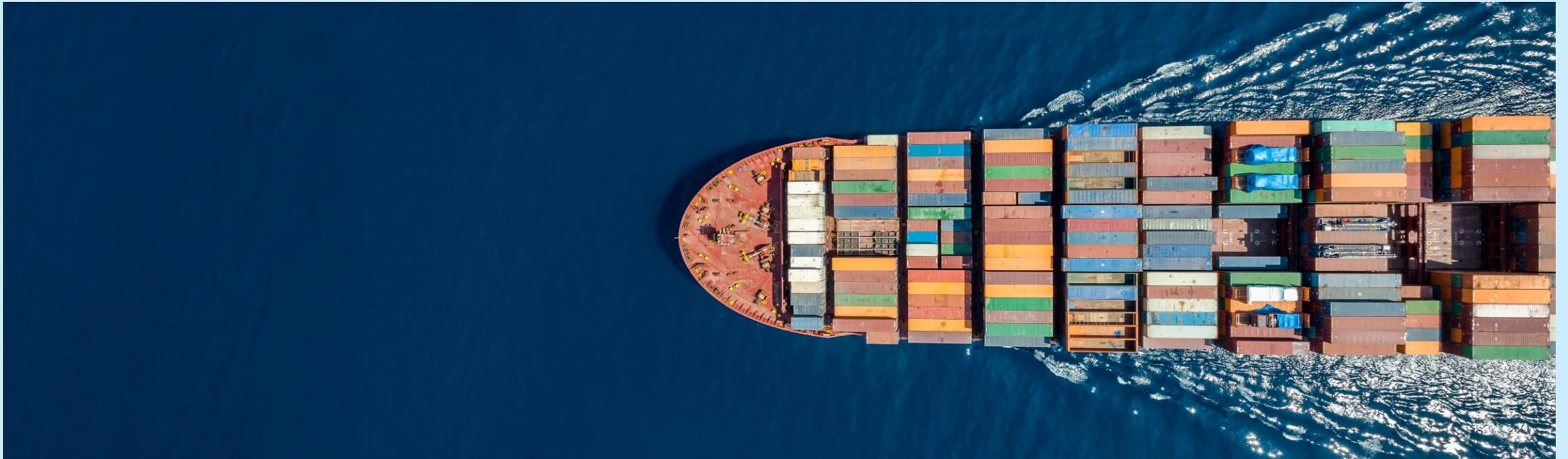


Marine Insurance, Supply Chain and Claims

Navigating regional uncertainty webinar series

Marsh Risk, Dubai



Introduction

Gaurav Bhatnagar

President & Head of Specialty, Marsh Risk IMEA

MARSH

01

Agenda

1. Marine war risk coverage
2. Supply chain
3. Political risk and structured credit
4. Navigating claims process and advocacy
5. Q&A

Team



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Marine war risk coverage

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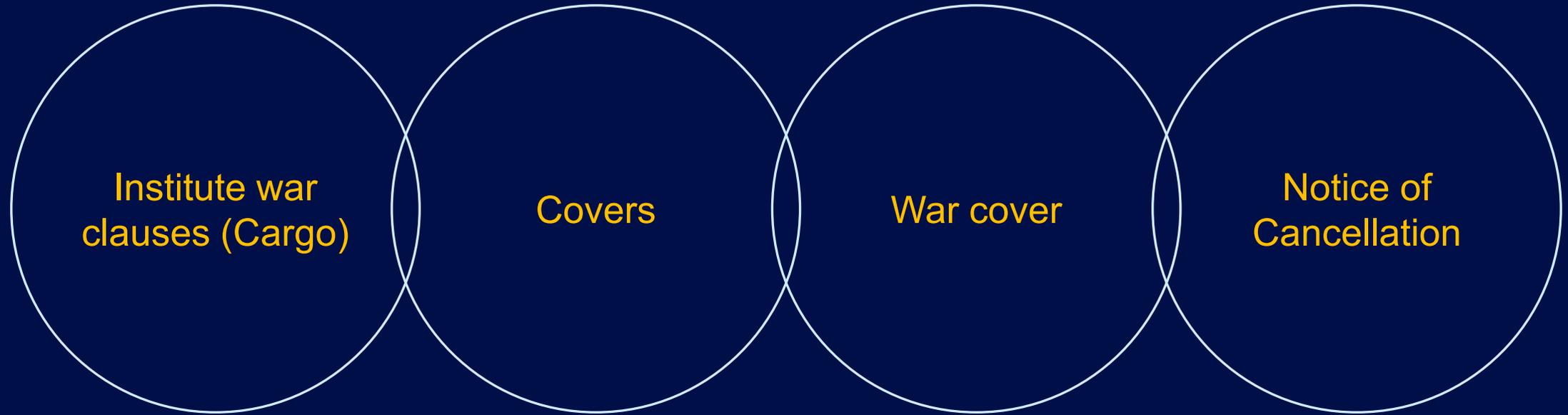
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02

