



2009-2011 Piracy Update

September 2011

Table of Contents

Executive summary	4
Summary of the Somali piracy situation	7
Risk mitigation	7
Risk transfer	9
Aon's unique perspective	10
Insurance market	11
Traditional marine insurance	11
The Kidnap and Ransom market	12
K&R policies	13
Aon's perspective on limits	14
Aon's perspective on cost	14
East Africa	17
General statistics	17
Activity by zone	17
Success rates	18
Seasonal variation	20
West Africa	25
Summary	28
JWLA/018 issued by the Joint War Risk Committee at Lloyd's	29
Contact Information	32
2009-2011 Statistical analysis	33
About Aon	34

Executive summary

This report, collated by Aon's specialist Kidnap and Ransom Practice, uses piracy data from 2009 to 2011 to clarify the changing trends in regional and seasonal Somali piracy activity to allow ship owners to better manage their exposure to piracy. The report also looks at the emerging threat of piracy off the west coast of Africa.

The findings of this analysis show that for the east coast of Africa:

- Pirate activity is seasonal
- There is an increased determination on the part of the pirates, shown both by the number of attacks and the far reaching distance from Somalia where attacks frequently occur
- The number of attacks are increasing
- Significant periods of time are taken to free vessels
- The number of successful hijacks is decreasing

Anti piracy measures, be they active (eg armed guards and use of Naval resources) or passive (eg compliance with BMP4 or use of citadels), have been successful in protecting vessels. This is reflected in the declining number of successful attacks over the past year.

West Africa has seen an increase in crime, including the seizure of vessels, boarding of vessels, kidnap of crew as well as general attacks and continued robbery. This issue may have been inspired by activity on the east coast. However, the political situation and relative stability in countries on the west coast makes it difficult for pirates to find safe anchorages from which ransom demands and negotiations can be conducted.

The emergence of kidnap and ransom policies to assist with the costs of an incident has been significant. They have helped to provide assistance and indemnification for losses not covered by traditional marine insurance policies.

We have deliberately not analysed ransom demands or payments since this information is not, and should not be, in the public domain.



Image courtesy of NATO



Image courtesy of NATO

Summary of the Somali piracy situation

Attacks on vessels transiting the Arabian Sea, Indian Ocean and Gulf of Aden are well documented. There isn't a newspaper, magazine or internet site that hasn't covered the rise in frequency and severity of attacks on both commercial shipping and other vessels (eg yachts).

The insurance markets have reacted to the situation by defining high risk areas, as most recently covered by the JWLA/018 dated 1 August 2011 (attached as appendix 1).

The cost to the shipping industry has been enormous – whether involving risk mitigation (in whatever guise), the purchase of additional insurance cover and the cost of maintaining the range of policies required, or simply paying the cost as an uninsured event. The assessment of risk to other vessels has resulted in sporting events being cancelled and greater appreciation of a “no-go zone” without suitable anti piracy measures. Ship owners face the prospect that crew will simply not transit high risk areas until appropriate mitigation measures are in place or unless armed guards are placed on particularly vulnerable vessels.

Risk mitigation

Ship owners, managers and charterers have various means to limit the risk of a vessel being taken. The fourth version of Best Management Practices for protection against Somalia based piracy (BMP4) has recently been published and reiterates guidelines for vessels transiting high risk areas. Notwithstanding these guidelines, there still appears to be a large number of vessels paying scant regard to their implementation.

BMP4 continues to underline the importance of registration with UKMTO and MSCHOA – thus allowing coalition forces to at least be aware of what traffic is where. Increased use of tracking systems for vessels – eg NYA International's MarTrack, is also being used by owners and operators to manage vessel positioning in relation to known pirate activity.

Increasingly both unarmed and armed guards are being used to deter pirates from coming close to vessels. Unarmed guards have been successful in training crew and spotting potential or actual danger – armed guards have increasingly found the need to discharge their weapons to avert pirate skiffs.

Ship owners face the prospect that crew will simply not transit high risk areas

At the time of going to print, no vessels have been taken with armed guards on board

At the time of going to print, no vessels have been taken with armed guards on board and Aon has regularly stated its endorsement of armed guards as an alternative insurance policy. That said, with an increasing number of ship owners agreeing to the use of armed guards, quality control; proper training; the right experience and established protocols are critical in avoiding the potential of unregulated and indiscriminate use of weapons with potentially tragic consequences. There is also a very real risk that there simply won't be sufficient "quality" resources to satisfy demand.

It is nonetheless a fact that vessels identified as being low and slow, without sufficient ability to demonstrate risk mitigation or general awareness, will be greater targets than those bristling with guards and a sense of preparation for attack.

Insurers differ in their views on preventative measures and the K&R market in particular seems to be acutely more aware of differing risk profiles of vessels than the War market, which charges a fixed breach premium based on the value of a vessel. It is of particular note that the War market does not pay attention to a vessel's state of preparedness for transits through high risk areas and this may be one of the major reasons as to why the K&R market is picking up a proportionately lower number of losses than the War market.

