Van Osselaer in Law360: Iran War Exposes Coverage Gaps For Shipping Companies

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The ongoing conflict in Iran and the related disruption in the Strait of Hormuz continue to create mounting costs for the global shipping industry, revealing gaps in existing coverage, a focus on economic losses rather than physical damage and concerns about how much premiums may rise. Haynes Boone Associate Andrew Van Osselaer spoke with *Law360* to discuss whether coverage is available for these losses.

Read an excerpt from the article below.

Van Osselaer told Law360 in a written statement that the portion of covered losses will rely on the insurance program in question, including self-insured retentions, war-risk sublimits and how the losses are characterized.

"However, that should not cause a policyholder to consider their losses unrecoverable," he said, "It is truly the nature of insuring these types of losses — the cost of both underwriting these programs and making claims is part of the cost of doing business."

In general, the shipping industry's losses could call upon any number of insurance lines, including traditional marine coverages, political violence and business interruption, Van Osselaer said, adding that "there is no one-stop shop to cover all risks."

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In general, the war in Iran also underscores the importance of proper documentation, Van Osselaer told Law360.

"From a practical standpoint, the companies that will actually recover are the ones that treated this as a claims event from day one, documenting each rerouting decision, segregating incremental costs, and preserving the threat intelligence that drove each operational call," he explained.

"A large loss spread across hundreds of voyages over months could be a forensic nightmare," Van Osselaer said, "Or, if documentation is well-kept, the insurers may be the ones who should fear challenging coverage."

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The uncertain road ahead raises several questions for Van Osselaer, who told Law360 that his concern is less whether these particular losses can find a home in current coverage offerings and more so about the impact on this insurance market going forward.

"[This market] has been fairly bullish, but at the same time extremely responsive to regional developments out of sheer necessity," he said. "Can we expect a pivot that addresses increased exposure in this region? Almost invariably in the form of increased premiums, narrower coverage

and potentially reduced capacity. And what will that mean for business expectations? A commensurate response in the form of increased costs and potentially decreased operations in the area."

Read the full article from *Law360* here.