

Marine Risk Report 2023

Insights and analysis on the
future of the sector



Marine Risk Report

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Charles Fernandez

Global Head of Marine, Canopus

Charles started his insurance career working as an adjuster. He joined Willis in 1999 as a marine broker and soon progressed to the level of Divisional Director. Moving to Brit Insurance in 2007, Charles then started working in underwriting, focusing on marine liability and hull business. In 2010, Charles joined Canopus where he now holds the position of Global Head of Marine.

Charles is highly regarded in the industry and currently holds the esteemed position of Chairman of the IUMI Legal and Liability Committee and is a member of the Joint Liability Committee. Additionally, he has previously been a member of the Joint War Committee and the Insurance Institute of London Marine Committee. Charles has a bachelor's degree in Maritime Business and Law and a masters degree in Maritime Law.



Nick Whitear

Marine War Underwriter, Canopus

Nick has over 30 years' experience in various roles within the insurance and maritime industry and now holds the position as Marine War Underwriter at Canopus. Since joining in 2021 he has led the development of Canopus' war risks book and underwriting applications for that class.

Previously, the lead underwriter at UK War Risks Club for 7 years, Nick's experience includes marketing and underwriting directorships with the UK P&I Club and TT Club. His earlier career included similar managerial roles within a P&I correspondent and bunkering firm.

Following his Bachelor of Arts degree in Economics and Economic History from the University of Liverpool he gained a Master of Science degree in Maritime Studies at Liverpool John Moores University. He is a member of the Nautical Institute.



Maximillian Hess

Political Risk Analyst at Canopus, International Relations & Political Risk Advisor

Max's research focuses on sovereignty, financial markets, international relations and political economy, and the interaction between these fields. He is also a non-resident fellow at the Foreign Policy Research Institute.

Max has written for The Financial Times, New Statesman, Al Jazeera, The Moscow Times, Foreign Policy, and The Telegraph, amongst others. His expertise has been quoted in outlets such as The New York Times, The Wall Street Journal, Bloomberg, Rolling Stone, Der Spiegel, and The Financial Times, and he is a frequent TV and radio guest on stations such as the BBC, CNBC, NPR, and Channel 4.

He graduated from Franklin & Marshall College and the School of Oriental & African Studies, University of London. Max has given presentations and lectures at a variety of venues including Harvard University's Davis Center, the US Army War College and University College London.



Dirk Siebels, PhD

Senior Analyst, Risk Intelligence

Dirk works at a security intelligence company where he is responsible for analysis on countries in sub-Saharan Africa, his research largely concentrates on maritime security issues. Dirk has published a book about maritime security issues in East and West Africa. He is also a regular contributor of articles and has been quoted by BBC World News, Reuters, Newsweek, The Wall Street Journal, and many others.



Katie Zeng Xiaojun

Senior Analyst, Risk Intelligence

Katie is an analyst with Risk Intelligence based in Singapore focusing on North, South and Central Asia. Prior to joining Risk Intelligence, Katie served as an Analyst with the Singapore Armed Forces Military Intelligence Organisation for 15 years. She holds a BSc in Business Analytics from the Singapore University of Social Sciences.



Dark Clouds on the Horizon

Charles Fernandez
Global Head of Marine, Canopus

The resilience of the marine sector has been sorely tested in recent years. Covid-19 disrupted the arteries of trade which have stood for decades. The Russian invasion of Ukraine saw war clauses interrogated to a degree not seen in most underwriters' careers. The threat of global recession and the pressures imposed by inflation have seen operating costs increase dramatically. Further, these challenges are compounded by the industry's efforts to decarbonise, the scale of the efforts required for this are almost too great to comprehend.

If the storms of recent years were not enough, there are further dark clouds on the horizon. The Israel Gaza conflict demonstrates that geopolitical risks can change quickly. We cannot identify with certainty where the next hotspot will be. We need to make sure that wherever it is, we have the tools to support our clients; with adequate capacity, reinsurance support, and an agile approach to ensure a smooth transaction.

Geopolitical tensions look set to persist. Tensions in the Taiwan Straits, open warfare in Gaza and the potential for conflict in the Persian Gulf, representing just some of the flashpoints which will test the maritime industry and its insurance partners. The role of insurance will become more critical.

Managing the risks which shipowners face will require us to evolve our own offering, providing swifter decisions, more reactive cover and ensure we are on hand to pay the claims that anchor our service.

The launch of Canopus' new digital marine war platform, ShipWRITE, is one of the first for the Lloyd's market and represents one such evolution. By continually enhancing our product suite and our understanding of the risk, we, as an industry, can further reinforce our centuries old partnership with the marine market.

It was with this goal in mind that we sought the views of the marine community. No one better understands the challenges which shipowners are facing now and will face in the future, and we are very grateful for their insights. By canvassing views from across the market, we, collectively, can better understand our clients, better shape our products and ensure we are positioned to work with our oldest partners in the years and decades to come.

Our Marine Risk Report reveals the outcomes of our survey aimed at providing a better understanding of the marine market as a whole and its evolving risks.

