

## **Baltimore Bridge Collapse Manageable for Insurers**

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In the early morning on March 26<sup>th</sup>, the *Dali*, a Singapore-owned and -flagged container ship reportedly lost power and crashed into Baltimore's Francis Scott Key Bridge, leading to its collapse and the deaths of several workers who were on the bridge at the time. The disaster is disruptive to trade, particularly as the Port of Baltimore is a key hub for certain commodities and industries, such as automotives.

Given various factors including trade/business interruption, loss of goods, compensation to families of victims and cleanup costs, insured damages could exceed the bridge's ~\$1.2 billion property value. The *Dali* is insured by one of several international maritime protection & indemnity (P&I) clubs that collectively buy reinsurance for several billions of loss. The reinsurance program is widely spread across, *e.g.*, Lloyd's of London, Europe and Bermuda. And, while this could exceed the capsizing of the *Costa Concordia* as the largest maritime insurance loss on record, **no single re/insurer should have outsized exposure.**

As re/insurers consider the costs of events like this and attacks in the Red Sea, broader marine insurance pricing should continue to rise. In addition, early expectations are for an active 2024 Atlantic hurricane season given warm ocean temperatures / expectations of La Niña conditions. Furthermore, material US legal system inflation continues to put upward pressure on casualty claims. As such, re/insurance pricing power should remain supported across lines of business.

Despite annual insured natural disaster costs exceeding \$100 billion multiple times since 2017, and the adding to reserves for casualty claims, reinsurance profitability has particularly benefited from improved terms and strong pricing. Re/insurance losses tend to be widely shared and balance sheets remain robust. U.S. P&C insurance capital alone sits at ~\$1 trillion.

**Leading re/insurers Spectrum invests in are well positioned to manage claims like those related to the collapse of the Francis Scott Key Bridge in Baltimore.**

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