

INSIGHTS

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ARTICLE 6

MANAGING RISKS IN THE NEW CARBON MARKET LANDSCAPE



MITIGATING RISKS IN
RENEWABLE
ENERGY CONSTRUCTION

HOW INSURERS ARE
CREATIVELY INVESTING
IN NATURAL CAPITAL

BLOCKCHAIN
REVOLUTION IN MARINE
HULL INSURANCE

Editor's Note



Dear Readers,

As we begin 2025, the insurance industry is navigating a dynamic landscape shaped by sustainability, technology, and risk management. This issue highlights how insurers are moving beyond traditional risk mitigation, actively creating solutions for emerging global challenges.

One key focus is Article 6 of the Paris Agreement, where evolving carbon markets present new risks, such as regulatory uncertainty and price volatility. Insurers are stepping up to help businesses manage these challenges and invest in a sustainable future.

We also explore the risks in renewable energy construction, where supply chain delays and regulatory hurdles can impede progress. Insurers are providing tailored solutions to ensure the resilience and success of clean energy projects.

In addition, we examine how insurers are investing in natural capital to address intensifying climate risks. By funding ecosystem restoration and resilience projects, insurers are redefining their role as stewards of both financial capital and the environment.

Finally, the integration of blockchain technology in marine hull insurance is transforming the industry, enhancing efficiency, transparency, and cost-effectiveness.

These articles reflect the insurance industry's ongoing evolution, driven by innovation, sustainability, and technological advancements. It's an exciting time to witness and be part of this transformation. Enjoy the read!

Annie Undikai

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Managing Editor

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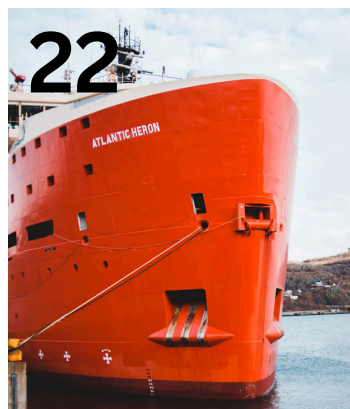
The integration of blockchain in marine hull insurance is evolving and has the potential to transform the industry. As more stakeholders adopt this technology, the insurance ecosystem is expected to become more efficient, transparent, and cost-effective.



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ARTICLE 6

MANAGING RISKS IN THE NEW CARBON MARKET LANDSCAPE



At COP29 last November, a major breakthrough was achieved with the operationalisation of Article 6 of the Paris Agreement that governs international carbon markets. This decision, finalised in Baku, sets the stage for a global carbon trading system, allowing countries to collaborate in meeting their emission reduction targets.

While the agreement establishes rules for trading emissions reductions, several questions remain unanswered regarding how Article 6 will be implemented in practice. These uncertainties have significant implications for governments, businesses, and the insurance industry, which must prepare for the next steps.

What was Decided at COP29?

Article 6 was split into two key mechanisms: Article 6.2 and Article 6.4. Under Article 6.2, countries can trade emissions reductions through bilateral or multilateral agreements, known as Internationally Transferred Mitigation Outcomes (ITMOs). Article 6.4, on the other hand, establishes a centralised UN-supervised carbon market, where emissions reductions can be generated and traded by both the public and private sectors.

The decision at COP29 builds on the work done in previous years but provides greater clarity around the accounting mechanisms and safeguards necessary to prevent double-counting of emissions reductions.

It also strengthens transparency requirements to ensure that emissions reductions are real, additional, and permanent. However, key details regarding the governance of these markets and how disputes will be resolved remain to be ironed out, leaving stakeholders in a state of cautious anticipation.

Is Everyone Prepared?

The implementation of Article 6 presents both opportunities and challenges for governments and markets. On the one hand, the framework has the potential to create a significant global market for carbon credits, estimated to be worth \$50 billion by 2030, according to the World Bank. However, not all countries are equally prepared to engage in this market.

Market readiness varies significantly across regions. Developed nations, including Japan, Switzerland, and Norway, are already piloting Article 6.2 projects, demonstrating a higher degree of preparedness. These countries have well-established governance structures, robust institutional capacity, and technical expertise to operationalise the new mechanisms. Switzerland's Climate Cent Foundation funded a project in Peru that generates ITMOs by replacing traditional cookstoves with cleaner alternatives. This initiative highlights the impact of bilateral cooperation in achieving measurable environmental outcomes.

