



ALLIANZ COMMERCIAL

Safety and Shipping Review 2026

An annual review of trends and developments in
shipping losses and safety

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Cover image: Arleigh Burke-class guided-missile destroyer **USS Rafael Peralta** (DDG 115) enforces a maritime blockade against an Iranian-flagged ship attempting to sail toward an Iranian port, April 24, 2026. (U.S. Navy photo)

Introduction

- Navigating the matrix of potential geopolitical disruptions is the new number one issue for shipowners and cargo operators moving forward.
- Geopolitical tensions challenge shipping's ongoing long-term safety improvements. Incidents declined by 16% to below 3,000 globally last year.
- Fire remains a major loss driver with over 200 incidents in 2025, the second highest total in 10 years.
- More complex and volatile risk landscape enforces the need for greater operational resilience versus cost efficiency.

The global shipping industry stands at an inflection point. Given that as much as 90% of international trade is transported across oceans, maritime safety is critical, yet the sector faces a convergence of structural risks unlike anything in recent decades.

This year has highlighted how regional shocks can impact the whole world. The closure of the Strait of Hormuz has been more impactful than many would have expected and has set a dangerous precedent around its long-term future and that of other critical maritime chokepoints. We are currently seeing how geopolitical risks in the Middle East and their impact on shipping companies, insurers, and economies around the world are unfolding and redefining the risk landscape.

What is clear is that this is no longer a cyclical challenge. The latest edition of our popular **Safety and Shipping Review** underlines that the shipping industry is transitioning toward a new equilibrium defined by higher volatility and uncertainty, which will necessitate a greater strategic emphasis on resilience over pure cost efficiency. For risk managers and insurers alike, understanding these dynamics is essential to navigating what lies ahead.

Despite all the geopolitical headwinds, there is good news we can share. Our report confirms that the long-term safety improvements the industry has made in recent years continue – both the number of total losses and reported incidents have fallen year-on-year. Yet these gains are increasingly tested by systemic forces such as conflict-driven route disruption and the weaponization of strategic waterways, aging fleets and rising repair costs.

We invite you to explore the findings that follow – and to work alongside us as we collectively build a more resilient maritime future with our clients and partners.



Thomas Lillelund
CEO
Allianz Commercial

Executive summary

Allianz Commercial's annual **Safety and Shipping Review** identifies loss trends and highlights risk challenges for the maritime sector.

Shipping incidents and loss developments [▶ page 10](#)

Given that 90% of international trade is transported across oceans, maritime safety is critical, and the shipping industry has made significant improvements in recent years.

Around the world, the number of reported shipping incidents on vessels over 100GT declined over the past year by around 16% (2,818 in 2025 compared to 3,353 in 2024). The East Mediterranean and Black Sea region saw the highest number of reported incidents (622), followed by the British Isles (619), which is also the location of the most incidents over the past decade.

Machinery damage or failure was the major cause of all shipping incidents globally during the past year, accounting for over half (1,505), followed by vessel collision (260) and fire / explosion (218), which remains a major concern on vessels. Machinery damage being the main cause of shipping incidents is significant as machinery claims inflation has not yet returned to pre-Covid-19 levels, with repair costs having continued to rise, a trend which could be exacerbated by the recent conflict in the Middle East.

The review's latest analysis shows that there have been more than 900 total losses reported over the past decade (905 vessels over 100GT).

Between 2016 and the end of 2020, there were 555, an average of 111 per year. This number declined to 350 between 2021 and the end of 2025, an average of 70 (37% down on the previous five-year period), reflecting the positive effect of an increased focus on safety measures over time, such as regulation, improved ship design and technology and risk management advances. Forty three total losses have been reported to date for 2025, with more than 30 of these vessels over 500GT in size.

The South China, Indochina, Indonesia and the Philippines region is the main loss hotspot globally over the past year, and the past decade (255). A huge volume of imports and exports flow through the region, resulting in high levels of shipping traffic, which is reflected in the number of incidents.

Despite the long-term improvement in the industry's safety record, loss spikes have continued to occur; while looking forward, the reshaping of sector forces is set to persist. The 2025 **Safety and Shipping Review** said that "the relevance of political risk and conflict as a potential cause of maritime loss is increasing with heightened geopolitical tensions". Today, the industry appears to be more risk-exposed in this area than at any point in recent decades.

In January 2025, cargo vessel **Guang Rong** collided with the historic tourist pier in Marina di Massa, Italy.



The shipping forecast [» page 16](#)

Choppy waters ahead The shipping industry has undergone a fundamental transformation since Covid-19, breaking from decades of relative stability defined by steady trade flows and largely predictable operating conditions to become increasingly complex and volatile. Escalating geopolitical tensions, trade fragmentation, and growing uncertainty around strategic maritime chokepoints have introduced systemic risks into global supply chains, while extreme volatility in bunker fuel prices, congestion at critical ports, and climate-driven disruptions are pressures which are compounded by decarbonization challenges, sharply rising vessel costs, and accelerating fleet renewal demands. Taken together, these forces are not cyclical but structural – fundamentally reshaping the industry’s operating model and ushering in a new era in which maritime trade is more complex, capital-intensive, and risk-exposed than at any point in recent decades.

Reshaping of sector forces set to persist The shipping industry is unlikely to revert to the relatively stable, efficiency-driven paradigm that characterized the pre-Covid-19 period. Instead, many of the structural forces that have reshaped the sector in recent years are expected to persist. Geopolitical fragmentation, the growing vulnerability of maritime chokepoints, and a more transactional approach to the provision of security are likely to sustain elevated levels of operational risk and route uncertainty. At the same time, regulatory

pressures – particularly those linked to decarbonization – will continue to impose additional costs and accelerate technological transition across fleets. While global trade volumes are expected to expand over the medium term (but will be limited in the short term) this growth will likely be more uneven and regionally fragmented, reflecting shifts in supply chains, nearshoring trends, and evolving trade alliances.

Looking ahead to a “new equilibrium” In this context, the industry outlook is best characterized by structurally higher volatility combined with selective areas of opportunity. Freight markets are expected to remain sensitive to exogenous shocks, including geopolitical disruptions, energy price fluctuations, and policy changes, limiting the likelihood of a sustained return to historically low and stable freight rates. However, this more complex environment may also support greater earnings resilience for well-positioned operators – particularly those with modern, fuel-efficient, and flexible fleets, as well as those that have strategically expanded their presence across adjacent segments of the broader logistics value chain. The ongoing capital expenditure cycle, coupled with constrained shipyard capacity, could further underpin market tightness in certain segments. Overall, rather than a normalization, the sector appears to be transitioning toward a “new equilibrium” defined by persistent uncertainty, higher risk premia, and a greater strategic emphasis on resilience over pure cost efficiency.



Alones / Shutterstock

War and geopolitical risks [» page 25](#)

Crews in crisis again Conflict in the Middle East paralyzed the Strait of Hormuz, a critical global oil trade route, exposing thousands of vessels and 20,000 seafarers, causing severe disruptions to vessel operations, supply shortages, and severe mental strain for those crew enduring months on board facing threat of attack. The psychological impact of the conflict adds to pressures already inflicted by the Covid-19 pandemic, attacks against shipping in the Red Sea, piracy threats, and the rise of the shadow fleet – crews that work on such vessels are more likely to face challenging conditions. Meanwhile, seafarer abandonments have risen for six years straight – a record high of more than 6,000 were left stranded last year. The shipping industry will struggle to retain and recruit seafarers at a time of growing demand for skilled workers, driven by automation and green transitions, ultimately threatening the sector's resilience and global supply chain stability.

Insurers count cost of damage and trapping risks

The Middle East conflict and the Strait of Hormuz blockade have caused extensive damage to vessels, cargo, and port infrastructure. Insurers face claims under marine coverages for damage to vessels including container ships, oil tankers and bulk carriers from missiles and drones in the region, as well as related damage to cargo.

