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Pricing Pressure Builds While Demand Remains Strong for Marine and Cargo Risks

The marine and cargo markets are entering a more competitive phase, with softening conditions becoming more evident across both segments. Increased capacity, shifting trade patterns and ongoing geopolitical tensions are shaping the current landscape.

While pricing pressure is building, underlying demand remains strong as global trade activity continues. Additionally, emerging risks and evolving supply chains are creating new challenges and opportunities for brokers and underwriters alike.

Marine

The marine market is clearly transitioning out of a prolonged hard phase that began around 2016. After several years of rate increases and improved profitability, capacity is expanding and appetite in certain classes has returned in a meaningful way.

As underwriting appetite expands, competition is increasing across hull, war and builder's risk. This is beginning to push pricing downward, with some signs of more aggressive behavior as carriers look to deploy capital and meet growth targets. While the market has not yet reached the extremes of prior soft cycles, the trajectory is moving in that direction.

Geopolitical pressures

Geopolitical tensions continue to influence marine risks, particularly through supply chain disruption and regulatory complexity.

The Russia-Ukraine conflict remains a key factor, especially due to sanctions compliance and its impact on trade flows such as grain exports. At the same time, activity around the Strait of Hormuz and the broader Middle East has heightened concerns around key shipping routes. Disruptions in these areas can take months to fully materialize in the market as shipments are delayed or rerouted.

Tensions in Asia, particularly involving China and Taiwan, also remain an area of focus, adding to a broader environment of uncertainty.

Lithium-ion battery exposures

Lithium-ion batteries continue to present a significant risk for marine insurers, particularly when transported in large volumes such as on car carriers. Fires involving these batteries can escalate quickly and lead to total vessel losses. As a result, some insurers have reduced their appetite for certain vessel classes, creating capacity constraints in areas like auto carriers and container vessels. While risk management is improving, marine markets are still working through loss experience and remain cautious in their approach.

Looking ahead

Fleet renewal and increased vessel construction are key themes shaping the future of the marine market. Growing global demand, along with rising geopolitical tensions, is driving investment in both commercial and naval fleets.
This is expected to create ongoing opportunities in Builder's Risk.

Marine cargo, stock throughput and inventory only

Cargo markets are softening in line with broader property trends, with a significant increase in available capacity. The number of carriers willing to write business has grown noticeably, creating a highly competitive environment.

This is leading to improved pricing, terms and coverage for insureds. As a result, it is increasingly a buyer's market where active broking, aggressive and broad market engagement are critical to achieving the best outcomes.

Traditional placement strategies, like relying on pre-existing Lineslip facilities, are becoming less effective in this environment. Brokers that actively test the full market are better positioned to identify gaps and secure more competitive solutions.

Supply chain

Geopolitical disruption is also influencing cargo flows, with shipments increasingly being rerouted through alternative ports and regions that are still deemed High Risk Areas (HRAs) which drives a higher premium for war coverage.

There is also growth in specialized shipments, such as high-value equipment supporting data center expansion, which introduces new handling and transportation considerations as well as unique storage solutions for outside storage.

These shifts create both opportunities and added risk, particularly as routes become longer and more exposed to regional instability.

Cargo that would typically move through established routes is now being redirected from smaller ports, often requiring additional vessels and more complex logistics.

War risk exposures

An emerging concern in cargo is the potential for losses tied to blocked or inaccessible goods. Some policies include provisions that treat cargo as a total loss if it cannot be accessed for a defined period, often 12 months.

In prolonged geopolitical situations, this creates the potential for delayed but significant claims, even in the absence of physical damage. While current binding activity in this space remains limited, it is an area to watch as ongoing conflicts evolve.

Lithium-ion batteries for cargo

Cargo markets are showing growing comfort with lithium-ion battery risks compared to previous years. Earlier loss activity, driven largely by fires in transit and storage, prompted significant improvements in handling and storage practices.

As a result, loss frequency has declined and underwriting appetite is returning. In some cases, these risks are now viewed more favorably due to stronger controls and clearer risk management protocols. Vessel owners are still more circumspect.

Technology

Technology adoption in cargo remains gradual, with data and analytics playing an increasingly important role in underwriting. However, the complexity and number of variables within stock throughput and cargo risks continue to require a strong human element.

With a wide range of evolving exposures and new products entering the market, underwriting decisions often rely on expertise and judgment that cannot yet be fully replicated by automated systems.

Takeaway

The marine, cargo and stock throughput markets are both moving deeper into a softening cycle, driven by increased capacity and heightened competition. While this creates favorable conditions for insureds, it also places greater emphasis on disciplined underwriting and proactive broking strategies.

At the same time, geopolitical tensions, shifting trade routes and evolving risk factors such as high storage values and lithium-ion batteries continue to add complexity. Despite these challenges, strong underlying demand and ongoing global trade activity ensure that both markets remain active, with meaningful opportunities for those able to adapt to changing conditions.

We help you win

At Amwins, our experts understand the nature of complex marine and cargo risks, covering goods across the distribution chain: from delivery of raw materials to manufacturing plants, through to port storage, international transit and domestic transportation into warehousing before final delivery to customers.

When it comes to high-risk cargo exposures, we help you carry the load. Talk to a broker today to **learn more**.

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To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

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