

## MARINE INSURANCE OUTLOOK FOR 2026

### Executive Summary:

The Canadian marine insurance market enters 2026 in a broadly competitive position, supported by strong underwriting results in recent years, expanding insurer capacity, and heightened competition across most major product lines. Buyers are benefiting from generally stable to declining rates, increased underwriting flexibility, and opportunities to enhance coverage structures. However, inflation, geopolitical risk, and loss severity continue to shape insurer behavior and risk selection.

2026 is expected to present a favorable environment for well-managed marine risks to optimize pricing, strengthen coverage terms, and enhance overall program resilience. Insureds should take advantage of current market conditions to improve limits, reduce restrictive terms, and reinvest premium savings into loss prevention initiatives, operational controls, and broader risk management programs. Strengthening these frameworks during a soft market will help position insureds more favorably when the market conditions inevitably tighten. A strategic, long-term approach to program design rather than transactional placement will remain critical to maintaining stability through future market cycles.

An exception to the current favourable Canadian marine market conditions are War Risk coverages, particularly around the Strait of Hormuz. Marine insurers continue to monitor the situation closely and, although war risk coverage generally remains available for vessels transiting the Gulf and surrounding waters, they are being subject to additional premiums, voyage-specific agreements, and enhanced underwriting scrutiny.

Additionally, Protection & Indemnity (P&I) markets are also expected to experience moderate premium firming in the 2026 policy year, with more than half of the International Group Clubs announcing general increases. Although pool claim volatility has moderated slightly since the spike observed in 2024, overall claim frequency and severity remain elevated compared to historical levels. Continued inflation, rising legal costs, and higher reinsurance expenses, combined with the long-tail nature of P&I liabilities and growing social inflation, are placing pressure on underwriting results.

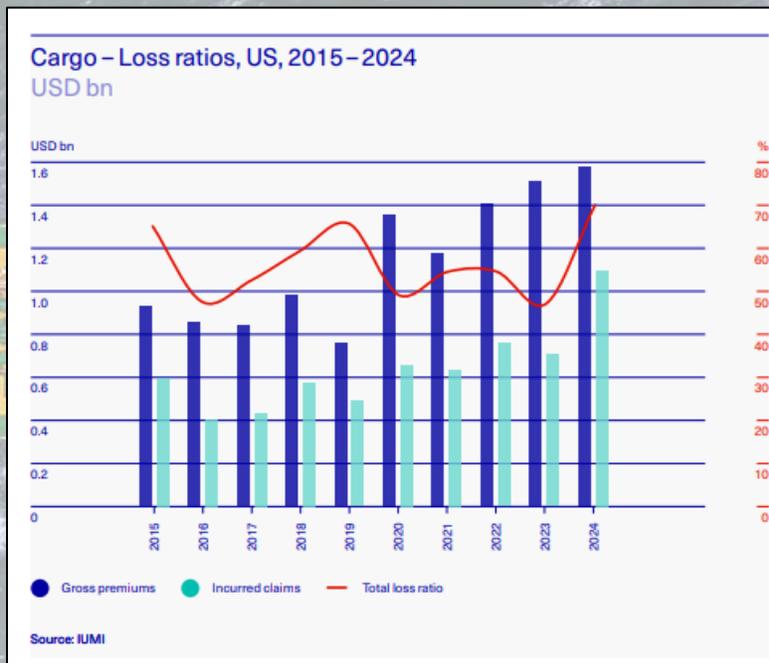
## Marine Cargo:

Global marine cargo insurance premiums continued to grow in 2025 fueled by higher insured values, inflationary pressures, and increased exposure accumulation. Globally, Cargo insurance premiums reached \$22.8 billion in 2025 marking a 3% increase from 2024. In Canada, marine cargo insurance continues to represent approximately half of total gross written marine premiums domestically.

The cargo insurance market in Canada will remain competitive into 2026 after consecutive years of underwriting profitability. This sustained profitability in Canada's marine cargo insurance market has led to an increase in available capacity and new market entrants, fueling competition and putting downward pressure on rates. This environment has created buyer-favorable conditions with increased underwriting flexibility and broader coverage offerings. Cargo owners that provide detailed exposure data, demonstrate strong supply chain controls, and actively manage accumulation will be best positioned to secure competitive terms.