Marine insurers have supported the shipping industry throughout the conflict with continuity of insurance cover, albeit at increased hull and cargo premiums. However, for shipowners, the issue has been more about the risk to the crew and the vessel of transiting a conflict zone, rather than insurance considerations. Even when the Strait of Hormuz is reopened properly, solid assurances of

safe passage will be required, involving the international community, particularly if traffic is to return to its pre-war levels, of as many as 140 vessels a day.

As of June 15, 2026, **Allianz** calculates that around 1,150 cargo-carrying vessels (over 100GT) with a total volume of 29mnGT were operating within Persian Gulf waters, representing an estimated combined vessel and cargo value in the range of US\$125bn. This underlines the geopolitical and economic relevance of maritime chokepoints for the shipping industry and global trade.

Blockade signals a profound shift in the maritime order

The unprecedented closure of the Strait of Hormuz raises concerns about the future of global maritime trade. Historically open even during conflicts like the Iran-Iraq war during the 1980s, its blockade highlights the shipping industry's increasing vulnerability to geopolitical tensions, as escalating security risks along strategic maritime corridors disrupt established trade routes, forcing rerouting and tightening effective vessel and commodities supply, which in turn has amplified supply chain pressures and reinforced persistent freight rate volatility.

The Houthi attacks on vessels in the Red Sea and the Bab el-Mandeb Strait, which started in late 2023, led to a 70% drop in Suez Canal traffic as carriers rerouted around the Cape of Good Hope, where traffic surged by 250%, increasing transit times by a week or more, raising fuel consumption and operating costs. In response, shipping lines have had to adopt mitigation strategies including capacity redeployment, schedule adjustments, and even slower sailing speeds.

Strategically important shipping routes and infrastructure are increasingly seen through the lens of national rivalries, while many countries are looking to expand their naval capabilities to protect critical supply chains and routes. The reported proposals to impose transit fees on vessels passing through the Strait of Hormuz also signal a potentially profound shift in the global maritime order.

While any direct cost impacts on shipping and oil transport would be significant, the deeper implication lies in the normalization of “tolling” strategic waterways, where access could be priced, tiered, or politically conditioned. Most importantly, the emergence of such ideas – particularly if coupled with a more transactional US security posture – risks setting a precedent that could extend beyond Hormuz to other global maritime chokepoints, fundamentally reshaping global trade by turning freedom of navigation into a commodified and contested service rather than a shared international principle.

Resilience and political alignment are the new

watchwords Navigating the matrix of geopolitical issues – from tariffs to regional conflicts and regulation – is the number one issue for shipowners and cargo operators going forward. The increasingly volatile and disruption-prone nature of global shipping trade routes is reinforcing the need for greater operational resilience and companies are shifting from “just-in-time” to “just-in-case” supply chains, prioritizing resilience over cost efficiency. The Middle East conflict and Strait of Hormuz closure underscore the need for politically-aligned partners and adaptable strategies. Shippers must demonstrate reliability despite disruptions, while rerouting supply chains to mitigate risks. The industry must balance resilience, geopolitics, and efficiency in an increasingly unpredictable world, where the cost of uncertainty is reshaping trade dynamics.

Future claims impact from inflation and maintenance

The conflict in the Middle East will likely have indirect implications for marine insurance claims, particularly with regards to inflation, and machinery breakdown and maintenance issues. Even before the outbreak of the conflict, average hull claim costs were projected to increase by as much as 20% over the next five years with claims costs per vessel already 33% above pre-Covid-19 levels. Many of the factors driving marine hull and machinery claims inflation in recent years have not gone away, including shortages of skilled labor, long lead times for repairs and spare parts, increased values, high

energy and material costs, such as for steel, and limited capacity at shipyards due to high demand for new vessels and retrofitting.

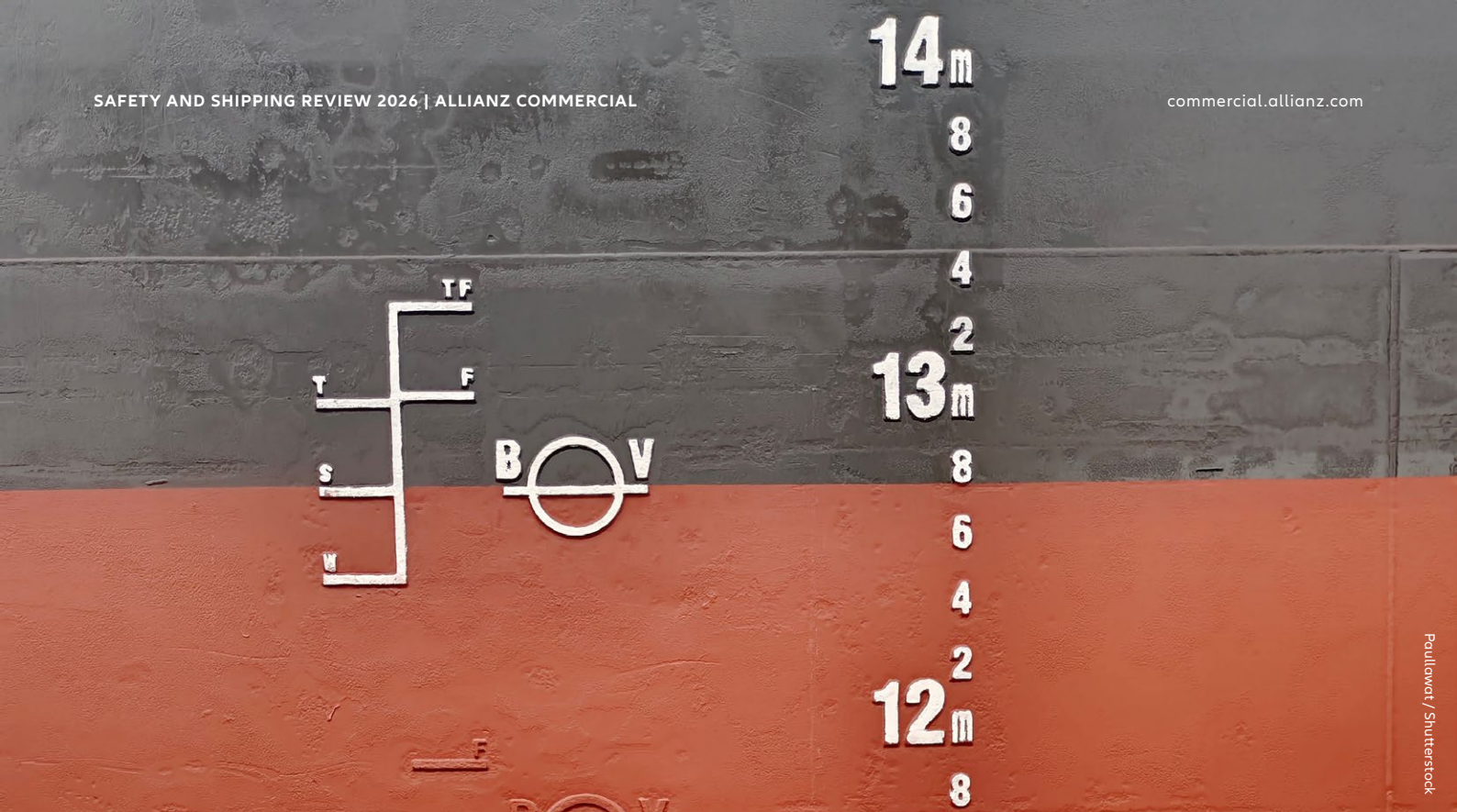
As seen with the Covid-19 pandemic and the Russia / Ukraine war, supply chain disruption can drive claims inflation through longer repair times and higher repair costs. At the same time, the Middle East conflict is expected to drive higher inflation as increased energy costs impact manufacturing and transport. Trapped vessels, unable to adhere to maintenance schedules, may face heightened risk of machinery breakdown, while any delays with spare parts will compound challenges for insurers and the shipping industry.

