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Braving New Worlds

The QBE Marine Insurance Risk Outlook for Asia 2026

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Realising a more resilient maritime industry

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Recent years have highlighted the growing complexity of the maritime risk environment, as geopolitical developments, cyber risk, and extreme weather continue to shape operational and loss considerations across the sector.

The **QBE Marine Insurance Risk Outlook for Asia 2026** sets out the risks we expect to be most relevant in the year ahead. Across five themes — the environment, manpower, technology, economics and geopolitics, and cargo and supply chain — we examine the challenges facing maritime businesses, how these risks may develop, and the practical considerations for managing them effectively.

Risk exposure varies significantly across the industry. The operating realities of blue water container shipping differ materially from those of a brown water tugboat or a regional trading vessel. While individual risk profiles will continue to diverge, the insights in this outlook are intended to support a broad range of maritime businesses as they navigate an increasingly complex and uncertain landscape.

QBE supports marine customers not only through risk transfer, but also by working alongside them to strengthen risk management and operational resilience. Our in-house risk engineering capability provides technical insight that informs underwriting decisions and supports customers in addressing both established and emerging risks.

We look forward to hearing your perspectives on the issues explored in this outlook, and to continuing discussions around your insurance and risk management priorities.

The Environment

Frequency and intensity of extreme weather events rise, further worsening seafaring conditions

The Pacific Ocean is the world's most active region for typhoons[i]. The western North Pacific, incorporating the South China Sea, Philippine Sea, East China Sea and others, accounts for almost one-third of all tropical cyclones worldwide. However, the frequency and intensity of these storms appears to be rising.

Recent metrological data exemplifies how much weather has worsened. A 2025 report by The ASEAN Secretariat shows that the number of hydro-meteorological disasters in Southeast Asia has increased significantly over the past half-century[ii]. Citing data from the Centre for Research on the Epidemiology of Disasters (CRED), there have been 1,575 such events including tropical storms in the region since 1900. Yet the highest frequency of these disasters occurred in 2020 and 2021, where 63 devastating events were documented.

More intense storms can result in more vessel collisions, groundings, and casualties. They also lead to route disruptions, cargo loss and damage, and port closures — all of which can significantly increase the cost of shipping; while congested shipping lanes and ports increase the likelihood of collisions.

Changing environmental conditions present risk not only through increased frequency of extreme weather events; but also through the unique challenges associated with operating in specific regions. For example, rising sea water temperatures in the Arabian Gulf[iii] are placing increased strain on vessel cooling systems and, in some cases, exceeding original design parameters. This elevates the risk of machinery failure, operational disruption, and unplanned downtime.

At the same time, growing commercial interest in routes such as the Northern Sea Route and the Northwest Passage — driven by the potential for reduced transit times — is exposing vessels and operators to unfamiliar environmental hazards. These include extreme cold, ice navigation, limited infrastructure, and reduced emergency response capability. For many operators, these conditions lie outside their traditional operating experience and require new risk controls, vessel suitability considerations, and crew expertise.

How should you respond?

- Robust weather planning, including route optimisation and weather routing.
- Take great caution when operating in congested ports and shipping lanes; as well as when venturing through novel, harsh climates.
- Review regulatory and operational requirements in line with vessel operating profiles, cargo types, and the inherent risks of the trading areas.

Manpower

Prolonged manpower shortages lead to higher operating costs, operational disruptions, and more fatigue-related incidents

Crew and officer turnover remains stubbornly high. Recent research finds that over half of seafarers (55%) will change employers at least once within a three-year period[iv] . At the same time, a maritime career is increasingly unattractive to younger workers, who cite high workloads, poor work-life balance, and, in some cases, substandard living conditions.

This is especially the view among skilled workers and potential officers. Alarmingly, the number of officers is rapidly declining. The world's fleet will be short of almost 90,000 officers in 2026[v], equivalent to almost 5% of today's 1.9 million seafarers that serve some 74,000 vessels globally.

