

Navigating the Future Predictions for the Cargo Insurance Industry

The cargo insurance landscape in 2024 will have its challenges, innovations, and emerging trends. At Parsyl, we're committed to staying ahead of the curve and embracing all that the upcoming year promises. Let's explore the opportunities and risks for the cargo insurance industry in 2024 and how that will inform Parsyl in the new year.

01

More stability, more accessibility

2024 will bring a degree of stability and opportunity to the cargo market. The steep climb in rates and reduced capacity that defined recent years will likely ease, making the market more accessible and attractive for clients. While we might not return to the pre-COVID market conditions, a sense of equilibrium is on the horizon.

02

Tailored, alternative opportunities and solutions

Clients with distressed accounts or those operating in niche, complex risk areas may still encounter coverage challenges. While this will be challenging, it also provides opportunities to evaluate insurance programs and structures offering tailored solutions for unique risks. The cargo insurance market will continue to be a source of relief for clients affected by the hardening property market, further emphasizing the need for stock throughput (STP) alternatives.

03

Increased digitization of supply chains

The growing digitization of supply chains will continue to revolutionize insurers' understanding of risk and exposure. With advanced data analytics and predictive modeling, insurers can gain profound insights into the intricacies of their clients' supply chains.

This will allow insurers to provide more accurate and tailored coverage while also empowering clients to demand more value from their insurance partners.

Clients who can prove, with comprehensive data, the effectiveness of their ability to mitigate risk and improve performance will expect rewards and incentives. The result is a win-win scenario where insurers offer more customized and cost-effective solutions, and clients, in turn, enhance their resilience and competitiveness within their industries.

04

Greater Capacity

The US retail insurance market continues to develop greater quota share possibilities, which in 2024 could result in greater primary capacity in the US market. As Lloyd's of London continues to look positively on Consortia and alternative finance, we believe there will be new and innovative capacity in the market.

Emerging Risk on the Horizon

Impacts of Climate Change

For cargo insurers, 2024 will bring a fresh set of challenges. As the impacts of climate change have amplified exposure to catastrophic events, underwriters will maintain an eye on heavy stock locations. This will cause underwriters to reconsider their approach to major stock exposure.

Supply Chain Disruption

The global supply chain remains a focal point of concern for cargo insurers, with factors like drought in the Panama Canal, the size of container ships, cold storage capacity and port infrastructure indirectly influencing cargo owners' risks. Understanding and managing these indirect exposures will play a pivotal role in insurers' ability to remain

profitable and sustain the growth witnessed over the past three years.

A Softening Market

As the market gradually softens, cargo insurers will find themselves in a dynamic landscape marked by persistent supply chain disruptions. The quest for comprehensive coverage solutions in areas such as Delay, Cyber, and Communicable Disease will remain a paramount challenge. Brokers will be expected to find enhanced coverages and increased limits on behalf of their clients. This shift brings with it great opportunities for insurers. However, it's not without its share of potential risks, both financial and resource-related, which require careful consideration.

Parsyl's vision for 2024 and beyond

2024 will be a year marked by growth, innovation and data-driven insights. We will continue to leverage our extensive data capabilities to provide underwriters with the tools they need to benefit both clients and brokers. Essential, ColdCover and Syndicate 1796 will expand further to deploy additional capacity to areas that require more support across the globe.

Our mission in 2024 remains steadfast: delivering innovative, data-driven insurance to perishable clients.

We will continue to evolve and adapt to the cargo insurance landscape and remain committed to supporting our clients with the best solutions to navigate this dynamic industry.