Today

- Introduction to War Risk – how does it work
- What happened to the War Insurance market post 28 February 2026
 - Notices of cancellation
 - Subsequent reinstatement
- Where are we now? Rates, cover, capacity
- US announcement regarding the involvement of the DFC
- What next?

Introduction to War Risk — How does it work



Institute war clauses (Cargo)

Covers

War cover

Notice of Cancellation

Covers loss of or damage to the subject-matter insured caused by **war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power.**

Cover attaches only as the subject-matter insured and as to any part as that part is loaded on an oversea vessel and terminates as the subject-matter insured and as to any part as that part is discharged from an oversea vessel at the final port or place of discharge.

War cover is sea-borne cover and does not normally apply on land unless specifically agreed.

Cover is subject to 7 days Notice of Cancellation for shipments which have not attached.

Notice of cancellation – Post 28 Feb 2026

- All Marine policies are subject to cancellation clause
- As anticipated, the Joint Cargo Committee (JCC) did move to elevate the Arabian (Persian) Gulf from a Risk Level of 'Very High' to 'Severe' on the Global Cargo Warch List (GCWL).
- Due to the evolving geopolitical developments in the region, underwriters invoked a '7 days Notice of Cancellation'.

Are the underwriters in their right to issue such notices of cancellation?

Yes, all Marine policies have cancellation clauses which allows insurers to issue the notices.

What happens to the coverage on cargo which has already been loaded or is underway in the high risk area?

The war coverage on such shipments will remain unaffected even after the expiry of the 7 days' notice period, subject to policy terms and conditions.

What does this mean for you?

Once a NOC is **issued**, with a time-specific notice period, for example 7-days, we typically expect that any shipment commencing **after** the notice period has passed will not be insured for war, strikes riots and civil commotion cover in the region as defined in the NOC which has been provided by the insurer. At this moment in time, the NOCs that we have seen from the insurers as defining the geographical scope of the region to consists of the Arabian (Persian) Gulf and adjacent waters, Iran and Iranian Waters and the Red Sea.

