

The continued threat of piracy in Southeast Asian waters

31 January 2023

< Previous

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A report by ICC IMB has outlined the persistent high risk of piracy in international waters. Although there is a reported decrease in occurrences in many areas of the world, piracy remains an issue that marine underwriters will want to consider carefully.

Piracy is defined by the United Nations Convention On The Law of The Sea of 10 December 1982, in Article 101 as:

- a)** any illegal acts of violence or detention, or any act of depredation, committed for private ends by the crew or the passengers of a private ship or a private aircraft, and directed:
- (i) on the high seas, against another ship or aircraft, or against persons or property on board of such ship or aircraft;
 - (ii) against a ship, aircraft, persons or property in a place outside the jurisdiction of any state;
- b)** any act of voluntary participation in the operation of a ship or of an aircraft with knowledge of facts making it a pirate ship or aircraft;
- c)** any act of inciting or of intentionally facilitating an act described in subparagraph (a) or (b)'.

The ICC IMB reported that in 2022 there were 115 incidents of piracy and armed robbery against ships globally. With 132 reported incidents in 2021, this comes as a decrease in piracy incidents and the lowest recorded in almost three decades. Notable decreases in incidents were observed in Central and South American waters and the Gulf of Guinea.

Nevertheless, the report highlights that the reduction in piracy incidents generally does not apply to all international waters.

Specifically, the ICC IMB report emphasises a rise in incidents of piracy in the Southeast Asian waters, particularly surrounding Singapore, with IMB Director Michael Howlett stating:

'These incidents continue to be a cause of concern as they not only have an impact on crew safety but also potential navigational and environmental consequences'.

The IMB Piracy Reporting Centre believes there is a degree of underreporting of incidents in Southeast Asia, so the threat may in fact be greater than initially reported.

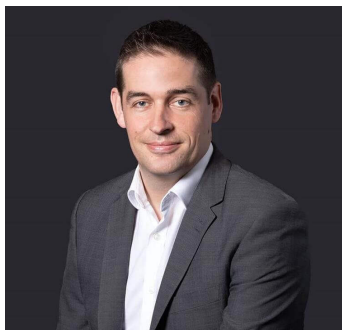
Considerations for underwriters

This suggests that the increased number of piracy attacks in certain areas of the world will impact insurers, and more specifically insurer pay-outs. Therefore, insurers should carefully consider their policy terms, particularly in insurance contracts covering shipowners in increasingly risky areas of the world.

Contents

<u>The Word, January 2023</u>	→
<u>(Another) case on the importance of clear drafting</u>	→
<u>California bomb cyclone set to ‘to exceed \$1bn’ in storm damage costs</u>	→
<u>Systemic Event Risks: the need for a customer-centric approach to policy drafting</u>	→
<u>The rising number of cyber-attacks</u>	→
<u>Out of this world insurance – proposed changes to orbital liability and insurance</u>	→
<u>The continued threat of piracy in Southeast Asian waters</u>	→

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