Trapped vessels at higher risk of biofouling Ships stranded in the Persian Gulf’s warm, shallow waters have been vulnerable to biofouling, where marine life accumulates on hulls, causing drag, reduced speed, and higher fuel consumption. Severe cases can render vessels inoperable.

Arctic shipping: interest grows, but region remains

higher risk for shipping Outside the Middle East, another area of interest is the Arctic, the economy of which has surged, tripling in size since 2003 to more than US\$650bn, driven by resource extraction, trade route development, and increased investment, particularly from Russia. In 2025, the Northern Sea Route (NSR) saw record activity, including the first China-Europe container ship transit, halving typical Suez Canal voyage times. However, Arctic shipping can pose significant risks due to harsh conditions and limited infrastructure. **Allianz** analysis show that machinery damage or failure is the cause of almost half of the 500+ reported shipping incidents in Arctic Circle waters over the past decade. At the same time, territorial disputes and sanctions can complicate operations.

GNSS jamming and spoofing raises risk of collision and grounding Ships navigating conflict zones, and increasingly trade lanes, face growing risks from Global Navigation Satellite System (GNSS) interference, including GPS jamming and spoofing. Although jamming does not mean a vessel is sailing blind, such disruptions can compromise critical systems like navigation, AIS (Automatic Identification System), and safety equipment, potentially increasing collision and grounding risk in busy shipping lanes. GPS interference was cited as a factor in recent vessel collision and grounding incidents. In addition, the manipulation of AIS signals and data has led to incidents of falsified vessel locations, complicating issues such as sanctions compliance.



Hull and cargo risks [» page 36](#)

Fires on board large vessels drive severity losses

Fires on large vessels, including container ships and car carriers, remain a major concern. There were more than 200 reported fire incidents during 2025, down on 2024, but still representing the second highest total over the past decade. Larger vessel sizes can amplify risks, with overwhelmed crews often abandoning ship before salvage teams arrive. The increased size of vessels is also driving a trend for a rise in general average claims, where the shipowner and cargo interests share losses or expenditure to save the whole venture in an emergency. Such claims are typically complex and large. Contributions to cover losses can be as high as 50% of the cargo value, which if a vessel is carrying a few thousand electric cars, for example, could easily be in excess of US\$100mn.

The presence of lithium-ion batteries, typically found in electric cars and consumer goods transported in shipping containers, has been linked to several large fire claims handled by insurers. Global lithium-ion battery deployment in 2025 was six times as high as just five years earlier. Demand for the storage device is expected to double by 2030. While battery technology is inherently safe, damaged batteries can lead to large fire losses on board vessels or in storage. As battery use surges, updated safety standards, vessel design improvements, and stricter regulations will need to keep pace if this issue is not to continue to challenge the industry.

Mis-declared cargo a leading fire contributor but new tech solutions a step in the right direction

Mis-declared cargo, such as batteries or chemicals, remains a major contributor to container ship fires – a quarter of cargo-related incidents, according to reports. Failure to properly declare, document and pack such hazardous cargo can result in containers stowed inappropriately, or hamper firefighting efforts. The easiest way of sending cargo may not be the safest. Technology solutions are now helping shipping companies identify mis-declared or incorrectly labeled cargo – the World Shipping Council and National Cargo Bureau's cargo safety program leverages AI to screen millions of container bookings globally, offering a critical step forward in addressing fire risks in the shipping industry.

Aging vessels bring safety issues The average age of the global shipping fleet rose to 23 years in 2025. Vessels 20 years or older now account for almost a quarter of the global container ship fleet, the highest proportion in decades, as geopolitical volatility and limited shipyard capacity delay fleet renewal, despite shipowners being under pressure to scrap older vessels and replace them with new, more efficient, safer and compliant ships.

Older vessels can pose significant safety risks at sea, with vessels over 20 years old accounting for over half of all safety incidents. As ships age, the likelihood of incidents increases due to structural, mechanical, and

technological obsolescence, creating risks for crew, cargo, and the environment.

Non-OEM parts raise fears of blackouts The increasing use of non-original equipment manufacturer (OEM) parts for vessel repairs and maintenance, driven by cost pressures or limited OEM part availability, may heighten the risks of blackouts, where a vessel suddenly loses power when at sea. Typically, backup equipment and contingency plans should restore power for critical equipment within minutes, but this is not always the case and blackouts can lead to catastrophic incidents, particularly in busy shipping lanes or ports. In 2024, the container ship **Dali** suffered a blackout caused by a loose wire, resulting in a fatal collision with a Baltimore bridge.

Organized crime groups harness technology to drive rise in cargo theft and fraud

Cargo theft is becoming increasingly sophisticated, with organized gangs leveraging cyber tools and intelligence to target high-value goods and supply chain vulnerabilities. Over a two-year period, nearly 160,000 cargo crimes were recorded globally, with losses in the billions of euros, while **Allianz** analysis shows a five-fold increase in cargo theft losses dating back to late 2022. Strategic thefts like fake carriers and fraudulent pick-ups are on the rise. Criminals use falsified documents and cyber fraud to impersonate legitimate carriers. In light of the significant increase in incidents there is a need for advanced anti-theft technologies, including 24/7 monitoring and cargo recovery, to combat evolving threats.

Climate transition risks [▶ page 45](#)

Shipowners face uncertainty after net zero drive delay

Progress on the International Maritime Organization's (IMO) greenhouse gas (GHG) reduction framework stalled at the end of last year after a number of countries opposed its adoption. Any ongoing uncertainty may delay investments in greener vessels and create regulatory fragmentation, industry division, and lost momentum on sustainability if different nations pursue different rules. Conversely, rising oil prices, driven by geopolitical tensions in the Strait of Hormuz, could renew focus on energy security and the net zero transition.

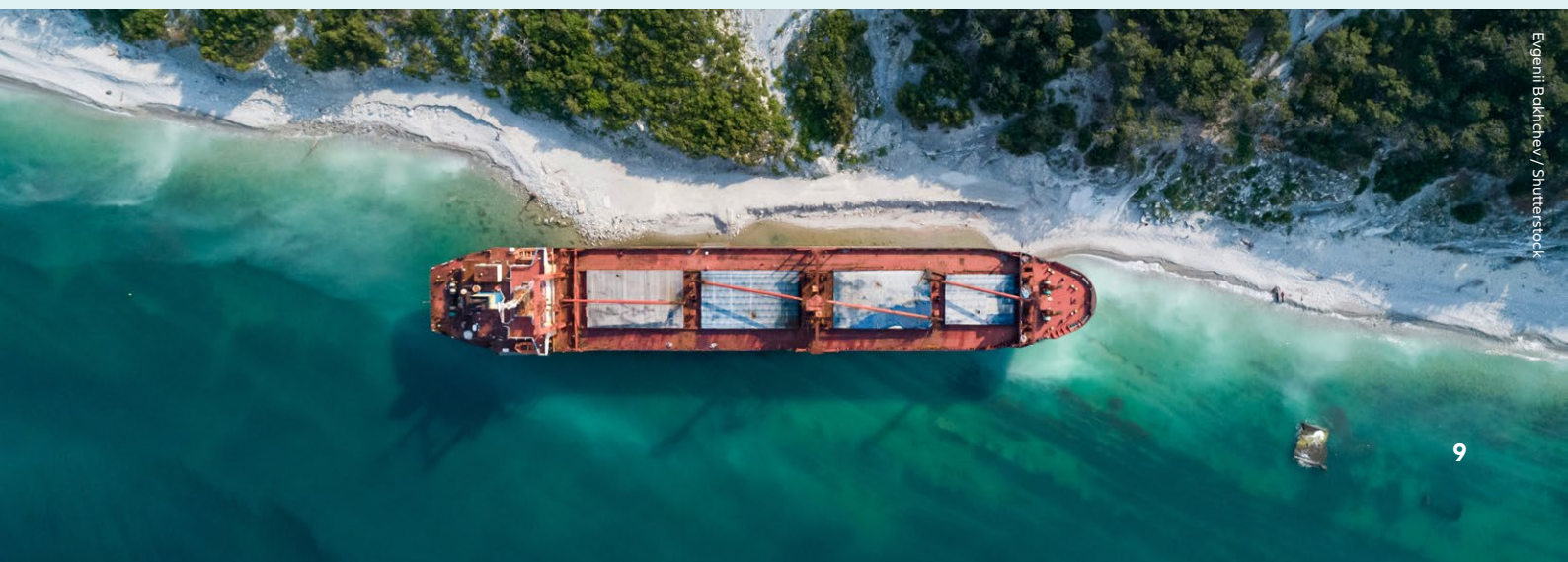
Urgent need for regulation and liability framework of alternative fuels