On the market infrastructure side, challenges persist. A survey by The International Carbon Action Partnership (ICAP) revealed that only 30% of countries have the necessary infrastructure to participate in Article 6 markets. Many developing nations, which stand to benefit from the financial flows generated by carbon trading, face capacity-building challenges. These include establishment of robust measurement, reporting, and verification (MRV) systems needed to support cross-border credit trading.

For instance, while Brazil has made strides in preparing for Article 6, others like Indonesia are still in the early stages of developing their market mechanisms. The absence of harmonised systems increases transaction costs and delays market activation.

Private sector readiness also varies widely. McKinsey & Company reported that while 60% of companies are actively exploring carbon market opportunities, many are

still unsure how to navigate the regulatory complexities introduced by Article 6. The insurance industry, in particular, will play a critical role in managing risks related to the market, from reputational risks tied to carbon credit quality to operational risks associated with project verification.

Market Opportunities and Risks

For private companies, Article 6 opens the door to new opportunities to reduce their carbon footprints and participate in a regulated market for emissions trading. Companies can generate or purchase ITMOs to meet their decarbonisation goals while supporting international climate objectives. This could drive significant investments in carbon-reduction technologies and renewable energy projects. BloombergNEF predicts that corporate demand for carbon credits could rise by 50% by 2030 as companies strive to align with stricter emissions targets.

Many developing nations, which stand to benefit from the financial flows generated by carbon trading, face capacity-building challenges.



However, the private sector also faces a number of risks. First, the complexity of the Article 6 framework may create compliance challenges for companies that operate in multiple jurisdictions. Second, the integrity of carbon credits remains a concern, especially with the risk of double-counting emissions reductions. A World Bank study found that around 20% of carbon credits in existing markets had quality issues related to additionality or permanence. Businesses risk reputational harm if they purchase credits that fail to meet the highest standards.

The insurance industry, particularly reinsurance, can step in to mitigate some of these risks. Products like credit insurance for carbon projects or performance guarantees can offer protection against financial losses due to project failure, underperformance, or regulatory changes. Additionally, insurers can provide liability coverage for companies involved in trading ITMOs, helping manage the evolving legal risks in this new market.

Underwriting Carbon Projects

The insurance sector is poised to be a key player in the new carbon market landscape. As the market for ITMOs grows, the insurance industry can provide risk management solutions that facilitate project development and ensure market integrity. The sector can



offer products such as political risk insurance to protect investments in carbon-reduction projects in emerging markets, where political instability or regulatory changes could threaten project viability.

One significant implication is the need for more comprehensive due diligence. Insurers underwriting carbon projects must evaluate not only the physical risks, such as weather-related disruptions, but also the credibility of the project developers, the robustness of monitoring systems, and the alignment with Article 6's transparency requirements.

For example, Swiss Re has been exploring opportunities to underwrite carbon credit projects, ensuring that they meet the required environmental standards. Swiss Re's involvement in a carbon credit project in Kenya, aimed at reforesting degraded lands, demonstrates how insurers can support projects that have both environmental and financial benefits.

As these markets expand, similar initiatives could become more common, with insurers playing a crucial role in verifying the legitimacy of projects and ensuring that they deliver measurable emissions reductions.

Allianz Climate Solutions estimates that the insurance industry has the potential to cover around \$10 billion of risk in the carbon market by 2027. This includes coverage for potential project failures, underperformance, or delays in achieving emissions reductions. Additionally, insurers can help companies manage reputational risks in carbon markets by ensuring the integrity of carbon credits.

The potential rewards for insurers are immense. With the growth of compliance markets under Article 6 and rising demand for carbon credits, insurers have an opportunity to address emerging risks. They can offer tailored solutions such as credit guarantees, performance insurance, and liability coverage for disputes. These offerings position insurers as critical enablers of the global transition to a low-carbon economy.

However, the road ahead is not without hurdles. Developing standard insurance products that align with Article 6 regulations, navigating complex jurisdictional differences, and ensuring the insurability of diverse projects will require collaboration between insurers, policymakers, and carbon market stakeholders.

Implications of Article 6 on VCM

The operationalisation of Article 6 is set to reshape the global carbon market landscape, significantly impacting the Voluntary Carbon Market (VCM). While both markets aim to mitigate climate change through carbon credit mechanisms, Article 6 introduces a compliance-grade framework that could influence the VCM's dynamics in several ways.