The K&R market views the following as being a pre-requisite for cover:

- Maximum speed for weather conditions
- Registration with MSCHOA and UKMTO
- Compliance with BMP4
- A citadel capable of withstanding attack and capable of being occupied in comfort and safety (with communications and ability to control the vessel) for a period in excess of at least 48 hours
- Razor wire
- Crew training
- A cohesive awareness and piracy plan for all transits through high risk areas

For those vessels at higher risk of attack, armed guards or an escort vessel become a requirement. Armed guards and providers of escort vessels must be able to prove their ability and experience in defending vessels. It is expected that most, if not all, should have maritime experience, should have high velocity weapons and sufficient ammunition to repel multiple attacks and should carry requisite licences. It is also expected that they should buy adequate liability insurance. Aon advocates that providers of armed guards buy their own K&R policy to protect themselves against a situation where a vessel is taken by pirates with armed guards on board but separate and additional demands are made to the security company.

Aon advocates that buyers take care in the submission of information to brokers and insurers

Risk transfer

For those buying stand-alone Marine Kidnap and Ransom (K&R) insurance, insurers are increasingly putting conditions (and sometimes conditions precedent or warranties) on contracts of insurance. The existence of such conditions requires the assured to stand by the information provided to the industry with particular focus on minimum freeboard and speed as well as preventative measures. Failure to do so simply means coverage may be null and void. Aon encourages that buyers take care in the submission of information to brokers and insurers.

Buyers of Marine K&R cover should be given discounts by their War risk insurers (as long as the K&R policies have the right waivers of rights of subrogation) and charterers should ensure that they are paying the right price per transit. Charterers can also purchase their own annual cover rather than risk paying potentially inflated prices through owners' arrangements.

Loss of Hire as a result of the seizure of vessels is also available from the K&R market. Significant limits and extensive coverage are available on a bespoke basis providing peace of mind and cover not available from the traditional War market.

Losses resulting from piracy can be claimed from the War insurance market through the process of General Average (GA) and have also been claimed from the Hull market. Many more losses have been covered by War policies than K&R policies. This suggests that there are still many ship owners either refusing to pay additional insurance costs or not appreciating the advantages associated with K&R policies.

Benefits of insuring vessels in the K&R market are principally:

- Speed of resolution (ransoms reimbursed within 10 days)
- Guaranteed and unlimited access to preferred consultants (to advise on the process of negotiation)
- The avoidance of the need to go through lengthy and costly GA adjustment
- Protecting the loss record of War and/or Hull policies
- The reimbursement of all reasonable costs, including the costs of delivering ransom and loss of ransom while in transit

We recognize the need for detailed and accurate presentation of risk – the better the information, the more receptive the insurance market will be to the risk

Aon's unique perspective

The costs and inconvenience of the Somali piracy problem are at an all time high. Aon's unique expertise in this area, and our commitment to researching the factual perspective, enables us to create the best solution for our clients.

We are proactively working with our clients and the insurance market to highlight a number of trends and we constantly review our wordings to ensure that coverage is available in the broadest sense. We have recently incorporated a number of valuable enhancements for the benefit of our customers.

We are using statistical data to negotiate the best pricing according to season and risk profile, and work with the shipping community to ensure that the most advantageous terms are obtained from insurers.

We recognize the need for detailed and accurate presentation of risk – the better the information, the more receptive the insurance market will be to the risk.

Our Crisis Management team believes passionately in the importance of closely supporting our clients throughout the whole process, in terms of presenting risk, negotiating insurance coverage and price and assisting should you be involved in an incident.

Insurance market

Traditional marine insurance

Marine insurance has evolved greatly since it's beginnings in Lloyd's coffee house in London at the end of the 17th century. The 'SG' policy wording which extended coverage to the activity of "pirates, rovers, thieves..." was replaced with more user friendly wording in the early 1980's. Piracy is still, however, an insured peril whether included in the marine or more likely these days the war risks cover.

With the emergence of the modern piracy phenomenon, initially off Somalia and the Horn of Africa but increasingly across a wide area of the Indian Ocean, a consensus has finally been reached that ransom payments and ancillary costs are treatable as General Average (GA) and as such can be shared in proportion by the various interests on board at the time of the taking, according to the principles of GA.

GA does not depend upon any particular written instrument, such as an insurance policy, but on a general rule of maritime law which is triggered by the existence of a peril.

There are drawbacks in taking the GA route where piracy is concerned. The ship owner is obliged to fund all of the costs involved, including the eventual payment of the ransom and release of vessel, crew and cargo. Accordingly ship owners are advised to protect their rights to receive payment from the contributing interests in the form General Average security, which should be collected from all interested parties in the voyage.

Only once all documentation has been collated and passed to the appointed GA adjuster and a statement prepared and sent to interested parties can the ship owner begin to seek settlement of the contributions due. There are numerous examples of ship owners experiencing long delays in the recovery of GA contributions, with cargo interests in particular putting up strong resistance - in some cases alleging the vessel was not seaworthy.

Lawyers, insurers and the shipping community have thus reluctantly concluded that traditional marine policies are not always geared to coping with the Somali activity. Thus, a relatively new insurance policy (created in 2008) has emerged for those ship owners making voyages across high risk areas. The market has materialised amongst non-mariners whose main focus has always been land based kidnap for ransom and extortion. The policies are triggered by demands made by criminal gangs – often threatening to kill, injure or damage property, unless a financial demand is met.

The Kidnap and Ransom market

The Kidnap and Ransom (K&R) market provides policies that clients simply hope they never have to use. Kept confidential, with restricted knowledge of their existence, the K&R market has been relatively small and dominated by Hiscox (the well known Lloyd’s syndicate) which, with its exclusive association with Control Risks, has offered policies on a worldwide basis with few, if any, exceptions.

