

# Alert: The impact of COVID-19 on marine insurance

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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.

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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 hindrance 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.

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For further information about how COVID-19 could impact you, please contact:

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