.

Until recently, calls in Ukraine were seen as the riskier proposition from a marine underwriting perspective. But Kyiv seems to have raised its game militarily and is clearly capable of attacking Russian ports in the Black Sea and beyond.

In consequence, the same levels apply to both Russia and Ukraine right now. This is the first time for some time that this has been the case.

There are also outliers, the same underwriter went on, with quotes going as high as 0.8% or even 1%, depending on vessel value and port of call.

**"We give quotes on a case-by-case basis, which means the rate is very fluid. What we quote today can be different tomorrow. Right now, we are around 0.5%, with a bonus for completion of successful calls"**

Anders Hovelsrud
DNK

"Liquefied natural gas vessels are more expensive and the potential for larger damage after a strike on an LNG terminal is significant, which will push the rate to the upper end of the range," Hovelsrud said.

What he has noticed since the recent run of attacks has been an upturn in enquiry for calls to Danube river ports such as Izmail and Reni.

While most of the vessels seeking quotes are lower-value bulk carriers and cargoships, it is apparent their owners are reassessing the risks involved. Competition is limited and owners looking for cover might be able to secure pricing as low as 0.4%.

Munro Anderson, head of operations at Gallagher managing general agent Vessel Protect, argued it was difficult to make direct comparisons between the Black Sea and the Red Sea.

"Rates are always a lagging indicator of events, but they are always an appropriate reflection of the risk that is found at the time," he said.

The Houthi missile attacks on ships transiting the Red Sea are driven by hostilities between Israel and Gaza, and the involvement of other states such as the US.

The Black Sea scenario is a legacy state-on-state conflict and that changes the risk profile fundamentally. The only real comparison that can be drawn is that both areas present significant risk for shipping companies.

"In the Red Sea, we're seeing vessels targeted in transit, based on the fact they have an association with Israel, perceived or otherwise, or are on a list of supposedly sanctioned entities known only to the Houthis," Anderson said.

"While we have seen vessels targeted directly in the Black Sea, we are predominantly seeing vessels being hit by proxy or damaged by being in port."

Ukraine does not have the intent to target merchant tonnage and is disincentivised from doing so because it is militarily dependent on the West.

That said, its military actions are not risk-free for shipping. Striking Russian LNG and oil terminals could certainly result in substantial collateral damage. By contrast, Russia does appear to have deliberately targeted ships at ports, sometimes resulting in loss of life.

But the message from marine underwriters to shipowners is the absence of casualties is not evidence of the absence of risk and commercial decision-making should not be based on such a false equation. "It's appropriate shipping companies remain mindful of the latent risk and the increasing capability and appetite of both states to target maritime infrastructure in the region," Anderson said. ■

# Sea transport faces national high alert test

## Donsö Shipping Meet 2025 put war risk interfaces under the spotlight for marine insurers, writes Swedish Club's **Johan Kahlmeter**

Sweden has just run one of its most comprehensive maritime preparedness exercises in recent memory and insurance was in the room from the start.

Totalförsvarsövning DSM 2025, staged on the island of Donsö on September 1 alongside Donsö Shipping Meet, assembled shipowners, ports, pilots, brokers, the Swedish Armed Forces and key authorities to test how critical sea transport would be maintained during a period of national high alert.

The Swedish Club participated as a market protection and indemnity and hull and machinery insurer, contributing to discussions where operational decisions and liability meet.

The scenario was simple and uncomfortable. Sweden is at its highest level of readiness after a rapid deterioration in the Baltic security environment. Freight movements are controlled and prioritised. Port access is sensitive. Threats to commercial shipping are elevated. The state may requisition tonnage for national tasks. In that setting, the practical questions for insurers become immediate: who issues instructions, who carries the risk and at what point does liability shift?

### Requisition questions

Requisition was tested explicitly. In the exercise, a commercial vessel insured in the ordinary market was requisitioned by the Swedish Armed Forces for use. Under Swedish law and standard market practice, the moment a vessel is requisitioned for title or use, normal commercial insurance terminates and the state becomes the insured, arranging its own cover through a government body.

That transition point must be unambiguous. If a requisitioned tanker is ordered into a high-risk transit and suffers a casualty, there needs to be clarity in advance regarding responsibility for crew injury, wreck removal, pollution and third-party losses. DSM did not attempt to rewrite policy frameworks, but it forced the market and the state to confront the hand-off in real time rather than at the quayside in an emergency.

### Incident response

Casualty response under high alert produced a second set of issues. In one drill, a Swedish-insured vessel grounded near Gothenburg and required priority towage to repair through restricted waters under military control.

What is routine in peacetime claims handling becomes layered in a defence context. Naval escort may form part of the salvage organisation. Access to a port of refuge may depend on national rather than commercial considerations. Claims professionals must understand how decisions on towage, salvage contracts, general average and pollution response are taken when military and civil authorities share control, and how those decisions are documented to keep the adjustment process on firm ground.

The Swedish Club's role at DSM was as a commercial insurer and adviser, not as a state insurer. Where a vessel is requisitioned for military use, commercial cover terminates at the point of requisition and the state becomes the insured. For Swedish-controlled ships that continue normal commercial operations, cover remains with their commercial insurers, Swedish or foreign, with potential state support only if required. The club focused on mapping these interfaces so owners and crews can act with legal and operational certainty when the pressure is highest.

For the insurance market, three practical messages emerged. First, rehearse the transition from commercial to state responsibility so attachment and termination points are beyond doubt. Second, ensure casualty playbooks explicitly contemplate operations under high alert, including authority chains, documentation standards and communications with ports and regulators. Third, treat preparedness as part of service, not an afterthought.

Bringing insurers into national exercises produces better outcomes for policyholders and faster recovery of trade. ■

*Johan Kahlmeter is director of claims at the Swedish Club*

Jonas Weinitschke/Adobe Stock

# Gauging the fallout of tariffs on the cargo market

**The imposition of US tariffs on trading partners has added to existing uncertainty around geopolitical tensions, but cargo shippers and their insurers are adapting to this new normal, write David Pressman and Rajit Sharma**

Since the US's "liberation day" tariffs were announced on April 2, key trading partners with the US have sought to negotiate more favourable terms with the Trump administration.

At mid-October, the average US tariff stood at 18%, which is the highest rate recorded since 1934, as noted by BNP Paribas, among others. While this was a major improvement for many countries, the tariffs have created significant turbulence in the global economy and continuing uncertainty for businesses exporting goods to the US.

Overall container cargo imports into the US in September dropped 8.4% year on year, with shipments from China falling 22.9%, according to *Reuters*. Meanwhile, economists are predicting short-term price rises for US consumers on household goods, cars and groceries.

The situation has further complicated global shipping supply chains, which have already experienced significant disruption from the Suez Canal blockage, drought in the Panama Canal and conflicts threatening shipping in the Red Sea and Gulf of Aden.

## Tariff uncertainty

With the main goal of US tariff policy unclear, businesses are struggling to assess the longer-term impacts and plan accordingly. This has prompted many to pause growth and investment plans, explore alternative trading routes and even stockpile goods to beat the impact of tariffs on their business.

The biggest negative impact was expected to be felt by car carriers and the container sectors, with the latter experiencing a combination of increased activity ahead of the tariffs, greater use of air freight and an uptick in demand for bonded storage.

The uncertainty also persuaded many companies to rethink their supply networks. US companies importing goods from China moved production or procurement to other Asian countries facing lower tariffs than China, such as India and Vietnam. Non-US companies considered reducing exports to the country, as the tariffs threatened to cut into their profit margins on US business. And some companies importing goods from the US may have cancelled orders and sought alternative, non-US, suppliers as retaliatory tariffs drove up the cost of US-made goods.

West Coast US ports subsequently witnessed large drop-offs in shipping volume from May, as trade with China decreased. Concurrently, countries with close economic ties to China that faced lower tariffs saw trade with the US increase in succeeding months. However, with the imposition in August of reciprocal tariffs on key south-east Asian producers, ranging from 15% to 20%, export volumes from these countries hang in the balance, with Vietnam having seen exports fall 1.5% in October from a month earlier, according to *Reuters*.

Other clients are looking to reshore their business, moving manufacturing and/or procurement from Asian producers and redomiciling it in the US. However, Apple's announcement of a total $600bn in investments for its "American manufacturing was met with some scepticism regarding [how quickly reshoring will happen].

At the same time, stockpiling of goods ahead of tariff deadlines has introduced additional exposures in ports, warehouses and distribution centres, requiring additional excess layers on cargo policies.

## Insurance implications

Supply chains are remaining resilient in the face of tariff uncertainty, and the cargo insurance market is similarly adapting to the evolving trade and risk environment.

With tariffs driving up the overall costs of exports to the US, the value of goods in transit has also risen. Cargo insurers need to remain vigilant on the impact on insured values across accounts and work with broking partners, ensuring accuracy in submissions or risk underinsuring clients when a loss occurs. Furthermore, with insureds looking to stockpile goods to beat the short-term impacts of tariffs, the London market is well placed to meet the demand for increased policy limits.

