International views

Canada

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As insurers focus on ESG and the energy transition, they are looking at the mining industry as part of the solution, which is driving interest in expanding underwriting focus on this sector.

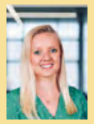
The Canadian property insurance market has stabilized throughout the past 12 months, and we have been seeing insurers offer rate reductions on top-tier accounts over the past quarter. With insurers responding to a mandate to grow premium, new capacity is entering the market both from incumbents looking to write new business and new markets entering the mining space. Insureds with up-to-date risk engineering and risk recommendations, and favorable loss histories are driving competition among insurers as they look to maintain and grow line sizes and premium.

Meanwhile, numerous metals are experiencing an increase in spot market prices. In response to these spikes, insureds are reviewing their MFL and overall program limits, and we are seeing additional scrutiny from insurers on business interruption values.

The liability market has been softening in general across all industries as additional capacity enters the market, however, limited markets are writing primary liability for mining risks. We anticipate that this will change as more domestic insurers focus on dedicated liability underwriting expertise for the mining sector.

Sudden and accidental pollution remains a key focus for liability insurers and an area of concern for insurers writing in the primary general liability and umbrella layers.

Asia



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In Asia, insurers are becoming more competitive and more willing to offer lead terms. Stabilized renewal capacity for key accounts is providing a more predictable environment for clients when renewing their insurance policies. Given the stable capacity in the mining sector, there's an anticipation of insurers continuing to offer compelling terms for target clients in the year ahead.

Clients should be mindful that while the outlook is positive, insurers may have a more limited appetite for clients with specific risk exposures such as tailings, underground, and coal due to the higher inherent risks and internal restrictive guidelines. Alongside these exposures, a trend of claims deterioration following a global inflationary environment is leading some insurers to impose volatility clauses and caps to manage their own exposures.

The terms and conditions quoted by insurers still heavily depend on factors such as risk quality and loss performance. Clients demonstrating good risk management practices and following up on recommended risk improvements are likely to receive preferential terms. Preparing early for renewal will allow for more detailed discussions, enabling better results.

Latin America

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The growing emphasis on renewable energy sources and increasing regulatory focus on environmental concerns are boosting demand for minerals such as copper. Since Latin America is well-known for abundant mineral resources, the region continues to attract substantial investment from both domestic and international mining firms. Investment appetite could thrive in the year ahead, with countries such as Chile, Argentina, and Bolivia potentially launching political incentives.

However, recent environmental disasters have fuelled opposition to mining activities, underscoring the importance of responsible mining practices. In response to environmental challenges, Latin American countries have an opportunity to leverage advancements in industry automation, digitalization, circular economy initiatives, and the integration of hydrogen and green mining practices to meet environmental, social, and governance (ESG) obligations (scrutinized by both stakeholders and insurers) and deliver benefits to local communities.

Insurers are focusing on natural catastrophe exposures, ESG compliance, social instability, and political risks. Pressures are driving insurers to collaborate in offering comprehensive risk management solutions amidst rising interest in sustainable mining practices.

South Africa

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The South African mining property market is very competitive at present. Although there were substantial losses in the last quarter of 2023, the clients that suffered the losses have not been severely penalised at renewal in terms of deductibles or premiums.

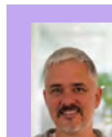
Legislative changes — such as the Democratic Republic of Congo government and insurance sector regulator implementing a reinsurance facility for mining, oil and gas, and political violence risks — are aimed at tackling the issue of premium 'evasion' stemming from reinsurance arrangements in key sectors of the economy. The primary objective is to provide the required capacity to the local market, allowing them to strengthen their in-country retention capabilities.

Most South African insurers will purchase protection in the form of facultative reinsurance, which is reducing terms and providing more capacity.

Following floods in KwaZulu-Natal, South Africa is now seen as a natural catastrophe exposure. More recently, cyclones in Mozambique, tornados along the North Coast and floods in Eastern Cape have compounded this exposure. Despite the rising risk of natural catastrophes, the markets seem to maintain stability. Whether this will remain in the aftermath of any additional severe natural catastrophes will be a focus of markets and insureds alike.

Meanwhile, insurers continue to restrict cover for hot work, non-damage cover and grid exclusion.

Australia



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Intense rain has been a bit of a theme around Australia in the past 12 months, with a number of flood and weather-related claims ongoing. Severe weather events are increasing in frequency and severity globally, fuelling the energy transition narrative and continued focus on ESG for mining businesses. However, although ESG remains a theme with underwriters, good ESG performance is yet to positively impact rates.

Global claims are impacting the local market, but capacity and local branch support from markets remains strong (with the exception of thermal coal risks).

Pricing pressures may force some miners to adopt standing charges only cover to save upfront costs. In the event of a claim, this can impact valuation, share price and ability to raise capital. In navigating volatility, sophisticated mining businesses are increasingly looking at strategic risk financing alternatives to the traditional purchase of insurance on the back of recent pricing increases and global loss pressure.