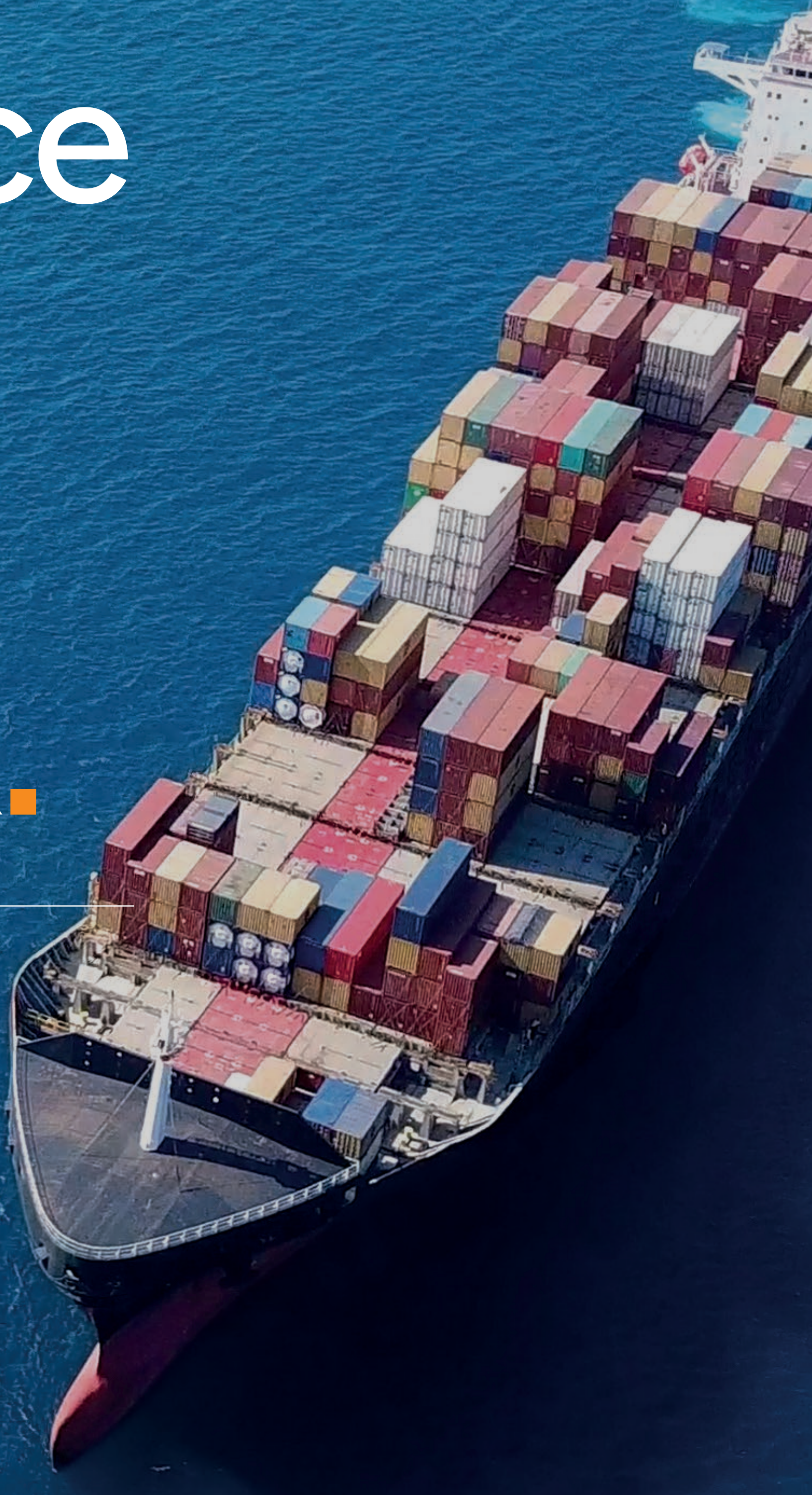
Insights

Marine Insurance London Market Outlook.

The rating environment going into the rest of 2026 and beyond. A 15-year market analysis with practical guidance for buyers.

June 2026



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Executive summary.

After roughly seven years of remediation that took rates, terms and underwriting discipline from a state of acute stress in 2018 to one of the most profitable runs the London market has seen this century, the marine insurance market has entered a soft phase.

Rates are largely trending down, capacity is expanding, terms are loosening and the balance of negotiating leverage has shifted toward the buyer for the first time since the pre-pandemic period. This report sets out where the market is, how it got here and, most importantly, why insureds and their brokers should be acting now rather than waiting.

If prior market cycles are anything to go by, the current window will not last. Soft markets historically run two to three years before the next loss event - capacity withdrawal or reinsurance correction reverses them. The Lloyd's market booked an aggregate price reduction of 3.7% across all classes in 2025; the first negative number since the soft phase that ended around 2017 and with marine hull moving faster than the average. New entrants, MGAs and United States domestic carriers are deploying capacity aggressively into a class that has, until very recently, been hard to access. This combination of conditions has created a finite buyer's window. The question is: how long will it last?

What the 15-year record shows

The Lloyd's market overall posted a profitable 2025 with a combined ratio of 87.6%, capping its third consecutive year of strong underwriting performance. But the long view tells a more important story: between 2017 and 2020, Lloyd's was loss-making four years in a row, with combined ratios of 114%, 104.5%, 102.1% and 110.3% respectively. What followed was a remediation programme (known as the 'Decile 10' review) that required every syndicate to identify the worst-performing 10% of its premium and submit a credible plan to remediate or exit it, on pain of having its Syndicate Business Plan rejected. This process saw a number of markets exit those classes and drove the rate increases that produced the recent profit run.

Marine specifically endured a longer remediation. Lloyd's Marine, Aviation & Transport (MAT) line carried combined ratios of 113.3% in 2018 and 106% in 2019, before returning to underwriting profit overall between 2020 and 2022 (even with COVID-19 and Hurricane Ida) following the Decile-10 process. The period 2022 to now has been distorted by Russia-Ukraine aviation reserves, followed by the Dali/Baltimore bridge claim, with the line pushed back to a 104.3% combined ratio in 2024. The 2024/25 picture reflects continued stress, but interestingly, the underlying technical position is materially better than the late 2010s. The new capacity that has now arrived is benefitting from that improved technical picture with, typically, no legacy exposure to the market events of the past five years.

What is happening now?

The marine market is, generally, seeing downward pressure on rates. A snapshot of individual markets shows that hull and machinery rates in London are reducing up to 10% on blue water tonnage, with brown water following the same trajectory. Ports and terminals, a class that was still pushing for increases at the end of 2024, has flipped within twelve months, with property reductions of 10% and liability reductions of up to 5% being normal on the best accounts. Marine liability is the lone outlier still pushing for increases, weighed down by Dali, social inflation and U.S. nuclear verdict exposure, but even there the pace of increase has slowed and clean accounts are renewing close to flat.

This is all at a time when combined ratios are starting to creep back up. The below report highlights the overall figures, but a summary of the last three years in particular shows that the MAT Combined Ratio is running, on average, around 16 percentage points worse than Lloyd's overall over the same period. This is why the message in this report is to take advantage of the buyer's window while it is here.

One exception to this is the mutual P&I clubs, which sit in their own category. Their 15-year story is one of structural improvement: from chronic losses and weak free reserves a decade ago to record-high free reserves heading into 2025, supported by strong investment returns and five consecutive years of general increases. The Dali/Baltimore bridge claim is being absorbed by the International Group's reinsurance structure without disrupting the mutual model, even on the back of the reserve moving out to USD 2.8bn which, by all accounts, would make it the largest marine loss in history. This is a comment on structure rather than profitability, though. The technical picture deteriorated sharply in 2024/25: after running at a financial-year combined ratio of approximately 96% in 2023/24, the IG-wide 2024/25 result climbed to close to 110% on a financial-year basis and approximately 120% on a pure policy-year basis, driven largely by record pool claims activity.

Fixed-premium P&I, run by commercial carriers, has grown materially over the period and is something to watch as the traditional markets respond to soft market cycles more aggressively than their mutual counterparts. A specific area of interest is the increasing number of markets offering to write this business on a primary and excess basis for US insureds. Traditionally, this was the preserve of specialist MGAs and a small part of what the P&I Clubs would do, but it is now very common for Lloyd's and London markets to offer fixed options that sit below an insured's Umbrella policy. This approach can be very successful but it best suited to small-to-mid tonnage.

In summary, the soft market conditions are clearly present in the marine market and you should be prepared to take advantage of this buyer's window. The headwinds that typically end this phase, such as a major insured loss, a reinsurance correction or a rapid capacity withdrawal are not yet present but they are on the horizon.

Why the window matters now?

Hull, ports and cargo: Capacity is at multi-year highs and underwriters are competing for top-line growth. Long-term agreements, profit-sharing structures and broader wordings are being offered to retain or win business. Buyers should treat 2026 renewals as a structural opportunity.

P&I: The mutuals are in their strongest balance sheet position in over a decade, but the 2026/27 renewal will reflect the cumulative weight of large pool claims. Buyers should expect modest general increases offset, in many cases, by capital distributions from better-performing clubs.

War: The 2026 Iran conflict has fundamentally repriced Persian Gulf and Strait of Hormuz exposures. War risk premiums that stood at 0.25% of vessel value pre-conflict have reached as high as 10%. This is a separate cycle running on its own clock and will not be resolved by the soft cycle in the underlying classes.

Reinsurance: The mid-year and 1/1 reinsurance renewals were uneventful in 2025. Should that change at 1/1 2027, driven by U.S. catastrophe losses, the Hormuz/Iran exposure or a single large marine loss, the soft phase in the primary market will end. Buyers who have not used the current window will find themselves negotiating from a weaker position.

Recommended actions

- Move renewals forward. Begin the 2026/27 renewal process 90–120 days before expiry.
- Test the long-term agreement option on hull, where 18 and 24-month terms are being offered.
- Pressure-test broader wordings. Ask underwriters to remove restrictive clauses imposed during the hard market and benchmark against current peer terms.
- On P&I, evaluate club-by-club performance. Free reserves, Standard & Poors ratings, capital distribution policies and pool claim performance vary substantially between clubs.
- Watch the reinsurance cycle. The 1/1 2027 treaty renewal is the most important leading indicator for whether the current soft phase continues. Monitor Q3/Q4 2026 reinsurance commentary closely.
- Watch for the tripwires: Section six identifies five specific tripwires that should challenge the central thesis of this report.

The body of this report sets out the evidence behind these conclusions in detail. It is structured to give the buyer a basis for capital and risk decisions, and the retail broker or risk manager a working knowledge of what the wholesale market is doing and why. A unified source list appears at the end.