While it is too early to assess how tariffs will impact claims trends, if rerouting of cargo overland continues over the longer term, this could lead to the possibility of an uptick in inland marine claims.

## Staying flexible and agile

Clients will be looking for increased limits at policy renewals to meet the impact of tariffs and capacity is likely to be an abiding longer-term concern. However, we are confident the cargo market remains agile and able to meet those capacity demands.

**The role of insurance carriers is to continue supporting insureds, by smoothing out the uncertainty curve and demonstrating leadership across the cargo market through tailored risk-transfer solutions**

The role of insurance carriers is to continue supporting insureds, by smoothing out the uncertainty curve and demonstrating leadership across the cargo market through tailored risk-transfer solutions. With significant improvements over the past decade in the risk data available to the cargo market, we are better able to leverage in-house technology and third-party solutions to monitor aggregations and support insureds facing increased static exposures.

There is likely to be increasing demand from insureds for risk management advice from their insurance partners. While the longevity of Markel's relationships with insureds enables us to help them risk manage portfolios more efficiently, we are always looking to get closer to clients to understand their needs and provide that clarity of cover.

In a volatile trading environment, already affected by geopolitical tensions, advice from cargo insurers on vessel selection, cargo war cover for conflict areas and shipping goods via alternative trading routes will prove invaluable in meeting the tariff challenge head-on. ■

*David Pressman is senior underwriter, marine cargo, and Rajit Sharma is claims adjuster, marine at Markel International*

# Softer rates demand innovation in cargo

## New products and better data will help insurers remain competitive

Changing market conditions are driving innovation in the cargo market as brokers and underwriters look for new ways to find margin and provide unique products in arguably one of the broadest marine lines, *writes Francis Churchill*.

Broker Gallagher's Cargo Insurance Market Update, published in August, warned competition in the cargo space was starting to "really heat up", with rate reductions evident across all classes in 2025, including those that were previously stable. This trend is set to continue into 2026, putting pressure on profitability.

In September Mike Brews, underwriting manager at South Africa's Horizon Underwriting Managers, told delegates at the International Union of Marine Insurance annual conference cargo rates were "dropping off a cliff". The past five years have been characterised by stability, he said. There has been increasing capacity, he pointed out, with managing general agent (MGA) Dual Europe a recent new entrant, and the launch of new platforms, including WTW's $200m geopolitical risk facility. However, cargo underwriters face the same geopolitical uncertainty and changing tariffs landscape as the wider marine market, he stressed.

Cargo market participants are therefore looking for new ways to stay competitive. Clients in the US market are already well connected with London capacity, Jack Cooper, head of cargo at Consilium, says, so they would need to be offered "exclusive" facilities for a new broker to start a conversation with them. An example is Consilium's new cargo stock only facility, which Cooper tells *Insurance Day* was only made possible by softer market conditions.

Hard market conditions made it difficult for clients to move stock cover out of their property policies and into a standalone policy because underwriters also wanted them to move their transit policy. Softening rates are now forcing brokers and underwriters to find new ways to differentiate their products. "What products can you put on the table other brokers may not be thinking about, because every broker in London can do stock throughput?" Cooper asks.

A new product also acts as a foot in the door at the right time in the market cycle. A business might not want to change its transit policy in the first

## Increasing capacity leading to falling rates in cargo insurance market

**Graphic:** Cargo insurance market overview, 2025

| | Quarter-on-quarter | Year-on-year | Commentary |
|---|---|---|---|
| Pricing | Decreasing | Decreased, rates negative | Rate reductions are evident across all classes, including those that were previously stable or experiencing hardening |
| Capacity | Increasing | Increased | New carriers have entered the market alongside an uptick in MGA activity |
| Competition | Increasing | Increased | Carriers are cautious about putting out large lines but still want to remain competitive on price |
| Profitability | Decreasing | Decreased | There have been minimal significant losses but decreasing rates have begun to erode profitability |
| Claims dynamics | Stable | Stable | Claims remain relatively stable although questions are emerging about the potential impact of tariffs |
| Terms and conditions | Stable | Stable | No major changes to T&Cs, with competition remaining focused on price |

Source: Gallagher

year but could be more open to that conversation when its stock-only policy comes up for renewal, Cooper says.

### Unique challenges

Cargo markets pose unique challenges compared to other marine lines because they cover a diverse range of risks, often over multiple forms of transport and warehousing, and are higher volume risks compared to the hull market. This creates opportunity for technological innovation to improve efficiency and risk selection, according to Mike Nukk, head of marine, North America at MGA Rokstone.

"There's this lack of interconnectivity between suppliers, distributors and shippers, which obviously makes it challenging," he says. "We need to price and model across the entire supply chain, not just single voyages."

This makes data one of the core tenets of innovation at the MGA – how to leverage third-party, client and trading partner data in "data-driven risk assessment tools in real time to empower decision-making", Nukk says. These tools can support decisions about individual risks, managing portfolios and even identifying the best-performing niche markets. "Integrating these products is critical to keep pace with demand and how risks are changing," he adds.

Re/insurers who directed hard market profits into investment in innovation will be better equipped in a softening market than those that did not. "To be able to scale growth in profitable segments has certainly driven innovation," Nukk says. So too have the improvements in digital infrastructure seen since the Covid pandemic forced the insurance sector and many others to digitalise, he adds.

### Customer needs

Customer expectations have also evolved. In the world outside specialty insurance, online shopping has created an expectation products and services need to be provided instantaneously and transparently. In the specialty market, underwriters can meet these expectations by issuing policies at the point of sale – providing contract certainty – or leveraging technology to provide new distribution channels, such as direct-to-consumer yacht cover or embedding insurance add-ons into freight booking systems – a service being offered by MGAs such as Loadsure.

Kalyakan/Adobe Stock

There are other innovations that are starting to appear in the cargo space, including the rollout of internet of things devices and "smart containers" used to track the conditions and whereabouts of cargo while in transit. These are still niche plays, Nukk stresses, and leveraging data is where Rokstone sees its competitive advantage. The MGA is increasing its use of artificial intelligence (AI) to penetrate large data sets for insight and triaging risks to prioritise an underwriter's focus on the best opportunities, which is important in a volume business like cargo. Nukk says: "We still need to write the rules to tell the AI what to do, but the AI is streamlining the process on the front end, especially when you deal with highly transactional business."

**"There's this lack of interconnectivity between suppliers, distributors and shippers... we need to price and model across the entire supply chain, not just single voyages"**

Mike Nukk
Rokstone

Cooper says Consilium is developing a hybrid system that looks to augment human expertise with AI and automation. Hand-in-hand with automation is the increasing "facilitisation" of the cargo market. The number of facilities has grown across lines of business, but the volume nature of cargo makes it well suited for tools that can help speed up the process of placing homogenous risks.

However, Cooper argues there is still a role for humans. Although facilities make a good first point of call, it is specialist knowledge that places business. "You've got to know who the go-to broker is for lumber [or for] temperature-controlled risks," he says, as an example. "It's a vast array of interest, so what we really wanted to do is be that sense-check for the clients when they're sending business through."

It is differentiators like this that can help a business stay competitive in a softening market, he concludes. ■

# Disconnect widens between hull hazard and premium

## Seven years on from Decile 10, SiriusPoint's head of marine worries hull underwriters are repeating old mistakes – cutting rates and holding deductibles flat just as vessel values, repair costs and geopolitical risks climb

When Lloyd's initiated its Decile 10 remediation in 2018, the directive was blunt: return to profitability or close, *writes Queenie Shaikh*.

The intervention, triggered by the poor performance exposed by 2017's spate of catastrophe losses, resulted in the exit of about 25 insurers from the global hull market, including around 20 in the London market alone.

It was a painful correction designed to restore discipline after years of softening rates. Yet, barely seven years later, the sector appears to be drifting back into dangerous waters.

Despite a geopolitical landscape that is arguably more volatile than at any point in recent history and a global merchant fleet that is ageing visibly, the pressure to reduce rates is once again overriding the technical reality of the risk.

For Chris Fenn, global head of marine at specialty re/insurer SiriusPoint, the disconnect between the hazard and the premium is becoming impossible to ignore. While the International Union of Marine Insurance recently highlighted the hull market is returning to a soft environment, Fenn goes further, describing a convergence of negative trends that threatens to erode the sector's hard-won stability.

"We're almost in a perfect hull storm where the metrics in the hull market are against us," Fenn tells *Insurance Day*. He points to a fundamental deterioration in the quality of the underlying assets. "We're in a situation where the world fleet is the oldest it has been now for many years. So many of the underwriters in the market will not have seen the world fleet at this age. We have got to expect an uptick in attritional claims to come through because of the ageing fleet profile," he says.

In a rational market, an ageing fleet and rising repair costs would trigger a hardening of rates. Instead, the opposite is happening. Fenn estimates the market is already 16 months into a soft cycle, with pricing drifting downwards since late 2024. "I would say rates are at least off minus 10%, perhaps more across hull portfolios," he says.


Faraway/Adobe Stock

However, the erosion of rate is only half the story.

