

April 2021

Space Insurance Market Status

Space Insurance Market

Summary

2020 understood to be the **first year since 2017 with a positive market results:**

- Total premium income for the market was approximately \$452m*.
- Current estimates Claims are approx. \$450m, noting that technical evaluation of some claims are still on-going

However after insurer overheads are accounted for, this will be deemed a net loss making year. Key **trends** are:

- **Lower placement volume** with reduced number of insured launches leading to higher volatility.
- Stable, but **high, claim amounts** keeping the pressure on rates.
- **“Hard market” phase stabilising** at the end of 2020.

2021 available **capacity remains stable** even if some key leaders withdrawn from the Space insurance market:

- AIG withdrew completely from the Space market in November, however the reduction in capacity might be offset to some extent by new underwriting capacity and increased appetite/activity from other markets.

‘Good risks’ should continue to benefit from maximum competition from the available capacity.

The **first claim of 2021** was reported at the end of January. Sirius XM-7, launched in Dec 2020 is insured for **\$225m**. It is too early to confirm whether this will be a **total loss** but initial reports have **suggested** this.

Space Insurance Market

2020 Market Status

Premium Income

Total premium income for the market was approximately **\$452m***. This is a small reduction compared to 2019.

Claims

Current estimates are between **\$428m*** and **\$472m**** with the variance due to the ongoing technical evaluation of some claims.

Market Profitability

Based on the figures from Axa XL the market made a small profit however after insurer overheads are accounted for, this will be deemed a net loss making year.

Premium Rates

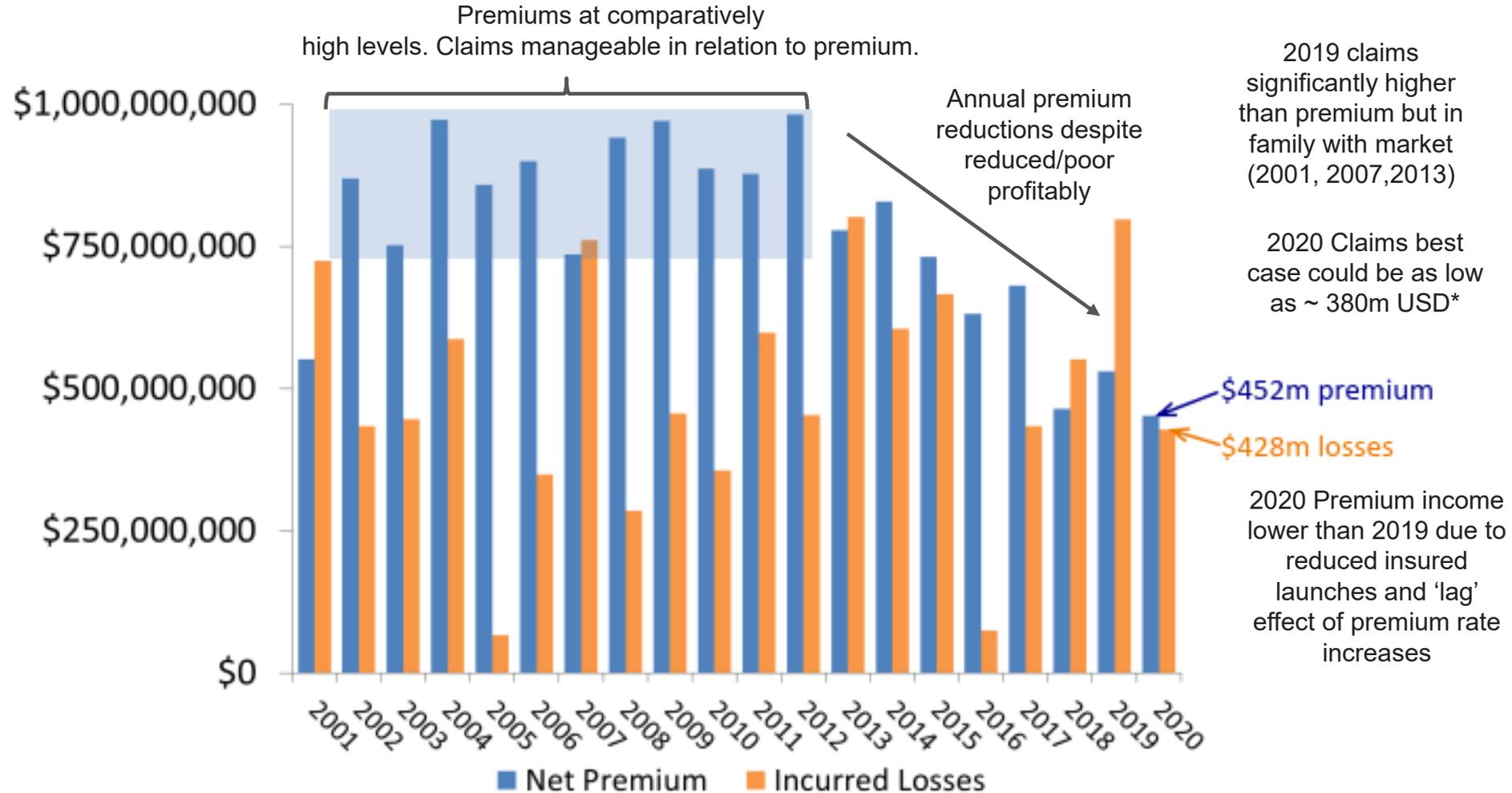
Following \$1.1 billion of claims since 2019, Q1 and Q2 2020 saw further increases which started to level off in Q3 and Q4.

Capacity

AIG withdrew completely from the Space market in November, however the reduction in capacity might be offset to some extent by new underwriting capacity and increased appetite/activity from other markets.

