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IUMI 2015 Shipping Statistics – Analysis

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Key features of Casualty and World Fleet Statistics as at August 2015:

- General downward trend in total loss frequency in most vessel categories

  The general trend in reducing frequency of total losses has continued with exceptions in some categories. 2014 witnessed an extraordinary reduction in the frequency of cases with a reduced number of TL's in all vessel categories other than in the 'specialized' and passenger vessel sectors. Following an abnormally low frequency in the specialized category during 2013, 2014 still represents a reducing trend overall whilst the worrying trend in passenger (specifically Ro/Pax) tonnage is apparent in the uptick in cases for passenger tonnage since 2011. Also notable is the gradual trend of increased total loss activity in the container vessel sector (other than during 2014) which contradicts the overall trend since 1998. However, the abnormal number of cases during 2014 is particularly apparent in the dry bulk, tanker and general cargo categories and has perhaps contributed to some improvement in underwriting result for some carriers.

- Continued general downward trend in major PA casualties

  The loss frequency for major PA casualties has continued to trend downwards suggesting perhaps an improvement in the overall risk profile may be taking place. This trend may reflect for example, a general improvement in the world fleet age profile allied to the gradual positive effect of regulation and risk vetting that is increasingly a feature of vessel operations, particularly in the tanker sector. There is no significant change in causation with machinery damage still representing in excess of 35% of major casualties during the period 2010-2014 which is consistent with the previous decade. Frequency of loss arising from grounding has increased to some extent during the past 4 years whilst other causes remain largely consistent.

- Growth in the world tanker, dry bulk, container and cruise fleets continuing, overall age profile younger

  Overall rate of newbuilding deliveries has reduced since 2012, albeit with a corresponding reduction in scrapping and an increase in average vessel size, particularly in the container sector. However, fleet age profile across all vessel types significantly younger in recent years 23% of the world fleet less than 5 years old in 2013 compared to 12% in 2005, 50%

of the fleet less than 15 years of age in 2013 against 36% in 2005. Cruise fleet somewhat inconsistent with cargo tonnage, mainly due to the very different dynamics within the cruise industry, new building deliveries stable since 2011, scrapping frequency stable and a healthy new order book. Consistent increase in average cruise vessel size also evident. Marked reduction in the average age of the bulker fleet - represents approximately 44% of the world feet by Grt, average age of bulkers over 20,000 Dwt is around 9 years which may in fact be reflected in a corresponding reduction in frequency of total loss and major PA losses.

- Trends in world order book largely unchanged

  Tanker and dry bulk tonnage represents over 50% of tonnage on order at 1st January 2015. Continued uncertainty over delays, cancellation and renegotiation of existing orders. Order book continue to be dominated by Chinese yards both by tonnage and number of vessels although not by contracted value where South Korea still represents the largest order book. Total contracted order book at 1st January 2015 $316.7bn of which offshore support and other specialist vessel types represent over one third by value.

- Clarkson indices indicate depressed dry bulk but improved tanker sectors

  Dry bulk freight rates remain depressed whilst tanker rates more volatile. Longer term impact of the oil price on particularly tanker and offshore sectors yet to become apparent. Evidence of an increase in the number of tankers deploying as storage units.

- Scrapping levels have shown a significant slowdown since 2012

  Total dwt tonnage scrapped during 2014 down by 30% from 2012 level, trend has continued in to 2015. Slowdown most evident in the dry bulk sector with 2.2% of the world bulker fleet by dwt scrapped in 2014. Tanker scrapping rate 1.6% of world fleet during 2014.