### Stagnating T&Cs

The more insidious threat to portfolio profitability lies in the stagnation of terms and conditions and, specifically, deductibles. As vessel values have soared, driven by the construction of larger, more complex tonnage, the portion of risk retained by shipowners has failed to keep pace.

"The biggest problem is the static deductibles in hull," Fenn argues. "We all know vessel values have been going up over many years... but deductibles have not moved with the times."

He attributes this inertia to the "conundrum of the soft market", where competitive pressures prevent underwriters from enforcing the deductible increases their exposure models demand. The result is insurers are increasingly exposed to attritional losses that, in a harder market, would be absorbed by the insured.

Historically, marine insurers could often afford to run a marginal hull book if their war account was performing well. That traditional cross-subsidy, however, has been dismantled by both regulation and competition. Fenn points out the clear instruction from Lloyd's during the remediation years was "hull has to stand on its own two feet" and underwriters can no longer rely on "leveraging the war class".

Even if they wanted to, the war market is no longer the profit sanctuary it once was. The influx of new capital, particularly from managing general agents (MGAs), has driven rates down just as the risk environment has intensified. "The war market is more challenged now... there's a lot of competition," Fenn says. "Rates are depressed. We are seeing more loss activity, so it is a very different picture from maybe one we had five years ago."

For SiriusPoint, which began writing marine business in earnest in 2024, the line is underwritten across its global platforms, with the re/insurer

**"We're in a situation where the world fleet is the oldest it has been now for many years... we have got to expect an uptick in attritional claims to come through because of the ageing fleet profile"**

Chris Fenn
SiriusPoint

expanding its book through both its London branch and Lloyd's syndicate 1945. Its marine offering spans cargo, fine art and specie, marine liability, ports and terminals, hull, increased value and war.

### Back to basics

Fenn says SiriusPoint's position in the marine market gives it a distinct advantage. Unlike established players managing large legacy portfolios, the carrier can afford to be selective in what it chooses to write.

"We are not looking to write big lines. We are coming in and generally writing quite small lines on placements," Fenn says. This "back to basics" strategy allows it to sidestep the worst excesses of the soft market. "We are not obligated to write anything to brokers," Fenn says. "We are not being asked to put out big leadership lines the whole time, so we can be quite flexible on our risk selection."

It also informs SiriusPoint's distribution strategy. Rather than competing for a slice of the commoditised London wholesale blue water hull market, Fenn says the carrier is focusing on an opportunistic brown water book – spanning tugs, barges and supply vessels – and partnerships with select MGAs that possess strong local retail relationships.

Fenn also argues geopolitics has taken a much more important role for insurers. "There is more geopolitical tension focus than there has probably ever been in my career," he says. "If we see a port and terminal in Europe, we are thinking about the geopolitical implications of writing that port and terminal now, whereas we would never have done that two or three years ago." The re/insurer uses vessel tracking technology to monitor aggregations in real time, allowing it to assess exactly which vessels are in high-risk zones or pose potential sanction breaches at any given moment.

Despite the reliance on data, Fenn – who describes himself as "a bit of a traditionalist" – warns the industry risks losing its edge if it abandons face-to-face trading. He laments the decline of the Lloyd's trading room culture, which he views as a vital training ground remote working cannot replicate. "If I am seeing a risk from a broker and I am talking face-to-face, you get value from that discussion," he argues. "You get a better understanding of the risk than if you're just looking at an email."

Ultimately, Fenn believes the market's present trajectory is unsustainable. With capacity continuing to enter and rates continuing to slide, he predicts a reckoning is inevitable. "I do not think five years of compound rate increases is enough to sustain more than another 12 months of rate reductions," he warns.

If the softening continues through 2026, Fenn believes the market will enter "very dangerous territory", likely triggering a new wave of defensive portfolio management. "My prediction is within 24 months, we will start seeing the results of the soft market coming in," he concludes. ■

# Axis and QBE syndicates lead Lloyd's MAT profitability

## Profits in the Lloyd's marine, aviation and transportation account tumbled last year amid the war in Ukraine and the Baltimore bridge collapse, but some syndicates were able to increase returns in a challenging market, Insurance Day's analysis shows

The largest marine, aviation and transport (MAT) underwriters at Lloyd's outperformed the wider market last year as the segment's profits tumbled, according to *Insurance Day*'s analysis, *writes Michael Faulkner*.

The analysis of syndicate annual reports shows the 10 largest writers of MAT business made their size count, achieving an aggregate profit in the segment of £68.2m ($90.8m) in 2024.

While the profit was significantly lower than in the previous year, it was much higher than the wider MAT market, which booked an aggregate loss of £8.9m in 2024.

Canopius syndicate 4444 became the largest MAT writer last year, replacing Munich Re syndicate 457, which dropped to sixth place in the top 10 table. Axa XL syndicate 2003 and Ascot syndicate 1414 were the second- and third-largest MAT writers respectively.

Within the top 10, Axis syndicate 1686 was the most profitable MAT writer, followed by QBE syndicate 2999.

Outside the top 10, a number of syndicates increased their MAT underwriting profits last year, including Hiscox syndicate 33, Antares syndicate 1274, IQUW syndicate 1856 and Lancashire syndicate 3010.

The MAT segment's aggregate loss comes amid challenging operating

### Biggest 10 Lloyd's MAT syndicates make size count with profitable 2024

**Table:** Lloyd's MAT insurance class results by syndicate, 2023 and 2024

| Managing agent | Syndicate | GWP 2024 (£m) | GWP 2023 (£m) | Result 2024 (£m) | Profitability 2024 (%) | Result 2023 (£m) | Profitability 2023 (%) |
|---|---|---|---|---|---|---|---|
| Canopius | 4444 | 400.1 | 292.6 | 21.3 | 5.3 | 57.4 | 19.6 |
| Axa XL | 2003 | 310.8 | 311.0 | (6.7) | – | 28.3 | 9.1 |
| Ascot | 1414 | 297.4 | 297.7 | 30.1 | 10.1 | 39.3 | 13.2 |
| Beazley* | 2623 | 281.2 | 264.9 | 6.6 | 2.3 | 91.9 | 34.7 |
| QBE | 2999 | 277.2 | 281.8 | 39.5 | 14.2 | 58.3 | 20.7 |
| Munich Re | 457 | 273.8 | 322.5 | 18.2 | 6.6 | 50.8 | 15.8 |
| Atrium | 609 | 246.8 | 233.4 | (9.0) | – | (21.8) | – |
| Tokio Marine Kiln | 510 | 239.6 | 183.3 | (89.9) | – | (39.1) | – |
| Axis* | 1686 | 225.8 | 201.0 | 39.5 | 17.4 | 9.8 | 4.9 |
| MS Amlin | 2001 | 175.3 | 204.4 | 18.6 | 10.6 | 36.7 | 18 |
| | **Total** | **2,728** | **2,592.6** | **68.2** | | **311.6** | |
| | YoY increase | 5.2% | 21.4% | | | | |
| | Profitability (result as % of GWP) | | | 2.5% | | 12.0% | |

*converted from US dollar: £1=$1.28 (2024); £1=$1.24 (2023)

Source: syndicate announcements

enanuchit/Adobe Stock

conditions, with conflicts in Ukraine and the Middle East continuing to affect MAT writers.

Underwriters were also hit by the major Baltimore bridge loss, which is estimated to cost the marine market in the region of $1.5bn.

The market's financial performance for 2024 was also hit by increases to prior-year reserves for indirect Russia/Ukraine losses, including those related to Western leased aircraft in Russia.

The full MAT syndicate results table, drawn from information provided in individual syndicate annual reports, shows the MAT insurance underwriting of all syndicates, except those where MAT premium is less than 1% of the total premium written and special-purpose syndicates with a 6000 number.

Premium and underwriting results are given for the two most recent years, as well as the importance of MAT business to each syndicate's overall account (MAT as a % of total). For the largest writer of this class, Canopius, MAT business represented 16% of the syndicate's overall book in 2024.

Syndicates marked with an asterisk report in dollars and we have converted their figures into sterling at the exchange rates shown at the foot of the table. Last, as these figures conform to statutory reporting conventions, they do not necessarily tally with syndicates' own internal division and grouping of business.

The difference in performance across all syndicates is stark. The top 10 writers made an aggregate profit of £68.2m, representing 2.5% of gross MAT premiums written in 2024. While this was down from a profit of £311.6m, or 12% of gross premiums in 2023 (see the top 10 table), it was significantly better than the aggregate result produced by the 49 syndicates analysed. The total group fell to an aggregate underwriting loss of £8.9m in 2024, compared with a profit of $414.5m (or 6.8% of gross premiums) in 2023.

**The difference in performance across all syndicates is stark. The top 10 writers made an aggregate profit of £68.2m… significantly better than the aggregate result produced by the 49 syndicates analysed**

The top 10 writers booked MAT premiums of £2.7bn in 2024, an increase of 5.2% on the previous year. This growth was slower than the 49 syndicates analysed, which booked MAT premiums of £5.5bn, representing a 7.4% year-on-year increase.