The survey was completed by 156 respondents from different segments of the marine industry, including brokers (83%), underwriters (10%) and others (7%) including intelligence providers, claims professionals, marine surveyors, and account managers. In terms of where our respondents write their business, this is geographically split across the United States (42%), Europe (15%), the Middle East and North Africa (1%), Asia-Pacific (21%), and generally worldwide (21%).

The data collected was analysed to identify trends, pain points and potential gaps in insurance coverage.

As we seek to mitigate the risks which our clients face, providing them with new solutions, better risk understanding and the financial support to test the new technologies which will underpin their efforts to affect their transition, we will become closer to them. By sharing our own insights and challenging our views we can be better partners.

Charles Fernandez

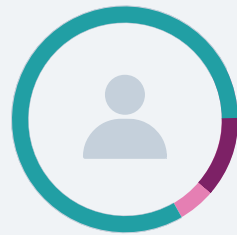
Charles Fernandez
Global Head of Marine, Canopus



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If the storms of recent years were not enough, there are further dark clouds on the horizon.

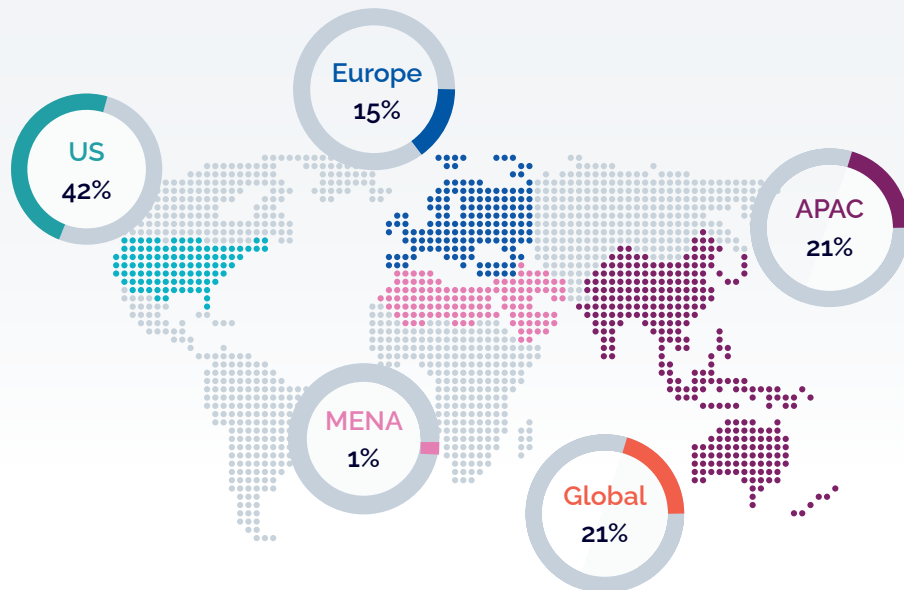
Survey Demographics



Brokers 83%

Underwriters 10%

Others 7%



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Geopolitical tensions are the biggest challenge facing the marine sector today.



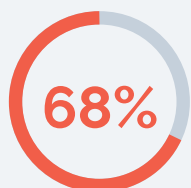
Perhaps unsurprisingly, geopolitical tensions are the biggest challenge facing the marine sector today. We need not look far for the evidence of this; Russian aggression has shattered peace in Europe and the Black Sea is now a conflict zone. We will discuss this conflict in more detail later in the report, but amidst the tragedy, the insurance sector stood up and our actions in making the Grain Corridor a reality, represent the best traditions of our industry.

Unfortunately, this is not the only region of concern. More than half of those surveyed also identified the Arabian Gulf (56%) as an area carrying significant risk to merchant shipping, little surprise given that, according to the US Naval Forces Central Command, “Iran has harassed, attacked or seized nearly 20 internationally flagged merchant vessels” since 2021.

Half of respondents also cited West Africa (50%) as holding considerable threat. The Gulf of Guinea and its neighbouring nations are vital parts of global trade and maritime piracy in the Gulf continues to pose a serious threat to the safety of crews as well as the integrity of international trade. Despite considerable progress made through initiatives like Nigeria’s Deep Blue Project, which includes maritime security platforms that facilitate rapid response to piracy, theft and kidnappings, challenges persist.

