



EST. 1820

200
YEARS
OF INSURANCE

Marine Forum

Hull and Cargo War Risks Overview

Andrew Rossdale – May 2022



Introduction

Who are we?

- Thank you for inviting me to join you today
- I am Andrew Rossdale - 40 years experience in Marine Reinsurance
- Tysers has over 200 years of experience
- Topic - Marine Hull and Cargo War overview
- Coverages for each class
- What's been going on, what might we expect...
- Starting with Hull War...



COVERAGE Hull War

Hull War Coverage

What does it cover?

- War, civil war, revolution, rebellion, insurrection or, civil strife arising therefrom or, any hostile act by or against a belligerent power.
- Capture, seizure, arrest, restraint or detainment and the consequences thereof or any attempt thereat.
- Derelict mines, torpedoes, bombs or other derelict weapons of war.
- Strikers, locked-out workmen or, persons taking part in labour disturbances, riots or civil commotions.
- Any terrorist or any person acting maliciously or from a political motive.
- Confiscation or expropriation.
- Piracy, Barratry and Violent Theft.

Coverage continued

Why do Shipowners buy it?

- Protect their balance sheet
- Claims are unforeseen and completely out of their control
- Bank requirements
- Rating can be very competitive depending on Trading Area
- Peace of mind



THE PRODUCT

How it works



The Product

How much does it cost and why?

- Very competitive annual policy with rates starting as low as 0.01% on vessel / fleet value
- Traditionally a very profitable class of business
- Many market players and lots of capacity

What are the main underwriting factors?

- Trading pattern / area
- Vessel / fleet value
- Types of vessels
- Loss record
- However...Listed Areas...

The Product - How it works – Listed Areas

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JWC Hull War, Piracy, Terrorism and Related Perils Listed Areas
Africa
Benin
Cabo Delgado, waters as defined overleaf
Eritrea, but only South of 15° N
Gulf of Guinea, waters as defined overleaf
Libya
Nigeria
Somalia
Togo
Europe
Sea of Azov and Black Sea waters plus inland waters as defined overleaf
Indian Ocean / Arabian Sea / Gulf of Aden / Gulf of Oman / Southern Red Sea
Waters as defined overleaf

Listed Areas Continued

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Asia
Pakistan
Middle East
Iran
Iraq, including all Iraqi offshore oil terminals
Israel
Lebanon
Oman (Musandam Governorate)
Persian or Arabian Gulf and adjacent waters as defined overleaf
Saudi Arabia (Gulf coast)
Saudi Arabia (Red Sea coast) excluding transits
Syria
United Arab Emirates
Yemen

Listed Areas Continued

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Russia
South America
Venezuela, including all offshore installations in the Venezuelan EEZ

Definitions:

Named Countries shall include their coastal waters up to 12 nautical miles offshore, unless specifically varied below.

Named Ports shall include all facilities/terminals within areas controlled by the relevant port authority/ies (or as may be more precisely defined by Insurers) including offshore terminals/facilities, and all waters within 12 nautical miles of such but not exceeding 12 nautical miles offshore unless specifically stated.

Listed Areas latest updates

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Europe

1) Sea of Azov and Black Sea waters enclosed by the following boundaries

- a) On the west, around Romanian waters, from the Ukraine-Romania border at 45° 10.858'N, 29° 45.929'E to high seas point 45° 11.235'N, 29° 51.140'E
- b) thence to high seas point 45° 11.474'N, 29° 59.563'E and on to high seas point 45° 5.354'N, 30° 2.408'E
- c) thence to high seas point 44° 46.625'N, 30° 58.722'E and on to high seas point 44° 44.244'N, 31° 10.497'E
- d) thence to high seas point 44° 2.877'N, 31° 24.602'E and on to high seas point 43° 27.091'N, 31° 19.954'E
- e) and then east to the Russia-Georgia border at 43° 23.126'N, 40° 0.599'E

2) All inland waters of Ukraine

3) Inland waters of Russia within the following areas:

- a. Crimean Peninsula
- b. River Don, from Sea of Azov to vertical line at 41° E
- c. River Donets, from River Don to Ukraine border

4) All inland waters of Belarus south of horizontal line at 52° 30' N

Listed Areas latest updates

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Cabo Delgado

The waters within 50 nautical miles of Mozambique and Tanzania enclosed by the following boundaries:

- a) To the north, from Mnazi Bay at 10°19.6'S, 40°18.9'E to high seas point at 9°50.7'S, 41°7.6'E.
- b) To the south, from Baía do Lúrio at 13°30'S, 40°31.6'E to high seas point 13°30'S, 41°28.8'E

Gulf of Guinea

The waters enclosed by the following boundaries:

- a) On the west, from the coast of Togo 6° 06' 45" N, 1°12'E, south to
- b) high seas point 0° 40' S, 3° 00' E
- c) and then east to Cape Lopez Peninsula, Gabon 0°40'S, 8° 42'E.

