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IUMI 2016 Cargo Statistics - Analysis

*Provided by Nick Derrick, Chairman Cargo Committee*

As previous 2015 statistics showed us the global economy continues to grow despite the fall in base commodity values in particular Crude Oil and Products. The fall in values has led to a further scramble by Cargo Underwriters to write a bigger share of a reducing pie which in turn leads to rate reductions and underwriting losses in Cargo continue.

The level of trade continues to expand at a rate well below that implied by the pre-crisis trend.

Trade volumes rose by less than 3% in 2015, for the fourth consecutive year.

Such persistently, stable trade growth is unprecedented. But the trade intensity of output remains low – exports are growing broadly in line with GDP rather than twice as fast as was typically the case in earlier decades.

Decreasing China trade has a major impact on Global growth.

Another year with the absence of Nat Cats has propped up some for Cargo Underwriters but the longer-term outlook is gloomier as investors continue pouring capital into Cargo as it's seen as short term business with a small but stable return on equity. The workshop statistics show us Global Cargo ratios are at and above 75% the magic loss making figure since 2010. That is five years of no profit!