

## Impact of COVID 19 on Marine Insurances

The shockwaves generated by Covid 19 continue to be felt throughout the world on many areas of business, and marine insurance not an exception. First disruptions on marine insurance sector created by the global pandemic have already manifested in cruise ships, many of which have endured shipwide infections of ship crew and the passengers.



Covid 19 is primarily expected to perturb contractual and legal liabilities between third parties, and the effects of the disease are projected to trigger liability claims than direct indemnification of property damages. Even though most likely type of insurance to be impacted for property damage are cargo insurances due to operational delays and perishable nature of certain types of goods, these are also wound to ultimately resort to potential recoveries from P&I policies of the ships.

Whilst crew, passenger and cargo liabilities are most likely areas to have substantial impact on marine liability insurances, certain costs due to sacrifices made by cargo and hull interests to ensure safety of maritime adventure may also give way to General Average claims. This would have potential impact hull & machinery insurances even in absence of physical loss.

Where goods shipped may encounter additional forwarding costs due to virus (e.g. closure of a port due to infection and ship having to discharge goods with additional costs at another facility), this would also potentially trigger claims under P&I policies as well, even though costs would be ultimately borne by cargo policies.

Concerning loss of hire policies, these insurances are traditionally eligible to pay out claims after physical loss or damage. On the other hand, where such policies may include cover to meet claims due to disruption of maritime trade arising from virus, payment of indemnity may be possible.



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Following his graduation from Istanbul Technical University with a degree in Mathematics Engineering, Umut started his marine risks insurance career in 2005 at Anadolu Insurance Company. He later joined Aon ve Omni as an insurance and reinsurance broker. In 2014 he took the position as Underwriter of Turkish P&I. Umut's responsibilities include establishment of Company's risk and business acceptance criteria, review and guidance of rating practices and application of these practices to both prospect business and portfolio, and ensuring smooth and continuous run of the Company's reinsurance treaty programmes. His articles on various insurance related topics continue to be published in maritime and insurance sector periodicals.



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