In 2008, when the Somali pirates started to become more active, the K&R market launched products and services to cater for the needs of the shipping community – convinced that the risks they were seeing were actually no more than water-borne acts of kidnap and extortion. A new product allowed for new participants and competition fuelled by a combination of supply and demand. Today, almost three years to the day that the marine coverage became a focus of the market, the annual premium being paid by buyers of marine piracy insurance is as big as the annual land based K&R premium which has been developed over more than 40 years. It is a staggering statistic, but acknowledges a combination of the scale of the problem, the exposure the shipping industry has, the cost of losses to both industries (shipping and insurance), and the fact that the insurance is only a small part of the overall cost.

Today, policies are available from a number of carriers. Below is a list of the main London based markets, together with their retained consultants.

Aspen	Henderson Risk
Catlin	NYA International / Security Exchange
Chartis	NYA International (effective 1.12.11)
CV Starr	NYA International
Griffin	BGN Risk
Hiscox	Control Risks
Travelers	ASI Global

Consultants act as advisors to the assured

K&R policies

Marine K&R policies reimburse ransoms and provide indemnification of other expenses potentially arising from the seizure of vessels or crew.

Key elements of cover

- Reimbursement of ransom
- Loss of ransom in transit
- Response consultants’ fees and expenses
- Additional costs
- Legal expenses
- Personal accident

Limits

Limits are typically expressed per insured event and do not normally have an aggregate limit.

Limits apply separately per section of cover and are bought on a fixed limit basis. The limit applicable to any one section is separate and in addition to any other. Consultants fees and expenses are payable on an unlimited basis.

Consultants

Consultants act as advisors to the assured. They will not act as negotiators but will train an appropriate “communicator” to deliver messages to the opposition. The consultants will stay with the assured 24/7 during an incident – from start to finish.

They will train the crisis management team, offer advice and work with the assured to resolve the incident, taking into consideration the welfare of the victims and their families, availability of funds to pay ransoms, speed of settlement etc. They act independently of insurers and will work for, and follow the instructions of, the assured during an incident. The assured is expected but not obliged to follow their advice and may, with the prior consent of insurers, appoint a preferred alternative.

*...we do believe that
a minimum level of
USD5 million should
be recognised*

Some key issues

- Covered persons includes anyone on the vessel with the Master's permission
- Covered vessels are typically declared at inception of the policy
- Coverage is triggered by demands made against an owner, manager, charterer or any other party with an insurable interest
- Ransom is reimbursed not funded
- Additional expenses are covered, most notably:
 - Lawyers' fees
 - 150% of crew's salary
 - Interest on loans
 - Cost of fuel oil (sublimited)
 - Costs paid to port authorities / agents (sublimited)
 - Costs of delivering ransom

Exclusions and conditions

Any claim that breaches trade, economic sanctions of various countries/states.

Robbery or theft of property and damage to vessels or cargo is excluded under K&R policies.

Restricting knowledge of the existence of the policy (confidentiality).

Extensions of cover

Loss of Hire is available by extension and based on an agreed daily rate of indemnity for a fixed period.

Aon's perspective on limits

Aon has been able to obtain limits up to USD50 million for K&R and Loss of Hire arising from the seizure of a vessel. Whilst we do not necessarily advocate the purchase of such limits, given an increase in demands and payments, we do urge buyers of K&R cover to take out adequate cover and we do believe that a minimum level of USD5 million should be recognised. Demands made for the release of "trophy" vessels may be considerably higher than USD5 million.

Aon's perspective on cost

Aon has long advocated the purchase of annual policies rather than those on a per transit basis. Policies are tailored so that individual transits can be invoiced separately on a voyage basis if required for the purposes of billing third parties (eg charterers).

The cost of annual policies is lower and coverage is typically offered on a 24/7 worldwide basis to ensure coverage both inside and outside areas perceived to be high risk.

Aon is currently seeing varying rates from different markets but for vessels with good protection (including armed guards), freeboard in excess of 6 metres and speed in excess of 14/15 knots, a client buying USD5 million of cover might expect to pay between USD5,000-7,500 per transit across high risk areas.



Image courtesy of NATO



Section A – East Africa

We have established four zones in order to easily identify the areas of risk. These are:

- Zone 1: N of 10°N – E of 55°E (Arabian Sea and Persian Gulf)
- Zone 2: N of 10°N – W of 55°E (Gulf of Aden and Red Sea)
- Zone 3: S of 10°N – W of 55°E (Somali Basin and southerly parts including the Mozambique Channel)
- Zone 4: S of 10°N – E of 55°E (Indian Ocean)

General statistics

Our analysis looks at 509 attacks by “pirates” – being successful and/or unsuccessful attempts to pirate vessels in the Red Sea, Gulf of Aden, Somali Basin, Arabian Sea and Indian Ocean.