From a geopolitical perspective, trade policy developments between Canada and the United States continue to be monitored closely. Any changes to tariff regimes or the imposition of additional duties can materially impact insured cargo values and warehouse accumulations. Canadian exporters shipping to the U.S. should continue to review declared values, policy limits, and per-loss sublimits to ensure alignment with current cost structures.

For cargo owners, the current environment presents a strategic opportunity not only to reduce premium spend, but more importantly to strengthen coverage terms, improve limits, and position programs defensively ahead of the next market correction. Brokers in the current environment must not be transactional and need to strategically build durable cargo insurance programs that can withstand volatility across market cycles.



*\*Note: "In the United States, the 2024 figures show an uptick to around 70%. This deterioration can largely be attributed to a small number of companies reporting particularly weak results, which has a disproportionate effect on the regional average"*

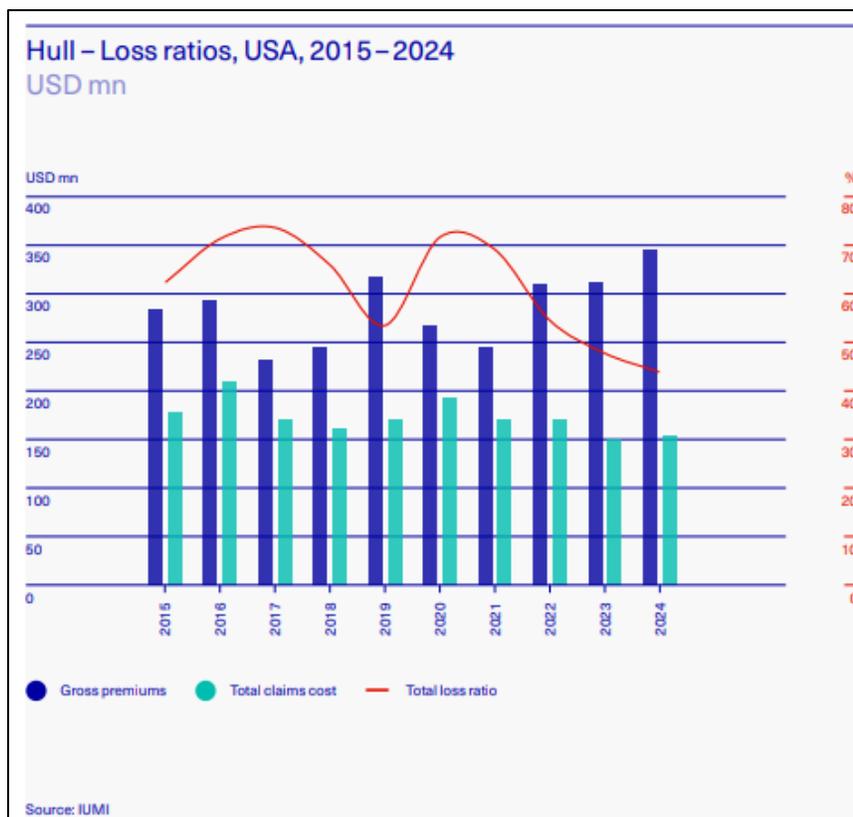
**2026 Expected Average Cargo Rate Increase/Decrease: -5% to 0%**

## Hull & Machinery:

The Hull and Machinery market is also showing a softening pricing trend with increased competition among insurers that is further intensified by new market entrance, aggressive growth targets and increased capacity from syndicates, MGAs and carriers.

Although the Hull market is experiencing a softening trend, underwriters are facing some headwinds resulting from an overall aging of vessel fleets, high repair costs, inflationary pressures, extreme weather events and overall loss severity. Thus, insurers are placing increasing emphasis on the strength of an operator's risk management practices when assessing Hull & Machinery exposures. Consistent vessel maintenance programs, including preventative maintenance, class compliance, and timely repairs, help reduce mechanical failures and loss severity. Ongoing crew training, certification compliance, and clear operational procedures mitigate human-factor incidents, while robust security and voyage planning protocols reduce exposure to navigational, theft, and operational risks.

Together, these measures demonstrate strong operational discipline, lower overall claims potential, and enhance underwriter confidence, often translating into greater pricing stability, broader coverage terms, and increased flexibility at renewal.