In its latest annual report, Lloyd's pointed out the MAT sector's growth has been affected by slowing rate increases in marine and pricing pressure in aviation lines.

Against this backdrop, marine writers benefitted from wording improvements and portfolio re-underwriting, which resulted in a "healthy portfolio", Lloyd's said. Lloyd's marine business encompasses a wide variety of sub-lines including cargo, hull, marine war, marine liabilities and specie and fine art. Cargo represents the largest class in this line.

Meanwhile, aviation pricing remained "marginal for sustainable profitability", Lloyd's said, with the exception of aviation war, which continues to benefit from pricing increases as a response to ongoing global conflicts.

Of the top 10 syndicates, Axis syndicate 1686 – the ninth-largest writer – was the most profitable MAT syndicate, reporting an underwriting profit of £39.5m last year. This represented a profit of 17.4% of the £225.8m of MAT premiums written in 2024. Axis was the only syndicate in the top 10 to increase MAT profit last year.

QBE syndicate 2999, which returned its MAT account to profit in 2023, was the second most profitable in the top 10, with an underwriting result of £39.5m, representing 14.2% of premiums written.

Three syndicates in the top 10 booked losses in their MAT accounts last year.

Tokio Marine Kiln syndicate 510's MAT underwriting loss rose from £39.1m to £89.9m last year, driven by additional provisions in the aviation account for potential exposures arising from the Russian invasion of Ukraine, and catastrophe losses that impacted the marine division, including the Baltimore bridge collapse and hurricanes Milton and Helene.

Axa XL syndicate 2003 fell to a loss of £6.7m last year from a profit of £28.3m a year earlier. And Atrium syndicate 609 narrowed the loss on its MAT account from £21.8m to £9m.

Canopius 4444 was the largest MAT syndicate, booking £400.1m of gross premiums in 2024, up 37% year-on-year. However, the underwriting result for the account more than halved to £21.3m, which represented 5.3% of premiums written.

Looking ahead, the MAT segment continues to face a range of challenges, including a volatile geopolitical environment and pricing pressures.

In its annual report, Lloyd's warned moderating price rises in the marine market will need a "heightened focus on risk selection and portfolio management" to avoid a return to unsustainable underwriting.

This was echoed in *Insurance Day*'s recent interview with SiriusPoint's head of marine, Chris Fenn, who warned hull underwriters risked repeating old mistakes by cutting rates and holding deductibles flat just as vessel values, repair costs and geopolitical risks climb.

Meanwhile, the cargo market is also responding to softening market conditions, as *Insurance Day* reported earlier this month. ■

## Lloyd's MAT syndicates slip into the red overall for 2024

**Table:** Lloyd's MAT insurance class results by syndicate, 2023 and 2024

| Managing agent | Syndicate | GWP 2024 (£m) | GWP 2023 (£m) | MAT 2024 (%) | MAT 2023 (%) | Result 2024 (£m) | Result 2023 £m) |
|---|---|---|---|---|---|---|---|
| Hiscox* | 33 | 152.1 | 168.8 | 8.3 | 8.9 | 35.8 | 5.7 |
| CNA Hardy | 382 | 43.0 | 42.0 | 12.8 | 11.5 | (9.0) | 1.1 |
| Faraday* | 435 | 20.5 | 14.9 | 3.0 | 2.3 | (3.6) | (2.6) |
| Munich Re | 457 | 273.8 | 322.5 | 19.9 | 26.5 | 18.2 | 50.8 |
| TMK | 510 | 239.6 | 183.3 | 13.2 | 10.2 | (89.9) | (39.1) |
| Atrium | 609 | 246.8 | 233.4 | 24.0 | 24.0 | (9.0) | (21.8) |
| Beazley* | 623 | 100.0 | 57.4 | 12.2 | 7.3 | (1.07 | 18.1 |
| SA Meacock | 727 | 3.1 | 3.8 | 3.3 | 3.3 | 0.4 | 0.9 |
| Chaucer* | 1084 | 160.3 | 161.5 | 8.6 | 9.4 | (22.2) | 15.3 |
| Talbot* | 1183 | 98.7 | 110.4 | 9.6 | 9.7 | (41.0) | (19.2) |
| Westfield* | 1200 | 53.1 | 44.6 | 8.1 | 7.7 | 5.8 | 6.8 |
| Hartford | 1221 | 123.9 | 132.9 | 28.6 | 32.1 | 7.9 | 7.9 |
| Aegis | 1225 | 109.6 | 105.5 | 10.8 | 10.1 | 15.7 | 19.2 |
| Antares* | 1274 | 117.8 | 132.6 | 25.2 | 27.4 | 11.9 | (3.2) |
| Inigo | 1301 | 57.9 | 66.3 | 4.3 | 6.0 | 8.0 | 7.5 |
| Ascot* | 1414 | 297.4 | 297.7 | 27.9 | 29.0 | 30.1 | 39.3 |
| RenRe* | 1458 | 11.7 | 13.5 | 1.1 | 1.6 | (5.1) | (10.5) |

| Managing agent | Syndicate | GWP 2024 (£m) | GWP 2023 (£m) | MAT 2024 (%) | MAT 2023 (%) | Result 2024 (£m) | Result 2023 £m) |
|---|---|---|---|---|---|---|---|
| Axis* | 1686 | 225.8 | 201.0 | 14.7 | 14.2 | 39.5 | 9.8 |
| Dale | 1729 | 10.4 | 4.7 | 4.0 | 2.3 | (5.7) | 1.2 |
| IQUW | 1856 | 60.0 | 48.6 | 6.9 | 6.6 | 18.3 | 3.4 |
| TMK | 1880 | 49.7 | 47.2 | 11.0 | 10.6 | (18.1) | (12.1) |
| Starr* | 1919 | 40.9 | 42.5 | 10.9 | 10.0 | (4.9) | 5.2 |
| Sirius | 1945 | 45.7 | 19.2 | 25.3 | 12.0 | (6.0) | 3.9 |
| Arch Capital | 1955 | 22.9 | 19.2 | 3.1 | 3.2 | (3.1) | 1.9 |
| Apollo* | 1969 | 77.0 | 63.9 | 11.5 | 10.9 | 0.04 | 8.4 |
| MS Amlin | 2001 | 175.3 | 204.4 | 9.9 | 11.7 | 18.6 | 36.7 |
| Axa XL | 2003 | 310.8 | 311.0 | 22.6 | 23.5 | (6.7) | 28.3 |
| Lancashire * | 2010 | 16.6 | 13.5 | 4.9 | 3.7 | 1.3 | 2.7 |
| Arch | 2012 | 51.7 | 38.8 | 8.1 | 7.0 | (19.4) | 5.3 |
| Argenta | 2121 | 56.4 | 55.7 | 6.7 | 6.6 | 0 | 7.7 |
| Allied World | 2232 | 19.1 | 17.9 | 4.0 | 4.3 | 2.3 | (0.1) |
| Chubb | 2488 | 159.4 | 141.5 | 21.9 | 20.4 | 37.4 | 43.2 |
| Beazley* | 2623 | 281.2 | 264.9 | 12.3 | 7.3 | 6.6 | 91.9 |
| Asta/Everest | 2786 | 28.9 | 30.6 | 8.8 | 12.2 | (6.3) | 0.2 |
| MAP | 2791 | 19.7 | 20.8 | 2.5 | 3.1 | 4.3 | 5.0 |
| Asta/Sukoon* | 2880 | 11.1 | 7.5 | 2.3 | 2.4 | 1.1 | (0.2) |
| Brit* | 2987 | 154.8 | 166.8 | 6.9 | 7.5 | 1.0 | 16.5 |
| Brit | 2988 | 19.3 | 17.1 | 10.7 | 8.1 | 0.9 | 2.6 |
| QBE | 2999 | 277.2 | 281.8 | 10.9 | 12.7 | 39.5 | 58.3 |
| Markel | 3000 | 151.5 | 127.1 | 19.3 | 18.1 | 18.5 | 28.1 |
| Lancashire* | 3010 | 115.9 | 94.7 | 31.9 | 28.2 | 19.0 | 1.5 |
| Ark | 3902 | 80.0 | 77.3 | 38.1 | 37.7 | (6.5) | 9.8 |
| Hamilton | 4000 | 37.3 | 33.9 | 6.0 | 6.2 | 1.9 | 1.6 |
| Ark | 4020 | 136.8 | 91.0 | 18.0 | 14.6 | (13.4) | 11.5 |
| Tokio Marine HCC | 4141 | 60.8 | 58.0 | 26.9 | 24.2 | 4.6 | 1.6 |
| Canopius* | 4444 | 400.1 | 292.6 | 16.2 | 14.3 | 21.3 | 57.4 |
| Liberty | 4472 | 92.0 | 82.8 | 5.2 | 4.9 | (100.5) | (95.4) |
| Aspen | 4711 | 32.4 | 11.7 | 3.2 | 1.5 | 2.6 | 0.7 |
| Travelers | 5000 | 139.7 | 112.9 | 24.9 | 26.0 | (9.4) | 1.7 |
| | **Total** | **5,469.7** | **5,091.7** | **630.5** | **603.0** | **(8.9)** | **414.46** |
| | Average | | | 12.7 | 12.7 | | |
| | YoY increase | 7.4% | 17.5% | | | | |
| | Profitability (result as % of GWP) | | | | | N/A | 6.8 |

*converted from US dollar: £1=$1.28 (2024); £1=$1.24 (2023)
Source: syndicate announcements

Kalyakan/Adobe Stock

# Discipline pivotal for marine lines in 2026

## It is important to consider the longevity of capital entering the market, Christopher Hicks, head of marine, UK and Mena at Liberty Specialty Markets, argues

Market discipline will be pivotal for marine lines as capacity continues to enter the market, a senior market figure has told the *Insurance Day* Podcast, *writes Francis Churchill*.