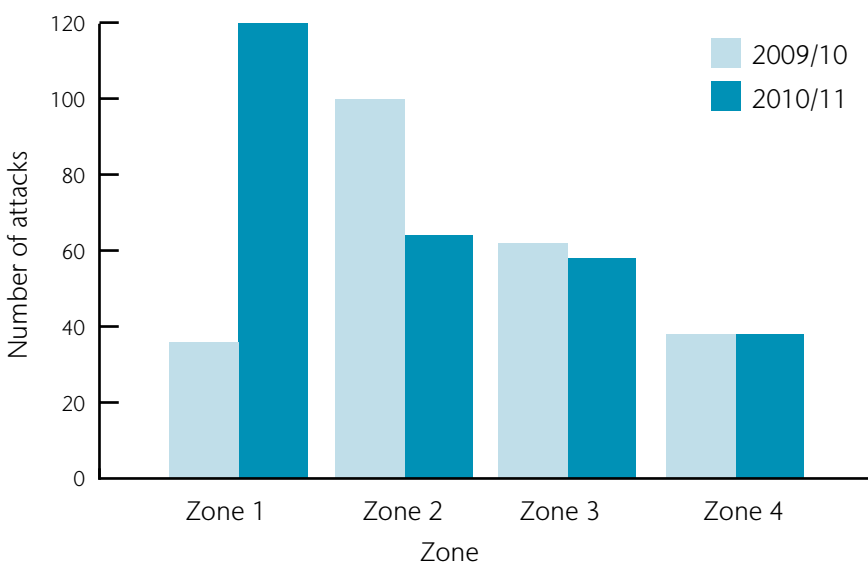
- There has been an increase in attacks year on year from 2009/10 to 2010/11. There were 231 attacks in 2009/10 compared to 278 attacks 2010/11 – representing a 17% increase.
- Of these attacks, there was a 19% success rate of attack to pirating in 2009/10 but in 2010/11 this figure dropped to 16% reflecting the success of and general increase in anti-piracy measures.

Activity by zone

The majority of pirate attacks have moved from Zone 2 (Gulf of Aden and Red Sea) to Zone 1 (Arabian Sea). In 2010/11 in Zone 1, there has been a 267% increase on the 2009/10 figures.

Zones 2 (Gulf of Aden and Red Sea) and Zone 3 (Somali Basin and southerly parts including the Mozambique Channel) experienced the same volume of activity in 2010/11 as in 2009/10.

Zone 4 (Indian Ocean) experienced the same volume of activity.



Attack By Zone

The conclusion we draw from this is that there are vessels which have not realised the extent of pirate activity outside of the Gulf of Aden, letting their guard down as they fan out from or into the eastern end of the Internationally Recommended Transit Corridor (IRTC).

Some vessels heading east through the IRTC may have dropped armed guards at either end of the IRTC thus making themselves more vulnerable.

Nonetheless the figures demonstrate the success of the IRTC and yet the difficulty of providing Naval support throughout this vast expanse of sea – this being most evident in Zone 4 which is the furthest from the Somali coastline.

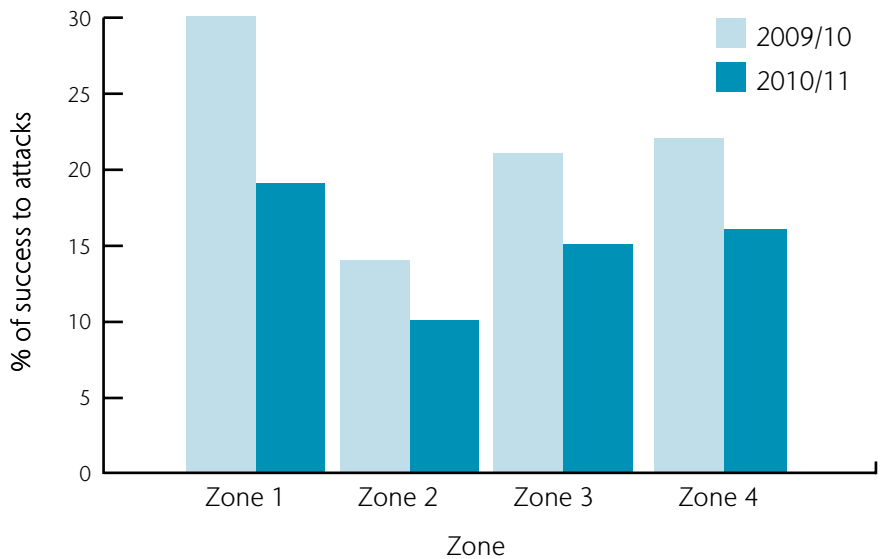
Pirates have increasingly used mother vessels to get further from the Somali coastline.

Success rates

The graph below shows the following highlights:

- Zone 1 (Arabian Sea and Persian Gulf) has produced a success rate of 30% in 2009/10 and 19% in 2010/11.
- Zone 2 (Gulf of Aden and Red Sea) has produced a success rate of 14% in 2009/10 and 10% in 2010/11
- Zone 3 (Somali Basin and southerly parts including the Mozambique Channel) has produced a success rate of 21% in 2009/10 and 15% in 2010/11
- Zone 4 (Indian Ocean) is the second most successful with rates of 22% in 2009/2010 and 16% in 2010/2011

Anti-piracy measures, be they active (eg armed guards and use of Naval resources) or passive (eg compliance with BMP4 or use of citadels), have been successful in protecting vessels. Aon advocates continued focus on risk mitigation and preventative measures to protect vessels and crew even in areas where attacks might be least expected (eg Zone 4).