One of the most notable effects of Article 6 is the heightened scrutiny it places on the quality of carbon credits. Under Article 6.4, strict rules around additionality, transparency, and environmental integrity will raise the bar for credit verification and reporting. This will likely prompt the VCM to align more closely with these standards to maintain credibility.

With the growth of compliance markets under Article 6 and rising demand for carbon credits, insurers have an opportunity to address emerging risks

A report by the Taskforce on Scaling Voluntary Carbon Markets (TSVCM) revealed that 65% of market participants consider the lack of uniform standards a major barrier to growth in the VCM. The implementation of Article 6 frameworks could help address these concerns by offering a benchmark for quality, encouraging the adoption of stricter guidelines across voluntary markets.

Article 6 mechanisms are anticipated to establish a well-regulated market with high-quality credits, potentially shifting demand away from the VCM. Credits traded under Article 6.4 are expected to command a premium due to their stricter oversight and enhanced credibility. It is projected that these compliance-grade credits could be priced 25–40% higher than VCM credits, appealing to corporations and governments with compliance obligations.

However, the VCM may retain a competitive edge for organisations pursuing voluntary ESG commitments. The flexibility and relatively lower cost of VCM credits make them appealing for companies not bound by regulatory requirements. For instance, in 2023, the VCM traded approximately 500 million metric tons of CO₂ equivalent, with corporate sustainability programs accounting for 70% of demand.





The coexistence of Article 6 and VCM may cause market fragmentation due to misalignment in standards and methodologies. This could confuse buyers and diminish trust in VCM credits, highlighting the need for voluntary markets to align with Article 6 principles while maintaining their unique benefits.

While challenges persist, the interaction between Article 6 and the VCM offers synergy opportunities. Voluntary credits may facilitate future compliance markets as host countries transition projects into Article 6 frameworks, potentially enhancing liquidity, scalability, and market confidence.

Microsoft's climate initiatives serve as a case study, showcasing the company's significant investments in VCM projects like soil carbon sequestration, while also exploring Article 6 opportunities for regulatory alignment. This dual strategy highlights how organisations can utilise both markets for effective climate strategies.

Path Forward

With Article 6 moving to implementation, the global carbon market is set to expand in scale and complexity. Insurers can lead with innovative underwriting, enhancing climate action and market resilience. The key question remains: Are they ready to take advantage of this opportunity?

A worker in a red life vest and white hard hat is positioned on a yellow offshore platform, likely part of a wind turbine or solar farm. The worker is looking towards the camera. The background shows the deep blue ocean.

MITIGATING RISKS IN RENEWABLE ENERGY CONSTRUCTION

The renewable energy sector is growing unprecedentedly, driven by global efforts to combat climate change and transition to cleaner energy sources. It is projected that renewable energy capacity would increase by 2,400 gigawatts (GW) in 2027. Among the fastest-growing segments is solar energy, with global installed photovoltaic (PV) capacity surpassing 1,000 GW in 2023, a remarkable leap from just 217 GW in 2012.

This rapid expansion represents significant opportunities for construction firms engaged in renewable energy projects. However, these opportunities also come with substantial risks and liabilities that must be carefully managed. Failure to address these risks can result in severe financial losses, project delays, and reputational damage.

Dual Reality of Renewable Energy Construction

Renewable energy projects offer immense benefits that extend beyond their immediate environmental impact. By significantly reducing carbon emissions, these projects play a vital role in combating climate change and improving air quality. For instance, the International Renewable Energy Agency (IRENA) estimates that the widespread

adoption of renewable energy could reduce annual carbon dioxide emissions by 70% by 2050, supporting global climate goals like those set forth in the Paris Agreement.

In addition to environmental benefits, renewable energy enhances energy security by reducing dependence on imported fossil fuels. For countries vulnerable to volatile oil and gas prices or supply disruptions, locally generated renewable energy offers a stable and sustainable alternative. Nations with abundant solar or wind resources can diversify their energy mix and reduce geopolitical risks associated with fuel imports.

Renewable energy projects also serve as powerful economic drivers. They create jobs across various sectors, from manufacturing and installation to operations and maintenance. As reported by the International Labour Organization (ILO), the renewable energy sector employed 12.7 million people worldwide in 2022, with solar energy alone accounting for 4.9 million jobs. This trend is expected to continue, with job creation in renewables projected to surpass that in traditional fossil fuel industries.