SCOPE AND USE

This report combines factual market data with the author's analytical interpretation of it. Quoted figures, attributed statistics and dated events are factual; statements about market direction, the durability of the soft phase, the timing of an inflection point, and the appropriate buyer response, including those in the Executive Summary, pull-quote callouts, the recommendations in Section six and the closing "final view", are judgements held with conviction but not with certainty. The closing disclaimer covers the report's general informational status and the limits of its use.

Section one

The Lloyd's market: a 15-year view.

Lloyd's matters to North American marine insureds for two reasons:

First, it remains the world's leading marine insurance market, particularly for hull, marine liability and war risk, with a market share that has held up despite three decades of consolidation in the global insurance industry.

Second, Lloyd's is the most transparently reported insurance marketplace in the world.

Because each syndicate publishes audited results and the Corporation publishes consolidated pro forma accounts every year, Lloyd's offers the cleanest available read on cycle position, rate movement and class profitability.

That makes the Lloyd's series the most useful single dataset for understanding where the marine market is in its cycle. The story it tells over the last 15 years divides into three distinct phases.

Lloyd's combined ratio: 15-year series

Phase one: 2010–2016		Phase two: 2017–2020		Phase three: 2021–2025	
Year	Combined Ratio	Year	Combined Ratio	Year	Combined Ratio
2010	93.3%	2017	114.0%	2021	93.5%
2011	106.8%	2018	104.5%	2022	91.9%
2012	91.1%	2019	102.1%	2023	84.0%
2013	86.8%	2020	110.3%	2024	86.9%
2014	88.1%			2025	87.6%†
2015	90.0%				
2016	97.9%				
Phase avg	**93.4%**	**Phase avg**	**107.7%**	**Phase avg**	**88.8%**

Source: Lloyd's Annual Reports 2010–2025; Howden Re Lloyd's Market Snapshot 2024. 2017's 114% combined ratio includes Hurricanes Harvey, Irma, Maria; 2020's 110.3% reflects the COVID-19 BI losses (97.0% excluding COVID). † The 2025 combined ratio of 87.6% is sourced from Lloyd's full year results press release dated 19 March 2026 and the FY 2025 Analyst Deck. It has not yet been subject to the same audit process as prior years' figures drawn from published Annual Reports.

Phase one: 2010–2016, the long soft market

From 2010 through 2016, Lloyd's was reliably profitable in calendar-year terms, with the single exception of 2011. This year saw the combination of New Zealand earthquakes, Thai and Australian floods and a heavy North American windstorm season produced a 106.8% combined ratio and a £516m aggregate loss. Outside of that one year, the market was producing combined ratios in the high 80s and pre-tax returns on capital between 8% and 16%. On the surface, this was a period of stable profitability.

Underneath the surface, three forces were eroding that stability. First, the post-2008 low interest rate environment compressed investment returns and pushed underwriters toward growth at the expense of rate adequacy. Second, abundant alternative capital, particularly in property catastrophe reinsurance, flowed into the Lloyd's ecosystem via sidecars, ILS and MGAs, putting downward pressure on rates across short-tail classes. Third, claims inflation in long-tail lines, particularly U.S. casualty, was running ahead of rate movement. By 2016, Lloyd's combined ratio had begun deteriorating, attritional loss ratios had risen and the major loss buffer had thinned.

Phase two: 2017–2020, four loss-making years and the Decile 10 reset

In 2017, Hurricanes Harvey, Irma and Maria, combined with California wildfires, produced a 114% combined ratio at Lloyd's and a £2.0bn pre-tax loss, followed in 2018 by a 104.5% combined ratio and a further £1.0bn pre-tax loss. 2019, even without a major U.S. catastrophe, produced 102.1%. In 2020, COVID-19 business interruption claims, event cancellation losses and continued natural catastrophe activity drove the combined ratio to 110.3% (albeit 97.0% excluding COVID-19 losses). Four consecutive loss-making years is unusual for Lloyd's; four consecutive loss-making years in calendar terms, combined with deteriorating attritional loss ratios across most lines, was a structural signal that the market needed remediation.

That remediation came in the form of what become known as Decile 10, the Lloyd's Performance Management Directorate's (PMD) class review programme. Decile 10 was a key part of a 2018 Lloyd's intervention that also targeted persistently loss-making syndicates and named underperforming classes (including marine hull, cargo and yacht).

Under Decile 10 specifically, every syndicate was required to identify the worst-performing 10% of its premium and submit a credible remediation plan to the PMD, with classes or syndicates ordered to cease underwriting where no credible plan emerged. The result in marine was the run-off of marine hull books at several London carriers, and a sharp reduction in available capacity in classes including aviation, energy and U.S. casualty. By August 2018, broker estimates put the early marine capacity withdrawal at around USD 100m against a global marine hull capacity base of approximately USD 2bn (TradeWinds), and the named marine departures continued into 2019 and beyond. Confirmed marine-specific exits included The Standard Club's Syndicate 1884 (entered run-off January 2019 with a 159.6% combined ratio for 2018), Skuld's Syndicate 1897 (run-off July 2019, 121.5% combined ratio), Advent Syndicate 780 (closed its marine book), Channel Syndicate 2015 (exited hull and cargo), Barbican Syndicate 1955 (exited hull and cargo), Aspen Syndicate 4711, Navigators Syndicate 1221 (exited hull), Starstone, Neom/Marketform and AmTrust Syndicate 1861, with capacity reductions short of full exit at Brit (yacht), MS Amlin, Tokio Marine Kiln, Acapella, WR Berkley and Hamilton among others. Brit and Liberty (both marine liability) followed in the coming years, though their issues can be traced to this time.

While hard on the people who lost their jobs, for those who remained, the capacity contraction was seen as a necessary precondition for rate adequacy, and the years 2018–2020 produced one of the most significant contractions in Lloyd's marine capacity in three decades. For buyers, this period was almost universally acknowledged as a hard market in marine, typified by double-digit rate increases, restrictive wordings, the disappearance of certain coverages and serial market exits.

Phase three: 2021–2025, the remediated profit cycle

As a result of this remediation, from 2021 onward the picture transformed. Lloyd's combined ratios were 93.5% (2021), 91.9% (2022), 84.0% (2023), 86.9% (2024) and 87.6% (2025). The 2023 result of 84.0% was the strongest combined ratio Lloyd's had reported since 2006 - a generational result. Pre-tax results ran £2.3bn profit (2021), an £0.8bn loss (2022, on mark-to-market bond write-downs), £10.7bn profit (2023) and £9.6bn (2024), with 2025 producing £10.6bn. The Lloyd's central solvency ratio reached 503% at end-2023 and 496% at end-2025, the highest in the market's modern history. Return on capital ran at 25.3% in 2023, 21.0% in 2024 and 22.0% in 2025.

These are exceptional numbers, and they are the product of several reinforcing factors: rate adequacy following the 2018–2020 remediation, benign-to-moderate natural catastrophe activity through 2021 and the first three quarters of 2024, a higher-rate investment environment that supported strong fixed-income returns from late 2022 onward, and disciplined underwriting under continued PMD oversight. The 2024 result is particularly noteworthy because it absorbed Hurricanes Helene and Milton, the Baltimore bridge collapse and continued aviation reserve strengthening for Russia-Ukraine, while still posting an 86.9% combined ratio. That is the structural strength of the underlying portfolio.

What the cycle has done to capital and pricing

The capital base at Lloyd's has grown materially through this cycle: total capital, reserves and subordinated debt reached £49.8bn at end-2025, up from approximately £25.5bn in 2012 and roughly £30bn in 2017. AM Best upgraded Lloyd's financial strength rating to A+ (Superior) in 2024, the highest in the market's history. New capital, including from third-party investors via the London Bridge vehicles and Investment Platform initiatives, has been arriving steadily. New syndicates have been approved at the highest rate in over a decade.

This is the critical context for the rating environment going into the rest of 2026. A market with record capital, record solvency, the strongest underwriting result in nearly two decades and renewed growth ambition will, in the absence of a major loss event, write more business and write it for less, and that is clearly what is happening. The clearest indicator of this comes from the 2025 Lloyd's result: gross written premium growth was 4.2% off the back of 10.3% volume growth, with the market seeing an aggregate price reduction of 3.7%. That number is the single most important data point in this report as it is the first negative one reported since 2017 and it marks the formal turn of the rate cycle.

The 2025 Lloyd's result included a 3.7% aggregate price reduction. That is the first negative print since 2017 and the formal turn of the rate cycle. The market is now soft.

Marine at Lloyd's: a 15-year view of the specialist class.

While the above shows the Lloyd's overall picture, marine clearly has its own cycle within that. The MAT line at Lloyd's is the specialist composite that captures cargo, hull, marine liability, marine war, fine art and specie, with aviation bolted on for reporting purposes (though that too operates on its own dynamics). What the below figures show is that the marine sub-class has run hotter than the Lloyd's average for most of the last 15 years, with its remediation phase running deeper and longer than the broader market (Note: the MAT combined ratio series spans three different segment definitions across the period - marine-only through 2017, blended MAT from 2018–2024 and the new Marine, Aviation and Energy segment from 2025. Cross-period comparisons should be read with that in mind; full methodology is set out in the table footnotes.).

Three observations frame the marine line:

- Marine has been less profitable than property reinsurance, casualty reinsurance and direct property at Lloyd's over the last decade. The MAT combined ratio averaged in the high 90s through 2015–2017 and exceeded 110% in both 2018 and 2019. Cargo carried the line through the difficult years; hull, marine liability and offshore energy each went through serious remediation.
- The marine remediation began to bite. On a calendar-year basis, the MAT line recovered sharply: a combined ratio of 89.7% in 2020, 82.0% in 2021 and 90.3% in 2022, reflecting substantial prior-year reserve releases as the market harvested the benefit of remediation on prior underwriting years. The 2022 picture was more nuanced on an accident-year basis, where a 101.7% accident-year ratio at the MAT line reflected the Russia-Ukraine conflict driving sharp aviation war reserve strengthening. The cargo sub-class continued to deliver excellent results and marine liability achieved further rate adequacy.
- The 2024 result reversed that progress on a calendar-year basis. The MAT line's combined ratio rose to 104.3% in 2024, from 99.1% in 2023, primarily driven by aviation reserve strengthening for Russia-Ukraine and the Baltimore bridge collapse on the marine side. The accident-year picture was healthier than the calendar-year ratio suggested.

