

Navigating Uncertainty: The Importance of Marine War Risks Insurance.

By Anastasios A. Maraslis* Founder/President of Marasco Marine Ltd



The maritime industry is no stranger to risks and uncertainties. From marine accidents due to human error and natural disasters to geopolitical conflicts, the challenges faced by shipowners, operators, and cargo owners are diverse and complex. One crucial aspect of risk management in this arena is the War Risks insurance policies. As conflicts and tensions continue to arise around the world and the excluded from the standard marine Hull insurance cover war risks zones increase, the role of Marine War Insurance becomes increasingly vital. So, let's delve into the significance of a Marine War insurance policy and its role in safeguarding the interests of stakeholders in the maritime sector:

The Complex Landscape of Maritime Conflicts: In an interconnected world, the ripple effects of conflicts and wars, extend far beyond their origins. Geopolitical tensions, territorial disputes, and acts of aggression can disrupt maritime trade routes, endanger vessels, and threaten cargo and seaborne trade. A recent paradigm of this, is the Russian-Ukrainian War. Marine war insurance steps in to mitigate the financial impact of these unforeseen events, in exchange of

an insurance premium. Whether it's a result of terrorism, piracy, or conventional warfare, these policies provide a safety net for stakeholders navigating through troubled waters providing reimbursement to the assured against financial losses and damages caused by war related events, such as acts of war, civil unrest, terrorism, piracy, and military actions.

War Risks Cover and Scope: Marine war insurance covers a wide range of risks, tailored to the unique challenges of the maritime industry. These policies typically encompass damages or losses resulting from acts of war, civil unrest, confiscation, detainment, naval blockade, Piracy & hijacking and even sabotage. Importantly, they extend beyond the traditional marine insurance coverage, providing a comprehensive shield against risks that arise due to human conflict. In a world where maritime trade drives economies and fuels growth, the safety and security of vessels and cargo are paramount. Marine war insurance ensures that shipowners and cargo owners are financially protected in the event of unexpected war related incidents. From physical, either particular average damage to total losses, these policies offer a lifeline for shipping businesses facing war risk related, financially damaging effects.

Global Impact and Geopolitical Dynamics: The interconnectedness of global trade means that conflicts in one region can have far-reaching consequences. Maritime routes are arteries of commerce, and disruptions can lead to supply chain bottlenecks and economic turmoil. Marine war insurance not only shields individual stakeholders but also contributes to the stability of the global economy by allowing trade to continue despite the challenges.

The Role of Risk Mitigation: While marine war insurance provides crucial financial protection, it also encourages proactive risk management. Shipowners and operators must assess routes, review security protocols, and stay informed about potential conflict-war zones, HRA (geographical High Risk Areas) as they are regularly up dated by the JWC (Joint War Committee, which is comprised by representatives from both the Lloyd's and the IUA marine insurance markets). By adopting a proactive stance, they can reduce the likelihood of invoking their marine war insurance policies or, by paying an extra war risk premium to take the risk by entering a HRA for loading or discharging a cargo.

Collaboration and Expertise: Navigating the complexities of marine war insurance requires collaboration between shipowners, specialised marine insurance brokers who have deeper understanding of the intricacies of war risks insurance within the maritime industry, and of course expert war risk underwriters. Industry expertise is crucial in understanding the nuances of coverage, ensuring policies are tailored to specific needs, and assisting in the claims process should the need arise.

In an era of uncertainty, the maritime industry relies on robust risk management and risk prevention strategies to safeguard operations and investments. Marine war insurance stands as a bulwark against the unforeseen, offering peace of mind to those who traverse the seas. As the world evolves, the importance of this specialised insurance grows, emphasising the need for stakeholders to be well informed, prepared, and well-protected in the face of a dynamic and complex global landscape.

* Marasco Marine Ltd, was founded in 1991, by Mr Anastasios Maraslis. Marasco is specialising in Managing Marine Risks and Risk Prevention Planning, serving the last 32 years, Ship Owners, Ship Managers and Ship Operators, with his experienced marine/ claims insurance team and the company's Board of Advisors, Internationally Acknowledged. More about Marasco Marine at: www.marasco-marine.com