Annual Premiums and Claims

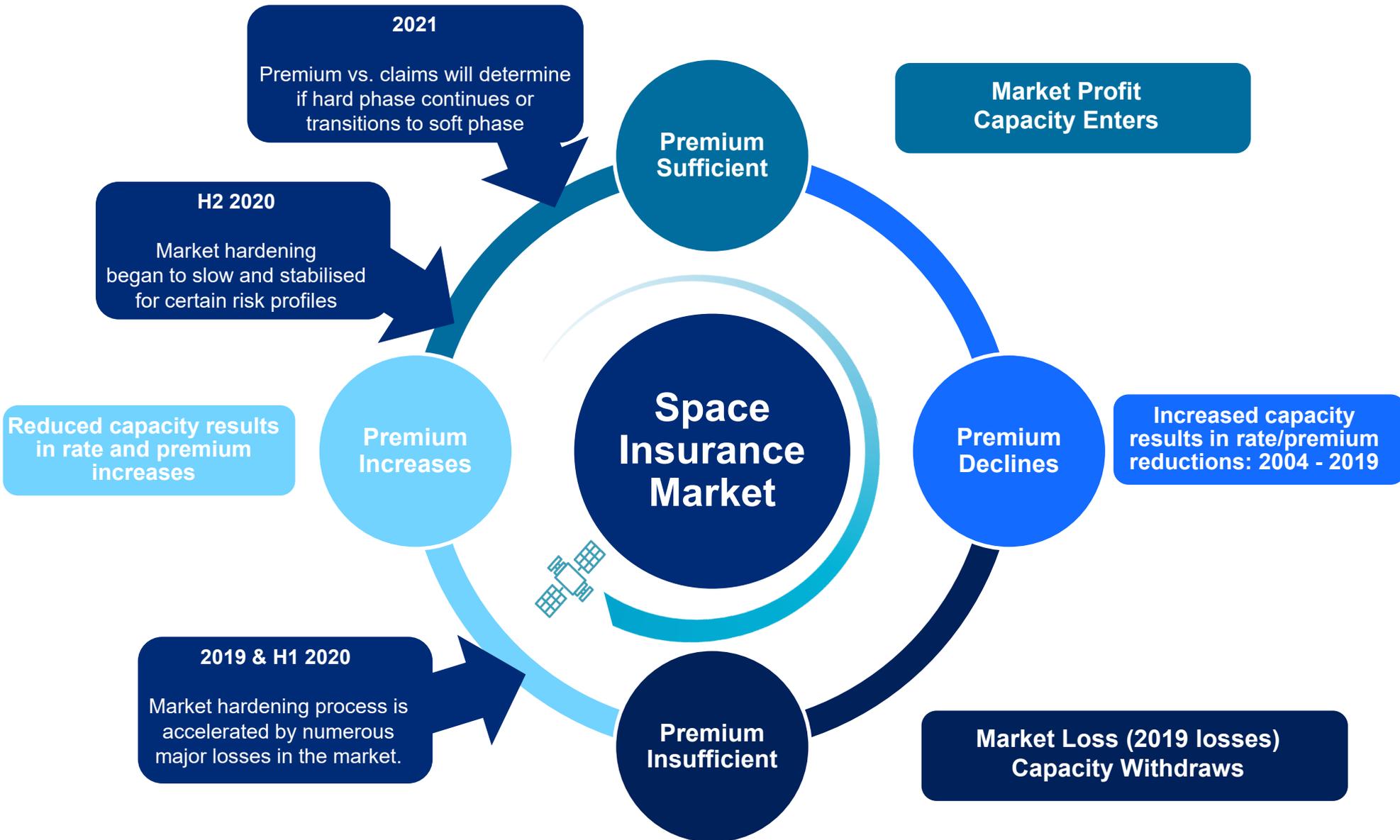
Launch and In-Orbit



*Final market profitability for 2020 will depend on the eventual claim amounts for Hellas-sat 4/Saudigeosat-1.

Data Source:
 Premium and Claims - Axa XL – March 2021
 Commentary – Marsh – March 2021

Market Cycle & Current Status



Space Insurance Market

2021 Q1 Market Status

Premium Rates

Insurers under pressure to increase current rating levels, but competitive pressures mean that this may only be achieved on certain risk profiles only (high sum insureds, limited heritage, anomalous and close to/or past design life). For other risk profiles, premium rates for both launch and in orbit placements remain **stable**.

Market Capacity

Theoretical capacity is similar to 2020 despite the withdrawal of AIG, however the overall deployed capacity remains significantly below the theoretical value for all risk profiles.

Market Profitability

2021 has not started well for insurers with a potential \$225m total loss of SXM-7. Having such a large claim so early on in the year when very little premium has been earned will add further pressures to insurers.

Technical Analysis

Insurers are currently very focussed on the technical aspects of the risk. This is leading to more differentiation both in terms of pricing and coverage between different risk profiles, especially for high sum Insured placements.

Coverage

Despite the market hardening, standard terms and conditions offered from insurers have not changed. However one area that has seen increased scrutiny is satellites that have past their design life.

Space Insurance Market

2021 Capacity

The theoretical capacity for 2021 is largely similar to that of 2020 for both Launch (\$ 860m) and In-Orbit (\$ 750m).

The **AIG withdrawal** in November 2020 has only resulted in a **small reduction** in the theoretical capacity for 2021.

For most risks this may be largely offset by increased appetite of other space insurers and new underwriting capacity . But for technically challenging risk profiles or high sum insureds, this could have more of an impact.

In **2020** we saw a continued cautious attitude towards the **maximum deployed line size**, for most insurers being **substantially below their theoretical maximum** (and even lower for 'challenging risk profiles')

- We have not seen any evidence that this will change in 2021

**2021
Capacity
remains
stable**



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