The adoption of low and zero-emission fuels in shipping is accelerating, with more than 50% of container ships on order in August 2025 capable of using alternative fuels, such as liquefied natural gas (LNG).

However, regulatory and liability frameworks lag behind, creating uncertainty for shipowners when it comes to investing in more sustainable vessels, as well as for insurers. Alternative fuels pose different risks compared to conventional oils. For example, ammonia has zero emissions when used as fuel, but it is also toxic and corrosive, requiring specialized handling systems and crew training.

Dual fuels run increased risk of human error

The number of dual fuel ships able to run on low-emission fuels has increased dramatically in recent years, with the number of such vessels in operation doubling since 2024. However, the operation of dual fuels can be more complex than traditional heavy fuel and therefore can be more susceptible to claims activity such as machinery breakdowns if crews have not had sufficient training or are unfamiliar with necessary procedures.



Shipping incidents in focus

All casualties / incidents, including total losses

2025 review

From January 1, 2025 to December 31, 2025. Vessels over 100GT only

Top 10 regions	Incidents	Year-on-year change
East Mediterranean and Black Sea	622	-68
British Isles, N.Sea, Eng. Channel and Bay of Biscay	619	-193
S.China, Indochina, Indonesia, and Philippines	273	-20
Great Lakes	154	+21
West Mediterranean	128	-20
Japan, Korea, and North China	126	-2
North American West Coast	121	+2
Baltic	104	-84
Newfoundland	86	-8
Australasia	66	-13
Other	519	
Total	2,818	-535

The number of reported shipping casualties or incidents declined during 2025 (2,818 compared to 3,353 a year earlier) or by around 16%. The East Mediterranean and Black Sea region saw the highest number of reported incidents (622), followed by the British Isles (619). The top 10 incident locations account for over 80% of all shipping incidents worldwide.

2016 – 2025 review

From January 1, 2016 to December 31, 2025. Vessels over 100GT only

Top 10 regions	Incidents
British Isles, N.Sea, Eng. Channel and Bay of Biscay	5,953
East Mediterranean and Black Sea	5,448
S.China, Indochina, Indonesia, and Philippines	2,603
Great Lakes	1,584
Baltic	1,390
West Mediterranean	1,368
North American West Coast	1,297
Japan, Korea, and North China	1,128
Iceland and Northern Norway	1,097
Newfoundland	921
Other	5,871
Total	28,660

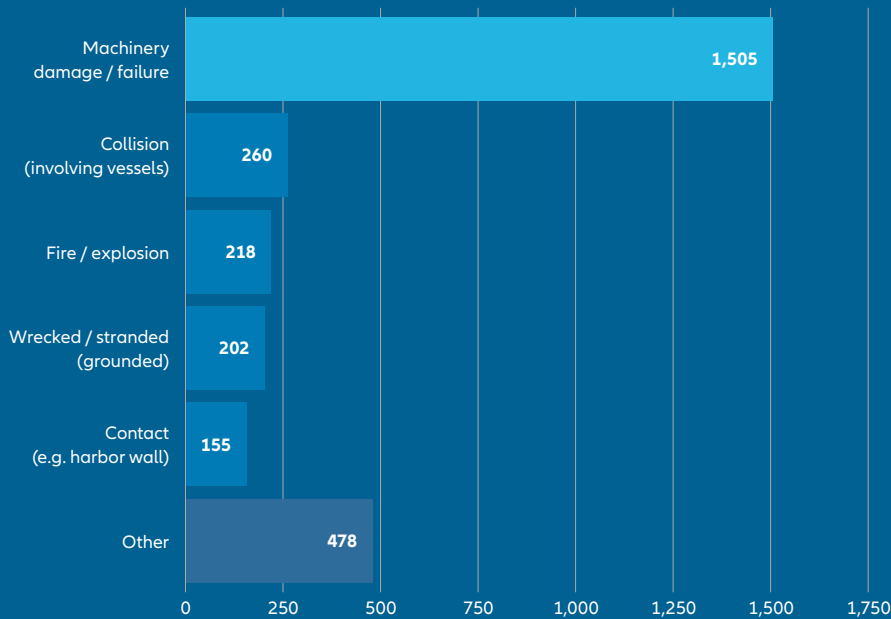
The British Isles is the top location for the most shipping incidents over the past decade (5,953), accounting for over 20% of the 28,600 reported globally over the past decade. The East Mediterranean and Black Sea region ranks second (5,448), while South China, Indochina, Indonesia, and Philippines is the third most frequent incident location (2,603).

Source: Allianz Commercial, Lloyd's List Intelligence Casualty Statistics

Top causes of shipping incidents / casualties

2025 review

From January 1, 2025, to December 31, 2025. Vessels over 100GT only, includes total losses.

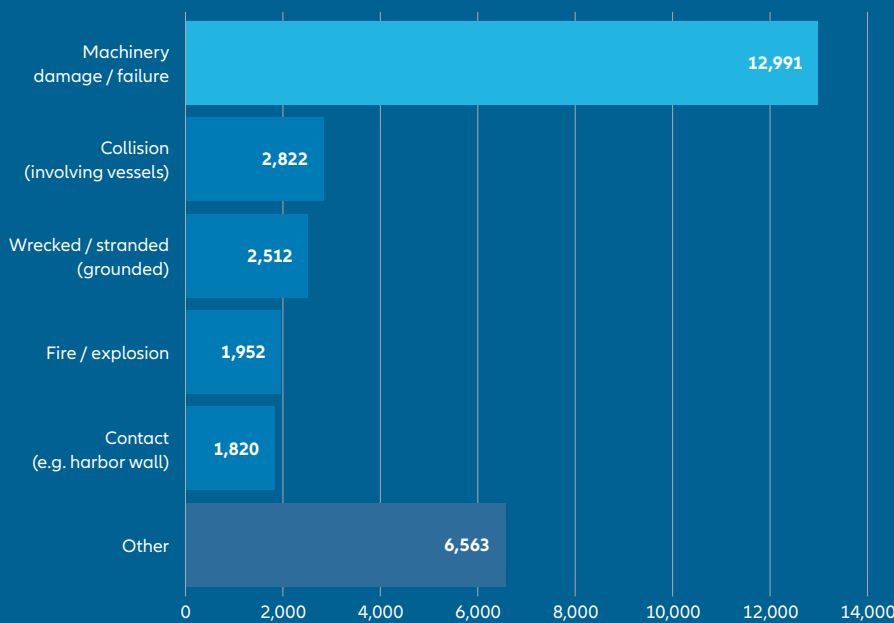


Machinery damage / failure was the major cause of all shipping incidents globally during the past year, accounting for over half (53%), followed by vessel collision and fire / explosion. Fires on vessels remain a major concern. There were 218 reported incidents during 2025, down compared with a year earlier (255), but still representing the second highest total over the past decade.