Christopher Hicks, head of marine for the UK and the Middle East and north Africa region at Liberty Specialty Markets, said capital is coming into the market from a number of different players including both traditional carriers and "new-new" capacity from managing general agents.

A growing number of "fast-follow" facilities were also bringing capacity into the market and while some of this capital was long term, some of it would also be "very short term" and "very disruptive" for the market, Hick said.

Speaking on the latest edition of the *Insurance Day* Podcast, Hicks said it was important to consider the longevity of capital entering the market.

He added there were concerns some of this new capacity lacked the "benefit of the data big, long-established insurers have".

He continued: "The benefit of that means you are pricing and making that more sustainable. That kind of thing does worry me – not just the impact on my business but from the impact on the wider market and on clients and the impact of volatility on pricing, which can be unsettling for everyone."

Hicks also discussed the impact of

geopolitical uncertainty on the marine markets, how the industry is embracing transition risk and gave his outlook on the challenges and opportunities for 2026.

Listen to the full podcast here. ■

# P&I clubs ‘only getting half their rate hike demands’

## Market not bad enough to justify ‘blood in the streets’, Gallagher’s Alex Vullo argues

Protection and indemnity (P&I) clubs are having a hard time securing much more than half the headline premium increases they have demanded from shipowners in the latest renewal round, according to a leading broker in the sector, *writes David Osler, Lloyd’s List*.

The comments from Gallagher managing director, marine P&I, Alex Vullo, came as upwards of 85% of the world fleet seeks to hammer out the terms of liability cover for the 2026/27 policy year by a hard deadline of February 20.

But UK Club chief executive, Andrew Taylor, set out a more upbeat stance, saying claims pressure justifies the rate hikes and insisting clubs will not be a soft touch in the months ahead.

As few ports will allow ships without such a policy to enter, P&I cover is widely regarded as a ticket to trade and therefore effectively mandatory.

While such policies are available commercially, the cheaper deals on offer from the 12 not-for-profit mutuals that make up the International Group of P&I Clubs have become a no-brainer for the overwhelming majority of owners.

But there is growing concern about the rate at which premiums have grown over the last period, after modal average rises of 7.5% in 2020, 10% in 2021, 12.5% in 2022, 10% in 2023, 7.5% in 2024 and 5% last time around.

Ten clubs have set out their stalls to date, and all have announced general or target increases in the 5% to 8% bracket.

The key takeaway is premiums are still heading north, if not by very much once inflation is stripped out.

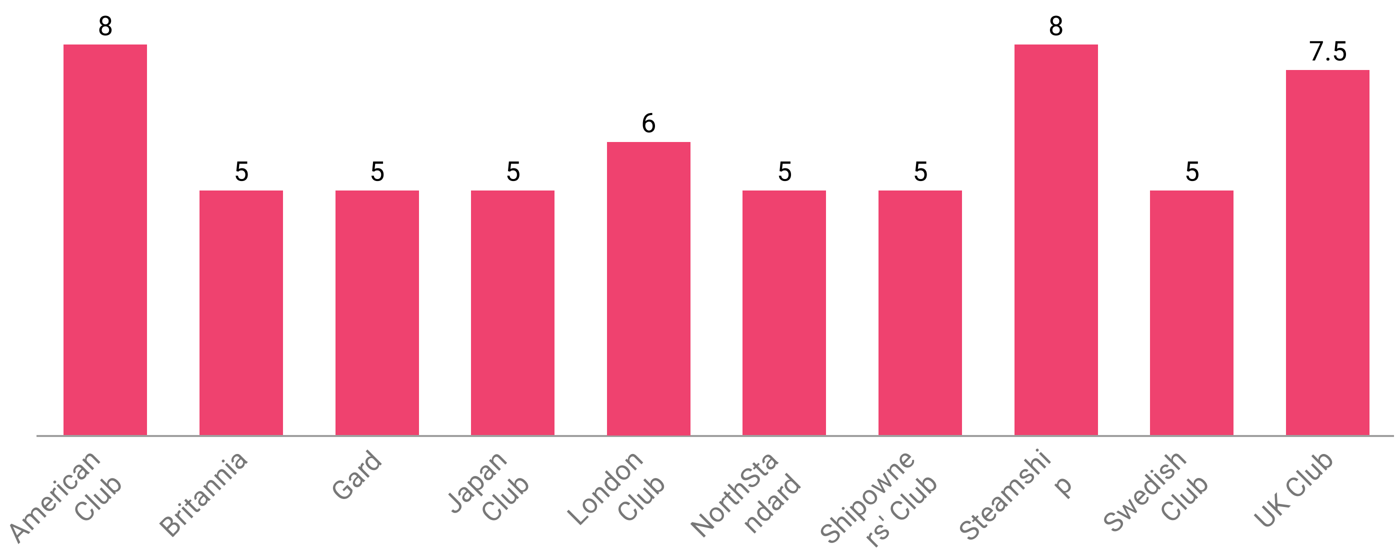
This contrasts sharply with the picture in hull, where anecdotal evidence suggests cut-throat competition is forcing underwriters to grant 10% to 15% discounts at the drop of a hat.

Moreover, the headline P&I increases are not a take-it-or-leave-it proposition. Owners with large fleets or low levels of claims in previous years can usually achieve a discount.

Additionally, brokers act as intermediaries between owners and insurers

### International Group clubs ask for 5% to 8% range of premium increases

**Graph: Premium increases for International Group member clubs (%)**




Source: company announcements

and can often leverage their bargaining position to cut deals.

December is still early in the annual process and policies can potentially be finalised right up until the last minute. At this time of year, according to Vullo, International Group affiliates tend to take a firm approach in the hope this will strengthen their hand.

Matters typically take a more hardline turn in January before loosening up in early February, when the clubs ease off in the interests of seizing market share as the deadline looms, and culminate in a mad rush before the cut-off point.

In terms of the volume of business to date, the pace seems sluggish, albeit not as slow as it has been in some recent years such as 2021 and 2022.

Some big-name industry players, which do not have to sweat the small stuff, will already have crossed P&I renewal off their to-do lists. By contrast, some smaller operators pride themselves on fighting down to the last dollar.

On the current trajectory, Vullo estimated 30% to 40% of deals will be wrapped up by Christmas, which is more or less where things should be.

Owners always have the option of changing clubs if they do not like the terms put forward, albeit on pain of potentially having to pay a so-called release call for the privilege.

But the number of those electing to do so has declined of late and so far this time, no big names have switched provider, suggesting broad satisfaction with what they are getting.

"We don't feel the market is as hard as the clubs are suggesting. Some of the general increases out there are going to struggle to get anywhere close. They are going to struggle to get more than half," Vullo said.

There is always an element of game theory in the renewal round and

**"We don't feel the market is as hard as the clubs are suggesting. Some of the general increases out there are going to struggle to get anywhere close. They are going to struggle to get more than half"**

Alex Vullo
Gallagher

the headline general increase is best seen as an opening highball bid, Vullo maintained.

Owners should therefore try to limit the additional money they shell out to 50% to 60% of what the clubs are ostensibly asking.

The market leader in P&I is Gard, with a 20% slice of the pie. The Norwegian outfit is also the world's largest hull and machinery insurer and this combined clout has given it the strongest balance sheet in the International Group.

Early noises suggest its underwriters are making the most of the club's superpowers and are taking a robust position in talks. But owners are aware there is no rush to renew – not yet, at least – and some are holding off from signing on the dotted line.

In an interview with *Lloyd's List* in 2021, Vullo predicted P&I rates would increase by around 50% in the next five years. Four years down the road, that prediction is, if anything, an undershoot.

His projection for the next few years is things will now tail off to some extent. Indeed, this year might have been the turning point, had it not been for a run of spectacular casualties that have put pressure on the International Group's pool scheme, a mechanism for sharing payouts in excess of $10m.

But levels of attritional claims look eminently manageable. "The market isn't bad enough to justify blood in the streets at the moment and we think it is going to be a fairly benign renewal outcome," Vullo said.

Taylor is chief executive of the UK Club, which recently announced merger talks with logistics mutual TT Club. "I think it's progressing as you would expect. I wouldn't be surprised if we've made strong progress by Christmas," he said. "Obviously we are in the phase where there are discussions between the club and its members and we will have to wait for the outcome of those discussions."

