



الصندوق العربي لتأمين أخطار الحرب
Arab War Risks Insurance Syndicate

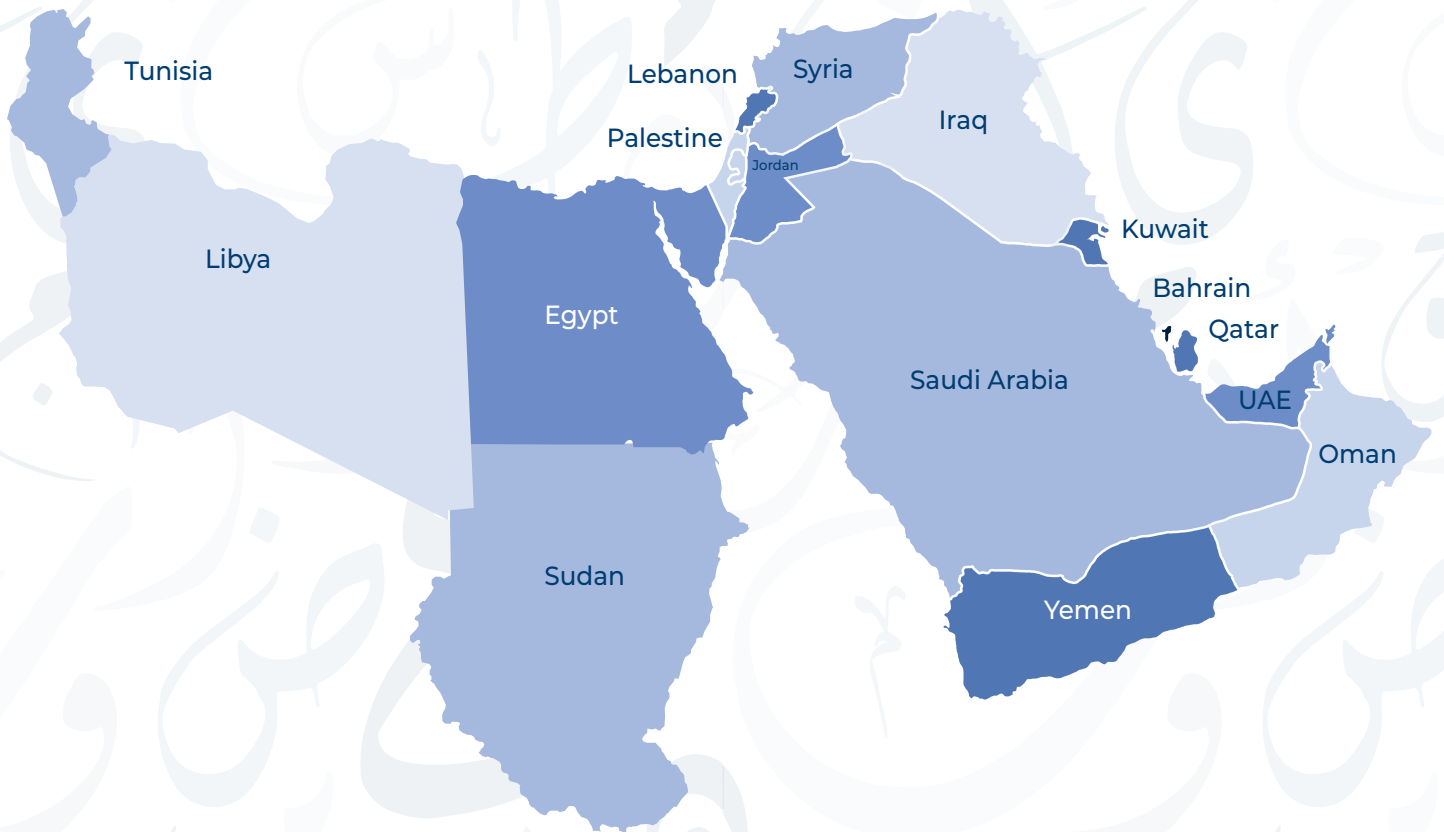
MARKET INSIGHTS

September



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**Geopolitical Risks
Affecting Marine
War Covers in the
MENA Region**



Member Countries we serve

To Our Valued Member Companies

I'm excited to introduce the launch of AWRIS latest initiative—**Market Insights**—a cornerstone of our strategic vision to deliver more than just reinsurance capacity. Our ambition is to serve as your trusted partner, empowering you with the knowledge needed to thrive in an increasingly complex and dynamic world.



In today's interconnected world, any regional political developments can swiftly and profoundly impact our industry. Geopolitical tensions, civil unrest, and policy shifts directly influence war insurance rates, business continuity, and market stability. As a reinsurance syndicate, our responsibility goes beyond risk transfer—we are committed to providing foresight and actionable intelligence.

This is going to be a **periodically Market Insights report** which we hope it will serve as a platform to share our expert analysis on emerging political risks. Our specialized team will deliver timely updates and forward-looking perspectives on key developments across our operating regions. By deepening your understanding of these risks, we aim towards more informed underwriting and strategic decision-making.

This initiative reflects our shared commitment to a proactive risk management approach and ensuring resilience in an uncertain world.

We are confident that these periodically insights will add value to our partnership, and we would welcome your feedback as we embark on this collaborative journey.

Looking forward to your thoughts and continued collaboration.