Moreover, the decentralised characteristics of renewable energy systems—like rooftop solar panels and community wind farms—enable local communities to gain access to affordable and reliable energy. This decentralisation fosters energy equity, ensuring electricity availability in remote and underserved areas while stimulating local development and enhancing quality of life.

These multifaceted benefits underscore the transformative potential of renewable energy projects, not just for the environment but for global economies, societies, and energy systems. Yet, they also present unique challenges due to their reliance on sophisticated infrastructure, remote project locations, and exposure to extreme environmental conditions.

Furthermore, investments required for renewable energy infrastructure are substantial. Wind turbines, solar panels, and supporting systems demand significant capital for equipment, land, and construction. These assets are vulnerable to various risks, including damage from extreme weather, equipment failure, theft, vandalism, and natural disasters. Swiss Re reported that the renewable energy sector incurred nearly \$4 billion in insured losses from extreme weather events alone.

Construction sites for renewable energy projects are particularly susceptible to environmental hazards. Wind turbines, often located in remote or offshore areas, are exposed to hurricanes, lightning strikes, and severe storms. Solar installations, on the other hand, face risks from hailstorms, high winds, and flooding. Further compounding these risks are the logistical challenges of transporting heavy equipment to isolated or mountainous locations.



It is estimated that transportation and logistics challenges contribute to as much as 40% of construction-related losses in renewable energy projects. These issues encompass crane accidents during equipment installation, underscoring the essential need for thorough planning and risk management during the transport and assembly stages.

Operational and Environmental Liabilities

Beyond physical risks, renewable energy projects are also subject to a range of operational liabilities. Business interruptions, for example, are a significant concern. Equipment failure, grid connection delays, and supply chain disruptions can halt progress, which often result in financial losses and prolonged project timelines.

Allianz's Global Claims Review disclosed that natural hazards and severe weather events resulted in \$12 billion in global business interruption losses across various industries in 2023. Renewable energy projects are particularly susceptible to these disruptions due to their dependence on weather-sensitive systems and widely distributed supply chains.

Environmental risks also pose significant challenges during both construction and operational phases. Renewable energy projects must navigate liabilities related to habitat disturbance, pollution, and wildlife impacts. For instance, large-scale solar farms can disrupt local ecosystems, while wind turbine installations may interfere with migratory bird patterns. These environmental impacts often draw scrutiny from regulators, advocacy groups, and local communities, leading to delays, legal disputes, and increased project costs.

As reported by the Environmental Defense Fund, over 70% of renewable energy projects face potential legal or regulatory challenges linked to environmental compliance. This underscores the critical need for robust environmental planning. Financial and reputational consequences of failing to address these risks can be severe. Pollution cleanup costs, penalties for non-compliance, and legal fees can quickly erode profit margins, while negative publicity can undermine community trust and stakeholder confidence.

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Role of Technology in Risk Management

Technological advancements are revolutionising risk assessment and mitigation processes in renewable energy projects. They provide construction companies with cutting-edge tools to boost safety, efficiency, and cost management. Leading this transformation are Building Information Modeling (BIM), drones, and advanced data analytics, delivering unmatched precision and insight for project planning and execution.

BIM, a sophisticated 3D model-based process, allows for detailed simulations of construction scenarios. This enables firms to identify potential risks early and optimise designs to mitigate hazards. For example, BIM can simulate wind load impacts on turbine installations or predict structural stress points, ensuring more resilient infrastructure.

Drones are currently employed for site inspections, providing real-time visuals of inaccessible areas, thereby improving safety and optimizing operations. Additionally, predictive analytics aid in risk management by examining weather patterns, equipment performance, and logistical challenges. This allows construction companies to anticipate disruptions and adopt proactive measures.

Insurance as a Pillar of Protection

Insurance remains a critical component of risk management for renewable energy projects. Construction All Risks (CAR) and Erection All Risks (EAR) policies offer comprehensive coverage for physical damage, natural hazards, theft, vandalism, and other risks. These policies can be tailored to include additional protections such as Advance Loss of Profits (ALOP) or Delay in Start-Up (DSU) insurance, which cover financial losses resulting from project delays due to insured perils. This is especially critical for renewable energy projects, where delays can result in significant lost revenue, missed regulatory deadlines, and strained stakeholder relationships.