Most members have already been given quotes and all will have received them before long, at which point both sides can get down to business.

"I don't think the P&I market will see big reductions. P&I clubs and we at the UK Club are well aware of the spike in large claims seen last year and this year has been expensive as well."

Indeed, a high volume of large claims has been witnessed in four of the last six policy years, which means that the pressure is still on for the clubs.

In addition, Taylor continued, a number of clubs are seeking individualised rather than general increases and will differentiate by loss record.

"We will be pressing for increases where the record shows we need them," he said. ■

# The burning issue of transporting EVs by sea

**Fire safety will be a key priority for the shipping industry over the years, with improved regulatory frameworks and technological advances shaping the industry's response to these challenges, Munich Re's Benedikt Funke says**

The shipping industry is facing significant changes that bring with them new risks. Munich Re's latest Marine Trend Radar 2025 analyses these challenges and offers in-depth insights into current and future trends in the shipping and logistics industry.

The Marine Trend Radar was originally developed as an internal tool for identifying new trends. It has since become a renowned external publication that provides practical recommendations for action and serves as a basis for discussions within the industry and for roundtable discussions with clients.

Two key topics in this year's edition are the transport of electric vehicles (EVs) by sea and the workload of crews on board.

The transport of EVs has increased significantly worldwide in recent years. By 2030, EVs – fully battery-powered vehicles and plug-in hybrids – are expected to account for around two-thirds of all new car sales. EVs are mainly transported on specialised ro-ro ships, on pure car and truck carriers (PCC/PCTC). On shorter routes, ropax ferries, which carry both vehicles and passengers, are also used to transport EVs. Ro-ro ships are similar in design to floating parking garages, with thousands of vehicles parked close together, which makes firefighting particularly challenging.

EVs today typically use rechargeable lithium-ion batteries that convert chemical energy into electrical energy. However, these batteries pose specific risks: in rare cases, manufacturing defects or external influences can cause short circuits that trigger a dangerous chemical chain reaction known as thermal runaway. Other causes, such as heat, can also lead to thermal runaway without a prior short circuit. The temperature rises rapidly and uncontrollably, and flammable gases are released, which can lead to fires that are difficult to extinguish with typical fixed-installed systems.

Although EVs are less likely to catch fire than conventional vehicles, vehicle fires on ro-ro ships pose a particular risk. Studies show fires in the maritime sector are the most common cause of costly damage: approximately 20% of total losses are attributable to fires. Transporting EVs is not inherently more dangerous, but it does require adapted fire protection measures and special firefighting strategies.

## 'Fixed first' solution

Studies show water-based systems can be particularly effective in fighting EV fires. These sprinkler systems work with high-pressure water mist. They quickly lower the temperature, prevent the spread of flames, and buy valuable time for the emergency crew. They can also suppress flammable gases, reducing the risk of reignition.

A holistic firefighting strategy for lithium-ion batteries therefore includes not only extinguishing the actual fire but also handling potentially explosive gases. If the released gases do not ignite and burn immediately, the risk shifts from a fire to a potential explosion.

The discussion on how to best take care of EV fires is also taking place at the international level, for example within the International Maritime Organization (IMO). The updated guidelines of the International Union of Marine Insurance reflect these developments and underscore the importance of early detection and the use of water mist systems for effective fire protection.

The focus must therefore be on prevention. Continuous monitoring, early detection, and optimisation of ship layouts are of crucial importance. The development of innovative fire detection and extinguishing technologies, such as artificial intelligence-controlled thermal imaging systems, can help to detect fires earlier and combat them effectively. Experience also shows fire barriers can fail earlier than intended in practice. Smaller fire compartments and more controllable zones in the cargo holds should be discussed further.

Close co-operation between vehicle and battery manufacturers, shipping companies, and insurers is essential to establish comprehensive safety protocols that meet the specific requirements of EVs. Setting industry-wide standards for their safe transport promotes best practices and ensures compliance with regulations. A direct interface to the vehicles' battery management system would enable a new level of monitoring: early warnings of temperature rise, or cell deviations could be transmitted to the ship's command in real time, significantly reducing response times in an emergency. The state of charge also plays a key role, especially when transporting used vehicles.

The crew is the first line of defence in fighting fires and is forced to act independently. Since they cannot replace a professional fire department, the effectiveness of risk management depends on two factors: the level of training of the crew and the equipment available. The personal protective equipment on board has limitations and cannot be used for sustained systematic firefighting inside the ship, as a professional fire department would do.

Practical training measures can better prepare the crew, but even well-trained crew members reach their limits, not only because of psychological stress, but also because of technical obstacles. To manage the specific risks, investments in upgrading firefighting equipment are also necessary. Therefore, international regulations for firefighting equipment on board should also be reviewed.

## High workload on board

The "fixed first" strategy, which aims to quickly control and fight fires with permanently installed extinguishing systems, can increase safety but does not fundamentally reduce the crew's workload and risk. According to the Marine Trend Radar 2025, staff shortages on board and the need to promote an inclusive culture are major challenges in the shipping industry.

The Global Maritime Forum, an international organisation for sustainable maritime trade, supports this argument. It has developed guidelines for sustainable crewing practices to improve working conditions at sea and reduce the projected shortage of 90,000 trained seafarers by 2026.

Vehicle carrier Morning Midas on fire in June 2025

US Coast Guard

High workloads and understaffing on board are further challenges for the shipping industry. With only around 1.9 million seafarers worldwide, the industry is dependent on qualified personnel. Labour shortages have become an urgent problem for the industry because of demographic changes and the increasing complexity of shipping.

Long working hours, the often weeks-long isolation of crew members on board, and the responsibility for the safety of the ship and its cargo lead to high psychological stress for the crew and a high turnover rate. This results in an increasing shortage of qualified personnel on board. In addition, crew fatigue is a serious problem: 20% of all incidents involving fatalities are related to fatigue. Burnout and other mental illnesses are also widespread on board and can compromise safety. These challenges are exacerbated by the growing need for qualified personnel to handle advanced technologies and automated systems on board ships and in ports.

## Embracing innovation

The increasing frequency of fires on car carriers and the associated costs have made fire safety a key priority for the shipping industry. In the coming years, improved regulatory frameworks, technological advances, and greater co-operation between stakeholders should shape the industry's response to these challenges.

According to a study by the Fraunhofer Institute for Ceramic Technologies and Systems, sodium-ion batteries already meet the criteria for less flammable batteries and thus represent an alternative to lithium-ion batteries. With dissolved sodium instead of lithium in the electrolyte, these batteries have a lower energy density but allow a higher charging current and are less prone to ignition. They are also cheaper to manufacture, more readily available, and contain neither copper nor cobalt, which simplifies recycling. There is still a lack of investment and bureaucratic hurdles, but they could represent a promising alternative to lithium-ion batteries.

However, the shipping industry still has to deal with existing lithium-ion batteries. The IMO plans to issue binding regulations by 2027. Classification societies are also adapting their requirements. Even though fixed fire extinguishing systems are already mandatory on board, practical experience shows that the choice of extinguishing agent can make a significant difference. Water-based systems have proven to be particularly effective in controlling vehicle fires in international exchanges. It is hoped their use will continue to gain acceptance. ■

*Benedikt Funke is a senior marine underwriter at Munich Re*

# Inside the IMO: How the Net-Zero Framework was thwarted… for now

## Lloyd's List's decarbonisation expert **Declan Bush** takes you inside the wood-panelled rooms of the International Maritime Organization in arguably the most momentous week in its history

Arguably the most important week in the history of the International Maritime Organization ended in stalemate in October after an extraordinary meeting of the Marine Environment Protection Committee voted to adjourn proceedings for a whole year.

The meeting was supposed to be the week shipping ratified the IMO's Net-Zero Framework and in doing so become the first industry to adopt a global carbon price.

Despite confidence the yes side "had the numbers", efforts to thwart the framework by the US and Saudi Arabia were partially successful.

*Lloyd's List* senior reporter and decarbonisation expert Declan Bush takes you inside the IMO and details a turbulent four days that could define the UN body and its ability to lead on climate change.