Sincerely,
Imad Abdel Khaleq

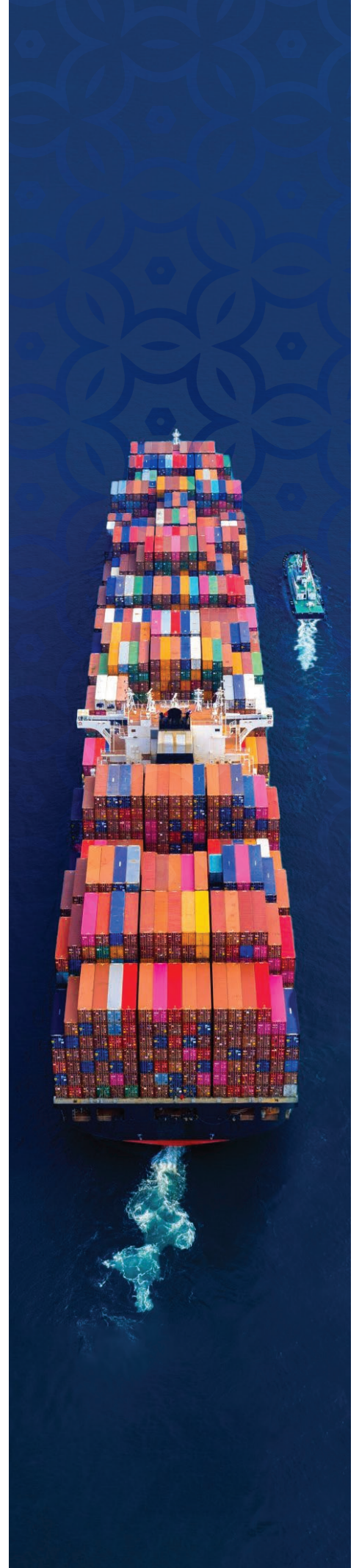
Geopolitical Risks Affecting Marine War Covers in the MENA Region

1. Continued Caution in the Red Sea and Gulf of Aden:

- The situation in the Southern Red Sea, Bab al-Mandab Strait, and the Gulf of Aden remains volatile, and the threat from armed groups targeting commercial shipping persists.

- The 14 July 2025 Houthi strike on bulk carrier EternityC is the most recent total loss example. The vessel had cancelled standalone war cover after six quiet passages, leaving USD 15 - 20 million in uninsured hull exposure.

- Market implications: The drone and missile strike attacks in the Red Sea are forcing underwriters to keep Additional War Risk Premiums (AWRP) elevated. Vessels transiting these waters continue to incur additional war risk premiums. Underwriters are advised to maintain strict due diligence, requiring full voyage details and implementing enhanced security measures as per best management practice (BMP5). Also, underwriters now treat Israel, US or UK affiliated vessels as higher tier within the Red Sea rate bands. Routing advice should be adhered to strictly.



2. Persistent Tensions in the wider Gulf Region:

- Following recent escalations, the Strait of Hormuz, Red Sea and surrounding waters in the Arabian Gulf remain areas of heightened concern. While attacks on commercial vessels have recently increased, the potential for miscalculation and further escalation remains.

- Market Implications: Cargo bound for or transiting through key ports in the Gulf may experience increased scrutiny and, in some cases, require specific declarations for war and strikes cover. Insurers should assess each risk on a case-by-case basis, particularly for high-value or sensitive cargo



3. Sanctions & Compliance:

- Members are reminded of the critical importance of adhering to all international sanction regimes. Transactions involving sanctioned entities or individuals, or cargo destined for sanctioned regions, may be prohibited or require specific licensing. Robust compliance checks are essential.



Guidance for Members:

While AWRIS remains committed to supporting its members in navigating these complex risks, We advise your underwriters to perform the following:

- Proactive Engagement: Discuss all high-risk transits with AWRIS well in advance.
- Sanctions Screening – Run counterparties through OFAC, EU and UK lists at binding and post loading.
- Detailed Information: Provide comprehensive information regarding routes, security measures, and nature of cargo and IMO details on Hull.
- Voyage Intelligence – Insist on real time AIS replay before binding and again at sailing .
- Regular Review: Continually monitor geopolitical developments and refer to the latest JCC Global Cargo Watchlist and other relevant advisories. Please refer to the below links: <https://watchlists.spglobal.com> or <https://watchlists.ihsmarkit.com/watchlists-viewer>

For specific underwriting queries or further clarifications, please contact the AWRIS underwriting team.



References

- Joint Cargo Committee. “Global Cargo Watch List – Version 26 ,248 June 2025.” <https://watchlists.spglobal.com>
- Lloyd’s List. “Red Sea traffic remains unchanged by resurgent Houthi attacks,” 15 July 2025. <https://lloydslist.maritimeintelligence.informa.com/LL146965>
- Lloyd’s List. Red Sea risk archive (multiple articles, April–July 2025). <https://lloydslist.maritimeintelligence.informa.com/topics/Red-Sea>
- Financial Times. “Cargo ship sunk by Houthi militants faces losses after sailing uninsured,” 18 July 2025. <https://www.ft.com/content/placeholder>

“AM Best has affirmed the Financial Strength Rating of **B++ (Good)** and the Long-Term Issuer Credit Rating of “bbb+” (Good) of Arab War Risks Insurance Syndicate (AWRIS) (Bahrain).





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