More and more, vessel operators are relying on older workforces to fill positions. Not only are they encouraging older crew members to remain in employment, they are also enticing retirees to re-enter the workforce. However, elderly workers are more vulnerable to both physical[vi] and mental[vii] illnesses than their younger peers — exacerbating seafarer health risks.

At the same time, the shipping industry is increasingly concerned about emerging skills gaps[viii]. As vessels become more technically complex, training and competency development are struggling to keep pace, particularly for officers and specialist roles. This raises the risk of human error, inefficient operations, and equipment misuse.

Crew fatigue remains a persistent industry concern and is widely recognised as a contributing factor in maritime incidents. Although legislation mandating rest periods has existed in various forms since 1999, recent research suggests fatigue levels across the industry are not improving[ix]. Chronic understaffing, excessive working hours, and operational pressure continue to undermine the effectiveness of existing regulatory safeguards.

All of the above is leading to higher operating costs, as shipping companies raise wages to attract talent. They are also leading to voyage and supply chain disruptions, as well as elevated freight rates. Crucially, they are increasing the risk of fatigue-related incidents. Already, some 25% of marine casualties are attributed to tiredness[x], with this number expected to rise further in future.

How should you respond?

- Invest in structured career pathways, including training and upskilling to retain talent and accelerate officer development.
- Implement robust pre-employment screening, covering medical fitness, mental health, competence, and role suitability.
- Actively manage fatigue risk, through realistic manning levels, voyage planning, and meaningful oversight of working hours.
- Recognise and mitigate health risks, both physical and mental, across the crew lifecycle — not only after incidents occur.

Technology

Technology-related risks remain limited for many — yet highly acute for others

Today's technological changes in the maritime space generally falls within one of two areas: decarbonisation and the IMO's net zero framework; and the industry's drive for new and innovative solutions to drive efficient, safe operations — where digitalisation, automation and data-driven decision-making are considered as solutions.

While new technology and digitalisation can provide powerful tools, the increased connectivity of various assets increases risk exposure to cyber-attacks, with several high-profile incidents and denial of service events occurring in shipping in recent years. Aging marine assets can be particularly vulnerable to cyber-attacks, due to outdated hardware and software.

Major international corporations with extensive operations could be considered as being more at risk to a sophisticated cyber-attack than a local company with a small fleet of vessels. However, any company or individual is at risk, and appropriate precautions should be used at all times to ensure cyber security is as robust as possible, particularly when implementing new solutions.

Geopolitical conflicts, while currently not impacting Southeast Asian business directly, can result in the jamming or spoofing of GPS signals, impacting navigation of vessels in certain regions. Sanctions and conflicts have also contributed to a significant rise in "dark fleet" vessels, which increases the risk posed by such vessels who due to a lack of regulatory oversight and the nature of their trade, pose a greater risk to other vessels due to the lower standards of management and safety applied onboard.

The IMO's NetZero framework and 2030/2050 targets are ambitious in scope and require a significant shift within the maritime industry.

With various options for both existing and new vessels such as methanal, LNG, biofuels and ammonia, the pathway for shipowners is complex to navigate, and each solution introduces fresh operational and commercial challenges. At a more regional and global level, supply chains for many new fuels are in their infancy, and development of the required infrastructure is reshaping the global maritime footprint.

New technology can offer significant operational benefits, but is often more complex than traditional solutions; and new fuels typically require more robust safety handling procedures. Both increase the training demand on the organisation and its personnel, as well as increasing operational risk if incorrectly implemented or operated.

Autonomous vessels are an evolving technology, which has experienced rapid technological development. However, despite their rapid development, they face legal barriers to further adoption. Current conventions like the UN Convention on the Law of the Sea (UNCLOS)[xi] and the International Convention for the Safety of Life at Sea[xii] require a ship to be in the charge of a master and officers. Autonomous ships challenge this fundamental requirement, making their legal status uncertain. A major hurdle is determining the legally responsible party in the event of an accident. It is unclear whether liability lies with the shipowner, the software developer, the manufacturer, or a remote operator, which will complicate insurance and compensation claims.

The IMO is currently working on legislation in this regard in the form of the Maritime Autonomous Surface Ships (MASS) code, with the legislation currently planned to be entered into force on 1 January 2032[xiii].