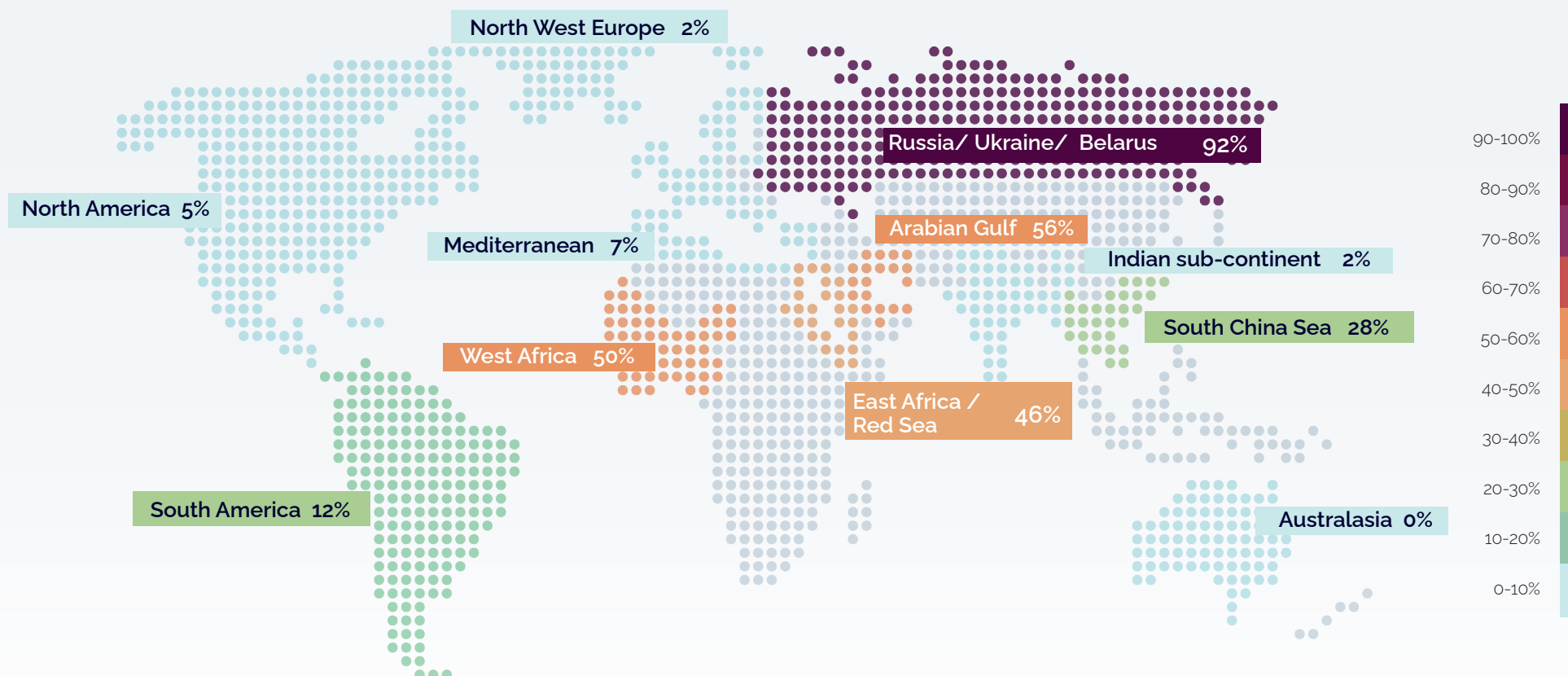
We cannot take solace that this period of volatility will stabilise soon. The tragic events unfolding in Gaza and Southern Israel took place after our survey was conducted and, at time of writing, it is too early to tell how these events will impact the marine sector more broadly. The local impact, with the port of Ashkelon effectively closed and the potential that this conflict could spread, represents further evidence of the volatility which the marine sector is exposed.

Geo-political concerns

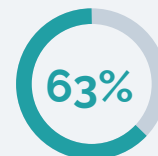


More than half the people surveyed thought the Russian Ukraine War added further complications to marine risks.

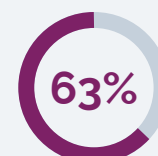
Which territory carries the highest threat to merchant shipping?



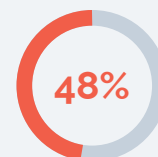
Client Concerns - Marine War Threats



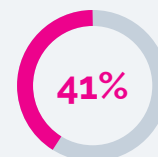
War risks H&M in Hull and Machinery) and IV (Increased Value) cover



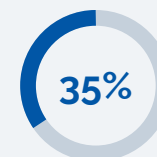
Cargo war risks



Ship seizure, confiscation, nationalisation, deprivation etc.



War P&I (Protection and Indemnity) and crew liability



War loss of hire

The Prospect of a 'Long War'

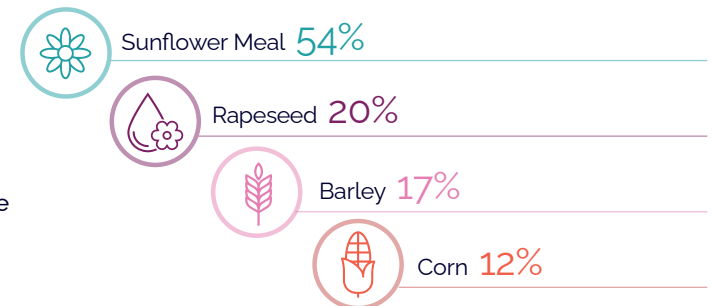


Maximillian Hess

Political Risk Analyst at Canopus,
International Relations & Political Risk Advisor

