

CARGO WAR RISK
INSURANCE POLICY
AND THE STRIKES
ON IRAN



How does the Strikes of Iran affect Cargo Shipments

- A joint U.S.–Israeli military campaign against Iran began on Saturday, March 1, 2026, marking one of the largest escalations in the region in decades. The strikes and counterstrikes have rapidly expanded into a multi-front regional conflict.
- The United States and Israel launched coordinated airstrikes targeting senior Iranian leadership and military sites, including in Tehran.
- These initial strikes killed Iran’s Supreme Leader Ayatollah Ali Khamenei, along with other senior regime officials.



Regional Spillover

The conflict is widening across the Middle East:

Lebanon

Hezbollah launched heavy rocket fire into northern Israel; Israel responded with major strikes in Beirut.

Gulf States

Qatar shot down two Iranian warplanes, while the UAE intercepted ballistic missiles, cruise missiles, and over 100 drones.

Explosions were reported near Dubai and over Doha, following Iranian retaliatory strikes.

Saudi Arabia & Oman

A Saudi oil refinery was set ablaze, tankers were attacked near Oman, and energy markets reacted with severe price shocks.



Strategic Importance



- The Strait of Hormuz, located between Oman and Iran, connects the Persian Gulf with the Gulf of Oman and the Arabian Sea. Oil flow through the Strait averages about 20,000,000 million barrels per day. As a comparison, The United States produced about 13,520,000 barrels of oil per day in 2025.
- China is the top destination for oil transported through the strait, as it is the world's largest oil importer. More than 80% of oil exports through the strait end up in Asian markets.



Four Merchant Vessels have Confirmed Damages from the Conflict (As of March 2, 2026)



1. MKD VYOM (Marshall Islands–flagged tanker)

Hit by a projectile off the coast of Oman.

Resulted in one crew member killed.

2. Hercules Star (Gibraltar–flagged bunkering tanker)

Damaged off the UAE coast after being hit by a projectile.

3. Stena Imperative (U.S.-flagged products tanker)

Hit by projectiles in the port of Bahrain, causing a fire.

4. Palau-flagged tanker (under U.S. sanctions)

Hit off Oman’s Musandam peninsula, injuring four crew.



War Policy and Strikes, Riots and Civil Commotion Endorsement

In the American Cargo Market, cargo policies generally, have within them a Strikes, Riots, and Civil Commotion Endorsement. Additionally, most cargo policies are tied to a separate and distinct War policy.

Both of these coverages, generally have a 48-Hour cancellation provision, meaning underwriters can cancel coverage by notifying their assureds within 48 hours.



1. Coverage Applies ONLY to Shipments – Not Static Exposure (No Warehouse Coverage or Inland Transit Coverage)
2. Coverage attaches – Upon loading on the overseas vessel and coverage ceases upon discharge at the intended place of discharge or
 - After 15 days, after arrival at port or place of discharge (Still on board vessel but not discharged)
 - After 15 days, after arrival at an intermediate port for on-carriage by another overseas vessel - During the said period of 15 days the insurance remains in force whether the interest is awaiting transit or in transit between the overseas Vessels.
3. Shipments by air, same terms as vessels
4. Is there war on Land cover under the AIMU Cargo War Policy? Yes, but very limited.

Examples

- Shipments by mail covered continuously
- Cargo discharged at intermediate port awaiting on-carriage from another overseas vessel for up to 15 days
- Cargo sitting in an aircraft, not unloaded, at place of discharge for up to 15 days

What Exposures are Covered Under the War Policy



Risks of:

- Capture
- Seizure
- Damage/Destruction by men of war
- Taking at Sea
- Arrests, restraint, detainments and other War-like operations including
 - Civil War
 - Revolution
 - Rebellion
 - Insurrection
 - Civil Strife

What is not Covered Under The War Policy



- Static Exposure (except intermediate port – 15 days)
- Inland Transits (except mail)
- Legal Arrest / Detainments ...
- Nationalization by governments (including De-facto)
- Seizure / destruction under quarantine (Government)
- Delay / Loss of Market
- Nuclear Reaction, Chemical ...

