MIRA Mining Insurance & Risk Association
COLLABORATE | EDUCATE | CONSULT

MIRA Members and Friends,

A Happy New Year to you all and a quick update from MIRA.

Well, it is the end of yet another year and we are entering a new decade. Some of us will be glad to see the back of the last decade during which the fortunes of both the mining and insurance industries have suffered as we struggled to recover from the effects of the global financial crisis in the previous decade. The influx of capital into the insurance markets forced successive years of a “softening” market, which on the one hand provided cheaper insurance policies for miners, but conversely sank insurers into a prolonged period of losses from which they have not yet recovered. This last year has seen some market tightening (with price increases and coverage restrictions) but mining insurance remains a very marginal business and further changes (negatively impacting insureds) are necessary to ensure viable insurance solutions remain available for the longer-term.

The mining industry has of course had its own trials and tribulations. The industry is arguably recovering from one of its most difficult periods in decades. Market volatility and a downturn in commodity prices has created an environment where cost cuts and operational efficiencies are critical to success. Whilst it seems evident that demand for metals and minerals will grow in the foreseeable future, the industry is seeing increasing challenges from a number of diverse issues such as increased regulation, geopolitical risk, shareholder activism and public scrutiny, technical challenges with decreasing grades and access to more remote ore bodies, and increasing use of automation. Emerging risks are ever present but cyber exposures and employee activism are worthy of particular note.

The last 12 to 18 months have seen some big M&A activity particularly in the gold sector driven of course by Barrick-Rangold and Newmont-Goldcorp but similarly a flurry of intermediate market activity. Outside of gold, M&A activity has been more cautious despite the feeling that the cupboards for many commodities are running bare. Whilst investors are keen to see reinvestment of capital it is equally clear that maintaining capital discipline is of paramount importance. Nonetheless it seems that we can expect further activity going forward albeit with due cognisance of higher-risk territories and the increasing importance of maintaining a social licence to operate, not only in ensuring operations remain viable but also because ethical investing will play a greater role in investment.

So, where does MIRA fit in against this backdrop? In 2019 we concentrated on delivering the second international conference which was held in Toronto in November. This was attended by almost 200 professionals from several sectors involved in mining and insurance discussing many of the topics alluded to above. Feedback during and after the conference was extremely positive although there is always room for improvement and suggestions are always welcome. The look-ahead for 2020 is a continuation of our remit to Collaborate, Educate, and Consult. Plans are in progress for further meetings in London and Toronto and we hope to do something similar in Australia and South Africa. Work progresses with the policy wordings group to provide consistency and transparency in the insurance products available particularly in view of the coverage restrictions mentioned above and new wordings and clauses being introduced. We continue to engage with market groups and organisations to promote the interests of our members; specifically MIRA members have been asked to participate on global groups reviewing new mining standards, including tailings initiatives, which will no doubt have an influence on global mining and underwriting standards.

As always, should you have any comments or suggestions then please let us know.

Finally, my best wishes to all for a prosperous and safe 2020.

James Fryer
MIRA Chairman