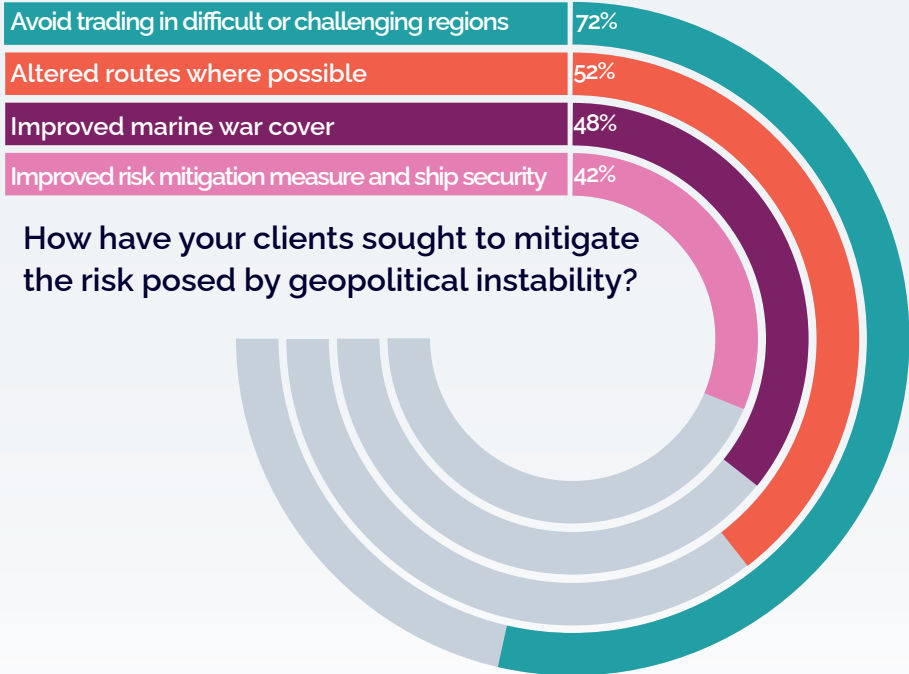
The 17th of October 2023 marked 600 days since Vladimir Putin launched his full-scale invasion of Ukraine. There have been four key periods of the conflict thereafter. Kyiv spent the first six weeks hindering Putin's maximalist aims of taking the capital Kyiv and all of the country's Black Sea coast and territory east of the Dnieper River. One of Putin's first steps was to threaten supplies of Ukraine's grain to global markets. Much of the world's most fertile soil, known as chernozem, or black earth, sits in the regions of Ukraine that Putin sought to annex. Before the war, Ukraine was responsible for 12 per cent of global corn exports. For barley, the figure was 17 per cent, rapeseed 20 per cent, and for sunflower meal, a whopping 54 per cent. Ukraine's ports, the key to bringing the grain this soil produces to global markets, were bombarded by Russian missiles on the first day of the war. The attacks by no means stopped there. Ships in Odesa Harbour, Ukraine's largest, were also struck on 25 February, including a fuel tanker and a grain ship. Mines were laid outside Ukraine's ports as well: an Estonian-flagged cargo ship was hit by a mine three days later, causing it to sink.

Ukraine's Grain Global Market Share



Global Impact

In the territory Russia occupied in Southern and Eastern Ukraine, the Kremlin also arranged networks to systematically loot Ukrainian grain. While such destruction is a tragic component of all major conflicts, by decreasing Ukraine's grain and fertiliser output, Russia also increased the relative importance of its own supplies of these commodities. This activity not only deprived Ukraine of its resources and the earnings they could bring in but also ensured that the impact of the war would be felt globally, which the Kremlin appeared to hope would raise pressure on Kyiv to surrender.



How have your clients sought to mitigate the risk posed by geopolitical instability?

The impact of geopolitical tensions is predicted to be sustained with 68% believing that this will be a key challenge five years from now. It is an ever-present threat. While the effects of sanctions are expected to marginally reduce from 53% in 2023 to 49% in 2028, perhaps reflecting a growing familiarity and adaptations to their impact and the threat of war are expected to persist.

With many countries in the Middle East dependent on Russian and Ukrainian grain, the blockade of Ukraine's ports was a valuable lever for keeping them in line and dissuading them from heeding Western calls to overtly support Kyiv. In addition to mitigating the potential for those countries to join the Western-led sanctions regime, the crisis allowed Russia to prioritise supplies to countries in the so-called 'Global South' where it was seeking to build up support, with Putin employing anti-imperialist rhetoric towards the West that he hoped would find currency there despite waging an imperial war himself.

Behind the Lines of Control

Since then, however, the lines of control on the battlefield have hardly shifted – though both sides tactics have shifted, with the Kremlin and Kyiv doubling down on their use of long-range drones to strike far behind the lines of control.

While the onset of the autumnal muddy season, known as the rasputitsa, and subsequent winter will further reduce the potential for major changes to the heavily fortified lines that divide Russian and Ukrainian positions across Ukraine's south and east, neither side has shown that it is ready to pursue peace.

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Key Events

2022

24 February Vladimir Putin launched his full-scale invasion of Ukraine. Ukraine's ports, the key to bringing the grain this soil produces to global markets, were bombarded by Russian missiles on the first day of the war.

25 February Ships in Odesa Harbour were also struck including a fuel tanker and a grain ship.

3 Mar An Estonian-flagged cargo ship was hit by a mine, causing it to sink.

2023

June The Kremlin announced it was updating its budget with more than a third of government spending now dedicated to defence and security.