Total
2,818

2016 – 2025 review

From January 1, 2016, to December 31, 2025. Vessels over 100GT only, includes total losses.



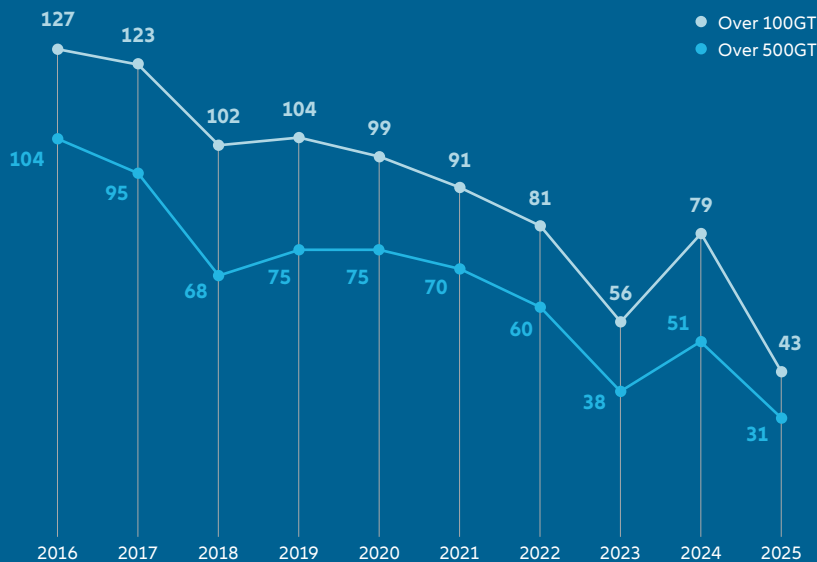
Machinery damage or failure is also the major cause of all shipping incidents globally over the past decade (45%), followed by collision with other vessels (2,822), wrecked / stranded (2,512) and fire / explosion (1,952). Machinery claims inflation has not yet returned to pre-Covid-19 levels. And in some areas repair costs continue to rise. This trend could be exacerbated by the conflict in the Middle East.

Total
28,660

Source: Allianz Commercial, Lloyd's List Intelligence Casualty Statistics

Total losses by year

Vessels over 100GT and 500GT



The shipping industry has made significant improvements when it comes to maritime safety in recent years.

More than 900 total losses have been reported over the past decade. Between 2016 and the end of 2020, there were 555, an average of 111 per year. This number declined to 350 between 2021 and the end of 2025, an average of 70 – a 37% decline when comparing the two periods.

Total losses by top 10 regions

2016-2025 and 2025. Vessels over 100GT only

43
total losses in 2025

905
total losses between 2016 and 2025

Total losses by region for 2016-2025

Total losses by region for 2025



Source: Allianz Commercial, Lloyd's List Intelligence Casualty Statistics

2016 – 2025 review

Total losses by Top 10 regions. From January 1, 2016 to December 31, 2025. Vessels over 100GT only

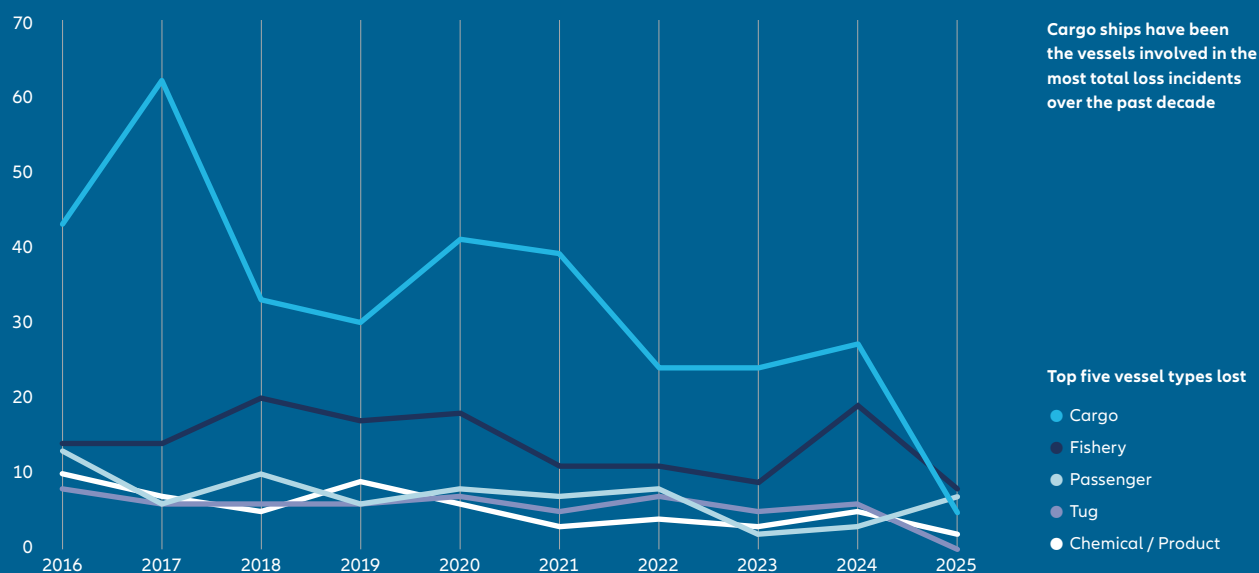
Region	Loss
S.China, Indochina, Indonesia and Philippines	255
East Mediterranean and Black Sea	120
Japan, Korea and North China	67
Arabian Gulf and approaches	61
British Isles, N.Sea, Eng. Channel and Bay of Biscay	57
West Mediterranean	46
Bay of Bengal	30
West African Coast	26
S.Atlantic and East Coast S.America	24
West Indies	21
Other	198
Total	905

The South China, Indochina, Indonesia and the Philippines region is the main loss hotspot globally over the past year, and the past decade. A huge volume of imports and exports flow through the region, resulting in high levels of shipping traffic, which is reflected in the number of incidents.