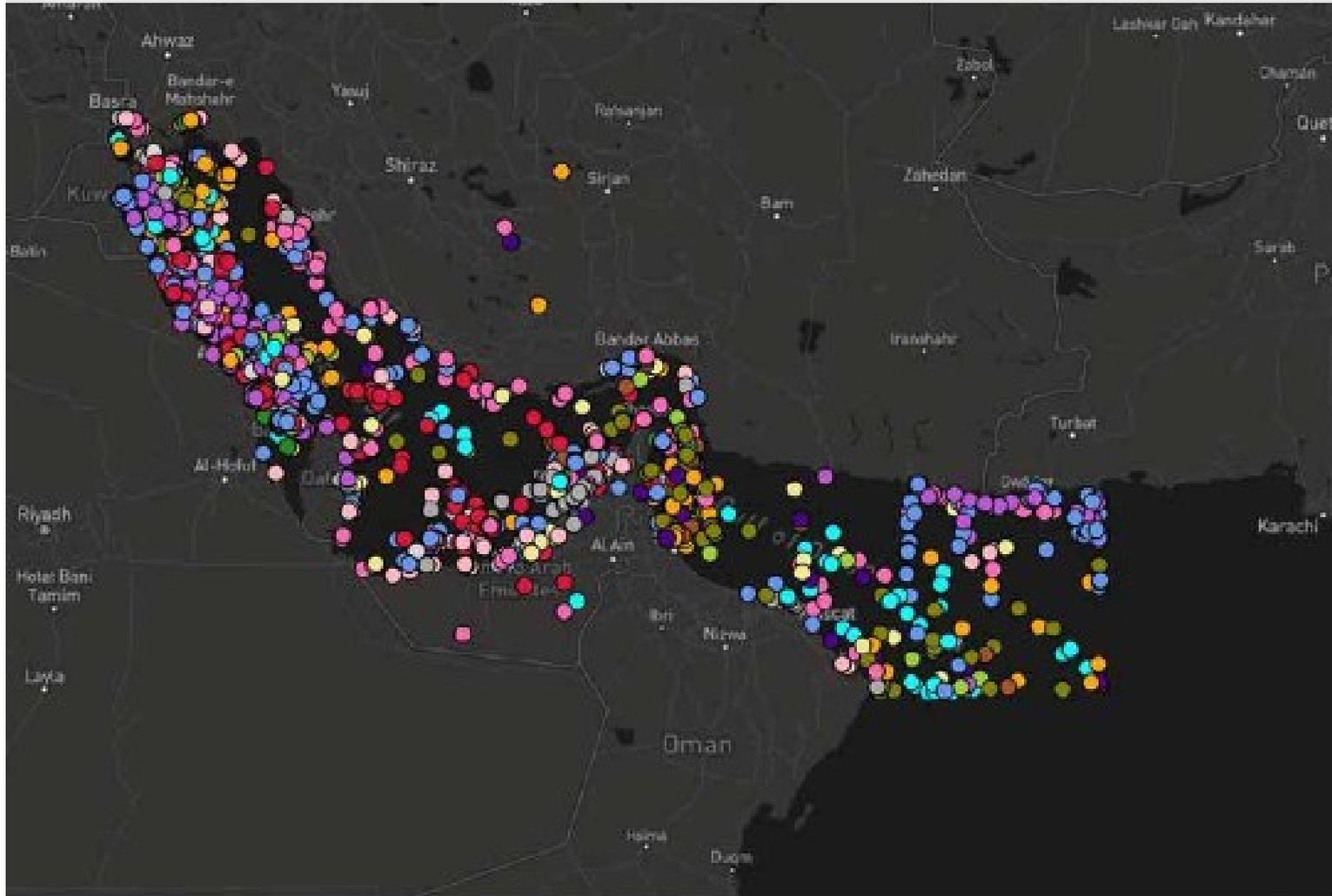
Notice of cancellation – Post 28 February 2026



The Indian Ocean, Gulf of Aden and Southern Red Sea area



Vessels in Arabian (Persian) Gulf



- Anti Pollution
- Car Carrier
- Container
- Dive Vessel
- Dredger
- Dry Bulk
- Fishing
- Gas Carrier
- General Cargo
- General Tanker
- High Speed Craft
- Law Enforcement
- Livestock
- Lng Carrier
- Military Ops
- Offshore
- Other
- Passenger
- Pilot Vessel
- Pleasure Craft
- Port Tender
- Reefer
- Roll On Roll Off
- Sailing
- Search And
- Special Craft
- Tanker Chemicals
- Vehicle Passenger

Vessel positions at 04:00 UTC on 10 March 2026

Reinstatement

Next step is to reinstate the war cover i.e. approach the underwriters to get a new price for covering war risk.

Market conditions

Coverage remains widely available within the Cargo market for War, Strikes, Riots, and Civil Commotions (WSRCC) with rating offered separately for Red Sea and Arabian (Persian) Gulf.

Red Sea

Ratings received with a range between 0.1% and 0.25%.

Arabian (Persian) Gulf

The higher risk of the two areas generating commensurately higher rating and greater variance ranging between 0.18% and 0.75%.