Lloyd's MAT combined ratio: the long view

Year	Marine/MAT CR	Lloyd's overall CR	Variance	Notable loss drivers
2010	90.9%(c)	93.3%	–2.4 pts(c)	Chile EQ; NZ EQ; Deepwater Horizon
2011	94.5%(c)	106.8%	–12.3 pts(c)	Japan EQ/tsunami; NZ EQ; Thai/Aus floods
2012	99.9%(c)	91.1%	+8.8 pts(c)	Sandy; Costa Concordia
2013	95.4%(c)	86.8%	+8.6 pts(c)	Benign cat; Costa Concordia reserve strain
2014	95.2%(c)	88.1%	+7.1 pts(c)	Hull/cargo soft cycle; aviation losses
2015	94.2%(c)	90.0%	+4.2 pts(c)	Tianjin port explosion; offshore energy
2016	106.2%(c)	97.9%	+8.3 pts(c)	Soft hull/cargo; Hanjin insolvency
Phase one average	**96.6%**	**93.4%**	**+3.2 pts**	
2017	122.4%(c)	114.0%	+8.4 pts(c)	Harvey/Irma/Maria; Decile 10 launches
2018	115.3%(a)	104.5%	+10.8 pts(a)	Hull, marine liability claims; cargo fires
2019	108.5%	102.1%	+6.4 pts	Continued hull deterioration; cargo losses
2020	89.7%	110.3%	–20.6 pts	COVID-19, marine war, hurricane activity
Phase two average	**109.0%**	**107.7%**	**+1.2 pts**	
2021	82.0%	93.5%	–11.5 pts	Improving rate; Hurricane Ida absorbed
2022	90.3%	91.9%	–1.6 pts	Russia-Ukraine; aviation war reserves
2023	99.1%	84.0%	+15.1 pts	Aviation reserve strengthening
2024	104.3%	86.9%	+17.4 pts	Dali bridge; aviation Ukraine reserves
2025	103.5%(b)	87.6%	+15.9 pts(b)	Aviation Ukraine war judgement; Hormuz/war risk
Phase three average	**95.8%**	**88.8%**	**+7.1 pts**	**Phase avg**

Source: Lloyd's Annual Reports 2011, 2012, 2013, 2014, 2015 (uploaded primary sources for 2010–2015 figures); Lloyd's Annual Report 2016 (fetched from assets.lloyds.com; 2016 figures); Lloyd's Annual Report 2017 (fetched from assets.lloyds.com; 2017 figures and 2013–2017 five-year Marine history table); Lloyd's Annual Report 2022 pages 29–30 (uploaded primary source for all 2018–2022 MAT figures, both AY and CY); Lloyd's Annual Report 2024 (fetched from assets.lloyds.com; 2023 and 2024 segmental data); S&P Global Market Intelligence FY 2023, FY 2024 and FY 2025 results coverage (2023 MAT AY of 88.2% confirmed; aviation-driven reserve strengthening of 10.9 pts in 2023, 11.4 pts in 2024 and 11.3 pts in 2025 documented); Lloyd's Annual Report 2025 (fetched from assets.lloyds.com; overall 87.6% combined ratio and 2025 Marine, Aviation & Energy segment data). Marine 2010–2017 figures are the Marine class combined ratio alone; 2018–2024 figures are the blended Marine, Aviation and Transport (MAT) line; 2025 figure is the Marine, Aviation and Energy (MAE) segment introduced from 2025. All Lloyd's overall combined ratios in both tables are calendar-year on a net basis. (a) The 2018 MAT figures (CY 115.3%, AY 116.2%) are the blended Marine, Aviation and Transport figures as disclosed in the Lloyd's 2022 Annual Report five-year history table; the 2018 Annual Report itself had disclosed Marine and Aviation separately. The 2022 AR retrospectively recasts 2018 on the post-2018 blended basis, making it directly comparable with 2019–2024. (b) From 2025 Lloyd's merged Energy into the MAT line, creating a new "Marine, Aviation and Energy" segment. The 2025 figures (CY 103.5%, AY 92.2% per S&P Global) are for this broader segment and are not directly comparable with the 2018–2024 MAT figures. (c) Marine class only (Marine and Aviation reported as separate lines in Lloyd's reporting through 2017). Aviation reported separately ran significantly differently from Marine across this period, with material reserve strengthenings in 2014 (Malaysia Airlines incidents) and 2017 contributing to wider segment deterioration. Phase averages mix segment definitions (Marine-only through 2017, blended MAT 2018–2024, MAE 2025) and are indicative of cycle direction rather than like-for-like measures; footnotes (a)–(c) give the precise basis for each year.

Cargo: the workhorse

Cargo has been the consistent profit engine in the marine portfolio at Lloyd's for most of the last decade. Cargo loss ratios have improved for six consecutive years globally, according to the International Union of Marine Insurance's 2025 statistics, with global cargo premiums reaching USD 22.6bn in 2024 - the largest single line of business in the global marine market at 57% of total premium. The drivers have been positive: rate adequacy, tightened terms (Institute Cargo Clauses A wordings carrying clearer exclusions for cyber, communicable disease and political risk) and a structural improvement in the underwriting of stock-throughput risks following the late-2010s warehouse fire claims.

As a result of that period of profitability, cargo is also where the soft cycle is showing first. London cargo capacity has expanded materially since 2023, with new MGAs and syndicate-in-a-box vehicles competing for stock-throughput and project cargo business. Rate movement on cargo at the start of 2026 was running flat to down 5% on clean accounts in London, with reductions skewing larger on accounts with strong loss records. North American cargo has been slower to soften because of cargo theft frequency, which rose 27% in 2024 according to industry data, but capacity has been arriving and the U.S. cargo market is following London with a six-to-nine month lag.

Hull: the most cyclical sub-class

Hull is the classic illustration of the marine cycle. Through the late 2010s, ocean hull was loss-making at most major writers, with several London syndicates exiting the class entirely between 2018 and 2020. Capacity contraction drove rate increases that compounded for four to five years; by 2023, hull was profitable across most major books and underwriters were once again competing for top-line. The 2024 hull market saw the first material rate reductions since the soft cycle ended in 2018.

In 2025, blue water hull rates in London trended down 2.5–10%, with the larger reductions skewing toward well-regarded fleets and desired tonnage. Brown water hull followed, with reductions of flat to down 5% in London during Q1 2025 and continued softening through the year. Capacity in both London and the U.S. expanded, with several MGAs entering or expanding marine hull books. By Q1 2026, the trend had broadened: there is strong competition in the hull sector, expanding U.S. domestic capacity and continued rate softening.

The Q1 2026 rating environment for hull is the softest it has been since 2018. Buyers should expect to be quoted by multiple markets, see meaningful reductions on clean accounts, and have access to broader wordings. Long-term agreement structures (18 and 24 months) are being offered on hull for the first time in several years. The single most important consideration for hull buyers in 2026 is whether to lock in current pricing for 18–24 months before the next reinsurance renewal cycle.

The LTA opportunity is certainly one to explore, and it requires some context. An underwriter offering a 24-month term on hull today is making a forward pricing commitment on a sub-class that has delivered profitable calendar-year results in only four of the last seven years (2020, 2021, 2022 and 2023), with 2018, 2019 and 2024 all loss-making on a calendar-year basis. The rate increases of 2018–2022 compounded sufficiently to restore technical adequacy by 2023, but the margin above adequacy was never wide, and the current softening is eroding it. Buyers locking in today's rates for 18–24 months are capturing genuine value if the cycle turns, as this report expects it will.

Marine war risk: a market apart

Marine war risk sits within the MAT line in Lloyd's reporting but it is, in practice, a market unto itself. Unlike hull, cargo or marine liability (where underwriting is driven by attritional loss experience, rate cycles and capacity dynamics that respond to broader market conditions) war risk pricing is determined by geopolitical events, that can reprice an entire book overnight. The specialist war risk underwriters at Lloyd's, who have written this class continuously since the market's origins in covering maritime trade through conflict zones, operate under distinct wording structures, separate policy limits, Joint War Committee listed area provisions and short-notice cancellation rights that have no direct parallel in the commercial marine sub-classes. The result is a class that participates in the MAT aggregate data but runs on its own clock, and whose loss events do not follow the gradual cycle that characterises hull or cargo.

Over the 15-year period covered by this report, that dynamic has been illustrated twice in sharp relief. The first instance was Russia's invasion of Ukraine in February 2022, which triggered the largest aviation war reserve strengthening the market had seen in decades and contributed materially to the MAT line's underperformance against Lloyd's overall from 2022 onward. The second, and more consequential for marine specifically, is the 2026 Iran conflict covered in detail in section four.

War risk premiums for Persian Gulf transits that stood at approximately 0.25% of vessel value before the February 2026 escalation have in some cases reached 10%; a sign of real market dislocation. The consequence for buyers is that war risk cannot be managed through the same renewal strategy applied to the rest of the marine programme. It requires separate monitoring, active engagement with the listed area provisions on every hull, cargo and P&I policy, and, as section four sets out, an understanding that the cost of transit through affected areas may now be a material item in the commercial calculus of the underlying trade.

Marine liability: the lagging class

Marine liability (primary and excess) has been the slowest sub-class to soften, and for understandable reasons. The Dali/Baltimore bridge claim, now estimated at over USD 2.8bn following the April 2026 settlement in principle (covered in detail in section five below), continues to weigh on the upper layers of the International Group's reinsurance programme and the marine excess liability market that sits alongside it. U.S. social inflation continues to inflate jury verdicts on personal injury and pollution claims, and repair costs are running materially above general Consumer Price Index, with the IUMI Hull Inflation Index showing sustained pressure. Each of these factors keeps marine liability underwriters cautious.

That said, the 2025 marine liability picture was less hard than 2023 or 2024. BMS reported pricing across the primary and excess marine liability segments running up 2.5–10% in Q1 2025, with the pace of increase slowing through the year and capacity expanding in both London and the U.S. Many marine liability accounts in London had reached rate adequacy, with clean accounts renewing close to flat by year-end. The expectation for 2026 is for moderate single-digit increases on average accounts and flat-to-modest-reduction outcomes for clean accounts with strong loss records and active risk management.

Ports & Terminals: the fastest turn

Ports and Terminals deserves a separate mention because the speed of the rate change has been remarkable. At the end of 2024, ports and terminals underwriters were still pushing for increases across both property and liability, driven by recent large claims, U.S. claims inflation bearing through in attritional claims and natural catastrophe accumulation in the Gulf and U.S. Midwest. By Q1 2025, though, the picture had reversed within months: P&T property rates were running down, in some cases, by 10%, and P&T liability was offering -5%. This was driven by new capacity entering the segment as carriers sought to grow U.S. and natural catastrophe exposures, following three years of benign cat years, particularly in the US.

By the end of 2025, the market was typified by expanding appetite, broader terms and continued rate competition in P&T. Within that, London's marina property portfolio has reportedly grown to an all-time high, with growth driven by U.S. Midwest and Gulf catastrophe-exposed accounts. This is the clearest illustration in the current marine market of capacity finding its way to risk faster than the underlying loss experience suggests it should.

Putting it together: where marine sits in 2026

The composite picture for marine at the start of 2026 is one of broad softening across hull, ports and terminals and cargo, with marine liability lagging and war risk on a separate track entirely. We are not in the same place as that which saw the Decile-10 remediation (under-pricing, capacity oversupply, eroding terms), but the conditions for a correction are visible in early form: capacity is expanding faster than premium, terms are widening and underwriters are competing for top-line growth in a way that has not been the norm for five years.

