

Ship attacks will adversely impact insurance premiums

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Jonathan Moss, head of transport and marine at global legal business, DWF, has said that the seizure of UK-flagged **Stena Impero** was unacceptable “and clearly an act of retaliation as a consequence for the British authorities seizing the Iranian Grace 1 supertanker offshore Gibraltar on July 4th”. He said that the rising tensions as a result of these incidents would continue to have a knock-on effect on global fuel prices and insurance premiums.

“The global insurance markets are accustomed to factoring geopolitical uncertainty into pricing models, nevertheless this geopolitical fallout has not been seen since 2003. In 2003, rates for Hull & Machinery, War Risk cover for tankers in the Persian Gulf increased significantly owing to the political instability in the region.

“In particular, global marine insurers are already closely monitor the current situation and employ complex risk models. Given the hostility escalating, underwriters will also be closely scrutinising voyages on a case-by-case basis with premium increases covering vessels in the region a near certainty. Ultimately, this uncertainty in the Gulf region is likely to lead insurers to raise premiums, renegotiate terms of cover and introduce riders to Marine and Energy contracts of insurance and reinsurance, in the face of a cocktail of instability in the region.”