Listen to the full Lloyd's List Podcast. ■

**Despite confidence the yes side "had the numbers", efforts to thwart the framework by the US and Saudi Arabia were partially successful**

## IMO votes to delay Net-Zero Framework

**Table: How International Maritime Organization members voted**

| Member state | Adjourn the meeting | | | |
|---|---|---|---|---|
| | Yes | No | Abstain | Not present |
| Albania | | | | 1 |
| Algeria | 1 | | | |
| Angola | 1 | | | |
| Antigua & Barbuda | | | 1 | |
| Argentina | 1 | | | |
| Australia | | 1 | | |
| Austria | | | | 1 |
| Azerbaijan | 1 | | | |
| Bahamas | 1 | | | |
| Bahrain | 1 | | | |
| Bangladesh | 1 | | | |
| Barbados | | | 1 | |
| Belgium | | 1 | | |
| Belize | 1 | | | |
| Brazil | | 1 | | |
| Bulgaria | | 1 | | |
| Cambodia | | | 1 | |
| Canada | | 1 | | |
| Chile | | 1 | | |
| China | 1 | | | |
| Colombia | 1 | | | |
| Cook Islands | | 1 | | |
| Costa Rica | | | | 1 |
| Cote d'Ivoire | | | 1 | |
| Croatia | | 1 | | |
| Cyprus | | | 1 | |
| Czechia | | 1 | | |
| Dem People's Rep Korea | 1 | | | |
| Dem Rep of the Congo | | 1 | | |
| Denmark | | 1 | | |
| Ecuador | 1 | | | |
| Egypt | 1 | | | |
| El Salvador | | | | 1 |
| Eritrea | 1 | | | |
| Estonia | | 1 | | |
| Ethiopia | 1 | | | |
| Fiji | | 1 | | |
| Finland | | 1 | | |
| France | | 1 | | |
| Georgia | | | 1 | |
| Germany | | 1 | | |
| Ghana | 1 | | | |
| Greece | | | 1 | |
| Guatemala | 1 | | | |
| Haiti | | | 1 | |
| Honduras | | | 1 | |
| Iceland | | 1 | | |
| India | 1 | | | |
| Indonesia | | | 1 | |
| Iran | 1 | | | |
| Iraq | 1 | | | |
| Ireland | | 1 | | |
| Israel | 1 | | | |
| Italy | | 1 | | |
| Jamaica | 1 | | | |
| Japan | | | 1 | |
| Jordan | 1 | | | |
| Kazakhstan | 1 | | | |
| Kenya | 1 | | | |
| Kiribati | | 1 | | |
| Kuwait | 1 | | | |
| Latvia | | 1 | | |
| Lebanon | 1 | | | |
| Liberia | 1 | | | |
| Libya | 1 | | | |
| Lithuania | | 1 | | |
| Luxembourg | | 1 | | |
| Madagascar | 1 | | | |
| Malawi | | | 1 | |
| Malaysia | 1 | | | |
| Maldives | | | | 1 |
| Malta | | 1 | | |
| Marshall Islands | | 1 | | |
| Mauritius | | | | 1 |
| Mexico | | 1 | | |
| Monaco | | 1 | | |
| Montenegro | | 1 | | |
| Morocco | 1 | | | |
| Namibia | | 1 | | |
| Netherlands | | 1 | | |
| New Zealand | | | 1 | |
| Nigeria | 1 | | | |
| Norway | | 1 | | |
| Oman | 1 | | | |
| Pakistan | 1 | | | |
| Palau | | 1 | | |
| Panama | 1 | | | |
| Papua New Guinea | | | 1 | |
| Paraguay | 1 | | | |
| Peru | 1 | | | |
| Philippines | | | 1 | |
| Poland | | 1 | | |
| Portugal | | 1 | | |
| Qatar | 1 | | | |
| Republic of Korea | | | 1 | |
| Republic of Moldova | | | | 1 |
| Romania | | 1 | | |
| Russian Federation | 1 | | | |
| Saint Kitts and Nevis | 1 | | | |
| St Vincent & Grenadines | 1 | | | |
| Samoa | | 1 | | |
| San Marino | | 1 | | |
| Saudi Arabia | 1 | | | |
| Senegal | | | 1 | |
| Serbia | 1 | | | |
| Seychelles | | 1 | | |
| Sierra Leone | 1 | | | |
| Singapore | | 1 | | |
| Slovenia | | 1 | | |
| Solomon Islands | | 1 | | |
| Somalia | 1 | | | |
| South Africa | | 1 | | |
| Spain | | 1 | | |
| Sri Lanka | | | 1 | |
| Suriname | | | 1 | |
| Sweden | | 1 | | |
| Switzerland | | 1 | | |
| Thailand | 1 | | | |
| Togo | | | 1 | |
| Tonga | | 1 | | |
| Trinidad & Tobago | 1 | | | |
| Tunisia | 1 | | | |
| Türkiye | 1 | | | |
| Tuvalu | | 1 | | |
| Uganda | | | 1 | |
| Ukraine | | | | 1 |
| United Arab Emirates | 1 | | | |
| UK | | 1 | | |
| United Rep of Tanzania | 1 | | | |
| US | 1 | | | |
| Uruguay | 1 | | | |
| Vanuatu | | 1 | | |
| Venezuela | 1 | | | |
| Viet Nam | 1 | | | |
| Yemen | 1 | | | |
| **Total** | 57 | 49 | 21 | 8 |

# What the delay to the IMO's Net-Zero Framework means for marine insurers

## Insurers must be aware of how to support their insured clients in navigating the rapidly changing regulatory landscape and the transition to new fuels, writes **Verity Thomson**, Kennedys

In a surprise change of course, the International Maritime Organization (IMO) has pushed back the vote on the proposed Net-Zero Framework by a year.

In April, a majority of IMO member countries agreed to the plan, so it was expected that the Net-Zero Framework would be made legally binding at the October meeting of the Marine Environment Protection Committee. Instead, negotiations broke down between member states, and a motion was passed to adjourn discussions on the Net-Zero Framework for 12 months. Insurers may be wondering what effect this could have on the maritime industry.

The purpose of the IMO's Net-Zero Framework is to support the organisation in achieving its target of net zero by 2050. The framework proposes to amend Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL). MARPOL currently has 158 contracting states representing 98.5% of the world's tonnage. Of this number, 100 states separately ratify each Annex and Annex VI on air pollution.

The framework has two elements: a fuel standard and a pricing mechanism. The fuel standard, essentially, requires ships to gradually reduce how much greenhouse gas is emitted for each unit of energy used, across a fuel's life cycle. Separately, the framework includes a pricing mechanism for emissions from ships. Ships which emit above the gradually increasing greenhouse gas (GHG) fuel intensity targets will be required to buy offsets.

The IMO Net-Zero Fund will be set up to collect any monetary contributions from over-emitting ships and revenue made from the fund will be put towards initiatives including rewarding low-emission ships, supporting research and innovation, and mitigating the impacts of climate change on vulnerable states.

### Compliance levels

There are two levels of compliance for GHG fuel intensity targets: the base target, which is a lower standard, and a direct compliance target (DCT), a higher standard. Ships are required to calculate their fuel intensity target each year by considering how much GHG is emitted for each unit of energy used.

The "well-to-wake" approach is adopted to calculate this, where the entire lifecycle of the fuel is accounted for, from production to use. If a ship's fuel intensity target exceeds the required the level of compliance, penalties will apply. Compliant ships can earn surplus units which can be traded or banked, while non-compliant ships will be expected to mitigate their excess emissions.

The new framework applies to all ships of 5,000 gross tonnage and above, who call at a port in a MARPOL Annex VI country. It specifically excludes certain categories of ship, such as military vessels, domestic-only ships, and ships not propelled by mechanical means. Under the framework, shipowners and operators will be the ones obliged to reduce their vessel's emissions.

Enforcement of the framework

**Significant investment is needed for the shipping industry to transition to low- and no-carbon fuels. Without a clear indication that these fuels will be in demand, investors will not want to commit to funding the research, development, and major infrastructure changes needed to make their use a reality**

would be mainly carried out by the port state control of any MARPOL Annex VI country. When a ship enters port, national maritime authorities are free to conduct inspections to ensure compliance with international conventions and regulations and impose penalties, including arrest of the ship, if they find the ship to be in breach of international conventions.

The framework was approved by a majority of IMO member states in April of this year; however, it still needs to be formally adopted. Adoption requires a two-thirds majority of Parties to MARPOL and this vote has now been pushed back by a year to October 2026.

If it is adopted, an "acceptance period" will begin for around 10 months, in which IMO member states will have the opportunity to accept or object to the new framework.

If there are no successful objections, then the framework will be entered into force six months after the acceptance period closes. However, these timelines can be modified by the parties to the MARPOL Convention during the adoption process.

Pushing the vote back will greatly increase uncertainty in the market and will likely lead to delays in decarbonising the shipping industry.

Significant investment is needed for the shipping industry to transition to low- and no-carbon fuels. Without a clear indication that these fuels will be in demand, investors will not want to commit to funding the research, development, and major infrastructure changes needed to make their use a reality.

### New fuels transition risks

Currently, there are no low- or no-carbon fuels available for commercial ships. While LNG is already being used as a shipping fuel, it still produces significant GHG emissions and would not be sufficient, on its own, to meet the IMO's targets.

Ammonia and methanol are both being explored as alternative shipping fuels, but they are not available for commercial use.

A transition to either of these fuels would require widespread change to the industry: ship design would need to change, port facilities would need to be reconfigured to bunker ammonia/methanol, and crew would need to be trained in new safety protocol for these fuels.

Insurers should consider how adopting new fuels would change their risk exposure and how they can begin to price the risk of new fuels. Insurers may also need to review policy wordings to consider compliance requirements for seaworthiness and permitted ports, if only some ports have infrastructure to support low-carbon fuels, while others do not.

