

# Marsh Specialty

# Cargo: War and strikes risks



Global political tensions have increased in recent years and are likely to remain high 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 and additional insurance premiums for war and strikes risks becoming more common for marine cargo insurance policies involving shipments to and from areas of tension.

## Risk of insurance policy cancellation

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

Usually, the marine cargo insurer will reinstate the war and strikes coverage for additional premiums. However, in some regions, including the Middle East, the cost can vary significantly.

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

- **Bulk oil shipments.** The highest profile cargo due to the region's importance in producing and trading crude oil.
- **Other bulk shipments.** That may include ores, chemicals, or other goods.
- **Infrastructure and construction project assets.** These concern some 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 just some examples of geopolitical incidents involving shipping:

- Since January 2021, the [U.S. Maritime Administration](#) has 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 in December 2020, and the Iranian seizure of a South Korean-flagged tanker in the Strait of Hormuz in January 2021.
- In April 2021, [Al Jazeera](#) reported a suspected Iranian missile hit on the Israeli-owned MV Hyperion Ray cargo ship docked off Fujairah, United Arab Emirates, which according to Al Jazeera was the third attack on an Israeli-owned cargo ship to take place in less than two months.
- Since October 2023, attacks on ships in the Bab el Mandeb Strait and further north in the [Red Sea have increased](#) in number, threatening access to and from the Suez Canal.
- Other areas with heightened political tensions and geopolitical conflict that may impact shipping include the Spratly Islands, the Taiwan Strait, the Black Sea, and around the coasts of Venezuela and Guyana.



## Responding to these challenges

Marsh Specialty's Marine, Cargo & Logistics practice has a product 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 that can be bound by the agreement of one insurer.
- Customized wording.

The policy is designed to:

- Secure an alternative pricing proposal for clients, particularly those with large volume and value of shipments.
- 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, 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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