The increasing occurrence and intensity of weather-related disasters is causing insurance premiums to soar, especially for renewable energy projects located in high-risk regions. Since 2020, these costs have surged by 25%. This rise is linked to climate change, resulting in a greater number of hurricanes, floods, and wildfires that jeopardise renewable infrastructure. Companies need to find ways to manage escalating costs while maintaining coverage, possibly by implementing strong risk management strategies and investing in climate-resilient designs.

HOW INSURERS ARE CREATIVELY INVESTING IN NATURAL CAPITAL



As the impacts of climate change and environmental deterioration become more pronounced, insurers are exploring natural capital as a viable solution to reduce risks, support ecosystems, and achieve sustainable returns.

This emerging asset class, which encompasses forests, wetlands, oceans, and biodiversity, is redefining the way insurers think about investments and their role in shaping a more resilient global economy. By creatively aligning financial strategies with ecological imperatives, insurers are demonstrating that investing in natural capital is not just an ethical choice but a sound business decision.

Growing Importance of Natural Capital

Natural capital refers to the world's stock of natural resources and the essential services they provide, such as carbon sequestration, water purification, and flood protection. More than half of global GDP, estimated to be approximately \$44 trillion, is moderately or highly dependent on nature. Yet, these ecosystems are rapidly deteriorating under the pressures of urbanisation, deforestation, and climate change.

This concerning reality has brought natural capital into the spotlight as a valuable asset class, drawing in \$18 billion in global investments in 2023 alone, reflecting a 25% annual growth rate over the past five years (Global Impact Investing Network). Insurers, positioned uniquely as stewards of long-term risks and capital, are stepping up as significant contributors in this arena. They are implementing innovative strategies to invest in and safeguard natural ecosystems.

For insurers, natural capital investments are more than just an environmental commitment. They are a strategic response to the evolving risks and opportunities posed by climate change. One critical driver is the role natural ecosystems play in risk mitigation. Coastal mangroves, for example, serve as natural barriers against flooding and storm surges.

Research suggests that rehabilitating mangroves in at-risk areas could potentially decrease insured flood losses by up to 25%. By investing in these natural assets, insurers can not only reduce claims expenses but also bolster resilience in regions prone to high risks.



In addition to mitigating risk, natural capital investments also unlock new revenue streams. Carbon credits generated through reforestation projects or biodiversity offsets from conservation initiatives are becoming valuable commodities. AXA Investment Managers' \$1.5 billion Natural Capital Fund is one prominent example. The fund targets projects that preserve forests and promote sustainable agriculture, generating significant financial returns from the growing carbon credit markets.

Regulatory and stakeholder pressures also make natural capital a compelling investment. As governments and shareholders demand greater transparency and alignment with environmental, social, and governance (ESG) standards; investments in natural capital demonstrate a clear commitment to sustainability. These efforts enhance insurers' reputations and ensure compliance with increasingly stringent ESG regulations.

Moreover, natural capital provides insurers with a unique opportunity for portfolio diversification. Assets like sustainable forestry or wetland restoration projects offer long-term, low-correlation returns that can help stabilise investment portfolios in volatile markets. These investments, while initially capital-intensive, align perfectly with the patient capital and long-term horizon that characterise the insurance industry.

Strategies Transforming Investments

Insurers are using innovative approaches to maximise the impact of natural capital investments. Many are developing financial instruments specifically tailored for these projects. For instance, Zurich Insurance Group has committed over \$5.6 billion to green bonds that fund reforestation and conservation initiatives.