To articulate this in numbers, it is clear that the technical foundation on which the marine market is softening is thinner than the headline Lloyd's numbers suggest. Lloyd's overall reported combined ratios for the past three years are among the strongest three-year runs of the modern era (84.0%, 86.9% and 87.6% across 2023–2025 respectively). At the MAT line specifically the picture is materially weaker. On a calendar-year basis, the line was loss-making in 2018 (115.3%), 2019 (108.5%) and 2024 (104.3%), and only marginally profitable in 2023 (99.1%). Furthermore, the profitable years of 2020, 2021 and 2022 were flattered by large prior-year reserve releases rather than being driven by underlying underwriting performance. The release contribution ran at 8.0–11.4% in each of those years, per the prior-year development disclosures in the Lloyd's 2022 Annual Report. The reason this matters now is that the soft-cycle thesis assumes underwriters have the rate adequacy to compete on growth without breaching internal hurdles and, on the marine line, that assumption is more fragile than on Lloyd's overall book. A single year of meaningful loss activity at the MAT line in 2026 or 2027 would put the soft phase under real pressure before any of the broader tripwires are tested.

The argument for buyers acting now rests on three observations:

First, the rate softening has further to run before underwriters reach the point of pulling back, but the runway is no longer years: it is a year or two at most.

Second, the capacity expansion that is driving the soft cycle is partly funded by alternative capital and MGA-backed paper that is structurally less stable than traditional balance-sheet capacity; if reinsurance pricing tightens at 1/1 2027, some of this capacity will withdraw quickly.

Third, the underlying claims environment (typified by repair cost and social inflation) has not improved. The current rates are competitive against an unchanged loss environment, which means the cycle correction, when it comes, may be sharper than the gradual softening that preceded it.

Section three

The MGA wave: new entrants as disruptors.

The marine market has undergone a significant structural change over the last five years, with a marked shift in distribution and capital. The MGA has gone from a niche distribution channel for specialist or hard-to-place risk to a mainstream way that capacity reaches the marine market. The numbers are unambiguous.

U.S. MGA-produced premium reached USD 114.1bn in 2024, up 16% on 2023 (Conning, July 2025, on a methodology that includes statutory filings, an estimate for smaller MGAs below the 5% reporting threshold and an imputed Lloyd's binder component). On the narrower statutory-filings-only basis used by AM Best (June 2025 Market Segment Report), MGA premium reached USD 89.9bn in 2024, with double-digit growth in every year since 2021 - 17%, 19.5%, 14.9% and 15% respectively. The two series are not directly comparable but both point to a marketplace expanding well ahead of the broader U.S. property and casualty market, which has grown around 10% a year over the same period.

Conning's 12th annual MGA strategic study, "Managing General Agents: Built for What's Next" (published 10 July 2025), estimated the U.S. MGA market at USD 114.1bn in direct premiums written for 2024, up 16% on 2023, with growth materially outpacing the 10% growth in the broader U.S. property and casualty market. Conning describes the figure as a "floor" estimate built up from USD 91.8bn reported in statutory filings, an estimated USD 13.8bn for smaller MGAs below the 5% reporting threshold and USD 8.5bn produced for Lloyd's syndicates (the latter is Conning's own estimate of binder business written through U.S. MGAs for Lloyd's accounts - it is 14% higher than the prior year). Conning identified more than 850 MGAs from statutory filings. Fronting carriers supported USD 18bn of 2024 MGA premium (up 26%), with four fronts (Accelerant, Sutton, Transverse and State National) each writing more than USD 1bn and collectively accounting for 43% of the fronting market. AM Best's June 2025 Market Segment Report tracks a narrower universe (statutory filings only, on which it reports USD 89.9bn for 2024 versus the comparable USD 91.8bn statutory component within Conning's number) and confirms the number of insurers reporting more than USD 500m in MGA-produced premium grew from 12 to 19 in 2024, with six insurers now exceeding USD 1bn. The two series use different definitions and are not strictly additive or directly substitutable, and the USD 24bn gap between them is material for any market-sizing purpose. For benchmarking total MGA market scale, the Conning figure (USD 114.1bn) is the more comprehensive estimate as it includes smaller MGAs and Lloyd's binder business; for tracking statutory-filing trends over time on a consistent basis, the AM Best series (USD 89.9bn) is the more appropriate tool. In a sense it doesn't matter which number you use as both confirm the directional story, MGA premium is growing well ahead of the broader U.S. property and casualty market. Aon's 2025 MGA Market and Outlook places cumulative MGA growth across 2021–2024 at approximately 90% on its own methodology.

Why MGAs are reshaping the marine market

Marine has been a disproportionate beneficiary of the MGA capacity wave for several reasons:

First, marine is a specialist class that requires deep technical expertise; the type of expertise that has historically sat with senior underwriters at established carriers. The migration of underwriting talent from carriers and brokers to MGAs over the last five years has put a substantial portion of that technical expertise into MGA platforms, particularly in hull, ports and cargo.

Second, marine business is well-suited to delegated authority arrangements. It is heavily transactional, the risk universe is well-defined and the renewal patterns are stable.

Third, the soft market in property reinsurance from 2014–2017 produced a generation of capital providers - sidecars, fronting carriers, ILS funds - that were comfortable with MGA distribution and that have now redeployed toward specialty, including marine.

In the marine class specifically, the MGA wave has produced visible new entrants and capacity expansions. Arguably, this trend was started by Navium Marine entering the market in 2021 and growing to become one of the largest specialist marine MGAs in London, with industry estimates placing its 2025 gross written premium in the region of USD 500m. Others have seen this success and followed: AI Marine launched a hull underwriting operation in January 2024 in London. Clearwater Underwriting commenced writing hull, war and builders' risks in 2024, founded by Richard Young, formerly Head of Hull & War at Beazley, with capacity from Convex and Markel; the platform was acquired by Aquiline Capital Partners in November 2025. HIVE Underwriters, a specialty MGA founded in 2017 by aviation and war underwriter, Bruce Carman, announced its entry into marine in January 2026, with Nick Lewis (formerly Head of Marine, International at Everest Insurance) joining as Marine Chief Underwriting Officer, effective July 2026, and Alistair Marriott and Jared Short joining as Head of Marine and Head of Transportation and Logistics respectively. Falvey, Arch and AXIS Specialty have all expanded their U.S. marine hull and liability activities. New Lloyd's syndicates including Fidelis Partnership Syndicate 3123 and Agile Syndicate 2427 have also added marine capacity. Several P&I clubs have built or expanded fixed-premium MGA facilities to capture business that does not fit the mutual model.

What MGA capacity does to the rating environment

MGA capacity changes the rating environment in three specific ways:

First, because MGAs typically operate on tighter expense ratios than full-stack carriers, they can write business profitably at slightly lower rates.

Second, because MGAs are growth-oriented by structure, (they earn fees on premium written and bonuses on combined ratio) they have a structural incentive to deploy capacity into accounts that established carriers might pass over.

Third, because MGAs source their capacity from third-party insurers and fronting carriers rather than holding it on a single balance sheet, the entry and exit dynamics are different. Capacity can arrive faster than at a traditional carrier and it can also withdraw faster if the underlying loss experience deteriorates.

This is critical for buyers to understand. The current breadth of capacity in the marine market is not all of equal stability. Some of it is established carrier balance sheet, e.g. the major P&I clubs and the long-established Lloyd's syndicates or companies, and some of it is MGA-fronted. This capacity is sourced from fronting carriers, supported by reinsurance, and is capable of withdrawing if reinsurance pricing tightens or if the programme runs unprofitable. Both are valid markets to use, but the right mix is different for different risks.

The Lloyd's role in the MGA economy

Lloyd's has been the single largest capacity provider for U.S. MGAs for many years and remains so. The Lloyd's syndicate-in-a-box framework, formalised in 2019 and refined since, has enabled new entrants to commence underwriting at Lloyd's at materially lower capital cost than a standard syndicate. Several of the most successful new marine entrants of the last three years have used either the syndicate-in-a-box structure or full syndicate launches under managing agents like Asta, supported by third-party capital providers. AM Best noted in 2024 that 'notable players like Aviva and Fidelis Insurance entered the market' alongside the London Bridge vehicles and Investment Platform initiatives, all of which are pulling more capital into the marketplace.

From the buyer's perspective, the practical result is that the Lloyd's marine capacity available in 2026 is materially broader than at any point in the last decade. There are more individual underwriting decisions being made on every risk, more capacity in competition and more flexibility on terms. This is the buyer's leverage in the current market, and it is being expressed through rate reductions, broader wordings and more flexible structuring.

What buyers should ask of their broker on MGA-related capacity

- Who is the ultimate balance-sheet capacity? An MGA quote should always disclose the carrier(s) behind the paper. Some MGAs are fully transparent; others use 'panel' arrangements that shift between carriers.
- What is the financial strength of the carriers behind the MGA? Fronting carriers vary materially in size and rating. The strongest fronts are A-rated, some are not.
- What is the term and stability of the MGA's capacity arrangement? A one-year fronting agreement is materially different from a multi-year reinsurance treaty. Buyers should know which they are buying.
- Is there reinsurance behind the MGA, and if so, what is its quality and term? The depth of reinsurance support is what determines whether the MGA can pay large losses without disruption.
- In the event of a market correction, what is the realistic continuity expectation? An honest answer here helps the buyer plan retention and back-up arrangements.

MGA capacity is the most important new feature of the marine market. Used well, it gives buyers leverage and choice. Used poorly, without understanding what sits behind the paper, and it creates renewal risk that only becomes visible in the next loss cycle.

Section four

Hull conditions and war risks: the Strait of Hormuz.

Given the amount of justified market attention on war risks, it is worth reviewing the state of both that specific market and the larger one in which it sits; Hull & Machinery. This is both because of the inherent connection between the two, but also the marked difference in the market conditions of each. Hull is in the deepest soft phase since 2018 whereas war risk, by contrast, is in a state of acute repricing driven by the 2026 Iran conflict. Both deserve detailed attention because they are the parts of the market where buyers are most likely to be either captured (in war) or rewarded (in hull) in the next twelve months.

Hull conditions: the broadest soft cycle in eight years

Hull rates softened materially through 2025 and into 2026. The trajectory was clear by Q1 2025, when BMS reported blue water hull pricing in London trending down 2.5–10%, with brown water hull running flat to down 5% and capacity in both London and the U.S. was either flat or expanding. By Q4 2025, the picture had broadened, with continued downward rate pressure across the H&M and builder's risk classes. The 2024 underwriting year had been profitable for most major hull writers, which is what is now driving the competitive dynamics into 2026.

