

Bulletin

November 2008



Vessel Hijacking

Marine Ransom & Extortion Policy Launch

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The recent hijacking of Vela's Sirius Star has attracted much media and public interest, not least because it appears to be evidence of the increasing ambition of what are usually described as pirates. Both the sheer size of the vessel involved and its distance from the East African coast suggest an escalating trend. Somalia has received considerable attention for pirate attacks in its waters; according to the International Maritime Bureau (IMB), 2008 has seen 92 attacks on vessels in the Gulf of Aden and the East coast of Somalia – 36 of which have been successful hijackings. There are currently 14 vessels being held with 268 crew hostage. Between 10 November and 16 November alone, there were 11 attacks in this region with three vessels hijacked and another four fired upon.

Somalia, Nigeria, and Indonesia are currently ranked one to three in terms of acts of piracy in 2008. According to IMB figures, 199 incidents were reported in the first nine months of 2008 – 115 vessels were boarded, 31 vessels hijacked, and 23 vessels fired upon. Meanwhile, 581 crew members were taken hostage, nine were kidnapped, nine were killed and seven are missing – presumed dead.

A significant number of the world's ship owners have some degree of exposure to this problem. In the absence of a realistic solution other than paying a ransom, ship owners can face a substantial unbudgeted out of pocket expense. Any recovery of such sums under a ship owner's conventional insurance policies is at best at the discretion of the underwriters. While the willingness of the conventional marine insurance markets to do what they can to assist in these circumstances is never in doubt, Benfield Corporate Risk (BCR) has found that many of its customers are attracted by the certainty of an insurance product that has been specifically designed to create just that.

BCR is pleased to announce the availability of a bespoke and exclusive Marine Ransom & Extortion policy with highly competitive rates. Each risk is individually presented to underwriters for terms and all material factors are taken into account.

KEY FEATURES INCLUDE

- Kidnapping & Extortion, Lost Ransom and Expenses
- Complementary to existing P&I, H&M and War covers
- Unique Marine wording
- Proactive crisis management and response
- Combined limits available up to USD 10 million per event
- World-wide cover, no excluded areas
- AA rated security

Ship owners and operators requiring a quotation or more information should contact:

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