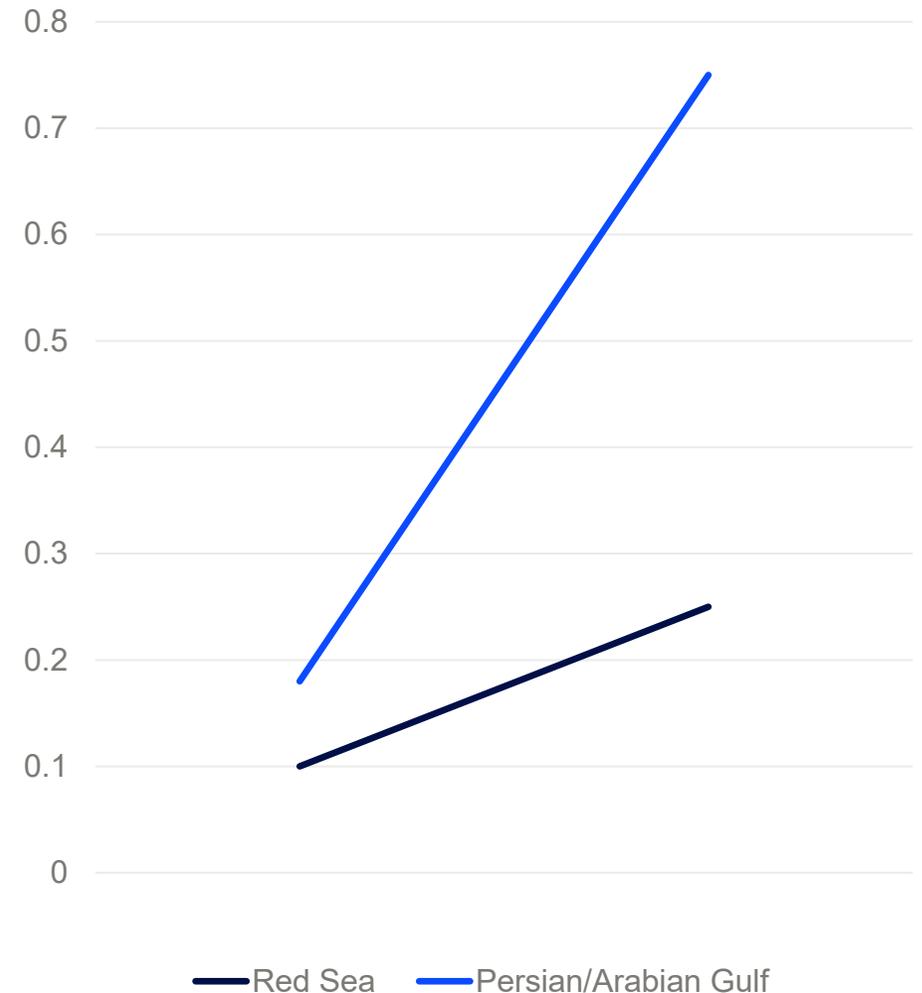
Strait of Hormuz

Markets are quoting 0.18% and 0.75% however there are limited voyages/vessels transiting through the strait.

Is capacity available?

Yes but at a price and with a validity of 48 hours. Insurers are seeking information of vessels and imposing a warranties around no US/UK/Israel interest and calls.

Rating range in percentage



Proposed DFC announcement/involvement

Annoucement

Recent announcement by the US on 6 March of the involvement of the Development Financial Corporation (DFC)

Five main aims

1. DFC reinsurance facility will insure losses up to approximately US\$20bn on a rolling basis
2. This revolving insurance will apply to vessels that meet the criteria
3. Insurance will focus on Hull & Machinery and Cargo to start
4. DFC has identified best-in-class, preferred American Insurance partners
5. DFC and Treasury are coordinating with CENTCOM on next steps of implementation.

How

There is no clarity yet as to how this will function

Marsh

Marsh are actively engaged with the DFC to understand how this can support shipping and cargo exposures in the region

Other

Part of this proposal includes Naval support for vessels but this is also unclear at this stage.

What's next?

1

Wait until the situation stabilizes or there is clarity over how vessels may be escorted through the region.

2

Monitor all the shipments to the region.

3

Do not load any shipment until you have confirmation of cover and **assurance of completion of voyage**.

4

The region is likely to become a choke point with thousands of containers stuck or off loaded at the wrong port.

5

Vessels are terminating the contract of carriage.

What to do in such case?

- Promptly advise the underwriters about such situation and have the cover extended during the time of storage.
- Start working on the plan. If the cargo is sensitive or perishable, arrange to salvage the same.

6

The logistics of this and the supply chain impact will be significant.

Supply Chain Risk

James Crask

Global Supply Chain Leader, Marsh Risk

03

Suppliers in the region have an outsized impact relative to their overall number, with many exposures hidden in the upstream supply chains of most organizations

Data from our AI-powered supply chain platform Sentrisk™

1.2m

Supplier sites analysed

2%

Of these suppliers are in the Middle East

76%

Are found at Tier 3 in the supply chains we analysed

96%

Are in 4 countries:

- Turkey
- Israel
- UAE
- Saudi Arabia

The region has an asymmetric impact on global supply chains:

- Trade volumes flowing through waterways
- The types of products produced in the region

Top components directly impacted

- Chemicals
- Plastics
- Precision instruments
- Machinery
- Electrical Parts
- Aluminium

Managing the disruption starts with improved upstream supply chain visibility and a focus on the operational pressure points that have the potential to impact business