End of 2023 The delivery of Western F-16 attack aircraft, which bolste Kyiv ability to retake territory.

2024

November United States Presidential Election

The war is likely to continue through 2024

Stalemate Peace Talks

Putin and the Kremlin continue to insist that talks can only be held on the basis of recognizing its claim to Crimea and the annexation of the entirety of Ukraine's Donetsk, Luhansk, Zaporizhzhia and Kherson regions, though the Russian Army has at no point controlled all of the territory of even a single one of the four. Kyiv conversely insists peace negotiations can only be held on the basis of Russian troops leaving all of its territory, including Crimea, which Moscow has controlled since 2014.

Ukrainian officials did hint in 2022 they could accept some form of continued Russian occupation of Crimea and the portions of the Donetsk and Luhansk Regions that Russia effectively controlled from 2014. But Kyiv clearly believes time is on its side, and that its ability to retake territory will be bolstered by the delivery of Western F-16 attack aircraft, likely at the end of 2023, in addition to other previously undelivered long-range rockets.

Yet Russia also believes that time is on its side. It believes that political support for Ukraine is wavering, in particular in Kyiv's single-largest military and financial benefactor, the United States – where radically differing visions of how to continue the conflict will be on the ballot in the 2024 presidential election.

Ukraine itself is not unaware of this risk. It is set to double-down on its strategy of: carrying out strikes on critical infrastructure; attacking deep into Russia; and reducing the Kremlin's capacity to continue the war with support amongst Russians.

The Kremlin will continue such attacks as well and use any lull in fighting to rebuild its military machine for a new major offensive at a more opportune moment. Lest there be any doubts, in June 2023 the Kremlin announced it was updating its budget with more than a third of government spending now dedicated to defence and security.

Frozen Conflict

Russia's war against Ukraine therefore does not appear likely to imminently become a 'frozen conflict,' i.e., one that is left without a formal resolution. More likely, the dividing lines will become solidified as fighting decreases, as epitomized by the divide on the Korean Peninsula.

That may be its ultimate resolution, but the war is likely to continue through 2024 – with shipping in the Black Sea and potential contagion from the conflict into neighbouring countries, particularly Moldova and Belarus, remaining substantial risks throughout.

The opening of a secure route, via Bulgarian and Romanian waters, for ships from Ukrainian ports to the Mediterranean represents a significant boost for Ukraine, consumers of Ukraine foodstuffs and the global marine industry. However, with attention of Western Governments divided and potentially diverted to the events in Gaza, the situation could continue to ebb and flow and peace, or at least a reduction of hostilities that allows ships to access the region safely still seems a long way off.

Tensions in the Taiwan Straits



Dirk Siebels, PhD

Senior Analyst,
Risk Intelligence



Katie Zeng Xiaojun

Analyst,
Risk Intelligence

Political tensions in the Taiwan Strait area have increased this year after the People's Republic of China's (PRC) President Xi Jinping's statements at the National People's Congress in March. His speech suggested a harder line for China's Taiwan policy in the coming years.

The international community overwhelmingly recognises Beijing as the sole government of China with Taiwan as the other part of 'one country, two systems'. Taiwan's relationship with the United States is largely based on the 1979 Taiwan Relations Act. The act does not require the US to defend Taiwan but creates strategic ambiguity by stating that it is US policy to maintain the capacity to do so. In recent statements however President Biden has appeared to abandon ambiguity by affirming that US forces would defend Taiwan, increasing political tensions with China.

The importance of the Taiwan Straits for the global shipping industry cannot be overstated. The 180km wide body of water is the primary route for ships passing from China, Japan, South Korea, and Taiwan to points west, carrying goods from Asian hubs to markets in Europe, the US, and all markets in between. Almost half of the global container fleet and a massive 88% of the world's largest ships by tonnage passed through the waterway this year. Changes to the status quo and mariners' ability to traverse the straits safely would have severe repercussions for the industry.



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Medium-term outlook (12 months)

China will likely continue its grey zone activities at varying scales and intensities. Trigger factors could be US officials making visits to Taiwan and vice versa, increased US military support to Taiwan, or other political factors such as statements by Taiwanese politicians on independence.

Military exercises

Since former US House Speaker Nancy Pelosi visited Taiwan in August 2022, China has stepped up its military activities near Taiwan. These activities are mostly reactive, such as the response to the recent visit of Taiwan's Vice President William Lai to the US.

PRC military exercises near Taiwan will continue and may grow in size. Such exercises routinely include exclusion zones for commercial operations in specific areas in the seas off Taiwan, although the actual impact on merchant ships is unlikely to be significant.

Harassment at sea

The China Coast Guard and its supporting maritime militia engage in regular standoffs with other claimant state vessels in the South China Sea. Incidents have become more frequent since 2018.

With the new edition of China's standard map which advances territorial claims, disruptions of commercial activities such as fishing and offshore exploration are likely to further increase. Merchant vessels, however, are unlikely to be the targets of harassment.



