

*Comment by Hugh Murcell, Managing Director, Helm Underwriting Management Services.*

*Also known as UMS, the company have been underwriting Marine Insurance for 20 years.*

### **How do you view Marine Insurance in SA?**

Marine Insurance, which can be described as a bouquet of different types of cover dealing with the movement of cargo, whether by rail, road, air or sea, is one of the most underestimated types of insurance cover available. This is mainly because (a.) people underestimate the risks associated with the import and export of cargo and (b.) they have limited knowledge of the vast range of cover available. There is also the misconception that marine insurance is expensive, whereas it is one of the most inexpensive and affordable types of insurance cover available.

### **Have we been affected, positively or negatively because of piracy increases off the east coast of Africa?**

Piracy attacks have become a huge risk and SA, unfortunately, has most definitely been negatively affected by it. The lack of governance in Somalia and the fact that it has proven to be quite a challenge to effectively police vast areas of sea because of the manpower it requires have added to the problem. These days, we see reports of at least two piracy attacks a week. The latter, coupled with the fact that we've seen some piracy claims amounting to 8-figure sums, will inevitably result in stricter underwriting measures and reinsurance cover price increases going forward.

### **How are truck hi-jackings influencing Marine Insurance?**

It has had a negative effect on profitability and underwriting. And although we've seen an increase in statistics around the globe, SA statistics, unfortunately, are some of the worst in the world. That said, it is important to note that we're a very big country. We're also challenged by the fact that we don't have cellphone reception in some areas. This makes the situation difficult to police. On the other hand, real-time, 24-hour monitoring satellite surveillance systems are fairly expensive although they have proven to be quite effective in mitigating this type of loss to date.

### **What other factors influence / will continue to influence Marine Insurance locally and globally?**

Changing weather patterns, whether a natural phenomenon or as a result of global warming, have had an impact on Marine Insurance across the globe and will continue to do so in the future. We've seen a definite increase in rogue waves, which often result in containers being washed off ships as well as damage to the vessels themselves. This often produces large claims especially when one bears in mind that the value of a container and its contents averages between R200 000 and R250 000.

Return on equity will become more important now that global investment returns are low so the focus is clearly on underwriting profits. Unprofitable underwriting will be severely reprimanded by reinsurers. Some underwriters might even lose their pens, which is not necessarily an unwelcome change as inexperienced underwriters have a bad effect on underwriting standards.

**Are brokers in SA equipped to advise on Marine Insurance and what are the skills levels?**

We only have a handful of skilled Marine Insurance brokers in SA. Most brokers have the licence to sell insurance, but they're not skilled in Marine Insurance as such. We address this by guiding inexperienced brokers through the underwriting and claims processes.

**How do our Marine Underwriters match up internationally?**

Marine underwriters in London, for example, see much more diversified marine risks and covers. Marine Underwriters in SA specialise more in traditional risks as these are the type of local risks we are exposed to. Overall, the majority of the handful of Marine Underwriters we have in SA are specialists in their field. For obvious reasons, local underwriters can underwrite local Marine Insurance policies better and settle Marine Insurance claims quicker than their international counterparts. Service delivery is also of a much higher standard because personal interaction with clients can easily be established and maintained.

**Do we have the skills needed to maximise marine opportunities?**

We have a limited amount of skilled people in this field.