How should you respond?

- Assess all risks, then take action to manage those deemed to be the most severe.
- Conduct frequent inspections to ensure a vessel's hull, machinery, and equipment are in perfect working condition.
- Robust planning and management of the vessel's technical condition, along with future proofing of the equipment.

Economics & Geopolitics

US tariffs, sanctions, and conflicts continue, prolonging uncertainty

Arguably the biggest geopolitical story impacting Asia in 2025 was the introduction of trade tariffs with the US. The Asian economy remains heavily reliant on the US, and while it is only blue-water vessels that will carry finished goods and commodities to North America, brown-water shipowners and operators may be exposed to some financial shocks.

Tariffs impact the maritime industry in several ways. Higher import costs from tariffs tend to reduce consumer demand in the countries enforcing them, meaning fewer goods are shipped, leading to lower freight volumes and revenue for carriers. Tariffs can also lead to stranded inventory: when costs rise unexpectedly, importers may find they cannot afford the new higher duties, leaving the inventory stranded. Similarly, in anticipation of or immediately after a tariff is imposed, importers may cancel future orders or even return existing shipments that are already in transit, because the increased cost makes selling them profitably impossible. Such goods end up stuck at ports or in warehouses[xiv]. From an insurance perspective, tariffs increase the cost of goods, meaning the insured value of cargo rises, directly increasing the premium, and making shipping more expensive overall.

An added layer of complexity is the volatility of today's tariffs. Since February 2025, tariffs for China for instance have been amended multiple times[xv]. Prior to the second Trump administration, US tariffs on China exports averaged at 19.3%[xvi]. Within months of President Trump taking office, these swiftly moved to 127.2%, eventually settling at the time of writing at 47.5%. Tariffs for Asian markets vary greatly as well. On one end of the scale, Singapore exports to the US are subject to a 10% baseline tariff[xvii]. Yet on the other end of the scale, India is subject to a 50% baseline tariff[xviii].

Sanctions, wars, and terrorism also pose significant risks for shipping companies. Regarding the former, these severely disrupt shipping by blocking trade routes and banning vessels from ports. Sanctions restrict goods like oil from certain economies; increase costs due to rerouting; and complicate payments due to bans from using SWIFT — the global messaging network used by financial institutions to send and receive instructions for international money transfers.

War and terrorism significantly disrupt shipping by increasing security costs, routing vessels away from conflict zones, while slowing port operations due to stricter checks. All of which tend to lead to higher freight rates, reduced trade flows, and economic instability.

The recent conflict escalation in the Middle East has resulted in a significant increase of risk to vessels in the area, including vessels in drydock. Disruption to the Straits of Hormuz, while largely considered to impact tankers, can affect any type of vessel, and a significant impact to trading is expected in the area.

How should you respond?

- Stay ahead of tariff and trade developments, and understand how changes affect cargo values, contractual exposure, and insurance costs.
- Maintain rigorous sanctions compliance, with clear visibility over cargo origin, destination, and counterparties.
- Monitor geopolitical and security risks continuously, particularly in high-risk regions and chokepoints.
- Engage early with insurers and advisors to understand coverage implications, war risk conditions, and loss-prevention guidance as risk profiles shift.
- Develop business interruption and contingency plans for stranded cargo, spare parts or crews.

Cargo & Supply Chain

Vessel fires continue amid surging mis-declared cargo

The past few years have seen growing trade flows into Asia of chemicals[xix], pharmaceuticals[xx], and oil and gas[xxi]. Shipments of China-made lithium-ion battery-powered electric vehicles (EVs) are also surging. Ports and factories across the region are playing an important role in the manufacturing of these items, as well as the logistics of sending them to overseas markets[xxii].

However, growing hazardous materials trade also raises the risk of vessel fires. Between 2020 and 2023 for example, the number of container ship fires grew from one every two weeks to one every nine days — almost doubling from 26 to 40 in just three years[xxiii]. And for 2024, there were 250 fire and explosion incidents across all vessel types, a 20% year-on-year increase and a decade high[xxiv].