Source: Allianz Commercial, Lloyd's List Intelligence Casualty Statistics

Total losses by type of vessel 2016 – 2025

From January 1, 2016 to December 31, 2025. Vessels over 100GT only

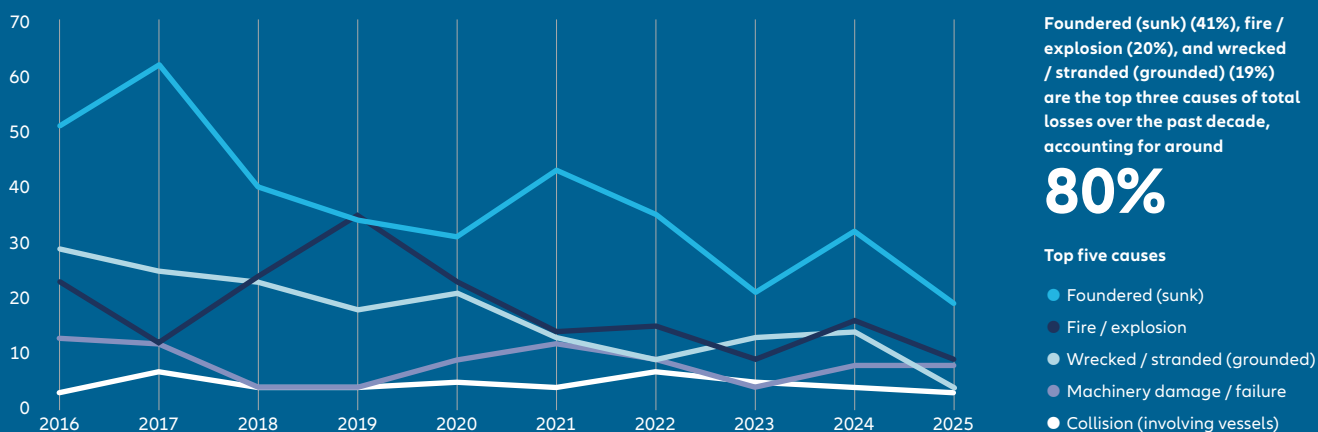


	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Cargo	43	62	33	30	41	39	24	24	27	5	328
Fishery	14	14	20	17	18	11	11	9	19	8	141
Passenger	13	6	9	6	8	7	8	2	3	7	69
Tug	8	6	6	6	7	5	7	5	6	-	56
Chemical / Product	10	7	5	9	6	3	4	3	5	2	54
Bulk	9	9	6	5	2	5	4	-	5	6	51
Ro-ro	11	1	6	8	3	3	6	2	2	5	47
Container	6	6	4	3	2	1	3	2	1	5	33
Tanker	1	2	3	2	3	2	5	2	3	2	25
Supply / Offshore	2	2	2	3	1	7	1	1	2	-	21
Dredger	1	3	2	2	2	1	2	1	2	-	16
Barge	3	1	2	-	-	2	-	-	-	1	9
LPG / LNG	1	1	-	2	-	-	-	-	1	-	5
Other	5	3	4	11	6	5	6	5	3	2	50
Total	127	123	102	104	99	91	81	56	79	43	905

Source: Allianz Commercial, Lloyd's List Intelligence Casualty Statistics

Total losses by cause 2016 – 2025

January 1, 2016 to December 31, 2025. Vessels over 100GT only



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Foundered (sunk)	51	62	40	34	31	43	35	21	32	19	368
Fire / explosion	23	12	24	35	23	14	15	9	16	9	180
Wrecked / stranded (grounded)	29	25	23	18	21	13	9	13	14	4	169
Machinery damage / failure	13	12	4	4	9	12	9	4	8	8	83
Collision (involving vessels)	3	7	4	4	5	4	7	5	4	3	46
Hull damage (holed, cracks etc.)	4	5	3	4	2	2	2	2	1	-	25
Contact (e.g. harbor wall)	-	-	3	3	1	-	2	1	-	-	10
Other	4	-	1	2	7	3	2	1	4	-	24
Total	127	123	102	104	99	91	81	56	79	43	905

Lloyd's List Intelligence (LLI) is a long time provider of casualty data to the maritime industry. Its work helps ensure more complete coverage of maritime casualty incidents involving commercially trading vessels of 50GT+. At the same time, care is taken to ensure that attempts to salvage or repair a vessel have been exhausted before a vessel is marked as a total loss in its database. With ongoing under-reporting and inaccurate incident labeling by official sources, this can introduce a significant delay before a number of total loss events can be confirmed. During 2025, LLI updated the research methodology and review sourcing of its total loss data. Following the incorporation of additional research inputs a comprehensive total loss event review was undertaken, which has impacted total loss counts for previous years, leading to some increases in historical incident data, particularly where these were not reported by non-English language data sources, involved non-merchant vessels, or vessels not trading internationally. In addition, incorporating Shipborne and Satellite AIS data, as well as implementation of non-AIS ship tracking capabilities now provides additional granularity at the time of incident.

All figures are based on reported total losses and shipping incidents for the year-end 2025 as of June 8, 2026. Figures may change in future as developments in losses sometimes lead to a number of total losses being confirmed after year-end, particularly in the case of constructive total losses.

Source: Allianz Commercial, Lloyd's List Intelligence Casualty Statistics

The shipping forecast

ismannz / Shutterstock

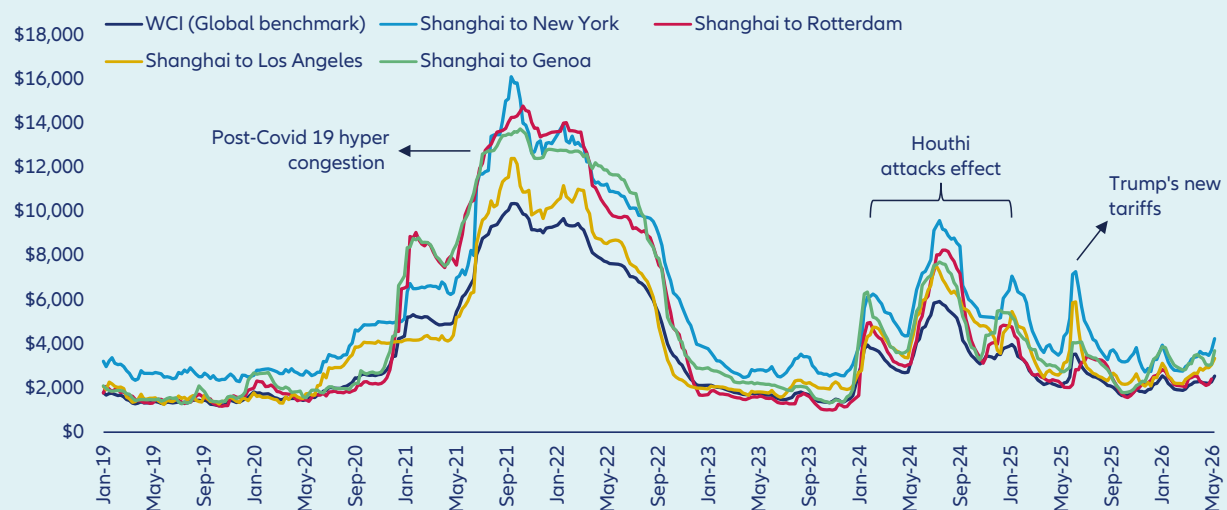
Choppy waters ahead

Global shipping has shifted from a predictable backbone of trade into a structurally volatile, risk-laden system where costs, regulation, and geopolitics are in constant flux.

In the years following the Covid-19 pandemic, the shipping industry has undergone a fundamental transformation, breaking from decades of relative stability defined by steady trade flows and largely predictable operating conditions to become increasingly complex and volatile.

Today, shipowners and operators confront a convergence of pressures: extreme volatility in bunker fuel prices, persistent congestion at critical ports, and climate-driven disruptions such as droughts constraining key inland waterways.

Container ship freight rates (USD/FEU) in different international marine routes



Source: Bloomberg, Allianz Research

Global trade has become more fragile and cost-uncertain, with freight rates no longer providing a reliable baseline for planning. Chronologically, the most significant shock observed over the past five years was the supply-demand imbalance in 2021–2022, which triggered an unprecedented surge in ocean freight rates, with prices reaching peaks of up to US\$15,000 per FEU on certain routes, levels that ultimately acted as a key transmission channel for inflationary pressures across a broad range of consumer goods around the world.

Container shipping rates, in particular, have become significantly more volatile and up to three times more unpredictable since the Covid-19 pandemic. As illustrated, the global benchmark, the World Container Index (WCI), now exhibits both greater amplitude and higher frequency of fluctuations than in the pre-2020 period. This is not merely cyclical volatility, but the result of persistent structural imbalances between demand and available capacity, amplified by recurring disruptions. These include chronic port congestions, climate-related constraints, and acute geopolitical shocks – ranging from the 2021 blockage of the Suez Canal to ongoing attacks on commercial vessels in the Red Sea and the Middle East.

At the same time, escalating geopolitical tensions, trade fragmentation, and growing uncertainty around strategic maritime chokepoints have introduced systemic risks into global supply chains. These challenges are compounded by a rapidly tightening regulatory environment focused on decarbonization, alongside sharply rising vessel costs and accelerating fleet renewal demands.