Sanctions on Taiwan

China often uses sanctions on Taiwan in an attempt to change its behaviour, notably on travel by Taiwanese politicians after Speaker Pelosi's visit in 2022. These sanctions, however, have little impact and should be seen as a largely political gesture. In the wake of Nancy Pelosi's visit, China imposed sanctions against many Taiwanese foodstuffs such as pastries, but left Taiwan's biggest exports to China by value, electronics and parts, machinery, plastics, and chemicals untouched.

More meaningful economic sanctions are possible in the future, but they would impact the Chinese economy as well.

Disinformation and cyberattacks

China's armed forces are increasingly engaging in non-military warfare and disinformation campaigns against Taiwan. Taiwan has also experienced many cyberattacks against political, economic, and military entities, intending to deliver malware and steal sensitive information. Some attacks have revealed potential vulnerabilities of key infrastructure systems which may be exploited if tensions increase. In August this year, China ramped up activity further, against communications and maritime sectors in Guam, which is home to a key U.S. military base which would be central to US efforts in the event of an escalation.

Long-term outlook (2-3 years)

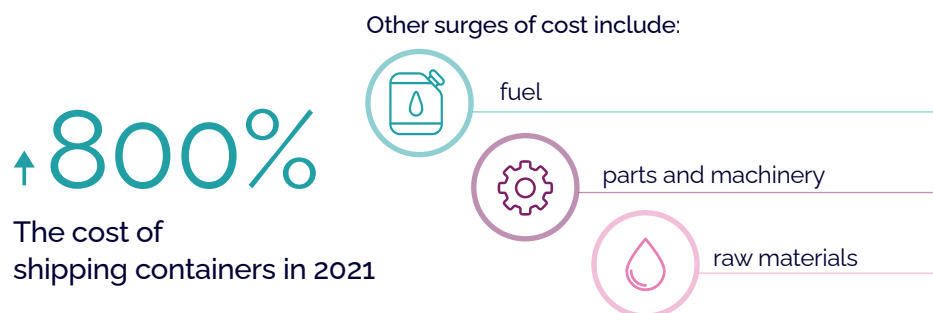
Taiwan's presidential election in January 2024 will be an important barometer of the future of rising tensions. Leading candidate William Lai, the current vice-president from Taiwan's Democratic Progressive Party (DPP), aims to bolster Taiwan's unofficial ties with the United States. Beijing regards him as pro-independence, despite him recently avoiding such statements.

China is widely thought to be preparing its military to be ready for an invasion by 2027. Scenarios vary and could include escalation from grey zone activities up to a maritime blockade and full invasion. In a blockade, merchant traffic would be severely restricted. In an invasion, further disruptions would be likely and the potential for collateral damage at sea and in ports would be significant. Depending on the international – and particularly the US – response to an invasion, the conflict could escalate to a regional war with wider implications for the whole Asia-Pacific.

Increased tensions over the past year, however, remain at the political level. Chinese preparations for a war would be visible, e.g., through increasing weapons and ammunition production and a military build-up. In the interim, China is able to use the policies described above to increase the costs to Taiwan of certain political decisions made and directions taken.

Economic Impact

Inflationary pressures have emerged as one of the formidable challenges for shipping businesses with 64% identifying this as a key risk which the sector faces. These challenges stem from various sources, including surges in fuel costs, parts and machinery, and specific production-related expenses such as raw materials. The cost of shipping containers alone skyrocketed by as much as 800% in 2021.



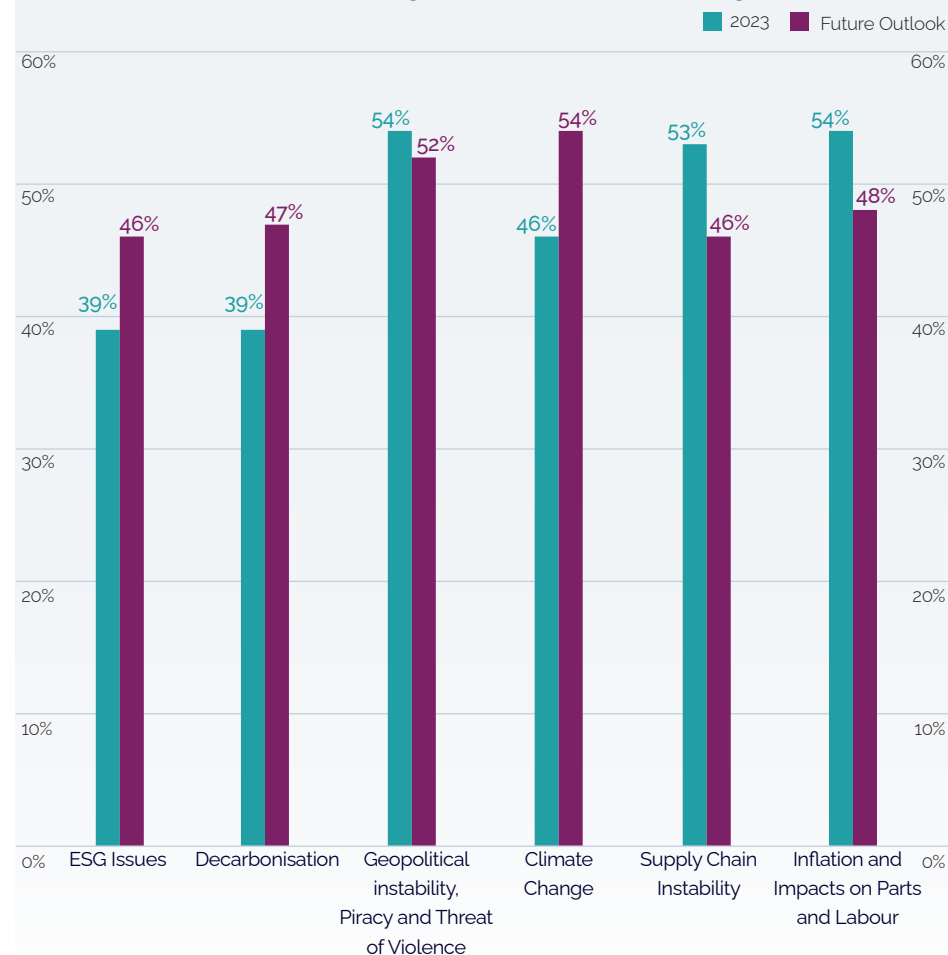
The issues which the marine sector faced during the pandemic are well-documented, from inaccessible ports to lack of crew availability and navigating a patchwork of regulations and restrictions. The fragility of supply chains was exposed, and the industry continues to grapple with how to reinforce them for the future.