Attack By Zone



Seasonal variation

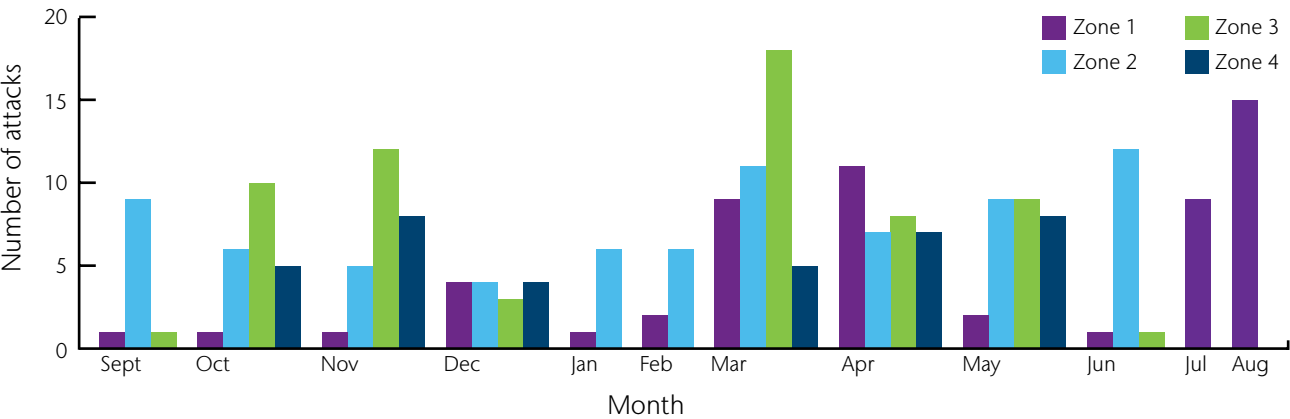
It is well recognized that weather greatly affects pirate activity.

During the period 2009/10 we can see spikes of activity in certain areas and more consistent activity in other zones.

- Zone 1 was relatively quiet until March and April when weather conditions supported more daring enterprise then quiet again until July and August
- Zone 2 was consistently active throughout the year and notably so during the southwesterly monsoon period
- Zones 3 and 4 appear to have two periods of activity, each lasting 3 months when pirate attack groups focus their efforts in this region – probably due to weather conditions and the ability to operate more easily during these periods in these zones

During 2009/10 the Gulf of Aden was very active and pirates were only just learning how to get further from their own coastline which they were only prepared to do when they knew the weather conditions could safely support such activity.

Attack By Month by Zone 2009/2010



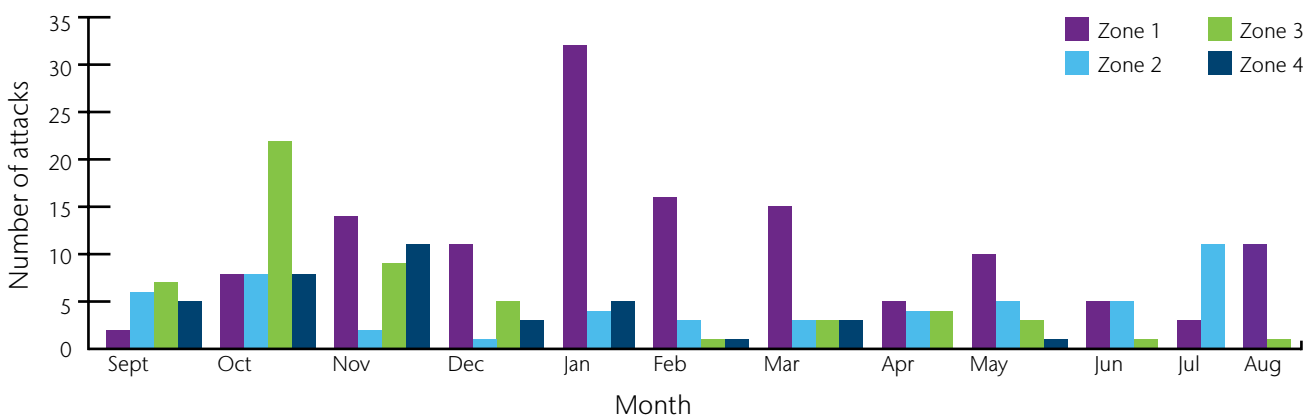
During the period 2010/11 it is of note that the graph below shows more than 30 attacks in one month in one zone, compared to a monthly high of 18 during the previous year.

- Zone 1 saw record breaking figure in January, but attacks were consistently higher throughout the year compared with 2009/2010. This includes a concentration of attacks in the area east of 15 degrees east, north of 10 degrees south, south of 20 degrees north and west of 65 degrees east
- Zone 2 has become much quieter but activity increases in July when attacks were seen in the southern Red Sea and Bab el Mandeb straits
- Zone 3 peaks in activity in October before reducing. There are however sporadic attacks taking place over similar three monthly periods as the previous year
- Zone 4 peaks in activity in November with activity tailing off after March

It is clearly evident that whilst the IRTC is a convenient hunting ground, in 2010/11 it has become easier to attack vessels in Zone 1. From a more detailed analysis we can see that the majority of attacks occur west of 68 degrees east with only two attacks registered south of 00 degrees and east of 65 degrees east. It is also evident that there are no attacks south of 4 degrees south and east of 55 degrees east.

There were 14 attacks in the Red Sea including 5 outside the area as decreed by the JWLA/018 during June, July and August of 2011.

Attack By Month by Zone 2010/2011



Attack times

The data proves that no day of the week is any safer (or more dangerous) than another.

