

Navy insurance

Law



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Navy insurance Insurance has been a critical component in all-trading activities from traditional times. In marine activities, insurance is very necessary and the ship owners take all precautions through insuring the ships as well as the cargo on transit. It is however worth noting that since the inception of the idea concerning covering through insurance the ships, there have been exceptions of the risks to be covered by insurance.

However, modern day events have increased pressure on marine operators to adopt comprehensive coverage against such risks as the risks posed by piracy among others. It is estimated that the piracy menace costs the international community an estimated annual average of US\$ (4. 9) on the lower side and US\$ (8. 3) billion on the higher side (Askins 2).

The recent rise in costs of operating marine trade and business through losses suffered through piracy has necessitated players in the industry of marine business to invest in the piracy insurance policies. According to UNCLOS (United Nations Convention on the law of the Sea), piracy is a multifaceted issue and takes cognition of all illegal act of detention violence as well as depredation that is directed towards ship or persons, or even cargo on board of the ship on the high seas.

With the rise in piracy risks in the high seas, the emerging trend has been the insurance brokers offering marine insurance against piracy at very high premiums as compared to other risk premiums in the 21st century marine business. In particular, the premiums on offer depend on the routes of voyage, as the insurers are aware of the most affected regions by piracy such as the east African shores especially within the shoreline of Somali. Besides, the international community has invested notably in deploying military personnel to aid in restoring normalcy in the areas facing such

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challenges of piracy activity though this has had little effect in influencing the premiums concerning insurance against piracy. Nevertheless, an emerging trend reveals efforts by insurance companies to fund operations by specialized naval ships, which are specially designed and made to have the necessary equipments as well as machinery that would be used to escort cargo ships across the piracy risk prone areas at relatively minimal costs. In particular, companies invest in naval assurance practices through the guidance of the international maritime organization. The IMO operates under a framework that is referred to as the SOLAS (Safety of Life at Sea Convention) which exempts the warships from the strict rules guiding the insurance practices in the marine activity. This system therefore guides the Lloyd register on safety assurance towards the naval ships. The Lloyd register specializes in offering cover towards persons and property and has the special provision towards the military ships. This in extension therefore has special attention towards the risks posed to naval ships by piracy activities within high seas. The IMO therefore provides a guideline on coverage concerning insurance provisions towards the navy ships by such a company as the Lloyd register (" All About Shipping" para 1-4).

In conclusion, the piracy menace has increasingly gained attention especially in maritime activity in the 21st century. Insurance companies have developed varying policy frameworks to cover ships against the risks posed by piracy in cargo services as well as concerning personal coverage.

However, as concerns the naval insurance, little efforts have been put. The IMO has been instrumental in guiding the future of the insurance companies and their operations regarding the navy ships. The Lloyd register is such an example of the companies whose operations take recognition of navy

coverage.

Works cited

Askins S. "Piracy - the insurance implications" 2011. 2. print. 19 October, 2013. < <http://www.igpandi.org/downloadables/piracy/news/Marsh%20Piracy%20implications.pdf>> "All About Shipping" "Naval ship classification - guidance issued by Lloyd's Register" 2013. Para 1-4. Web. 30 September, 2013.