Hidden upstream vulnerabilities

May not be immediately obvious but will cause disruption

Demand side pressures

e.g. for repairs, defence, fertilisers for the northern hemisphere growing season

Wider shipping and logistics disruption

Goods may be dropped at next safest port, with warehouse capacity constrained

Raw material pricing

Creating further price pressure, impacting insured values and the commercial viability of suppliers/ customers

1 Map your upstream and check CBI cover

2 Review inventory holdings, contracts and alternatives

3 Check expected shipments, identify options and monitor

4 Check your insured values and trade credit

Political risk and structured credit

Ali Mcleod

Political Risk & Structured Credit Leader,
Marsh Risk IMEA

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04

Recent political risk events

Security environment

- Strikes, riots, civil commotion
- Terrorism
- War & civil war

Trading environment

- Economic risk
- Currency inconvertibility and transfer risk
- Sovereign credit risk

Investment environment

- Expropriation
- Contractual agreement repudiation
- Legal and regulatory risk

Mexico, June 2025
Mexico holds its first direct election for hundreds of judicial positions, following constitutional reforms pushed through by a parliamentary supermajority. Turnout barely exceeded 10%, and analysts worry the reforms will weaken rule of law and regulatory consistency.

Colombia, November 2024
An ICSID tribunal awards \$380 million to a foreign telco operator in a dispute over the reversion of assets in a concession.

Argentina, June 2025
Argentina rejected a US court ruling obliging it to transfer its ownership stake in a SOE to plaintiffs. The plaintiffs continue to pursue reparations following the 2012 nationalization of the SOE.

USA, July 2024
A suit by a Canadian pipeline operator to recover \$15 billion from the US government, which cancelled the Keystone XL project in 2021, is dismissed by a US arbitration tribunal.

Guinea, May 2025
The government cancels 53 mining licenses and concessions on the alleged basis of non or under-utilization.

Ghana, August 2025
The Ghanaian government threatened to cancel the license of a television provider if it did not reduce its subscription prices by 30%.

DRC, May 2025
An internationally owned gold mine closed after a tax and regulatory dispute arose with M23, the rebel group that captured 1000s of square KMs in eastern DRC in the first half of 2025

Sweden, November 2024
Sweden cancels the expected issuance of multiple offshore wind farm permits after a Defense Ministry assessment warns about the prospective projects' impact on the military's ability to detect missile launches.

Spain, August 2024
Share in Spanish rail company Talgo drop 20% after the government blocks a takeover by a Hungarian-led consortium on national security grounds.

Finland, September 2024
Investors in Finland's largest power distributor file an arbitration claim under the EU's energy charter treaty.

Niger, August 2025
Niger's military government nationalizes the country's largest gold mine, taking over operations from the Australian operator, on the basis that investment commitments had not been met.