This worsening scenario is attributed to multiple factors: larger ships equate to more containers, increasing fire probability; and their size makes extinguishing fires harder. Lithium-ion batteries are particularly prone to fire and explosions. More troubling are the volumes of mis-declared cargo that Asian vessels are carrying. Inaccurate declarations hide hazardous materials, preventing proper stowage and firefighting capabilities. Almost 25% of all serious incidents on container ships are attributable to mis-declared cargo[xxv], while an estimated 18,000 containers at sea could contain mis-declared cargoes every day.

Cargo risks extend beyond fires. In 2024, 576 containers were lost at sea, over 2.5 times the 221 containers that were lost in 2023[xxvi]. Improper packing, incorrect stowage, severe weather, and theft are cited as the foremost reasons behind these losses.

How should you respond?

- Ensure proper segregation of cargoes, and that all packaging is marked with the correct labels.
- Insist on accurate and robust documentation.
- Employ certified staff to handle dangerous goods and update crew on the latest HSE guidelines and best practices.
- Hold regular fire drills.

The evolving role of insurers

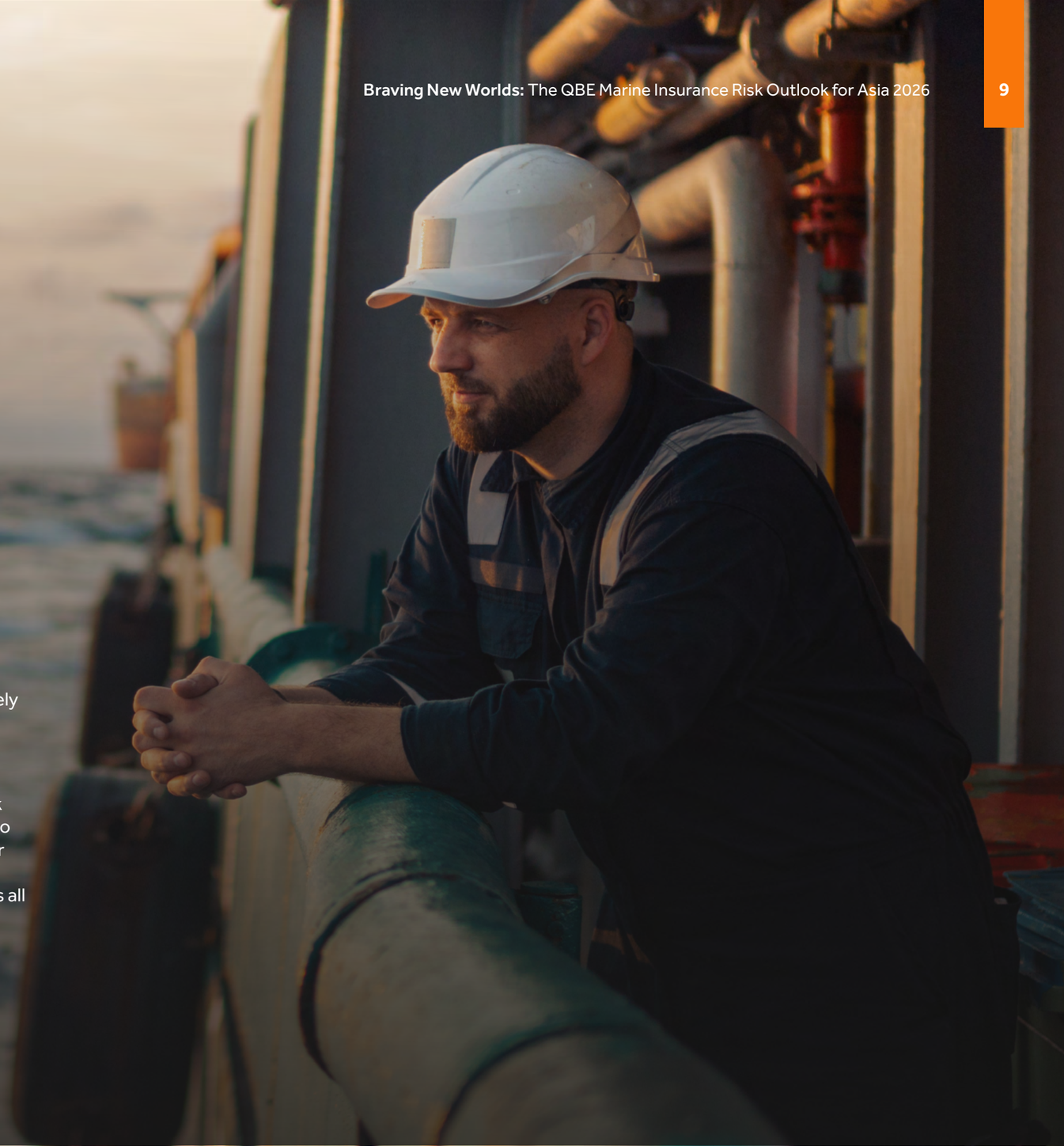
Marine insurance supports and facilitates international trade. It also protects insured's businesses from the financial fallout of risk events. The remit of insurers has also expanded enormously in recent years.