The hull market in 2026 is characterised by several reinforcing features:

- Capacity: global ocean hull premium reached USD 9.67bn in 2024, up 3.5% on 2023, with European hull capacity in particular reporting an unbroken growth trend since 2019. Russian hull capacity grew 42% as sanctions-related risk transferred onshore. Most importantly, MGA-backed hull capacity has expanded materially in London and the U.S., bringing competition for accounts that previously had limited market choice.
- Rate adequacy: the 2018–2022 rate increases compounded sufficiently that most major hull insurers reached or exceeded technical rate adequacy by 2023. With profitable trading years in 2023 and 2024, underwriters have the margin to compete for top-line growth without breaching internal underwriting hurdles.
- Long-term agreement appetite: underwriters are offering 18 and 24-month policy terms on hull for the first time in several years, a clear signal that they are confident enough in the rate level to commit forward. For buyers, this is the single most actionable feature of the current market.
- Broader wordings: restrictive provisions imposed during the 2018–2020 hardening are being negotiated down or removed entirely on competitive renewals.

Loss experience underpinning the hull cycle

The improved hull rate position is being supported by a manageable, but not benign, loss experience. The IUMI Major Claims Database showed continued reduction in hull claims frequency through 2024, though severity remained elevated. Fires continue to be the dominant cause of total loss claims, particularly on container vessels carrying battery cargoes and on car carriers with electric vehicle exposure. The July 2024 fire at the Lürssen Rendsburg shipyard in Germany, which destroyed a building hall and a superyacht under construction (reported in trade press as a 246-foot vessel with an industry-cited value of approximately USD 250m, though never formally confirmed by Lürssen), is a recent reminder of the size of casualties that can occur in the builders' risk segment.

Repair cost inflation, however, is a structural concern. The IUMI Hull Inflation Index, revised in 2025, tracks marine repair costs against general macroeconomic indicators and shows sustained pressure: vessel sizes have increased, equipment is more complex, dry-dock capacity in major repair centres is constrained and the cost of skilled marine repair labour has risen well above general wage inflation in most jurisdictions. The implication is that current rate softening is happening against a backdrop where the loss inflation underneath the rates has not abated. This is the structural fragility in the soft cycle, and it is what should make buyers cautious about assuming the soft phase will run indefinitely.

War risk: the Strait of Hormuz and the 2026 Iran conflict

War risk is its own product with its own dynamics and is currently in the middle of the most severe pricing event since the 1980s Tanker War. The triggering event was the late-February 2026 coordinated U.S. and Israeli strikes on Iranian targets, which prompted Iranian retaliation including missile, drone and mine attacks targeting U.S. bases, maritime traffic and energy infrastructure across the Persian Gulf. By mid-March 2026, BMS Group's Q1 2026 Marine Market Update reported more than 750 vessels stranded in the Persian Gulf, with daily transits falling to single figures from a pre-conflict baseline of approximately 130 vessels per day (a reduction exceeding 90% at the peak of the disruption) and more than 20 vessels attacked or damaged across a range of vessel types. The figure represents a period peak rather than a sustained level; transit volumes have recovered partially since, though they remain materially below baseline at the time of writing.

Insurance rates that stood close to 0.25% of vessel value pre-conflict have, in some cases, risen to as much as 10%. For a USD 200m VLCC, the war premium for a single voyage went from approximately USD 500,000 to as much as USD 20m. This is the most consequential repricing the marine war market has seen in four decades.

The London Market response was rapid and structurally significant. Within days of the escalation, the Joint War Committee of the Lloyd's Market Association expanded the Listed Areas (the geographic zones that trigger additional war premium under standard hull war wordings) to encompass Bahrain, Djibouti, Kuwait, Oman, Qatar and the United Arab Emirates, effectively designating the entire Persian Gulf region as a war-related peril zone. The major P&I clubs also issued seven day and 72-hour Notices of Cancellation across hull, cargo and P&I war cover for key regions including the Persian Gulf, the Strait of Hormuz and the Red Sea. It is important to point out that these contractual mechanisms have always existed and are an important feature that allow underwriters to cancel and reinstate at revised terms in response to changing risk conditions. The market response to these geopolitical changes should be seen as a strength of the market rather than a weakness, particularly given that insurers are still able to offer cover for what is an emerging and rapidly changing risk.

A structural distortion in the current war risk pricing environment deserves specific mention.

A significant proportion of Hormuz traffic consists of shadow fleet tonnage; those vessels operating outside standard IG P&I and London war cover, frequently with AIS manipulation, obscured ownership structures and flag-of-convenience registrations chosen specifically to reduce sanctions visibility. Industry estimates of the shadow fleet share of regional tanker transits vary materially and a precise figure is not reliably established, but the share is large enough to distort the loss data underlying war risk pricing for the entire Hormuz market. This fleet is generating a disproportionate share of the incident data (attacks, groundings, detentions and losses) that London underwriters are using to price war risk for the entire Hormuz market. The result is that compliant operators with transparent ownership, standard IG cover and legitimate trading patterns are paying war risk premiums partly calibrated to a loss experience they are not generating. This is not a new phenomenon: the same dynamic operated in the Red Sea in 2024, but it is more acute in the Hormuz context because the shadow fleet concentration in Gulf crude trades is higher than it was in Red Sea container trades. Buyers should be aware of this when assessing whether headline war risk rates represent a fair reflection of their own risk profile, and should be prepared to make that argument to underwriters with supporting documentation on ownership transparency, AIS compliance and trading counterparty due diligence.

How pricing is being determined in 2026

There is no consistent picture of war risk pricing in the Persian Gulf in mid-2026 and there will not be one until the underlying conflict resolves or stabilises. What is clear is that pricing is being determined by a combination of variables that go well beyond the historic 'fixed percentage of vessel value' approach:

- Voyage direction: vessels exiting the Gulf are typically priced lower than those entering, reflecting the differential exposure period.
- Destination port: premiums vary materially between Iranian, Iraqi, UAE, Saudi, Qatari, Kuwaiti and Bahraini ports.
- Vessel type: tankers - both crude and product - are priced higher than dry bulk, container or general cargo. Liquified Natural Gas carriers and chemical tankers carry the highest pricing.
- Vessel affiliations: ownership, chartering and management links to countries aligned with or opposed to Iranian interests have become a primary pricing factor. Vessels with U.S., U.K., or Israeli connections have been quoted at three times the rates of unaffiliated tonnage.
- Fleet size: smaller, single-vessel operators are seeing the highest pricing because of limited spread of risk. Major fleet operators with diversified trading patterns are receiving more competitive terms.
- Cancellation provisions and reinstatement terms: the headline rate is no longer the primary commercial issue; the conditions under which cover can be cancelled or reinstated, and the notice period for those actions, are now central.

Government backstops: a new feature of the war risk market

A novel feature of the 2026 conflict is the involvement of government in providing insurance backstops. Market commentary has reported discussions between U.S. government agencies, including the International Development Finance Corporation, and Lloyd's about providing political risk insurance and guarantees to support continued commercial transit, though the scope and status of those discussions have not been formally confirmed by either party. This is a meaningful structural development. War risk insurance has historically been a pure private-market product; the 1980s Tanker War saw rates rise to 5% of vessel value but was managed without sustained government intervention. The 2026 conflict has stressed the war risk market hard enough that government involvement - through backstops, guarantees or sovereign risk-sharing structures - is increasingly part of the pricing and availability conversation and could shape the market for years if it materialises.

What buyers should be doing on war risk

For most North American marine insureds with international trading exposure, war risk is currently an active operational issue rather than a routine renewal item. The action points are practical and time-sensitive:

- Map the cancellation timing on every existing war policy. Notices of Cancellation typically run seven-14 days. The precise period and reinstatement provisions need to be known account-by-account before transits are scheduled.
- Know the listed area provisions on every hull, cargo and P&I policy. Joint War Committee area changes flow through automatically on most wordings, but the additional premium calculation and cancellation rights vary by policy.
- For ongoing trades into the Gulf, consider extending coverage outside the standard hull and P&I markets e.g. through specialist war risk facilities.
- For project cargo and stock-throughput exposure with Gulf accumulation, work with brokers on aggregation analysis. The historic assumptions about port-of-rest exposure may need to be revised given the elevated risk environment.
- Avoid the temptation to chase headline rate. The war risk market is in flux; coverage availability, sanctions compliance and reinstatement terms are more important than premium for the next several months.
- Plan for a return to normality. JWC area designations have historically been narrowed or removed once underlying conflicts stabilise. The Black Sea designation, added February 2022, and Red Sea designations of 2024 have already been narrowed for some cargo types. The Hormuz designation will eventually narrow in the same way, but the timing depends on the underlying geopolitical resolution.

The war risk market in 2026 is the clearest counterexample to the otherwise soft cycle. It is also a leading indicator: marine insurance pricing has historically reacted faster to geopolitical risk than equity markets, sovereign credit spreads or currency markets. Watching the JWC circulars and the AWRP rate quotes is one of the better ways to track chokepoint risk in real time.

Looking forward, the structural lesson of the 2026 Iran conflict, for both underwriters and buyers, is that the global marine insurance architecture is far more tightly coupled than it was in the 1980s. P&I, hull war, cargo war and reinsurance are interlocking, and a single high-severity, low-frequency event in a chokepoint can trigger a cascade across all of them. For underwriters, this is driving renewed interest in aggregation analysis and accumulation management. For buyers, it is a reminder that war risk is not a routine renewal product but an active risk management discipline.

Section five

P&I: mutual clubs over 15 years and the fixed-premium comparison.

P&I is the most distinctive part of the marine insurance market because of its mutual structure. The 12 members of the International Group of P&I Clubs collectively insure approximately 90% of the world's ocean-going tonnage on a non-profit, mutual basis, with the Group operating a pooling mechanism for claims above each club's individual retention and a Group Excess of Loss reinsurance programme – the largest single insurance placement in the world. This structure has implications for pricing, capital, claims handling and continuity that are different from any commercial insurance class.

Outside the International Group, fixed-premium P&I provided by commercial carriers (certain Lloyd's syndicates and specialist MGAs) has grown from a niche option into a meaningful alternative for small to medium tonnage. The two markets serve different segments of the shipping industry and have different cycles, with both deserving consideration.

The mutual clubs: 15 years of structural improvement

The 15-year story of the International Group is one of structural improvement, punctuated by periodic large-loss events. Prior to 2010, the clubs had been through a period of weak underwriting, modest free reserves and pressure from rating agencies on capital adequacy, not to mention the investment market turmoil following the crash in 2008. From approximately 2010 onwards, the Group implemented sustained general increases at most clubs, with the disciplined intent of restoring rate adequacy and rebuilding free reserves, alongside a largely more conservative investment strategy.