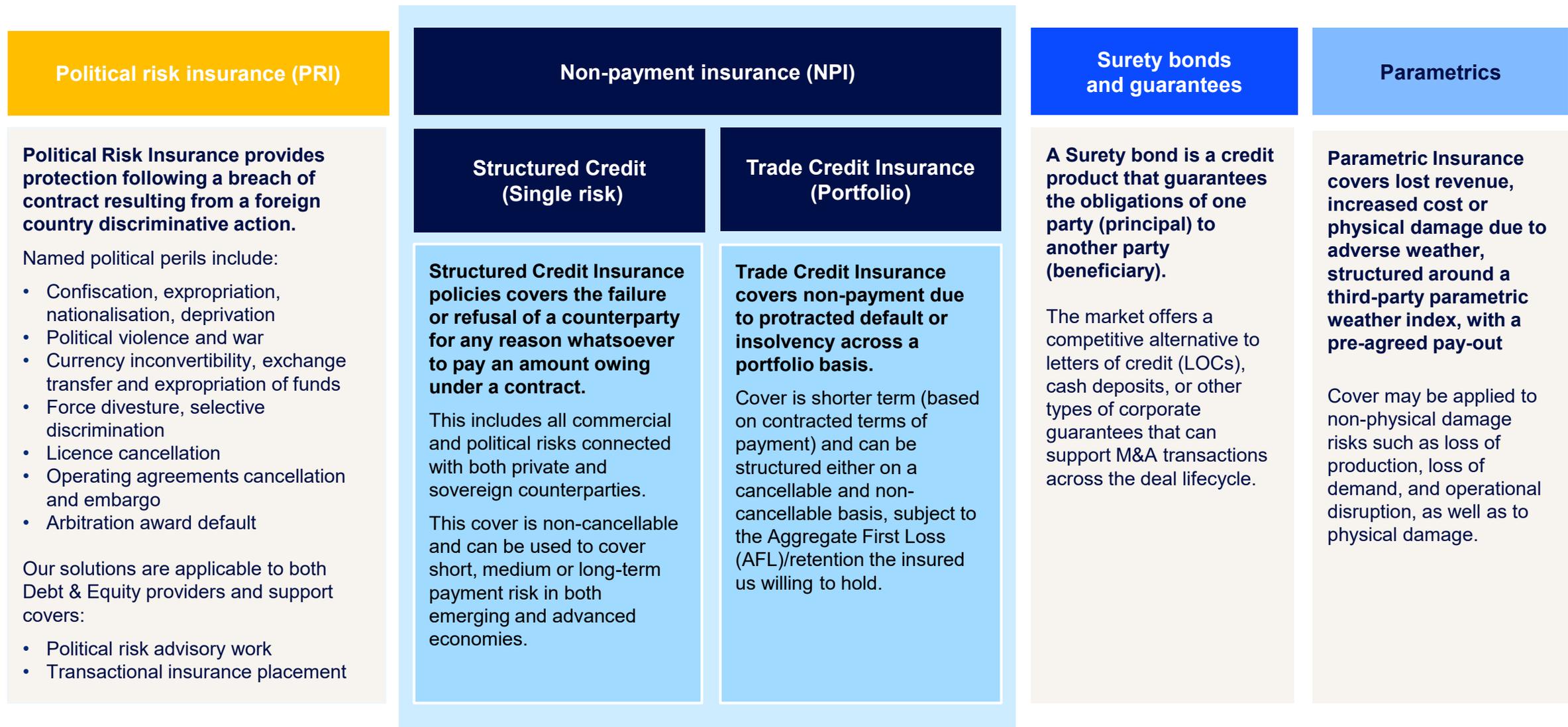
Mozambique, December 2024
An Australian mining company, among other foreign investors, declares force majeure in response to months of escalating post-election violence.

Russia, April 2024
Moscow places the Russian subsidiaries of Ariston and BSH Hausgeraete, two European companies, under the "temporary management" of Gazprom Domestic Systems, effectively nationalizing them.

China, November 2024
China sanctions an American commercial drone manufacturer, terminating the company's access to its battery supply chain and causing it to potentially incur months of delays.

Thailand, July 2025
The re-escalation of the Cambodia-Thailand border dispute led 400,000 Cambodian workers to leave Thailand, disrupting factory production, construction, and services.

Credit specialties — Non-payment insurance



Non-payment insurance

What is structured credit insurance/credit risk insurance or non-payment insurance?

Structured credit insurance

- Non-cancellable covering the failure or refusal of the borrower, for any reason whatsoever, to pay an amount (principal and/or interest) due under an insured loan obligation, including all commercial and political risks.
- Applicable to a wide range of financial obligations: loans, guarantees, and documentary credits.
- Can be used to cover short, medium or long-term payment risks both in emerging and advanced economies.
- Referred to as contract frustration insurance cover when the counterparty is state-owned/governmental.

Key features

- Placed within the structured credit market >60 NPI insurers
- Waiting period usually of 180 days
- Maximum indemnity 90%
- Minimum and deposit premium