At QBE, we actively support our customers with a broad and evolving range of risk management strategies. We incentivise strong safety practices and prudent mitigation measures, while encouraging investment in new technologies. Alongside this, we advise on crew welfare and support the retention, training, and upskilling of seafarers and onshore personnel to build safer, more resilient operations.

We are also prepared to underwrite new and emerging risks, even where there is limited historical data or few prior incidents to benchmark against. By combining technical expertise with forward-looking risk assessment, we work with customers to understand these exposures early and develop appropriate, sustainable insurance solutions.

Critically, at QBE, we have invested in specialist risk engineers whose role is to identify, analyse, and help mitigate potential losses, ranging from fire and accidents to operational disruption and business interruption. Our risk engineers work closely with underwriters to support more accurate pricing, while partnering with customers to strengthen risk resilience — reducing the likelihood and severity of claims, improving insurance outcomes, and ultimately delivering better long-term terms.

Insurers play a key role in supporting the maritime community by engaging with stakeholders to share insights and respond to an increasingly complex risk environment. Their perspective is equally relevant to local, brown-water operators and global, blue-water fleets. Ultimately, insurers help marine companies mitigate risk and meet regulatory obligations across all operating regions.



Why QBE

QBE is trusted by customers for its technical capability, global reach, and proactive claims support.

Our in-depth knowledge of the challenges and opportunities facing the maritime industry enables us to respond promptly and appropriately to our customers' needs. QBE's marine business is supported by teams based in key marine insurance hubs worldwide, allowing us to draw on a broad range of experience and technical expertise across markets.

QBE's in house risk engineers, embedded across our business lines, provide specialist insight into the technical risks associated with vessels, ports, and related infrastructure. This strengthens both our underwriting decisions and the practical guidance we provide to customers.

We also invest heavily in technology to support better underwriting and claims outcomes. QBE's Workbench uses advanced data analytics to support accurate pricing and tailored solutions, improving efficiency for both QBE and our customers. In claims, QBE's eClaims solution helps accelerate decision making and settlement, enabling timely reimbursement when it matters most.

Lastly, we offer a broad range of marine insurance products, including:

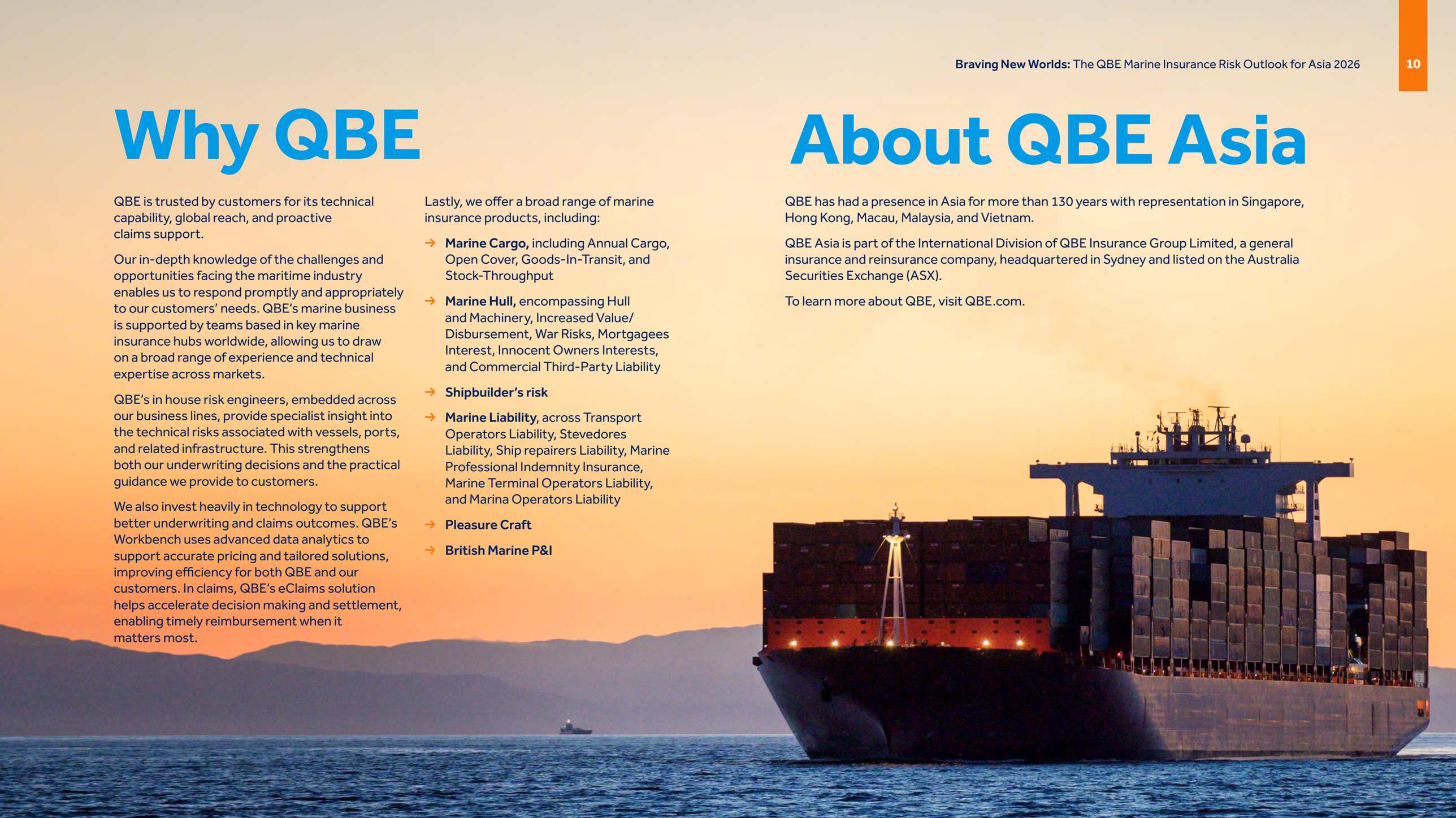
- **Marine Cargo,** including Annual Cargo, Open Cover, Goods-In-Transit, and Stock-Throughput
- **Marine Hull,** encompassing Hull and Machinery, Increased Value/ Disbursement, War Risks, Mortgagees Interest, Innocent Owners Interests, and Commercial Third-Party Liability
- **Shipbuilder's risk**
- **Marine Liability,** across Transport Operators Liability, Stevedores Liability, Ship repairers Liability, Marine Professional Indemnity Insurance, Marine Terminal Operators Liability, and Marina Operators Liability
- **Pleasure Craft**
- **British Marine P&I**

About QBE Asia

QBE has had a presence in Asia for more than 130 years with representation in Singapore, Hong Kong, Macau, Malaysia, and Vietnam.

QBE Asia is part of the International Division of QBE Insurance Group Limited, a general insurance and reinsurance company, headquartered in Sydney and listed on the Australia Securities Exchange (ASX).

To learn more about QBE, visit QBE.com.



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