The next year will bring further uncertainty to the shipping industry. If the IMO Net-Zero Framework is adopted, significant changes will need to be made by the entire maritime industry, but if the framework is rejected, it leaves a question mark hanging over the widespread adoption of low-carbon fuels.

Regardless, insurers will need to be aware of how to support their insured clients in navigating rapidly changing regulatory landscapes and transition to new fuels. ■

*Verity Thomson is an associate at Kennedys*

I am from Mykolayiv/Adboce Stock

# Meeting Japan's offshore wind ambitions

済君島/Adobe Stock

**Low land availability and a mountainous landmass limit the possibility for the large-scale development of solar and onshore wind infrastructure but, as an archipelago, Japan has coastline in abundance, writes Hiroyuki Ishijima, Tokio Marine Group**

Global Wind Energy Council figures show offshore wind capacity is set to almost triple in just six years – from 83 gigawatts (GW) in 2024 to 238GW by 2030 – as the energy transition gathers pace. While all regions are developing their capabilities at different rates based on their priorities and resources, the global trend is clearly toward more offshore wind.

Take Japan as an example. The country faces a unique set of obstacles in the development of offshore wind farms, driven by high exposure to natural catastrophes. However, it is precisely the prevalence of tsunamis and thunderstorms that has prompted Japan to develop leading expertise in mitigating construction risks and protecting from weather-related perils.

Europe continues to lead the charge on offshore wind by being home to the largest operational wind farms and driving innovation in new technologies that are revolutionising energy production. European governments have joined forces and pledged to ensure that these wind farms will produce 160GW by 2030 – more than two-thirds of total global projected output.

Japan's offshore wind roadmap also outlines a clear and compelling growth path: 10GW of capacity by 2030, scaling to 30GW to 45GW by 2040, underpinned by an estimated $3bn in insurance premium investment. While construction and maintenance present meaningful hurdles, these targets signal strong national commitment and accelerating momentum, positioning Japan to strengthen energy resilience, attract long-term capital and advance its clean energy transition.

## Going green challenges

For decades, Japan has relied almost entirely on imports to fuel its energy production. Part of the reason has to do with a lack of natural resources, and part of it comes down to geography – low land availability and a mountainous landmass limit the possibility for the large-scale development of solar and onshore wind infrastructure. The consequence is heightened sensitivity to geopolitics and global supply chains.

As an archipelago, one thing Japan has in abundance, however, is coastline.

In 2023, Japan unveiled its Green

Transformation Policy, pledging ¥150trn ($960.6bn) to dramatically reduce carbon dioxide emissions over the next decade. The country will seek to move away from being the world's fifth-heaviest emitter, towards being a leader in the global push for decarbonisation. Offshore wind presents itself as an attractive option to reduce foreign energy reliance while making the most of the country's natural wealth of sea and wind.

However, the plan is complicated by a unique set of challenges. Japan is notoriously prone to natural disasters. Compared to Europe, Japanese offshore wind farms must be built to withstand increased earthquakes, tsunamis and damage from thunderstorms. In addition, the seabed is on average many times deeper in the Sea of Japan than it is in places like the North Sea.

Overcoming these challenges to achieve the Japanese government's target will require an unprecedented form of collaboration, which is currently in the early stages of development.

### Local knowledge meets global expertise

The only way for Japanese offshore wind to develop at the speed necessary to meet the government's targets is for local experts in disaster prevention and mitigation to join forces with global manufacturers, suppliers and reinsurers.

For example, consider what would happen if a turbine malfunctioned in the Sea of Japan. There are currently no domestic manufacturers of offshore wind turbines, which means replacement parts will have to be imported. Waiting periods range from a few months to a few years. In the meantime, hiring vessels for maintenance and repairs cost anywhere from $10,000 to $30,000 per day, highlighting the need for clockwork synchronicity. Then, there is always a risk of a sea swell, typhoon, earthquake or tsunami hitting the assembly port, causing further delays.

Insurance companies can play a critical role in anticipating disasters and implementing robust business continuity measures. To reduce downtime and repair costs, insurers will typically mandate operators have spare cables and other vulnerable components ready nearby, should an issue arise.

Experience dealing with natural catastrophes in Japan also puts carriers with domestic experience in a prime position to predict and offset the country's unique risk profile, as well as understand the optimal time windows for conducting construction operations in the first place.

Insurers are only one part of the puzzle. Global heavy manufacturing firms will have to co-ordinate with Japanese operators, and the scale of necessary insurance coverage creates an interesting opportunity for global reinsurers. Achieving the right balance of local and global expertise could serve as a blueprint not only for Japan, but for green transformation projects around the world.

With the increasing volatility and unpredictability of climate events, more and more regions will eventually have to confront the same issues Japan faces. The good news is the resources to deal with these challenges are already out there. A growing network of experts are using data from around the world to assess, mitigate and insure risks.

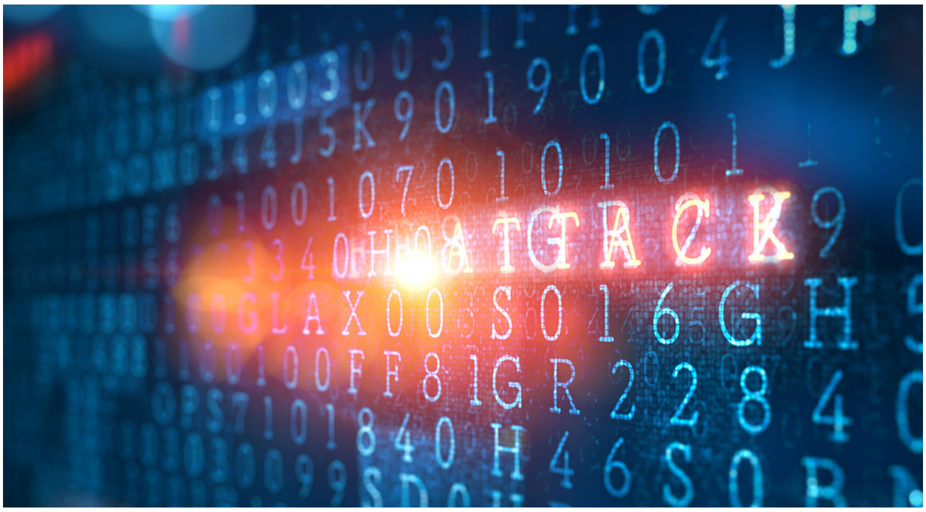
By further combining regional experience with global networks in industry and finance, we can solidify a network of partnerships capable of executing the world's most complicated green transformation projects, starting with Japan's largest offshore wind farm. ■

*Hiroyuki Ishijima is head of marine hull and energy at Tokio Marine Group*

**Insurance companies can play a critical role in anticipating disasters and implementing robust business continuity measures. To reduce downtime and repair costs, insurers will typically mandate operators have spare cables and other vulnerable components ready nearby, should an issue arise**

# AI increasing physical cyber risk in shipping

## AI-based coding tools could make complicated marine systems hackable by ‘novice’ threat actors, the joint Insurance Day/Lloyd’s List podcast has heard



Sergey Nivens/Adobe Stock

The use of artificial intelligence (AI) could increase the risk of physical cyber attacks in the marine sector, a joint *Insurance Day/Lloyd’s List* podcast has heard, *write Francis Churchill and Queenie Shaikh*.

William Altman, director of cyber threat intelligence services at CyberCube, said AI-based coding tools could help “novice” threat actors exploit critical operational technology (OT) – which interfaces digital infrastructure to real-world machinery and systems.

These systems are usually complex and bespoke in the shipping industry and would currently require a sophisticated threat actor to breach.

“We’re headed into this world in which seemingly novice threat actors can use coding assistance to achieve what was once only possible for sophisticated threat actors,” Altman said.

He continued: “OT technology on board ships is very complex. It often requires the people who build it to manage it, so not every threat actor knows even the protocols that are in use on these ships. But presumably AI in the future will be able to do that fairly easily.

“I think we’re entering a world in which threat actors now have augmented abilities that could allow them to attack maritime infrastructure, specifically the physical stuff, more than they have in the past.”

Altman was joined on the *Insurance Day/Lloyd’s List* podcast by Robert Dorey, chief executive at Astaara, and Stephen Wares, head of international underwriting at Coalition, to discuss how the insurance market is responding to the growing cyber threat, what protection options are available to businesses and how attacks are becoming more sophisticated and financially driven.

**“I think we’re entering a world in which threat actors now have augmented abilities that could allow them to attack maritime infrastructure, specifically the physical stuff”**

William Altman
CyberCube

The speakers also examined how geopolitical tensions, including Russia’s war in Ukraine and conflicts in other regions, continue to shape the threat environment and the particular challenges faced by the marine sector, which is grappling with legacy systems, complex supply chains and geopolitical exposure.

The conversation also covered the growth of cyber managing general agents, how cyber products have been tailored for shipping and logistics sectors and how emerging technologies such as generative AI are reshaping both risks and insurance solutions.

Listen to the full podcast here. ■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