Conflict frequency at a 50-year high

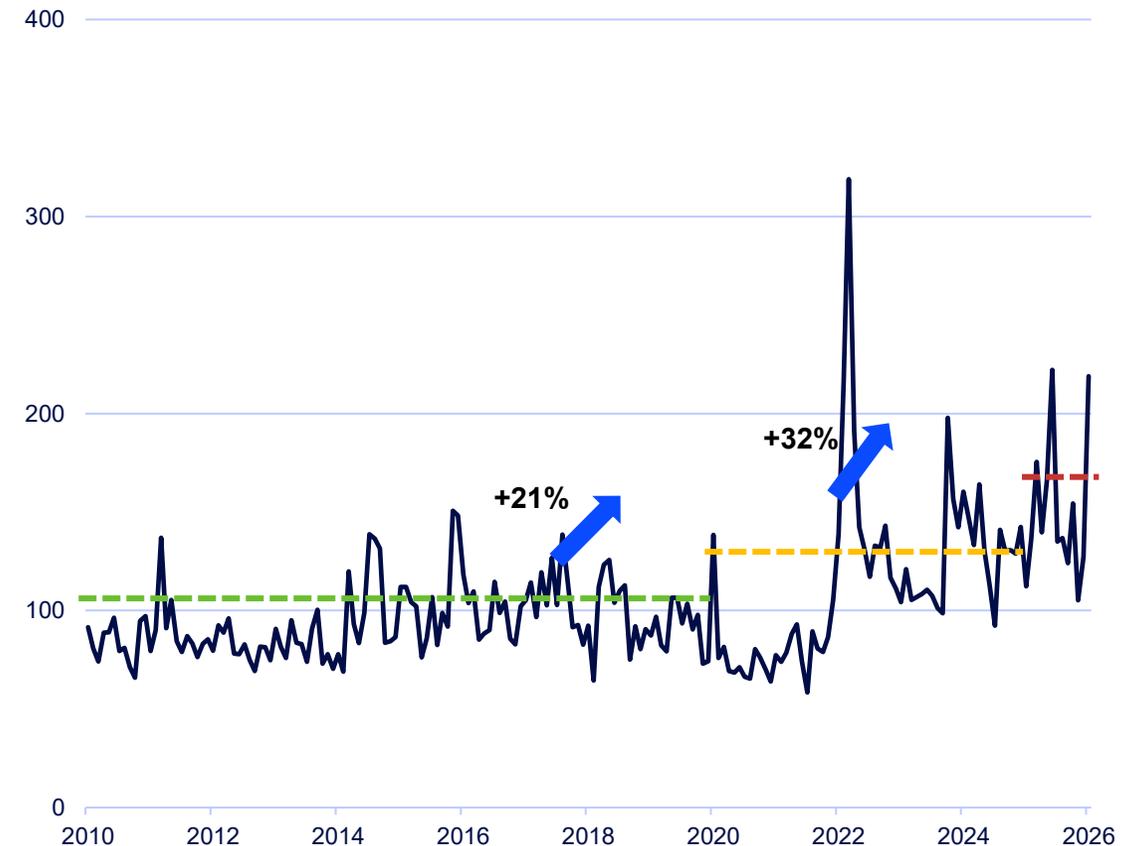
Armed conflicts are more widespread today than at any point in the past 50 years. The Geopolitical Risk Index has risen 60% above its 2010s average.

Firms should look beyond the highest-profile conflicts (like Russia-Ukraine or the Middle East) to identify lower-profile, regional disputes that could directly disrupt their specific operations and supply chains.

The US-Israel-Iran conflict that began on 28 February 2026 — illustrates the widening scope of possible developments, and how this trend demands attention from organizational leadership.

Act early: The worst financial losses occur in the first weeks of a conflict, when uncertainty peaks and insurance markets reprice or withdraw. Pre-agreed cover and advanced identification of the most serious exposures are valuable preparatory steps.

Geopolitical risk index (2010–2016)



Navigating claims process and advocacy

Chetna Gulati

Global Claims Advocacy Leader

Marsh Risk

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05

Claims

What to expect and what can you do

Map supply chain and trade disruption risks

Asset and exposure management, physical assets in conflict adjacent regions, key suppliers/logistics hubs, revenue exposure to affected markets, document delays and additional costs incurred

Cyber risk escalation

- Conflicts frequently trigger state linked cyber attacks
- Non state threat actors may also try and capitalise on the current conflict.
- Clients should strengthen security controls and check incident response procedures.

Check War and PV exclusions

- Most standard policies exclude losses caused by war, invasion, terrorism, or civil unrest.
- Check listed perils in PV policies.

Claims

What to expect and what you can do

Duty of care for employees

Review your K&R insurance, check political evacuation coverage, and update travel risk policies.

Business Interruption limitations

In the absence of contingent BI cover, supply chain disruption without physical damage, may not trigger coverage.

Early engagement with claims preparation

Prepare documentation early – incident reports, photos/videos of damage, logistics records, communications logs with suppliers, financial loss calculations, etc.

Communicate early with insurers

Seek guidance before making mitigation decisions, document mitigation costs.

Q&A

Stay informed

Tuesday, 17 March | 12:00 – 1:00 PM GST



**Cyber risks, valuations,
healthcare and
workforce continuity**

Managing disruption
through resilience and
agility strategies

Middle East Geopolitical content hub



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