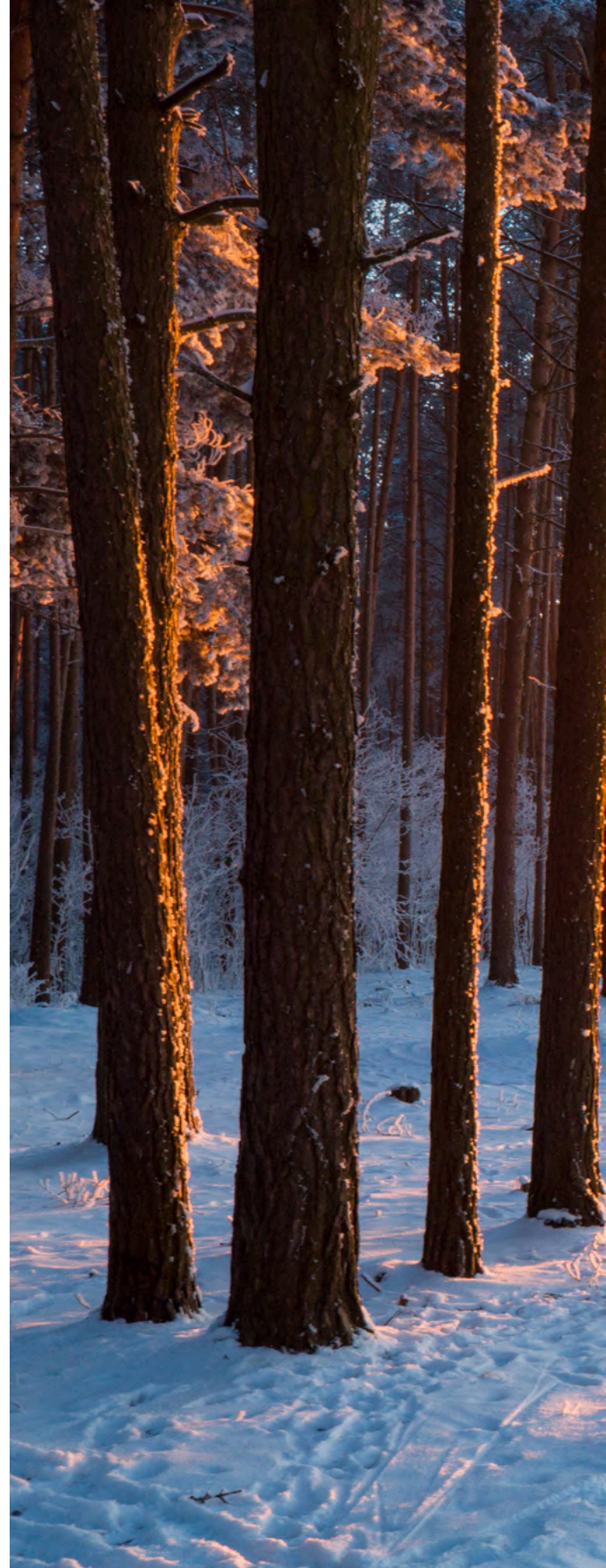
Others are integrating sustainability into their core offerings, introducing nature-based insurance products that reward clients for adopting environmentally friendly practices. In agriculture, for example, insurers are offering premium discounts to farmers who implement regenerative farming techniques that restore soil health and biodiversity.

Assets like sustainable forestry or wetland restoration projects offer long-term, low-correlation returns that can help stabilise investment portfolios in volatile markets.

Collaboration has emerged as a fundamental aspect of natural capital investment strategies. Public-private partnerships (PPPs) enable insurers to combine resources with governments and non-governmental organisations to finance large-scale projects. Through the Insurance Development Forum, insurers are collaborating with UN agencies to support nature-based disaster resilience initiatives in vulnerable areas. These partnerships enhance the positive impact of investments by integrating financial and technical expertise with local insights and stakeholder involvement.

Technology serves as a significant enabler, providing insurers with sophisticated tools to evaluate and manage natural capital investments. For example, Munich Re utilises satellite imagery and artificial intelligence to monitor deforestation and predict climate risks. This data-driven strategy guarantees efficient resource allocation and ensures that investments yield quantifiable environmental and financial results.

Additionally, blockchain technology is becoming increasingly popular in this field, promoting transparency and accountability within emerging carbon credit markets. By addressing risks like double-counting and fraud, blockchain boosts investor confidence and enhances the credibility of natural capital markets.





Unlocking the Potential


Scaling natural capital investments presents challenges, including difficulties in valuing ecosystem services, policy uncertainty, and the need for significant upfront capital. While frameworks like TNFD aim to standardise metrics, inconsistent regulations and long payback periods hinder adoption. However, insurers, with their long-term investment capacity and regulatory expertise, are well-positioned to navigate these barriers.

By driving innovation, forming strategic partnerships, and addressing systemic obstacles, insurers can unlock natural capital's full potential. Beyond mitigating environmental risks, they can play a vital role in building a sustainable future. As natural capital gains traction, forward-thinking insurers will redefine their role—not just as risk underwriters but as stewards of the planet's most valuable resources. The question is no longer whether to invest, but how to create lasting impact.