What Exposures are Covered Under The Strikes Riots & Civil Commotions Endorsement (AIMU 12A) to The Cargo Policy

Risks of:

- Physical loss of or damage to property insured directly caused by
- Strikers, locked-out workmen, or persons taking part in labor disturbances or riots or civil commotions
- directly caused by vandalism, sabotage or malicious acts; and,
- directly caused by the act or acts of one or more persons, whether or not agents of a sovereign power, carried out for political, terroristic or ideological purposes



What Exposures are NOT Covered Under The Strikes Riots & Civil Commotions Endorsement (AIMU 12A) to The Cargo Policy

Loss, damage or expense directly or indirectly arising from:

- Change in temperature or humidity;
- The absence, shortage, or withholding of power, fuel, or labor of any description whatsoever during any strike lockout, labor disturbance, riot or civil commotion;
- Loss of market or loss, damage or deterioration arising from delay;
- Hostilities, warlike operations, civil war, revolution, rebellion or insurrection, or civil strife arising therefrom, except to the limited extent that the acts of certain agents acting secretly have been expressly covered above;
- Nuclear reaction, radiation or radioactive contamination, as per Extended RACE Clause; chemical, biological, bio-chemical or electromagnetic weapon, device, agent or material, as per CBE Clause.

What are Cargo Underwriters Doing Now?

- Prior to America's involvement in World War II, in 1939, The Cargo Reinsurance War Risk Exchange was founded. This created mutual reinsurance protection against war risk. Underwriters would cede this exposure to the exchange. However, in recent years the CRWE has ceased existence.
- Now each individual cargo underwriting shop retains the war exposures and acts independently. There currently is NO CONSENSUS in the US Cargo Market on how to handle the strikes on Iran
- Some US markets are giving their 48-hour notice cancelling both the War Policy and the Strikes, Riots, and Civil Commotion Endorsement and then immediately reinstating the coverage, however with the exception of shipments to, from, and within the Arabian Gulf, The Persian Gulf and Iran.
 - These shipments are being deemed "On Application" and must first be approved by the underwriter, in order to have War and SR & CC Coverage

Final Thoughts



- There is No Consensus at the moment in the US Market.
- Some Carriers are cancelling / amending Coverage, others are waiting
- Some Carriers are cancelling on a case-by-case basis
- Check with your broker to ensure your exposure will be fully covered.
- If your Underwriter has cancelled and reinstated your War and SR & CC Coverage it is important you notify them of any exposures transiting to, from, and within the Arabian Gulf, The Persian Gulf and Iran to determine if cover can be obtained at an additional premium.

Conditions	Exposures	War, Civil War	Derelict Weapons of War	Insurrection, Revolution, Rebellion, Civil Strife	Terrorism	Strikes, Riots, Civil Commotions	Other Physical Loss, Damage or Theft per policy
All Risks Cargo Clauses	Air/Sea Transits						
	Land Transits						
	Goods in Store						
Cargo War Clauses	Air/Sea Transits	*	*	*			
	Land Transits						
	Goods in Store						
Cargo Strikes Clauses	Air/Sea Transits						
	Land Transits						
	Goods in Store						
War on Land - LSW 1130	Air/Sea Transits	**	**	**			
	Land Transits						
	Goods in Store						
Political Violence	Air/Sea Transits	***	***	***	***	***	
	Land Transits	***	***	***	***	***	
	Goods in Store						

* Cover ceases after discharge from vessel / aircraft

** Cover can attach after discharge from vessel / aircraft

*** Limited cover available

Key

Not covered

Covered

Terrorism Risk Insurance Program Reauthorization Act 2015 (TRIPRA)

Allows for Terrorism cover for goods in store if purchased and certain thresholds are met.

About EPIC

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EPIC Insurance Brokers & Consultants has a depth of industry expertise across key lines of insurance, including risk management, property and casualty, employee benefits, unique specialty program insurance and private client services.