Listed Areas latest updates

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Indian Ocean / Arabian Sea / Gulf of Aden / Gulf of Oman / Southern Red Sea

The waters enclosed by the following boundaries:

- a) on the north-west, by the Red Sea, south of Latitude 15° N
- b) on the west of the Gulf of Oman by Longitude 58° E
- c) on the east, Longitude 65° E
- d) and on the south, Latitude 12° S

excepting coastal waters of adjoining territories up to 12 nautical miles offshore unless otherwise provided.

Persian or Arabian Gulf

Persian or Arabian Gulf and adjacent waters including the Gulf of Oman and waters west of the line from Oman's territorial limit off Cape al-Hadd at 22°42.5'N, 59°54.5'E northeast to the Iran-Pakistan border at 25°10.5'N, 61°37.5'E

excepting coastal waters of adjoining territories up to 12 nautical miles offshore unless otherwise provided.

Current Issues

- War in Europe!
- Blocking and Trapping
- NoC's 48 hours, 7 days, Held covered? Onwards cover?

Changes being imposed

- Sanctions
- Detainment and Blocking and Trapping waiting periods
- Changes in rates
- Restricted or excluded bodies of water

Blocking and Trapping

Where is hot?





RECENT EVENTS



RECENT EVENTS

Black Sea and Sea of Azov

“Physical damage to cargo ships”



“Blocking and Trapping”

ESTIMATED CLAIM?
Waiting periods but...
A few million USD?
or
USD 1,000,000,000+?





CARGO WAR OVERVIEW



Cargo War Overview

Brief recent history for the Cargo War markets

- The Cargo market have traditionally included War but no discernible price or AP's
- Pressure on Cargo rates when Lloyds Decile 10 (bottom 10) worst performing classes
- Coinciding with attacks on Oil carriers in Persian Gulf
- Underwriters started to charge for voyages
- Following Hull War Committee listed areas
- Rates increased, capacity grew...and BANG! War in Europe! ☹️
- Rates increased but little consensus
- War rates in Black Sea anywhere from 0.1% - 5.0+%

Cargo War Overview

Who is writing Cargo War?

- London based Insurance and Reinsurance markets
- European Insurance and Reinsurance markets (Switzerland, Germany and France)
 - Fundamental differences in the War cover (initially) provided
 - London Terms – Paramount War clause plus War on Land by request
 - French Terms – Bout en Bout Cover

Trade continues

Cargo in Southern and Eastern Europe



Cargo War Potential losses

- Soil in Ukraine is notoriously fertile
- Russia is wheat positive
- Oil producing countries
- Huge values at risk
- One single European Trader had approx. US\$ 300 million at onset of war
- Requisition of Goods, Oil, Wheat, Sunflower oil
- Damage to Aviation, Railways, Wind Turbines
- Two main types of losses, Political Risk (PR), Political Violence (PV)
- CNED – Confiscation, Nationalisation, Expropriation and Deprivation
- Waiting periods on original PR policies

Cargo War Potential losses

- Who is affected?
 - The people obviously
 - Lack of surveyors and infrastructure
 - Local traders
 - International Commodity Brokers
 - Local Governments and Authorities
 - Insurers and Reinsurers
- Too early to ascertain exact figures
- Marine market is looking at significant figures

Summary

- Significant figures, potentially market changing event (Marine, N/M, Aviation)
- Many London carriers bought Composite Reinsurance deals now under pressure to dismantle
- Higher retentions
- Bespoke reinsurance pillars
- Short term possible reduction in capacity
- Increased rates even for clients who are claims free

- So if you are a buyer or seller of Reinsurance...the market is on the move!

- So what do I hope for next..?

What next?

Hopefully a peaceful resolution...

Vessels and Cargoes allowed safe passage...

Current loss estimates dramatically reduced





Any Questions?



THANK YOU!



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Marine and Aviation.



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