By 2017, free reserves across the Group had reached new highs. From 2018 through 2021, a combination of large pool claims (Wakashio, Golden Ray, Hoegh Xiamen, COVID-19 claims to name a few) and weak investment returns put pressure back on the underwriting result, with combined ratios above 100% for many clubs. General increases were re-imposed at most renewals from 2020 through 2024, ranging from 5% to 12.5% depending on the club. By 2023/24, the Group was running at an aggregated combined ratio of approximately 96%, with free reserves at record-high levels. Alongside improved technical performance, high investment returns from the 2022–2024 fixed-income environment had repaired the balance sheet substantially.

The 2024/25 policy year was a genuine test. The Dali/Baltimore bridge collision in March 2024 produced what is now widely expected to be the largest single marine insurance loss ever recorded, a development discussed in detail in the dedicated subsection below. Adverse reserve development on the prior year X-Press Pearl casualty (the container vessel that sank off Sri Lanka in June 2021) added further weight to the 2024/25 result, alongside several other large pool claims that developed unfavourably through the policy year. The technical picture deteriorated materially - after running at a Group-wide combined ratio of approximately 96% in 2023/24, the 2024/25 result reached close to 110% on a financial-year basis and approximately 120% on a pure policy-year basis, per Gallagher Specialty's 2025 Pre-Renewal Review. The financial-year ratio reflects a 21% surge in incurred claims (from USD 3.08bn to USD 3.73bn) attributed to what is described as the worst pool year on record, with elevated claims also within club retentions. Notably, despite the underwriting deterioration, free reserves continued to grow at most clubs because of strong investment returns (again).

P&I club performance: the 15-year arc

Period	Combined ratio trend	Free reserves	General increase pattern
2010–2014	Variable, with combined ratios exceeding 100% in most years	Modest growth from a low base	Periodic GIs of 3%–10% to rebuild rate
2015–2018	Improvement to mid-90s on average; benign claims years	Sustained growth; record highs at multiple clubs	Largely flat or zero GIs
2019–2021	Deterioration to 110%+ at multiple clubs; large pool claims	Pressure from claims and falling investment returns	Resumption of GIs: 5%–12.5% across clubs
2022–2024	Recovery to mid-90s; investment returns rebuild balance sheet	Record-high free reserves at most clubs	Continued GIs of 5%–7.5%; capital distributions begin
2024/25	Sharp deterioration: ~110% financial-year, ~120% policy-year; claims +21% to USD 3.73bn	Continued growth on investment returns	GIs of 5%–7.5% with some clubs offering capital returns

Sources: AM Best Market Segment Reports on P&I Clubs (2022–2025); UK P&I Club Annual Report 2025; Gard, Skuld, NorthStandard, Steamship Mutual annual results 2024–2025; Marsh P&I Club Update 2024; Aon P&I Bulletin July 2024; Gallagher Specialty 2025 Pre-Renewal Review (October 2025); Beinsure/S&P P&I segment commentary.

A note on the two combined ratio figures in circulation

Market commentary on the IG-wide 2024/25 combined ratio has cited figures ranging from approximately 97% to approximately 120%, and both are technically defensible. A figure of approximately 97%, cited in some market commentary, aggregates the consolidated results of all 12 IG members including their diversified businesses on a financial-year basis. The Gallagher Specialty figure of close to 110% financial-year and approximately 120% pure policy-year strips out diversified lines, applies more recent reserving on the Dali claim and the X-Press Pearl development, and uses the policy-year basis that the clubs themselves use for pricing decisions. The Gallagher figure is not more alarming because it is wrong; it is more alarming because it is more precise about the underwriting result that actually drives your renewal. Brokers and buyers citing the 97% figure in renewal conversations are quoting a number their club underwriter is not using.

The Dali claim: from USD 1.5bn reserve to a USD 2.8bn loss estimate

The Dali/Baltimore bridge claim has developed materially since the initial market reserve was struck in 2024, and the development is now the single most important data point in the global marine reinsurance market. The trajectory matters not only for the P&I clubs that pooled the loss, but for the entire reinsurance and retrocession chain that sits behind the International Group.

When the container vessel Dali struck the Francis Scott Key Bridge in March 2024, the early market reserve was placed at approximately USD 1.5bn. That figure became the working assumption across the marine and reinsurance market through 2024 and into the 1/1 2026 renewals. It was the number underpinning International Group reinsurance pricing decisions, club free-reserve projections and the broader marine liability rating discussion through that period.

Following the announcement of the settlement in principle between the State of Maryland and the Dali's owners and operators in April 2026, and the related Maryland/Chubb settlement framework, recent market disclosures now point to a total insured loss in excess of USD 2.8bn - almost double the original reserve. At that level, and subject to final documentation, court approval and resolution of related litigation, the Baltimore Bridge event is, on current estimates, the largest single marine insurance loss ever recorded and surpassing the approximately USD 1.6bn Costa Concordia insured loss from 2012 that had previously held the benchmark.

Reserves moved from USD 1.5bn to over USD 2.8bn within eighteen months. Costa Concordia (~USD 1.6bn, 2012) had stood as the marine sector's benchmark loss for over a decade. Baltimore now resets it. The increase surprised much of the market, per Howden Re commentary.

Where the loss falls

The principal driver of the loss escalation is the cost of replacing the Francis Scott Key Bridge itself. The settlement framework between the State of Maryland and Chubb, who insured the bridge under a USD 350m policy that paid out shortly after the collapse, accounts for approximately USD 2.5bn of the overall loss. Pollution liabilities, wreck removal, lost toll revenues for the Maryland Transportation Authority and the various wrongful death and economic loss claims by businesses and individuals make up the balance. Maryland's claims against the shipbuilder Hyundai remain unresolved and represent a separate potential recovery path.

From a marine insurance perspective, the cascade through the structure works as follows. The vessel's owner Grace Ocean and operator Synergy Marine were entered with the Britannia P&I Club, one of the 12 members of the International Group. Each individual club's retention sits at USD 10m. Above that, claims flow into the Group's pooling layer, which absorbs losses up to USD 100m on a mutualised basis. Above USD 100m, the loss flows into the Group Excess of Loss (GXL) reinsurance programme, which runs through multiple layers up to a total programme limit of USD 3.1bn, with additional cover up to USD 8.2bn if required through the overspill mechanism. The Baltimore loss is, therefore, primarily a reinsurance and retrocession event, not a P&I club balance sheet event.

The reinsurance and treaty implications

Most of the USD 2.8bn loss falls on reinsurance and retrocession markets by design. The International Group's GXL programme is the single largest insurance placement in the world precisely because it exists to absorb losses of this magnitude without endangering individual club solvency. The cost of that programme, however, is paid by the clubs and ultimately by their shipowner members through annual calls.

The 2025 reinsurance renewal absorbed the cost of the loss as it stood at USD 1.5bn and the International Group's reinsurance committee reported a 'positive renewal' for shipowners that year despite the Dali development. The 2025/26 GXL placement was secured with an increase that the market broadly welcomed as appropriate to the loss environment, and the renewal was completed on schedule. Market commentary at the time was that the renewal had been received positively by insurers and 'provided much stability for the shipowner community' coming off the back of the Dali loss as 'an endorsement of the health of that product'.

The escalation to USD 2.8bn changes the conversation. The 2026/27 renewal cycle, covering both the International Group's GXL placement at 20 February 2026 (now passed) and the broader marine reinsurance treaty market that supports primary marine liability writers at 1/1 and 4/1, is now reflecting the larger loss. The visible effects so far have been mixed in a way that itself is informative:

- The IG GXL renewal at 20 February 2026 was completed, with reinsurance markets reportedly absorbing the larger loss without disrupting the structure of the placement. The cost was passed through to clubs.
- Marine liability reinsurance treaty pricing has tightened, particularly on programmes with U.S. exposure.
- Notably, the broader marine reinsurance market did not correct sharply at the April 2026 renewals despite the Dali development. Per Howden Re, parts of the market saw pricing soften by as much as 15%–20%, with new entrants absorbing known exposures and fresh capital continuing to enter. This is the most striking feature of the current cycle: a record-setting marine loss has been absorbed without producing a hard market response.

A USD 2.8bn marine loss has produced reinsurance softening of 15%–20% in parts of the April 2026 renewal market. Capital is the counterweight. New entrants and fresh capacity have absorbed the loss without forcing a market correction, for now.

Why the market has not corrected

The non-correction deserves explanation, because it has direct implications for buyers' negotiating leverage in 2026 and 2027. Three factors are doing the work:

The first is capital. The figure that matters for marine capacity is Gallagher Re's estimate of global dedicated non-life reinsurance capital, which reached a record USD 648bn at end-2025 (USD 513bn traditional plus USD 135bn non-life alternative) - up 11% on 2024. This is the pool of capital that actually supports marine reinsurance treaties and the MGA-backed fronting capacity behind much of the new entrant activity. Aon, using a broader definition that includes life-insurance capital, puts total global reinsurer capital at USD 785bn at end-2025. This is a useful sanity check on the order of magnitude, but the broader figure includes capital that is not available to marine (re)insurers in any practical sense. Whichever figure you use, both confirm that capital headroom is at record levels. Across marine, energy and terrorism specifically, available capacity continues to exceed demand, with several market estimates placing available limit at multiple times the amount technically required for many large energy and infrastructure risks. Loss-affected carriers have reviewed their appetite, but new capacity has continued to enter the market at a faster rate than affected capacity has withdrawn with the mathematical effect on rates being straightforward. Even a record-setting loss is absorbed without supply contraction sufficient to produce a hard market.

Second, diversification at the IG level. The International Group's GXL programme is reinsured by a deep panel of global reinsurers and retrocessionaires. No single reinsurer is exposed to the full USD 2.8bn loss - the loss is distributed across dozens of reinsurance contracts and ultimately across hundreds of capital providers. This is the structural strength of the system, as it is designed to absorb a loss of this size without any individual reinsurer having to retreat from the market.

Third, is time. The escalation from USD 1.5bn to USD 2.8bn has played out over eighteen months. Reinsurers have had time to build reserves, adjust capital plans and structure responses. A sudden USD 2.8bn loss in a single quarter would likely have produced a sharper reinsurance correction; an eighteen-month development has been absorbed in stages. The implication is that the next reinsurance renewal at 1/1 2027 will reflect the now-known size of the loss in a more normal pricing decision, rather than a panic correction.

What the Dali claim means for buyers

For marine insurance buyers, the Dali development has three practical implications:

First, it is a vivid reminder of why mutual P&I structure matters for blue water tonnage as no other available market would've absorbed that loss. The mutual/GXL structure is what made the loss insurable at all.

Second, the absorption of the loss without a hard market response is itself a buyer's signal: the rest of the soft cycle, particularly in marine liability and reinsurance-driven excess layers, has been preserved by capital depth despite the loss.

Third, the reserve development trajectory - from USD 1.5bn to USD 2.8bn over eighteen months - should temper buyers' expectations about reserve stability on any large incident. The market took eighteen months to fully recognise the size of this loss, and the next major incident is likely to follow a similar pattern.

