Alert: The impact of COVID-19 on marine insurance

The threat of COVID-19 has escalated and concerns that the virus will reach pandemic status continue to impact global business, bringing severe disruption to global trade.

As the reported cases of COVID-19 reach over 100,000 worldwide, the global marine industry is at risk of significant disruption.

How might marine insurance respond?

Cargo and stock throughput
We are already witnessing the impacts on global transport and supply chains. It is expected that a limited workforce being available at all key points of the supply chain will reduce capacity to distribute and handle goods. Consequently, we envisage cargo being held for a longer duration at ports and for storage locations to see a volume increase whilst stocks await their next destination.

Key areas of focus at this stage:

• Delay – although many will want to keep their cargo moving to prevent any hinderance on trading, we must be mindful that a delay during the ordinary course of transit or whilst the goods are in storage could soon be inevitable. Most cargo and stock throughput policies exclude loss or damage solely caused by delay.

• Additional costs/charges – experiencing hold-ups or re-routing goods to an alternative destination due to government prohibition will incur an additional cost. Although these costs are usually sub-limited, the additional forwarding costs clause; or similar, will provide extra financial support should you experience added expenses on top of the usual outgoings.

• Vulnerable goods – perishable items such as pharmaceutical products and food produce operate on a stringent and well-monitored time schedule. If your goods are prone to temperature sensitivity or have a short shelf life, it’s important to consider the impact COVID-19 may have on their sustainability.

Disclaimer: This document has been provided as an informational resource for Aon clients and business partners. It is intended to provide general guidance on potential exposures, and is not intended to provide medical advice or address medical concerns or specific risk circumstances. Due to the dynamic nature of infectious diseases, Aon cannot be held liable for the guidance provided. We strongly encourage visitors to seek additional safety, medical and epidemiologic information from credible sources such as the Centers for Disease Control and Prevention and World Health Organization. As regards insurance coverage questions, whether coverage applies or a policy will respond to any risk or circumstance is subject to the specific terms and conditions of the insurance policies and contracts at issue and underwriter determinations.

About Aon
Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

Aon UK Limited is authorised and regulated by the Financial Conduct Authority.

aon.com

© Aon plc 2020. All rights reserved.