

High risk insurance cover for ‘time bomb’ tanker placed in London.



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in London

The London insurance market has combined to provide a comprehensive insurance package for a United Nations-led project to avert an environmental disaster off Yemen. Fidelis MGU named as lead underwriter for comprehensive insurance package.

Broker Howden Group Holdings — appointed by the UN Development Programme (UNDP) — has arranged the policy covering the ship-to-ship transfer of 1.14m barrels of light crude from the decaying wreck of the FSO Safer to the 307,300-dwt VLCC Nautica (built 2008).

The 406,600-dwt FSO Safer (built 1976) — one of the largest vessels ever built — has not been maintained since the start of the country’s civil war in 2015.

It has been described as a “ticking time bomb” that could explode causing an environmental disaster and disrupting one of the world’s most important shipping lanes.

The policy involves the Lloyd’s of London, non-Lloyd’s London insurers and the protection and indemnity market.

The risks for the insurers are enormous as the structural integrity of the wreck was significantly compromised and, without a system to pump inert gas into its tanks, it could “explode at any time”, according to Howden.

The Safer also sits in waters designated as high risk by the Joint War Risks Committee.

“A catastrophic spill will not only pollute the environment, but also destroy livelihoods in coastal communities and endanger food and medical supplies in a war-torn region already suffering chronic shortages,” Howden said.

The value of the policy has not been declared.

More than 100 individual underwriters were involved in the risk assessment.

In total, 13 different underwriting entities are “on risk” in the insurance cover, with Fidelis MGU among the lead underwriters.

Lloyd’s of London chief executive John Neal said the London insurance market is ready to respond to disasters.

“Following the success of the Black Sea grain corridor, this pioneering coverage again shows insurance plays a leading role in helping society not just respond to disasters, but prevent and prepare for them,” said Lloyd’s of London chief executive John Neal.

“It’s encouraging to see the knowledge and expertise held in the Lloyd’s market being used to protect what matters most — in this case, our natural environment and the economic activities our world relies on,” he added.

Fidelis MGU group chief executive and chairman Richard Brindle said: “Whenever the insurance industry has the opportunity to play its part in vital efforts on behalf of the environment, it must step up. This is one such opportunity and we are very pleased to be able to work alongside Howden, UNDP and our industry peers to provide the protection necessary for the successful outcome of this important project.”

(Acknowledgement: Trade wind news)