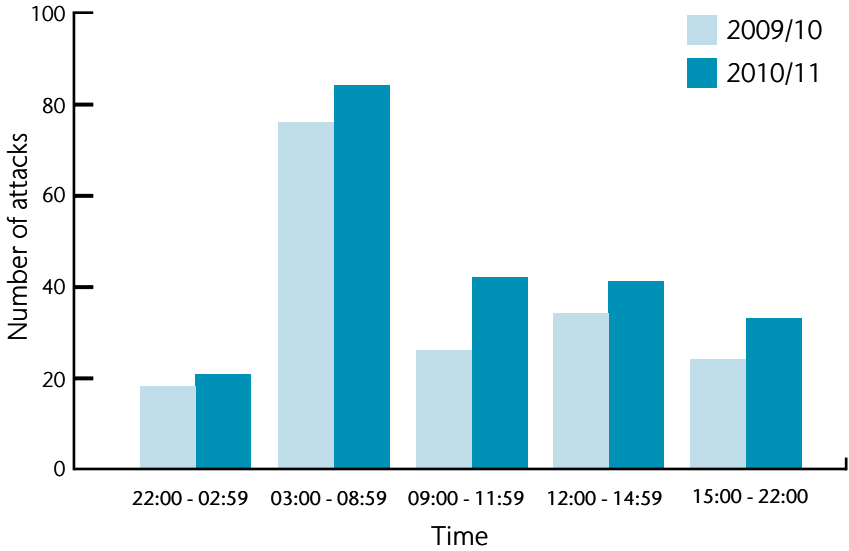
The most popular time to attack is between 03:00 and 08:59. In 2009/10, 39% of attacks took place during this period and in 2010/11 37% occurred during this period.

The period between 22:00 and 02:59 is consistently less active than any other.

Vessels are attacked regularly during daylight hours and despite a view that dusk may be as dangerous as dawn, the figures do not prove this to be the case.

Vessels need to keep up their guard during periods of darkness but the period around dawn is statistically the most dangerous period for any vessel in high risk areas. The statistics also demonstrate that there is a greater success rate associated with attacks during 22:00 and 02:59 than at any other time (albeit overall a smaller number of attacks take place).

Attack By Time

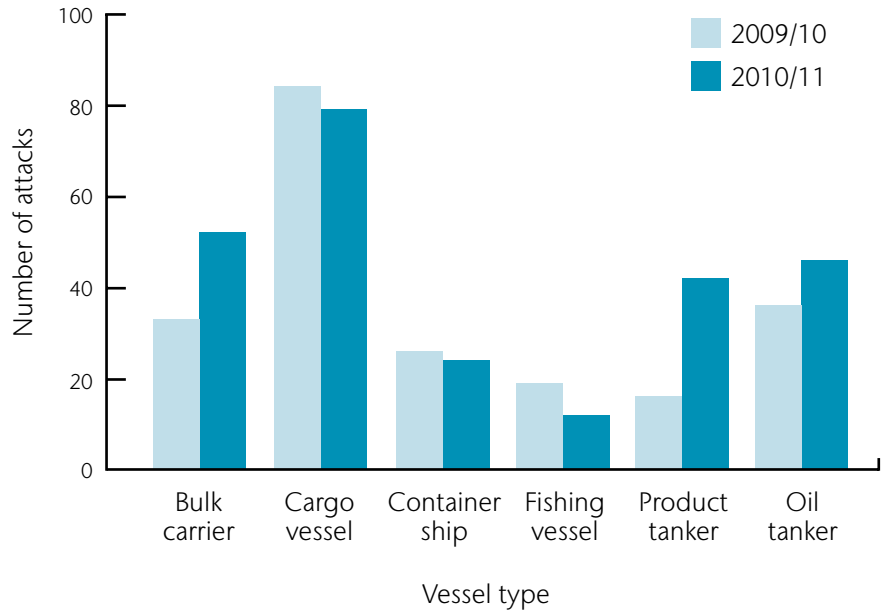


Most attacked vessels by type

The categories of vessel listed below were the most targeted over the two year period and represent almost 80% of the attacks.

For the purposes of the graph we have included chemical tankers in the product tanker category.

Six most attacked vessels



Average duration of incidents

As at 7 September, the average duration of incidents was as follows:

- 2009/10 – 189 days
- 2010/11 – 156 days

This represents a 17% decrease in the duration of incidents of Somali piracy year on year.

It is difficult to draw any conclusions from this since there are so many factors involved in the resolution of incidents.



Image courtesy of NATO

Section B – West Africa

In this section we consider the situation on the west coast of Africa – in particular the Gulf of Guinea.

The data is not as plentiful for this region, which is developing as an area of high risk. Nonetheless we have drawn conclusions from 89 recorded attacks on vessels off west Africa.

The reality is that the coast of Nigeria has been unsettled for some time. Fishermen have historically used dynamite to stun fish around the natural reefs that have grown up around offshore oil installations. MEND (Movement for the Emancipation of the Niger Delta) has consistently kidnapped crew members from vessels approaching the Delta region or the port area in and around Port Harcourt. Robbery from vessels, either at anchor or in port, is widespread.

Recently however the areas around the coastline of Benin, Guinea, Cameroon and Congo have seen an increase in crime including the seizure of vessels, the boarding of vessels, the kidnap of crew as well as general attacks and the usual robbery. We are inclined to believe that the west African problem is inspired by the activity on the east coast. The political climate and relative stability in countries on the west coast does however make it difficult for pirates to find safe anchorages from which ransom demands and negotiations can be conducted.