The conclusion for the 2026/27 renewal cycle is that the Dali claim has not yet closed the buyer's window. It has, however, raised the probability that the 1/1 2027 reinsurance renewal will mark the inflection point. Buyers should treat the period between now and the 2027 renewal cycle as the meaningful planning horizon.

Note on P&I Clubs: there are significant differences between the individual clubs when it comes to financial stability, underwriting result and renewal methodology. Club-by-club analysis is available at various sources and best reviewed in the pre-renewal window in the autumn/fall.

Fixed-premium P&I: the alternative market

Fixed-premium P&I is structurally different as it is provided by commercial insurers on a fixed-cost basis without supplementary calls or release calls. The economic model is, therefore, different as premiums are based on individual loss records and acquisition cost rather than mutual pooling, and there is no obligation to contribute to other members' large claims via a pool mechanism. The fixed-premium market has grown substantially over the period but remains predominantly focused on smaller and specialist tonnage: small commercial vessels, offshore service vessels, fishing fleets, river and coastal shipping and yachts.

Two structural points are worth understanding. First, the cap on fixed-premium P&I cover is typically much lower than mutual P&I. Standalone fixed-premium markets typically cap cover at USD 100m, USD 500m or USD 1bn depending on the structure. In the US, this is typically achieved by buying a primary $1m P&I policy and layering an excess/umbrella above. This is why fixed-premium P&I is generally not appropriate for blue water tonnage where statutory liability limits and incident severity can substantially exceed those caps.

Second, the cycle position of fixed-premium P&I differs from the mutual clubs, with the fixed-premium market being an openly competitive space. Broker commentary has for years tracked materially lower year-on-year pricing in fixed-premium versus mutual, with double-digit reductions during competitive phases. In recent years, several mutual clubs have created their own fixed-premium facilities to compete in this segment - blurring the distinction.

Comparison: where each makes sense

Factor	Mutual P&I	Fixed Premium P&I
Cover limit	Effectively unlimited via Group pooling and GXL (USD 8.2bn)	Capped, typically USD 100m–USD 1bn
Pricing structure	Annual call plus exposure to supplementary calls and release calls	Fixed annual premium; no supplementary calls
Best fit for	Blue water ocean tonnage; vessels with large environmental or wreck exposure	Coastal, brown water, smaller specialist tonnage; fleets where loss limits are quantifiable
Cycle pricing	Periodic general increases (though never reductions); smoother profile; capital distributions in good years	More cyclical; can move 10%+ in either direction over a single renewal cycle

The 15-year verdict

Over 15 years, the mutual P&I structure has demonstrated structural advantages that are not always visible in any single year's combined ratio. The clubs have absorbed major industry-wide claims (Costa Concordia, MSC Napoli, Wakashio, Hoegh Xiamen, the Dali etc) without material disruption to coverage availability or to club solvency, they have rebuilt free reserves to record levels and weathered investment volatility and geopolitical disruption. The combined ratio has been variable, averaging in the high 90s over the period, with some years at 110% and others at 90% - but the structural strength of the system is reflected in how rarely shipowners have faced coverage disruption.

Fixed-premium P&I has grown substantially over the same period and now serves a meaningful share of small and specialist tonnage. The argument for fixed-premium is straightforward where it applies: certainty of pricing, no supplementary or release call exposure and competitive premiums in soft phases of the cycle.

Across 15 years, the mutuals have proven structurally more durable than the fixed-premium market. Both have a place and buyers should be deliberate about which to use.

What buyers should do at the 2026/27 P&I renewal

- For mutual club renewals, expect general increases of 5–7.5% from most clubs, partially offset by capital distributions at the strongest-performing clubs.
- Test club performance differentially. Free reserves, S&P ratings, capital distribution policy and pool claims contribution vary substantially. The strongest clubs have materially different financial profiles to the weakest.
- Where fixed-premium is being considered, evaluate the limit adequacy carefully. The Dali/Baltimore claim is the clearest reminder of why mutual structure matters for large blue water tonnage.
- Take the long view. The cumulative cost-benefit of mutual versus fixed over a 15-year holding period is not obvious from any single year's pricing. The structural durability of the mutual system has value that should be priced in.

Section six

Where the market is and what buyers should do.

The marine insurance market in mid-2026 is at one of the most clearly identifiable inflection points of the last 15 years. The conditions for a buyer-favourable rating environment are present across most of the major classes: capacity is at multi-year highs, underwriting results have been strong for three consecutive years, new entrants are building books aggressively, and the established carriers have the rate adequacy to compete on growth rather than retention. The conditions that typically end such phases, be that a major loss event, a reinsurance correction or a step-change in claims inflation, are visible on the horizon but have not yet materialised in a way that will imminently reverse the cycle.

The window will not last indefinitely, though. The 2026 Iran conflict and the Strait of Hormuz disruption, plus the Dali claim, are stress-testing the war risk and reinsurance markets in ways that will eventually flow through to the broader marine market. U.S. casualty pricing is being weighed by social inflation and large jury verdict risk that has not abated. Repair cost inflation in hull is structurally elevated. The reinsurance renewal at 1/1 2027 will be the first major test of whether the alternative capital and MGA-backed capacity that has been driving the soft phase is durable through a stressed renewal. Each of these factors creates the risk, though not the certainty, that the soft market is closer to its end than to its beginning.

The composite picture

Class	Q1 2026 direction	Capacity	Buyer action
Hull (blue water)	Down 2.5%–10%	Expanding in London and U.S.	Lock in 18–24 month terms; broaden wordings
Hull (brown water)	Flat to down 5%	Expanding via MGAs	Test multiple markets; benchmark terms
Cargo / Stock-throughput	Flat to down 5%	Strong in London; building in U.S.	Negotiate broader wordings; review theft mitigation
Marine Liability (primary)	Flat to up 5%	Stable; some new U.S. capacity	Push for moderation; document loss control
Marine Liability (excess)	Up 5%–7.5% on average	Constrained; reinsurance-driven	Plan limit profile carefully; document loss prevention
P&I (mutual, IG clubs)	GIs of 5%–7.5%	Stable mutual structure	Compare clubs on free reserves and capital returns
P&I (fixed premium)	Flat to down 5%	Expanding capacity	Verify limits adequate; understand carrier
Ports & Terminals (property)	Down 0%–10%	Strong increase in London	Aggressive market test; LTAs viable
Ports & Terminals (liability)	Down 5% to up 2.5%	Expanding	Reduce expiring rates; broaden coverage
War (Persian Gulf / Hormuz)	Up 1,200%–4,000% from pre-conflict base*	Constrained; cancellation notices live	Active management; not routine renewal
War (other regions)	Variable, region-specific	Available; market case-by-case	Monitor JWC circulars closely

Sources: AM Best Market Segment Reports on P&I Clubs (2022–2025); UK P&I Club Annual Report 2025; Gard, Skuld, NorthStandard, Steamship Mutual annual results 2024–2025; Marsh P&I Club Update 2024; Aon P&I Bulletin July 2024; Gallagher Specialty 2025 Pre-Renewal Review (October 2025); Beinsure/S&P P&I segment commentary.

What buyers should look out for in the second half of 2026

Several specific developments will determine whether the soft market continues into 2027 or reverses earlier. Buyers and brokers should be tracking the following:

- The 1/1 2027 reinsurance renewal. This is the most important single data point. If reinsurance pricing remains orderly e.g. flat to modest reductions on property catastrophe, stable on marine lines, then the soft cycle in primary marine will continue through 2027. If reinsurance corrects sharply primary capacity will tighten quickly, particularly the MGA-backed portion.
- Resolution or escalation of the Iran/Hormuz situation. The war risk repricing has been absorbed by the marine market without materially disrupting other classes. A meaningful escalation, for example, a sustained closure of Hormuz or an attack on a major Gulf energy facility would strain reinsurance capacity in marine war and could spill across into hull and cargo. A resolution would be reflected in JWC area changes within weeks and a return to more normal war risk pricing.
- U.S. North Atlantic hurricane season. The 2025 season was relatively benign for the global market. A heavy 2026 season would produce immediate pressure on property reinsurance and could pull primary marine pricing along with it on a lag.
- Large single losses in marine. Hull total losses, container vessel fires and cruise ship incidents are the events most likely to interrupt the soft cycle. The line is exposed to fewer but larger losses than ten years ago, primarily because of vessel sizes and cargo values.
- Marine liability nuclear verdicts. Continued severity in U.S. marine personal injury and pollution verdicts will keep marine liability pricing on its current course of moderation rather than allowing it to soften with the rest of the market.
- Reinsurance treatment of MGA-fronted business. Reinsurers have grown more cautious about MGA-fronted cessions over the last 18 months. If reinsurance support tightens for MGA capacity some of the new entrants will scale back, taking soft-market capacity with them.

The bear case: what would change our mind?

What follows is designed to identify in advance the specific data points that would invalidate the soft-cycle thesis put forward in this report.

This section sets out the bear case and identifies five specific tripwires between now and 1/1 2027 that would force a revision.

The thesis being tested is the one set out in the executive summary: the marine market has formally turned soft, the conditions are present across most major classes, the window for buyers is real but finite, and the most likely inflection point is the 1/1 2027 reinsurance renewal. The thesis depends on several supporting conditions remaining in place:

- continued reinsurance capital depth,
- manageable loss frequency,
- no reinsurance correction at 1/1 2027,
- no sustained escalation in the Strait of Hormuz, and
- stable claims inflation in the underlying classes.

Each of those conditions is, in principle, falsifiable by specific observable events.

Tripwire one: A 1/1 2027 reinsurance correction of more than 10% on marine treaty business

The most direct test of the thesis. Reinsurance treaty renewals at 1/1 2027 will be the first major capital allocation decision by reinsurers since the Dali claim escalated to USD 2.8bn, escalating tensions in the Strait of Hormuz forced repricing of war risk and the 2026 hurricane season completes. A renewal that produces flat to single-digit reductions on marine treaties would confirm the soft cycle has runway through 2027. A renewal that produces increases of more than 10% on marine reinsurance treaties, particularly on excess of loss programmes supporting marine liability and hull war, would invalidate the thesis. Primary marine pricing follows reinsurance pricing with a lag of one to three quarters; a sharp reinsurance correction would feed through to direct rates by Q2 2027 at latest.

Specifically: track Howden Re, Gallagher Re and Guy Carpenter renewal commentaries published between mid-November 2026 and mid-January 2027. Watch for marine-specific commentary as opposed to property catastrophe commentary. The number to focus on is the rate-on-line movement on excess of loss marine programmes.

