

English

Update: 30.01.2024

In the below text, we mentioned that we have not yet seen any reaction from the Swiss market regarding the cancellation of insurance cover for political risks such as war, strikes, riots, terrorism and mines. This has just changed. On 23.01.2024 we received an e-mail from AXA XL informing us that this cover will be canceled. If insurance is required, this must be submitted 2 days before the voyage and will cost an additional premium, assuming AXA XL is prepared to take on the risk. It seems realistic that other Swiss insurers will follow this approach. We, however, cannot predict when and to what extent this will happen.

The risk zone according to AXA XL, or the sea area to which the termination of the above-mentioned risks applies is shown below in white:



Original text: 33.02.2024

Ocean transports through the Red Sea / Gulf of Aden Attacks by Houthi rebels on seagoing vessels

Various industry bodies have advised that ocean transports in and through the Red Sea and Gulf of Aden are currently in extreme high risk due to attacks on various civilian and cargo ships by Houthi rebels. As per MAERSK website, they have temporarily suspended bookings to and from certain ports in this area.

A coalition of military forces led by the US, UK, and supported by Australia, Bahrain, Canada, and the Netherlands have carried out strikes on Houthi-controlled areas in Yemen. In addition to the original coalition, the participation of eight additional countries: Belgium, Denmark, Germany, Italy, Japan, New Zealand, Republic of Korea, and Singapore were disclosed as well. However, the recent incidents have shown that the Houthi forces still have the capability to attack ships. Ships are at particular risk that are linked to Israel, the United States, the United Kingdom, and other countries involved in military strikes against Houthi forces face a significant level of threat. The threat to ships from countries that are not involved in military strikes is lower. However, there is clearly an increased risk due to possible collateral damage.

In view of the escalation of the situation in the Red Sea / Gulf of Aden, transport insurers in other countries have reviewed their position regarding insurance for war and strikes, riots and civil unrest and have cancelled cover. Should the risk situation worsen, it must be assumed that transport insurers in Switzerland will also take similar measures. It can be assumed that, as a first step, insurance for these risks will no longer be offered to new clients. In a second step, existing clients are also likely to have this cover cancelled. However, we have not yet seen any reaction from the Swiss insurance market to this new situation in the Red Sea yet. The situations with regards to insurance cover for these incidents currently are as follows:

- Goods on ships are physically damaged by such an attack: There is cover according to the policy in force, minus agreed deductible
- Sea vessel is attacked but goods are not damaged: Delayed arrival of goods due repair of vessel: No cover for indirect costs since goods are neither lost nor damaged
- Sea vessel arrives at port of destination with delay since the route was changed = not via Red Sea and Suez Canal but rather via Cap Hoorn: No cover for indirect costs since goods are neither lost nor damaged. For the ocean voyage from Asia to Europe, taking the Cape of Good Hope route will take additional minimum 14 days.

As we write the above, this is the insurance situation at this very moment. Whether and how the situation will develop in the short and medium term cannot be predicted.

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