“Taken together, these forces are not cyclical but structural – fundamentally reshaping the industry’s operating model and ushering in a new era in which maritime trade is more complex, capital-intensive, and risk-exposed than at any point in recent decades,” says **Maria Latorre, Corporate Research, Sector Adviser, Allianz Research.**

Last year, the escalation of protectionist trade policies under US President Donald Trump, notably the import tariff increases following “Liberation Day”, added a new layer of volatility to global shipping markets by altering trade flows and raising the cost of cross-border commerce. These measures have further heightened uncertainty for market participants and amplified fluctuations in freight rates. For both multinationals and consumers, this translates into heightened exposure to sudden cost spikes, reduced margin visibility, and increasingly complex contract negotiations – including shifts in INCOTERMS preferences – ultimately forcing companies to adopt more dynamic pricing strategies, strengthen risk management practices, and build greater flexibility and redundancy into their supply chains.

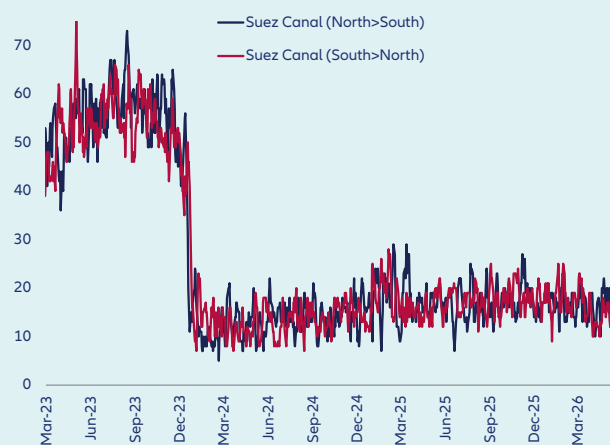
Geopolitics is actively reshaping trade flows

Escalating security risks along strategic maritime corridors have recently disrupted established trade routes, forcing costly rerouting and tightening effective vessel and commodities supply, which in turn has amplified supply chain pressures and reinforced persistent freight rate volatility. Two major events in the Middle East underscore this: first, Yemen’s Houthi attacks in the Bab el-Mandeb Strait, and second, more recently, the closure and reported mining of the Strait of Hormuz.

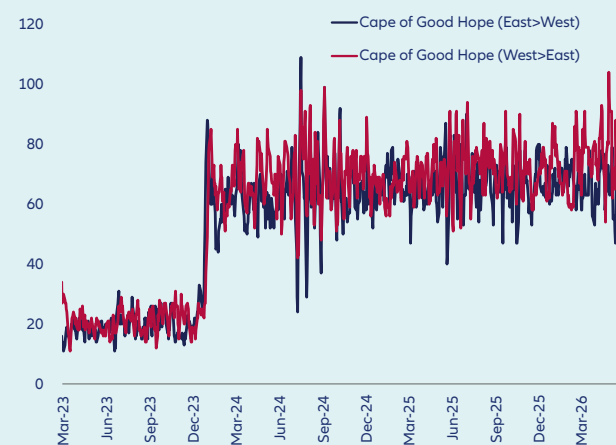
Beginning in November 2023, the Houthi movement launched a series of missile, drone, and boarding attacks against commercial vessels transiting the Red Sea and the Bab el-Mandeb Strait, initially targeting ships with perceived links to Israel but gradually affecting broader maritime traffic, creating risks for transit through a key chokepoint, and therefore heightening insurance premiums. As a result, the majority of global carriers were avoiding the Suez Canal by December 2023, opting instead to reroute vessels around the Cape of Good Hope. While marine traffic has dropped by -70% in the Suez Canal, it has soared by +250% by the Cape of Good Hope. This shift has been significant for the market, given that roughly 12% of global trade – and a substantial share of Asia-Europe container traffic – normally transits the Red Sea and the Suez Canal corridor.

Marine traffic at selected chokepoints (number of container ships crossing, 7 day rolling total)

A) Suez Canal



B) Cape of Good Hope



Source: Bloomberg, Allianz Research

The rerouting alternative has materially lengthened voyage distances, with Asia-Europe routes via the Cape of Good Hope often 35% to 45% longer than the Suez route, increasing transit times by roughly a week or more and raising fuel consumption and operating costs for carriers. Asia Pacific, with China at its core, supplies much of the world – so when its trade routes are disrupted, global commerce and the economy feels it. Against this backdrop, shipping lines have adopted several mitigation strategies, including capacity redeployment, service schedule adjustments, and even slower sailing speeds to reduce fuel consumption and costs, and ultimately, the implementation of war-risk surcharges and other freight premiums.

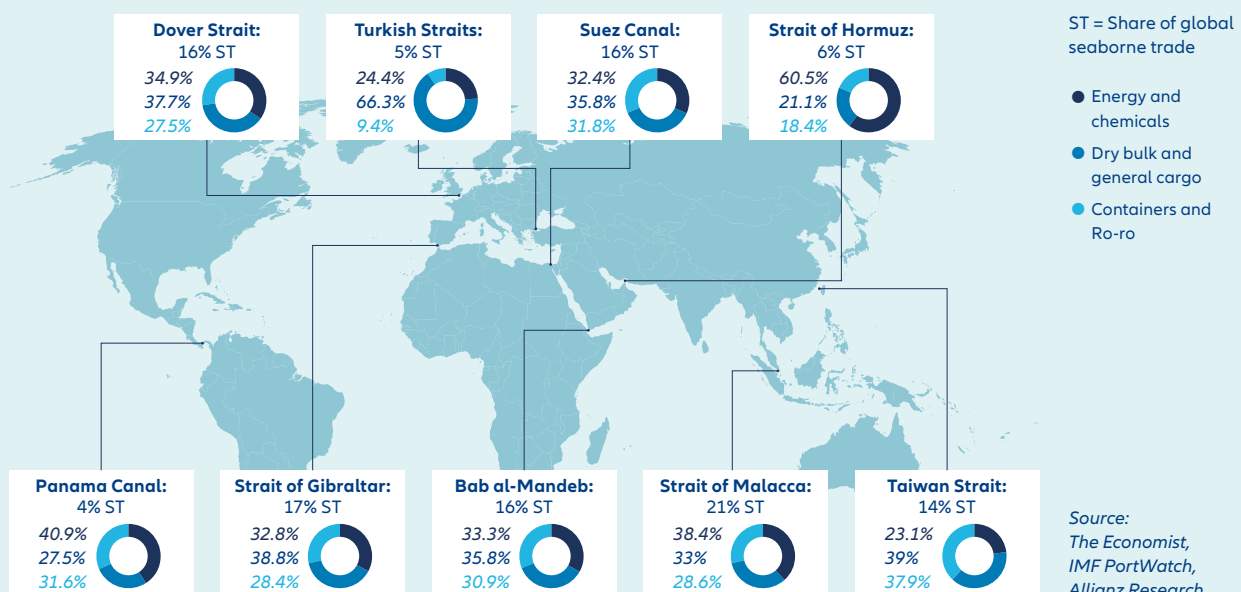
“In parallel, the emergence of new maritime alliances since January 2025 has further reshaped the industry’s strategic landscape – both positively and negatively – providing a support framework for carriers that align effectively, while exposing the vulnerabilities of those operating independently,” says Maria Latorre, Corporate Research, Sector Adviser, Allianz Research. “Indeed, ocean alliances enable closer cooperation by pooling capacity, optimizing network coverage, and coordinating schedules, thereby allowing carriers to collectively address operational and cost challenges. But despite the aforementioned mitigation measures, the tightened effective vessel supply and persistently strained global supply chains have continued to place additional volatility on freight rates.”

Blockade in the Strait of Hormuz signals a profound shift in the maritime order

The blockade in the Strait of Hormuz has affected everything from global security to energy supply (fueling inflation) while increasing market volatility and contributing to greater geopolitical conflicts. This passage, only around 34km wide at its narrowest point, typically handles approximately 20% to 25% of global oil trade, equivalent to roughly 20 million barrels per day, as well as close to one quarter of global liquefied natural gas (LNG) flows, largely originating from Qatar.