Tripwire two: Dali reserve development beyond USD 3.5bn

The current USD 2.8bn estimate is a settlement-in-principle figure plus market estimates of pollution, wreck removal and economic loss claims. Maryland's claims against Hyundai (the shipbuilder) remain open, the limitation trial set for June 2026 will produce findings on liability cap and several large economic loss claims by businesses and individuals are unresolved. Development beyond USD 3.5bn, a 25% further increase on top of the already-doubled reserve, would have two effects. First, it would force a further repricing of the IG GXL programme at the 20 February 2027 renewal beyond what is currently being absorbed. Second, and arguably more important, it would change the empirical claim that the marine reinsurance market has absorbed the Baltimore loss without a hard market response, which is the most striking feature of the current cycle.

Specifically: track Dali updates, Maryland AG further announcements and the Maryland/Hyundai litigation outcomes. The June 2026 limitation trial in U.S. District Court is the most material near-term checkpoint.

Tripwire three: Sustained Hormuz closure beyond Q3 2026 with daily transits below 50% of pre-conflict levels

The 2026 Iran conflict has so far been absorbed by the marine market without producing a hard market in the underlying classes, as the war risk repricing has been treated as a discrete event affecting one specific product line. A sustained closure or restriction beyond Q3 2026 would change the calculus in three ways. First, the cumulative cost to the JWC and London marine war market would begin to exceed historical absorption capacity. Second, reinsurance for marine war would tighten materially at 1/1 2027, with knock-on effects on hull and cargo war pricing globally. Third, government backstops would become formalised, fundamentally changing the structure of war risk insurance for years to come. If the conflict runs into 2027, then the 12-month hurdle on Blocking and Trapping cover would trigger, meaning significant total loss claims even if the vessels haven't been physically attacked.

Specifically: track UKMTO, Ambrey, Dryad and JWC weekly updates; daily transit volume through the Strait of Hormuz (pre-conflict baseline approximately 130 vessels per day); JWC Listed Areas circulars; Lloyd's marine war pricing commentary. The threshold to watch is daily transits remaining below 50% of the pre-conflict baseline (approximately 65 vessels per day) for a sustained 12-week period.

Tripwire four: A major U.S. Atlantic hurricane making landfall in 2026 with insured losses exceeding USD 50bn

The 2025 hurricane season was relatively benign; the 2024 season produced Helene and Milton but the global insured loss was absorbed without disrupting the broader cycle. A 2026 season with a major U.S. landfall, typically a Category 4 or 5 hurricane hitting Florida, Texas or the Gulf Coast, producing insured losses exceeding USD 50bn would not directly affect marine claims at scale, but would absorb global reinsurance capital sufficiently to change the 1/1 2027 reinsurance renewal across all property and casualty lines. Marine reinsurance, while a separate treaty, is priced in the same global capital market. A major capital draw from a U.S. hurricane would tighten marine reinsurance even where marine losses themselves had not been excessive.

Specifically: track NOAA hurricane forecasts and updates; storm activity through the August–October 2026 peak season; insured loss estimates from industry sources following any major landfall. The threshold to watch is global insured natural catastrophe losses for full-year 2026 exceeding USD 150bn (which would be a top-three year on record).

Tripwire five: Marine MGA capacity withdrawal at the 1/1 2027 reinsurance renewal

The current breadth of marine capacity is partly a function of MGA-sourced capacity supported by fronting carriers and reinsurance. AM Best and Conning's 2025 commentary has signalled the possibility of reinsurers tightening their support for MGA-fronted business at 1/1 2027, which would see some of the new entrant capacity will scale back or exit. This would not necessarily be visible in pricing immediately; it would be visible in capacity being non-renewed quietly, in MGA programmes losing carrier support and in fronting capacity becoming more selective. The leading indicator would be reinsurer commentary at the 1/1 2027 renewal specifically about MGA cession appetite.

Specifically: track AM Best MGA market reports through 2026, Conning's 2026 MGA study (typically published July), fronting carrier results disclosures (Accelerant, Sutton, Transverse, State National), and Lloyd's MGA-sourced binder volume reporting. The threshold to watch is any meaningful contraction of fronting capacity or any AM Best downgrade of one of the major fronting carriers as both would signal that the soft-cycle support structure is weakening.

How the tripwires interact

These tripwires are not independent. A 1/1 2027 reinsurance correction is more likely if Dali develops further, if Hormuz stays disrupted or if there is a major U.S. catastrophe - each of those events draws on the same global reinsurance capital pool. A marine MGA contraction is more likely if reinsurance correction occurs, because MGA capacity is more reinsurance-dependent than carrier balance-sheet capacity. Two tripwires triggering simultaneously would not be additive in their effect on the soft cycle, it would be a multiplier effect.

Conversely, the absence of these tripwires through 1/1 2027 is itself meaningful. If the 2026 hurricane season is moderate, Hormuz stabilises by mid-2026, Dali development stays within the current USD 2.8bn estimate, MGA capacity remains stable through the 1/1 2027 renewal, and reinsurance treaty pricing comes through with single-digit movement either way, then the soft cycle has demonstrated durability through a stress-tested period and is likely to continue through most of 2027 with similar buyer-favourable conditions.

For buyers and brokers translating this framework into renewal timing decisions, it is worth being direct about which tripwires are live now versus which are contingent on events that have not yet begun to develop.

Active today - no further trigger required:

- Dali reserve development beyond USD 3.5bn is already in motion. The limitation trial in U.S. District Court is scheduled for June 2026, Maryland's claims against Hyundai remain unresolved, and the trajectory of the last eighteen months gives no reason to assume USD 2.8bn is a ceiling.
- Hormuz sustained closure is also live. Daily transits remain well below pre-conflict baseline and the underlying geopolitical resolution is not visible on any near-term horizon. These are not hypothetical risks to monitor - they are current conditions to factor into renewal timing now.

Probable but not yet triggered:

- A 1/1 2027 reinsurance correction depends on how the 2026 hurricane season develops and how reinsurers respond to the cumulative weight of Dali, Hormuz and whatever attritional loss experience the second half of 2026 produces.
- MGA capacity withdrawal is a consequential risk rather than an independent one - most likely to materialise as a downstream effect of a reinsurance correction rather than as a standalone event.

Genuinely contingent:

- A major U.S. Atlantic hurricane exceeding USD 50bn in insured losses is a weather event with no current signal and no management lever. It belongs in scenario planning, not in renewal timing decisions.

The practical implication: the two active tripwires already justify the timing discipline this report recommends. Buyers do not need to wait for the hurricane season or the reinsurance renewal commentary to decide whether to act. The June 2026 limitation trial and the Hormuz transit data are observable now, and both are moving in a direction that shortens the buyer's planning horizon.

What would force a complete reversal?

Beyond the individual tripwires, three combinations would force a full reversal of the thesis:

First, a 1/1 2027 reinsurance correction of more than 15% combined with simultaneous MGA capacity withdrawal;

Second, Dali reserves crossing USD 4bn combined with another major marine loss within twelve months;

Third, sustained closure of Hormuz combined with a Cat 5 U.S. hurricane in 2026. Any of these combinations would shift the cycle from soft to hardening within one to two quarters, reverse the current capacity dynamics, and end the buyer's window decisively.

None of them is the base-case expectation, but each is plausible enough to warrant tracking. The probability-weighted view is that the base case (continued soft conditions through most of 2027) is more likely than any of these scenarios materialising, but the asymmetry of consequences means that even modest tail probabilities should be reflected in renewal timing decisions.

The base-case view is that the soft phase continues through most of 2027. The tail risk is that two or more tripwires trigger simultaneously and end the cycle within a quarter. Buyers should be sized to the base case but timed to the tail.

Action implication

Acting on the base case while watching the tripwires is the discipline this report recommends. Buyers and brokers should plan 2026/27 renewals around the assumption that the soft cycle continues for this year by pursuing the rate reductions, long-term agreements and broader wordings, while building in options to secure those terms past 1/1. It would make sense to ensure that the bulk of placements is complete before the 1/1 2027 reinsurance renewal commentary materialises in Q4 2026.

This is a thesis that is held with conviction but not with certainty. The tripwires are the discipline that makes conviction defensible. If any of them triggers materially over the next eight months, this report's recommendations should be revisited.

Six recommendations for buyers

Drawing the analysis together, the following are the recommendations for marine insurance buyers and their Chief Financial Officers going into the second half of 2026 and 2027 renewals:

- Move renewals forward. Begin the 2026/27 renewal process 90–120 days before expiry, particularly for hull, cargo and ports/terminals. The market is deepest now and underwriters are most willing to commit on long-term agreements.
- Use long-term agreements where available. Hull and cargo underwriters are offering 18 and 24-month terms in ways they have not been since 2017–2018. The downside of locking in is limited, the upside of avoiding a market correction at the next renewal is material. LTAs are most appropriate on accounts with strong loss records and stable trading profiles; where loss experience is mixed, shorter terms preserve flexibility.
- Pressure-test wordings. Restrictive provisions imposed during the 2018–2020 hardening should be benchmarked against current peer terms. On clean accounts, removal or significant narrowing is achievable.
- Differentiate by carrier and capacity type. The current breadth of capacity is not all of equal stability. Engage your brokers on the strength of the capacity that is being offered.
- Treat war risk as an active discipline. The Persian Gulf situation will not normalise quickly. Cancellation timing, reinstatement provisions, listed area exposure and sanctions compliance all need active management.
- Monitor the reinsurance cycle as the leading indicator. The 1/1 2027 reinsurance renewal is the most important event for the rest of the soft cycle. If treaty pricing tightens materially in response to U.S. catastrophe losses, the Hormuz exposure, or further development of the Dali claim, primary marine pricing will follow within two quarters. Buyers and brokers should track Q3/Q4 2026 reinsurance commentary closely.

A final view

The case for buyers acting decisively on 2026/27 marine renewals rests on three observations that the data supports:

First, the market has formally turned soft for the first time in seven years and is moving in the buyer's favour across most major classes.

Second, the structural conditions that produced the soft phase are not the same as those that drove the late-2010s soft phase. The underlying technical position of the market is stronger, capacity is better-capitalised and the regulatory oversight of underwriting at Lloyd's is more rigorous. This soft phase is, therefore, likely to be more orderly than the last one which makes the timing of a buyer's actions matter more, not less.

Third, the next reinsurance cycle and the next major loss event will end this phase. We do not know precisely when, but we do know that the question is when, not whether.

For the CFO or risk manager reading this report, the practical conclusion is that the rating environment for the rest of 2026 and into 2027 is the most favourable it has been since the start of the decade. That is the message for the next renewal cycle. The advisable approach is to use the window proactively, through earlier renewal preparation, long-term agreement structures where available, testing alternative carriers and capacity sources and through being open to broader wordings, rather than treat the renewal as a routine exercise.

Marine insurance buyers who do this in 2026 will look back on the cycle position favourably. Those who do not will find that the next reinsurance correction, whenever it comes, leaves them in a materially weaker negotiating position than the one they have today.

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