The attacks can be categorized by those that take place at anchorage or port and those that occur offshore. The data shows a general increase from 2009/10 to 2010/11.

By location	2009/10	2010/11
Anchorage	18	23
Offshore	22 at an average of approximately 29 miles offshore	26 at an average of approximately 25 miles offshore

By category of incident, it is notable to see the emergence of a new threat in 2010/11 – being piracy predominantly off the coast of Benin. Levels of other crime remain relatively consistent.

Category of incident	2009/10	2010/11
Robbery	29	30
Attempted boarding (with a view to pirating a vessel)	8	6
Piracy	-	9
Kidnap	3	4

Of the vessels pirated, four were taken whilst at anchorage and five were taken offshore. Vessels offshore were on average twenty one miles from shore.

There are some interesting points to note from the above statistics:

- Of the nine seizures, three of them started and finished on the same day.
- The average duration of the nine seizures was four days
- Seven of the nine seizures were off Benin with one off Nigeria and one off Guinea
- Eight of the nine seizures have taken place in the last four months
- All the vessels concerned were product tankers

We conclude that there is an issue off the coast of Benin and a trend towards an increased number of seizures of vessels. Notwithstanding, there is evidence to suggest that once the west coast pirates have seized the vessels, they don't know what to do with them. We believe that whilst the threat of piracy exists off the west coast, it is as likely that criminals will travel from the west coast to the east coast to join the Somali based activity and that other forms of crime will continue to plague the area.



Summary

East Africa

The main points from the analysis of data comparing 2009/10 activity to 2010/11 are as follows for the east coast of Africa

- A 17% increase in the number of attacks
- A lower rate of attacks leading to actual piracy
- A 267% increase in attacks in Zone 1 (Arabian Sea) with a reduced rate of success (30% in 2009/10 reducing to 19% in 2010/11)
- Reduced activity in the Gulf of Aden recognizing the success of the IRTC
- Pirate attacks significantly further from the Somali coast as weather conditions allow but recognizing seasonal variations in activity in more sheltered areas
- The period from 03:00-08:59 being statistically the most dangerous time for vulnerable vessels
- A reduction in the average length of incidents of Somali piracy

West Africa

The main points from the analysis of data comparing 2009/10 activity to 2010/11 are as follows for the west coast of Africa

- 9 seizures (acts of piracy) are recorded in 2010/11 from a total of 89 attacks over a two year period
- The seizures have all taken place in the last 4 months
- The average duration of the incidents is 4 days
- The problems off the west coast are still mainly robbery with a small number of kidnaps but things may be changing

JWLA/018 issued by the Joint War Risk Committee at Lloyd's

Joint War Committee
Suite 358, Lloyd's, One Lime Street
London EC3M 7DQ
Tel+44 (0)20 7327 3333 Fax +44 (0)20 7327 4443

Enquiries To: Neil Roberts
Direct Dial: +44 (0)20 7327 8375
neil.roberts@lmalloyds.com

JWLA/018
1 August 2011

Hull War, Strikes, Terrorism and Related Perils
Listed Areas

The Joint War Committee has recently reviewed the Listed Areas, last altered 3rd March 2011, and has agreed the following changes which are incorporated in the new list as attached.

Amended: Nigeria

Added: Benin

Added: Gulf of Guinea, but only the waters of the Beninese and Nigerian Exclusive Economic Zones north of Latitude 3° N.


This list will be published on the LMA and IUA websites and will be accessible to all on www.lmalloyds.com and www.iua.co.uk.

The application of this list on individual contracts will be a matter for specific negotiation.

Neil Roberts
Secretary

Information relating to the work of the Joint War Committee(JWC), including an outline of key issues under discussion, circulars and Listed Areas, can be accessed from the JWC page of the LMA website via the following link: www.lmalloyds.com/lma/jointwar


LLOYD'S MARKET ASSOCIATION
A Joint Committee of the LMA and IUA


IUA
OF LONDON

**JWC Hull War, Strikes, Terrorism and Related Perils
Listed Areas (1 August 2011)**

Africa

Benin
Djibouti excluding transit
Eritrea, but only South of 15° N
Gulf of Guinea, but only the waters of the Beninese and Nigerian Exclusive Economic Zones north of Latitude 3° N
Ivory Coast
Libya
Nigeria
Somalia

Indian Ocean / Arabian Sea / Gulf of Aden / Gulf of Oman / Southern Red Sea

Waters as defined overleaf

Asia

Pakistan

Eastern Europe

Georgia

Indonesia / Malaysia

The port of Balikpapan (SE Borneo) including waters out to 25 nautical miles
Borneo, but only the north east coast between the ports of Kudat and Tarakan inclusive
The port of Jakarta
Sumatera (Sumatra), but only the north eastern coast between 5° 40' N and 0° 48' N, excluding transit

Middle East

Bahrain excluding transit
Iran
Iraq, including all Iraqi offshore oil terminals
Israel
Lebanon
Qatar excluding transit
Saudi Arabia excluding transit
Yemen

Philippines, but only

Mindanao, between the ports of Polloc Harbour and General Santos inclusive
Sulu Archipelago including Jolo, as defined overleaf

South America

Venezuela, including all offshore installations in the Venezuelan EEZ

Definitions:

Named Countries shall include their coastal waters up to 12 nautical miles offshore, unless specifically varied above.