ATLANTIC HERON

BLOCKCHAIN REVOLUTION IN MARINE HULL INSURANCE

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The marine industry is essential to global trade, facilitating the transportation of goods over extensive ocean distances. Nevertheless, this sector encounters considerable risks, including severe weather, equipment malfunctions, collisions, and piracy. To help manage these dangers, marine hull insurance is vital for safeguarding shipowners and operators against financial losses resulting from vessel damage or loss.

However, marine hull insurance has been burdened by persistent inefficiencies. The procedures for acquiring coverage, updating policies, and submitting claims are largely dependent on manual paperwork. Insurers, shipowners, and brokers must traverse a complex network of administrative responsibilities, which not only hampers operations but also leaves room for mistakes and miscommunication.

Fraud and disputes are also common concerns. In some cases, fraudulent claims or discrepancies in policy documentation lead to financial losses and prolonged legal battles. The lack of real-time transparency exacerbates these issues, making it difficult for insurers to verify claims and for shipowners to receive timely payouts. When an incident occurs, claims processing can take weeks or even months, delaying financial relief for ship operators who may urgently need funds to repair or replace their vessels.

Another key challenge is the lack of centralised, verifiable data. Insurance policies and claims are often managed across multiple stakeholders with limited visibility, leading to discrepancies in records and delays in policy updates. The industry has long needed a more streamlined, transparent, and secure system to handle insurance policies and claims effectively.

From Paper to Digital

The marine insurance sector is presently experiencing transformation through the adoption of blockchain technology. This decentralised digital ledger is changing the way policies, claims, and transactions are handled. As a result, it brings enhanced security, transparency, and automation to an industry traditionally dependent on paperwork and manual procedures.

Blockchain simplifies marine hull insurance by eliminating administrative hurdles. Traditionally, insurers, brokers, and shipowners maintain separate records, leading to delays and errors. With blockchain, all policies, claims, and records are stored in a shared, secure ledger that updates in real-time. This reduces paperwork, lowers costs, and improves efficiency.

Smart contracts play a pivotal role in accelerating this transformation. These self-executing agreements, which contain predefined conditions, streamline essential processes. In the event that a vessel incurs covered damage, a smart contract can quickly verify the claim and initiate payment automatically—eliminating the need for lengthy manual evaluations and drastically reducing settlement times. For shipowners, this translates to faster access to funds, thereby reducing operational interruptions.

With blockchain, all policies, claims, and records are stored in a shared, secure ledger that updates in real-time.

Blockchain also enhances fraud prevention and dispute resolution. In an industry where fraudulent claims and policy disputes are costly and time-consuming, blockchain's transparency ensures that all transactions are time-stamped and immutable. This means every policy update, claim submission, and settlement is permanently recorded, preventing unauthorised alterations and reinforcing trust among stakeholders.

Claims processing, traditionally one of the slowest components of marine hull insurance, greatly benefits from the real-time data verification provided by blockchain technology. Insurers can accelerate approvals, minimising delays and ensuring that shipowners receive compensation without unnecessary wait times. This transition from a reactive to a proactive claims environment significantly boosts the financial resilience of those insured.

Beyond mere claims, the data-driven nature of blockchain enhances risk assessment. By utilising real-time insights on vessel performance, historical claims, and maintenance records, insurers can enhance their underwriting models. This leads to more precise policy pricing, improved risk selection, and more equitable premium structures.

Several companies are already exploring blockchain's potential in marine insurance. Insurwave, a blockchain-powered platform developed by EY and Guardtime, provides automated policy management, risk assessment, and claims processing for shipping companies and insurers. AIG and global shipping giant Maersk have also launched a blockchain-based cargo insurance platform. While initially focused on cargo insurance, such innovations highlight blockchain's potential to reshape marine hull insurance by increasing transparency and efficiency.

Poised for Fundamental Shift

As blockchain adoption gains momentum, marine hull insurance is poised for a fundamental shift. While challenges such as regulatory adaptation and industry-wide standardisation remain, the potential for increased efficiency, transparency, and cost reduction is undeniable. Insurers and shipowners who embrace blockchain will not only enhance their operational agility but also set new benchmarks for efficiency in maritime risk management.