The Decarbonising Challenge

The interlinked risks of supply chain instability, the cost of freight and the impact of inflation on parts of labour all weigh heavy on the minds of our industry, reflecting the risk landscape of clients. Yet, while these represent the challenges of today, the challenges of the future revolve around the near unquantifiable threats posed by climate change. Shipping businesses, as the lifeblood of global commerce, will be forced to address their carbon footprint in an effort to mitigate the extremes of weather which are becoming increasingly apparent.

While recession and inflation, along with the ever-present geopolitical tensions, are the key problems that the marine sector faces in 2023, the former are expected to fall down the agenda in the years to come. Concern and focus on climate change and efforts to decarbonise will become central. According to survey, by 2028 the twin pillars of geopolitics and climate change will define the risk landscape for the global marine industry. The latter and the marine industry's efforts to decarbonise represents one of

Current Marine Challenges vs Future Challenges



its greatest challenges. In the future ships will need to run on fuels which are not yet available in the quantities available to keep the industry sailing. Retrofitting vast fleets and ensuring they remain safe and seaworthy will be incredibly costly, yet the bill for failure to affect these changes could be even higher. However, progress is being made and, as the example of the efforts of the port of Singapore show, the insurance industry has a critical role to play.

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The need for a greener alternative is pressing, not only for the environmental impact but also for the sustainability of the maritime industry in the long term.

Emission Targets

Globally, the shipping industry accounts for similar levels of greenhouse gas emissions as the economy of Japan, at around 3% of the global total. In July this year, the International Maritime Organisation set new climate targets to reach net zero by or around 2050. It is a herculean task. But recent initiatives suggest there is scope for optimism.

Singapore, one of the world's busiest ports, has long grappled with the environmental consequences of shipping operations in and around its waters, with the carbon emissions from traditional marine fuels a particular, persistent concern.

The need for a greener alternative is pressing, not only for the environmental impact but also for the sustainability of the maritime industry in the long term. The challenge to find a solution that will offer environmental benefits, operational efficiency and is available at scale is one which the entire sector is grappling with. Yet there are signs of progress.

The Maritime & Port Authority of Singapore (MPA) now requires all harbour craft to be fully electric or be able to run on B100 biofuels or net zero fuels from 2030 to achieve these goals.

Insurance Backing Pioneering Technology

In line with these objectives, the MPA, in collaboration with local partners including Canopus, embarked on a pioneering venture to develop electric vessels for short-sea services. The use of batteries in these electric vessels marks a significant step toward reducing the carbon footprint of the maritime sector in Singapore, offering greener, more efficient options for short sea routes, aligning with global efforts to combat climate change.

Key to the solution was the use of batteries as the vessels' primary power source. Batteries were selected for their efficiency and environmental friendliness, aligning with Singapore's commitment to sustainability.

However, the adoption of battery technology in the maritime sector also introduces significant risks, particularly related to fire and thermal runaway. These risks needed to be addressed, and Canopus was part of a panel of insurers that developed risk management measures for the project:



Battery containment and cooling The batteries were designed and installed in a way that minimised risks, being enclosed within specialised holds or hatches with built-in cooling capabilities. This design not only ensured the batteries' optimal performance but also mitigated the risk of thermal runaway.



Firefighting apparatus Comprehensive firefighting systems were integrated into the vessels, with the capability to rapidly respond to any fire incident involving the batteries. In case of a fire, the systems would automatically initiate containment and suppression measures.



Third-party surveying A third-party surveying company was engaged to assess and enhance risk management further, helping to identify potential vulnerabilities and validate the effectiveness of the risk mitigation strategies.

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Canopus was part of a panel of insurers that developed risk management measures for the project.

