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## Shipping: Suez Canal reopens after refloating of stranded containership



Shipping has resumed in Egypt's Suez Canal after a stranded giant container ship blocking it since 23 March was finally freed by salvage crews. Multiple insurance claims are expected to be filed hereafter with stakeholders including the shipowner, the charterer, the Suez Canal Authority, shippers, cargo owners, P&I clubs, insurers and reinsurers.

The *Ever Given*, about 400 m in length with a capacity of 20,000 TEU, is owned by Shoen Kisen KK and time chartered and operated by Taiwanese container line Evergreen Marine.

At a press conference after the successful refloating, Lt General Osama Rabie, the Suez Canal Authority chairman, said the 220,000-tonne containership *Ever Given* has been moved to Great Bitter Lake — the widest section of the Canal — for inspection.

An investigation will be carried out into how the ship became stranded. He added, "Based on the investigations, the issue of compensation will be discussed."

A total of 422 vessels, from containerships to oil tankers, were waiting to pass through the Canal, and the backup could be cleared in three and a half days, he

said. The blockage was costing the Suez Canal roughly \$12m to \$15m a day, he said.

### **Insurance claims**

Analysts at the investment bank Morgan Stanley have said P&C industry losses arising from the blockage “appear quite manageable” since the *Ever Given* has been refloated.

In the case of hull insurance, the coverage purchased by Shoei Kisen KK for the *Ever Given* only covers property damage to the ship itself. So with the ship having been freed without the need for destructive measures, these losses should be minimal.

Likewise, cargo insurance in place provides coverage for items being shipped on the vessel. It is reported that *Ever Given* has been able to maintain power with refrigeration still working to keep perishable goods safe. Potential damage to goods on the other backlogged ships blocked in the Canal also needs to be considered, Morgan Stanley said.

Mr Martin Dixon, director and head of research products at UK-based shipping consultancy Drewry, told the newspaper *The National*, “We estimate insurance cost claims in excess of \$100m, relating principally to delays to cargo delivery, the Suez Canal Authority’s claim for loss of revenue and the actual cost of removing the ship.”

However, Morgan Stanley noted, “One of the biggest concerns centers around coverage for delayed cargo – but this should be minimal as most cargo policies exclude coverage for delayed transit.”

Marine liability insurance provides protection to the shipowner/operator should their negligence cause damages to others. Negligence, though, has yet to be determined.

### **GAIF warns of risks of operating mega-sized ships**

Meanwhile, the general secretariat of the General Arab Insurance Federation (GAIF) has released a special edition of its weekly online newsletter focussing on the Canal blockage.

Mr Chakib Abouzaid, GAIF secretary general, said in the preface to the newsletter that the excessive increase in the sizes of giant ships has consequences that can pose great risks, and that accidents involving ultra-large ships can have major consequences in terms of the level of compensation, whether it is related to goods or business losses.

He added, “One event can cause severe damage to the economy, and this event highlighted the important economic role of insurance, and the need to think clearly about potential major risks and the need to anticipate and prepare for them. This is risk management.”

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