An exception to the generally softening Hull & Machinery market is the continued volatility in war risk premiums, driven by geopolitical tensions affecting key maritime corridors such as the Red Sea, the Black Sea, the South China Sea, and more recently the Persian Gulf. High-risk routes requiring war risk cover are seeing premiums well in excess of what was being quoted just a few years ago, reflecting the elevated risk profile for vessels operating in or near conflict-affected regions.

Developments in the Middle East, particularly around the Strait of Hormuz, a critical global shipping corridor, have further increased uncertainty for shipowners and insurers. A significant share of the world's seaborne oil and gas transits this narrow passage, meaning disruptions could have broader impacts on energy markets and maritime trade. While conditions in the region can shift quickly, recent tensions have prompted operators to reassess voyage planning and risk exposure when transiting the Gulf.

War risk coverage generally remains available for vessels operating in the region, though often subject to additional premiums, voyage-specific agreements, and closer underwriting scrutiny. As the situation continues to evolve, insurers are monitoring developments closely and war risk pricing for affected routes is expected to remain dynamic.

**2026 Expected Average Hull & Machinery Rate Increase/Decrease: -5% to 0%**

## Protection & Indemnity (P&I):

More than half of the P&I Clubs have announced general and/or deductible increases for the 2026 policy year. While pool claims volatility has eased slightly compared to the spike seen in 2024, overall claims frequency and severity remain elevated relative to historical norms.

Inflation, rising legal costs, and increased reinsurance expenses continue to challenge underwriting results across the International Group. The long-tail nature of many P&I claims, combined with expanding social inflation, particularly in the United States, has reinforced the need for ongoing premium adjustments to maintain capital adequacy.

The MV *Dali* bridge allision remains a defining loss event for the industry, with legal proceedings, settlements, and recoveries continuing to unfold. Although much of the financial impact is absorbed through pooling and reinsurance arrangements, the incident has heightened scrutiny around large-loss aggregation, port exposures, and infrastructure risk.



P&I Clubs are increasingly focused on member risk quality, loss prevention, and compliance with safety and operational standards. Members with adverse claims experience or complex U.S. exposure profiles may see increases above the general level, while well-performing fleets remain best positioned to mitigate premium movement.

**Historical P&I Clubs General Premium Increase Announcements:**

	2021	2022	2023	2024	2025	2026
American	5%	12.5%	0%	0%	7%	0%
Britannia	0%	0%	0%	0%	0%	0%
Gard	0%	0%	0%	0%	0%	0%
Japan	10%	10%	10%	7.5%	7%	5%
London	10%	12.5%	0%	0%	0%	0%
NorthStandard	N/A	N/A	N/A	5%	5%	5%
Shipowners	5%	5%	0%	5%	0%	5%
Steamship	5%	12.5%	7.5%	5%	5%	8%
Swedish	5%	12.5%	10%	7.5%	5%	5%
UK	10%	12.5%	10%	7.5%	6.5%	7.5%
West	7.5%	15%	10%	7.5%	5%	5%

**2026 Expected Average Protection & Indemnity Rate Increase/Decrease: 0% to +8%**

**Marine and Excess Marine Liability:**

The Canadian marine liability market remains competitive in 2026, supported by a broad range of domestic and international insurers. Capacity remains readily available for well-managed risks, and insurers continue to demonstrate flexibility in structuring coverage, limits, and attachment points.

However, claims inflation continues to be a key concern. Severity rather than frequency remains the primary challenge, particularly for bodily injury, environmental damage, and complex third-party claims.

Accounts with significant U.S. exposure, poor loss experience, or limited risk mitigation controls may encounter pricing pressure or challenges securing higher limits. Conversely, organizations that can demonstrate robust safety programs, contractual risk transfer, and effective loss control remain attractive to the market.

The excess marine liability segment continues to benefit from strong competition, particularly in higher layers of liability towers. Insurers are actively seeking to deploy capacity at both traditional excess layers and lower attachment points, often using quota share, or layering structures to manage exposure.

This competitive environment has resulted in increased choice for buyers, though insurers remain disciplined in underwriting attachment points and overall tower construction.

**2026 Expected Average Marine Liability Rate Increase/Decrease: -2.5% to 0%**

**2026 Expected Average Excess Marine Liability Rate Increase/Decrease: -3% to 0%**

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