The batteries are also positioned on either side of the vessel, and with the above redundancies and safety systems in place, this created sufficient physical isolation between each battery unit to minimise the risk of catastrophic failure.

The panel of insurers also played a pivotal role in providing coverage for these vessels during the build period, which included rigorous trials and testing. Moreover, there are plans to extend insurance coverage to the operational phase once the vessels have been delivered.

Long Term Sustainability

It could also have far-reaching implications for the maritime sector's long-term sustainability. It signifies a paradigm shift towards more eco-friendly shipping practices, with several potential long-term impacts:



Carbon footprint reduction The primary objective of this initiative was to reduce the carbon footprint of maritime operations, with potential savings of up to 190kg of CO₂ per hour being suggested. This project also sets a precedent for sustainable shipping practices – as more electric vessels are deployed and the technology matures, the reduction in carbon emissions is expected to be significant.



Safety and risk management This project also addresses safety concerns associated with battery-powered vessels. The safety protocols and firefighting and containment systems put in place to mitigate the risks of battery-related incidents can serve as a template for future electric vessel projects worldwide.



Future possibilities As battery technology continues to advance, electric vessels may find applications beyond short sea routes. While long-distance voyages may not be viable in the foreseeable future, a hybrid approach – combining alternative fuels with batteries – could open up new possibilities for reducing emissions in larger vessels and longer journeys.

This undertaking has so far seen the construction of the first of two types of electric vessels, named Hydroglyders and Hydromovers. The current plan is to roll out 12 vessels, each type, per year for the next five years, for a total of 60 of each type of vessel by 2028/2029.

The project showcases the commitment of the MPA to sustainability, it also sets a precedent for greener shipping practices. Initiatives of this type provide a template for the marine industry as it seeks to realise its goals.

Stronger Together



Nick Whitear

Underwriter – Marine War, Canopus

Russia's imposition of a blockade on Ukrainian ports threatened some of the world's poorest countries dependent on the supply of grain from Ukraine. A fragile lifeline was made possible by the co-operative action of the insurance and shipping industries.

A joint effort to free up much needed grain

Lasting almost a year, the initiative was signed on 1st August 2022, with the 29,300-dwt bulker RAZONI becoming the first ship to depart Ukraine with a grain cargo since hostilities led to the closure of Ukrainian ports.

More than 30 million tonnes of foodstuffs followed from the Ukrainian ports of Odessa, Yuzhny and Chornomorsk. Furthermore, the significant number of international merchant ships stranded by the conflict in those ports were able to depart carrying cargoes under that scheme and return to trading.

War cargo cover evolves

As the plans for the first grain initiative were being formulated, Lloyd's underwriters were already in discussion on how an affordable and effective war cargo cover could be put in place. That facility has since covered more than 150 shipments ex-Ukraine.

The Joint War Committee, draws underwriting representatives from both the Lloyd's and IUA company markets, representing the interests of those who write marine hull war business in the London market. At the outbreak it had moved swiftly to establish 'breach areas' whereby underwriters continue cover under the 'additional premium' system, for those that required it. Seven ships were damaged or destroyed and insurers were quick to respond on those claims.

The closure of Ukrainian ports, either by the port authorities or the invading Russian forces, stranded at least eighty merchant ships from around the world potentially presenting the marine insurance market with a constructive total loss. Constructive discussions by both owners and insurers often meant that settlements were reached without abandonment of the ships.



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The entire marine insurance market
can be proud of its role in
the formulation of the Grain Corridor.

The Kremlin's withdrawal from the multinational initiative in July 2023 plunged the marine sector back into uncertainty. It then repeatedly launched punitive air attacks on Ukraine's Black Sea and Danube River ports, destroying thousands of tonnes of valuable grain as well as essential infrastructure.

However, just as their land campaign has been severely set back, the Russian navy struggles to assert control of the Black Sea. Despite the blockade imposed by the Russian fleet, Ukrainian missile forces keep them at bay, limiting the restriction of the ports in the province of Odessa.

Brave journeys

A new IMO endorsed 'humanitarian corridor' revived the export route, through the waters of Romania, then Bulgaria and then on to Turkey and beyond. As we write this nearly 100 voyages have been made to carry this year's grain harvest out to market. The bravery of the mariners undertaking this journey should be remembered. Drifting mines, missile and drone attacks are a constant threat.

The insurance market has played its part by delivering affordable cover for the ships making this journey.

The marine insurance market can be proud of its role in supporting both these initiatives. The ingenuity and goodwill of our industry served the merchant shipping communities when it was needed most.

When these industries come together, they achieve positive change and provide solutions and so reinforce its position as a force for societal good.

Canopius is proud to present

 **ShipWRITE**
War Risk Insurance Transacted Electronically

The first comprehensive marine war dashboard,
with quote and bind functionalities, vessel tracking and
a centralised place for managing your quotes and policies.

ShipWRITE is an intuitive and easy to use portal,
all with the full support of our marine underwriting team.

		
Marine war cover in under 1 minute	Fair, accurate and constantly reviewed pricing	Vessel tracking with an alert system should you need additional cover