Named Ports shall include all facilities/terminals within areas controlled by the relevant port authority/ies (or as may be more precisely defined by Insurers) including offshore terminals/facilities, and all waters within 12 nautical miles of such but not exceeding 12 nautical miles offshore unless specifically stated.

Sulu Archipelago

The area enclosed between:

- on the western side, a straight line between Tanjung Bidadari (5°49'6N, 118°21'0E) to position 3°32'0N, 118°57'0E
- on the south eastern side, a straight line from there to position 5°50'0N, 122°31'0E, and thence northwards to position 7°06'6N, 122°31'0E
- on the northern side, a straight line from there to Batorampon Point Light (7°06'6N, 121°53'8E)
- and on the north western side, a straight line from there back to Tanjung Bidadari.

Indian Ocean / Arabian Sea / Gulf of Aden / Gulf of Oman / Southern Red Sea

The waters enclosed by the following boundaries:

- On the north-west, by the Red Sea, south of Latitude 15° N
- on the west of the Gulf of Oman by Longitude 58° E
- on the east, Longitude 78° E
- and on the south, Latitude 12° S

excepting coastal waters of adjoining territories up to 12 nautical miles offshore unless otherwise provided.

Contact Information

Clive Stoddart

Global Head of Kidnap and Ransom
Crisis Management London
t +44 207 086 0315
e clive.stoddart@aon.com

Joanna Robinson

t +44 (0)20 7086 2816
e joanna.robinson@aon.co.uk

Elsbeth Fimpel

t +44 (0)20 7086 4469
e elspeth.fimpel@aon.co.uk

Ashley Leszczuk

t +44 (0)20 7086 1933
e ashley.leszczuk@aon.co.uk

Michael Greaves

t +44 (0)20 7086 0369
e michael.greaves@aon.co.uk

Melanie Simpson-Mills

t +44 (0)20 7086 4472
e melanie.simpson-mills@aon.co.uk

Regional Contacts

Asia Pacific

Julian Taylor

t +852 2862 4151
e julian.taylor@aon.com

Americas

Bernie Steves

t +1 312 381 4945
e bernie.steves@aon.com

Canada

James Gregory

t +1 416 868 5792
e james.gregory@aon.ca

EMEA

Adam McKay

t +34 91 340 5644
e amckay@aon.ees

UK & Ireland

John Harris

t +44 (0)20 7086 8542
e john.harris@aon.co.uk

Useful Links

Crisis Management: www.aon.com/crisis-management

EUNavfor: www.eunavfor.eu

BMP4: http://www.shipping.nato.int/SiteCollectionDocuments/BMP4_web.pdf

2009-2011 Statistical analysis

This report analyses the Somali pirate situation on the east coast of Africa in Section A and briefly studies the growing issues along the west African coastline in Section B.

This report has been produced using publicly available information. We believe it to be factually correct.

Please note that for the purpose of this report the year begins 1 September for both 2009 and 2010 respectively.

The data fields that have been used in order to draw conclusions shown are as follows:

1. Day of the Week
2. Date
3. Month
4. Name of ship
5. Time (local time where the attack took place)
6. Co-ordinates of attack
7. Location (general and specific)
8. Country
9. Release dates
10. Attack description

The report does not contemplate ransom payments since there is no publicly available information nor factually correct data available – nor does Aon want to speculate around levels of payment.

About Aon

Aon Corporation (NYSE:AON) is the leading global provider of risk management services, insurance and reinsurance brokerage, and human resources solutions and outsourcing. Through its more than 59,000 colleagues worldwide, Aon unites to deliver distinctive client value via innovative and effective risk management and workforce productivity solutions. Aon's industry-leading global resources and technical expertise are delivered locally in over 120 countries. Named the world's best broker by Euromoney magazine's 2008, 2009 and 2010 Insurance Survey, Aon also ranked highest on Business Insurance's listing of the world's insurance brokers based on commercial retail, wholesale, reinsurance and personal lines brokerage revenues in 2008 and 2009. A.M. Best deemed Aon the number one insurance broker based on revenues in 2007, 2008 and 2009, and Aon was voted best insurance intermediary 2007-2010, best reinsurance intermediary 2006-2010, best captives manager 2009-2010, and best employee benefits consulting firm 2007-2009 by the readers of Business Insurance. Visit <http://www.aon.com> for more information on Aon and <http://www.aon.com/manchesterunited> to learn about Aon's global partnership and shirt sponsorship with Manchester United.

Copyright 2011 Aon Inc.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any way or by any means, including photocopying or recording, without the written permission of the copyright holder, application for which should be addressed to the copyright holder.

Aon Limited
8 Devonshire Square
London
EC2M 4PL

t +44 (0)20 7086 5500
f +44 (0)20 7621 1511
aon.co.uk

Published by Aon Limited
Registered office 8 Devonshire Square, London EC2M 4PL

© Copyright Aon Limited 2011. All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any way or by any means, including photocopying or recording, without the written permission of the copyright holder, application for which should be addressed to the copyright holder.

Aon Limited is authorised and regulated by the Financial Services Authority in respect of insurance mediation activities only.

RH 7367 - 09.11 ADWORKS DESIGN FP Ref: 6790

Front cover and various content images courtesy of NATO.



This document has been produced
using a minimum of 50% recycled
material from a sustainable forest.

