

Marsh Specialty

War and strikes risks



Political tensions have increased globally in recent years and are likely to remain over the coming years.

As a result of these tensions and a challenging insurance market, marine cargo insurers have individually reviewed whether:

1. They are prepared to continue to provide war and strikes coverage for shipments to/from areas considered at a higher risk.
2. They should now charge a separate or higher premium for providing the coverage.

This has led to separate/additional insurance premiums for war and strikes risks becoming more common for marine cargo insurance policies involving shipments to/from areas of tension.

Risk of insurance policy cancellation

Most marine cargo insurance policies give insurers the right to cancel insurance coverage for war and strikes risks at any time.

Usually the marine cargo insurer will reinstate the war and strikes insurance coverage for additional premiums, but, we have seen with the Gulf region of the Middle East, the cost of this can vary significantly.

Interests shipped to the Gulf region that have been affected include:

- **Bulk oil shipments** — is the most high profile interest due to the importance of the region to the production and trading of crude oil.
- **Other bulk shipments** — may include ores, chemicals, or other goods.
- **Infrastructure and construction projects assets** — a concern for insurers because financial delay insurance coverage is often purchased in addition to coverage against physical loss or damage.



To put this into context the following are some examples of incidents involving shipping:

- In January 2021, the [U.S. Maritime Administration](#) advised that multiple maritime threats have been reported in the Arabian Sea and Persian Gulf, including a mine placed on the hull of a Liberian-flagged tanker in the Gulf region off Iraq on December 31, 2020 and the Iranian seizure of a South Korean-flagged tanker in the Strait of Hormuz on January 4, 2021.
- In April 2021, [Al Jazeera](#) reported a suspected Iranian missile hit on the Israel-owned MV Hyperion Ray cargo ship docked off Fujairah, United Arab Emirates. According to Al Jazeera, this was the third attack on an Israel-owned cargo ship to take place over a span of a month and a half.
- Vessels in Yemeni waters have also come under attack, with the [Associated Press](#) reporting an attack on the MV Hasan in December 2020 while headed to Salalah, Oman.



Responding to these challenges

Marsh Specialty's Marine, Cargo & Logistics practice has an insurance product available designed specifically to provide insurance coverage for war and strikes risks.

The policy provides:

- Over US\$250 million of capacity for product onboard any one vessel or conveyance.
- Backing from Lloyd's syndicates and company insurers.
- Security which can be bound by the agreement of one insurer.
- Customized wording is available.

The policy is designed to:

1. Secure an alternative pricing proposal for clients, particularly those with large volume/value of shipments.
2. Remove the marine cargo insurance insurer from insuring war and strikes risks where they do not wish to do so.

Next steps

If you are interested in a quotation from the facility, please provide us with the exposure information, which should include:

- Details of the client.
- Products/goods to be shipped.
- Coverage period required (based on the commencement date of the shipments).
- Volumes/values to be shipped.
- Dates of shipment and vessels used (if known).

The above is a broad overview of the coverages and should be read in conjunction and be subject to all the terms, conditions, and exclusions of the full policy documentation.

This is a marketing communication.

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