Given the lack of economically viable alternative export routes at scale, virtually all crude oil and LNG exports from key Gulf producers – including Saudi Arabia, Iraq, the UAE, Kuwait, and Iran – must transit through this corridor. As a result, even minor disruptions can trigger immediate global price volatility, tighten energy supply conditions, and increase and drive up tanker insurance and freight premiums. Recent tensions in and around the Strait have once again underscored these vulnerabilities, particularly in relation to global oil supply security and Europe’s growing dependence on seaborne LNG imports. The importance of chokepoints lies not only in the sheer concentration of goods flows they handle but increasingly in the question of control and access.

Main marine chokepoints around the world and their importance for global trade





Disruptions in these narrow corridors can rapidly propagate through global logistics networks, demonstrating how critical these arteries are for the functioning of international trade

During the conflict, the reported proposal by Iran to impose a transit fee on vessels passing through the Strait of Hormuz, alongside ambiguous signals from Washington about possible revenue-sharing arrangements also signaled a potentially profound shift in the global maritime order: security may be evolving from a collectively guaranteed public good into a transactional service subject to payment. Given that the Strait of Hormuz is governed in principle by international law ensuring free transit, any move toward monetizing passage would mark a departure from established norms and reflect a growing reliance on power politics rather than legal governance to secure critical chokepoints.

While any direct cost impacts on shipping and oil transport (including per-barrel increases and substantial theoretical toll revenues) would be significant, the deeper implication lies in the normalization of “tolling” strategic waterways, where access could be priced, tiered, or politically conditioned. Most importantly, the emergence of such ideas – particularly if coupled with a more transactional US security posture – risks setting a precedent that could extend beyond Hormuz to other global maritime chokepoints such as Malacca, the Bosphorus, or Gibraltar, fundamentally reshaping global trade by turning freedom of navigation into a commodified and contested service rather than a shared international principle. Ultimately, both episodes (the Red Sea attacks and Hormuz blockade) underscore the structural importance of maritime chokepoints. Disruptions in these narrow corridors can rapidly propagate through global logistics networks, demonstrating how critical these arteries are for the functioning of international trade.

Volatility and disruption reinforce need for resilience and investment

The increasingly volatile and disruption-prone nature of global shipping trade routes is reinforcing the need for greater operational resilience. As a result, the shipping industry is entering a capital-intensive investment supercycle. Constrained capacity, record profits, and rising demand are driving sustained investment in fleet expansion and renewal. At the same time, the urgent need to replace aging, less energy-efficient vessels, has also fueled global demand for new shipbuilding orders in recent years.

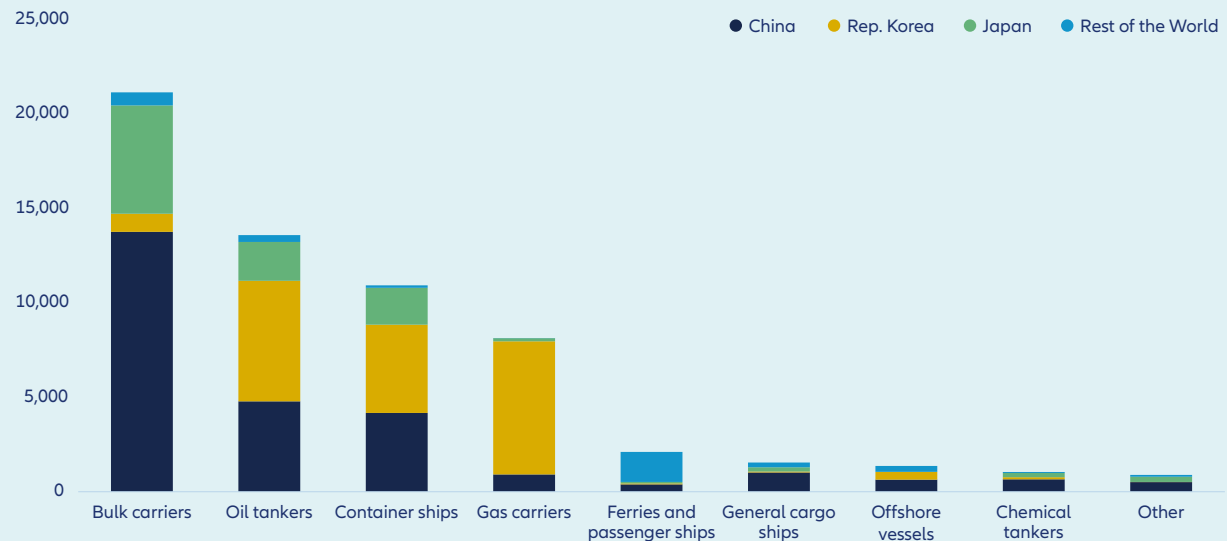
The post-pandemic rebound in international trade sharply increased trade volumes in 2021–2022 (+10.8% and +3.7% respectively), with further increases observed in 2024–2025, leaving the sector operating under sustained strain. In response, shipping companies are not only expanding capacity but also reconfiguring their fleets to better withstand disruption and adapt to shifting trade patterns. Fleet renewal, therefore, reflects a dual imperative: capturing growth opportunities while ensuring continuity in an increasingly uncertain and geopolitically complex operating environment.

Industry profits in 2022 were extraordinary, with firms reporting record earnings – some even generating more profit during 2021–2022 than in the previous decade combined. This exceptional performance enabled companies not only to deleverage and return capital to shareholders, but also to increase capital expenditures (CAPEX). It is estimated that between 2021 and 2025, shipping companies significantly increased their CAPEX compared with pre-Covid levels, reaching cumulative investments in the order of US\$150bn to \$200bn over the period. In practice, higher CAPEX has primarily taken the form of new vessel orders.

This surge in ships demand has been largely benefiting Asian shipyards, which are the powerhouse of the industry, given their unparalleled technical expertise and extensive production capabilities – approximately 90% to 95% of the world’s commercial vessels are constructed in China, South Korea, and Japan. Many Asian shipyards have been operating at or near full capacity since 2023, with utilization rates of 90% to 100% extending through 2025 and into 2026, leaving limited availability for new orders. Strong demand dynamics have also translated into significant equity market gains, with shipbuilding companies experiencing a sharp appreciation in stock prices.

Deliveries of newbuilds by vessel type and country of construction

Thousand gross tons



Source: UNCTAD, Clarksons Research, Allianz Research

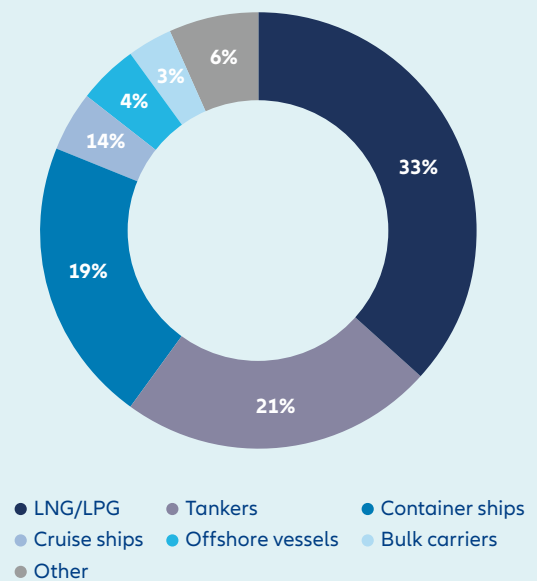
Geopolitics reshapes capital allocation toward assets that can mitigate regional supply disruptions

Current shipbuilding investment patterns reveal a clear strategic shift toward energy transport and resilience-driven fleet composition in response to geopolitical and market pressures, such as vulnerabilities in global energy supply chains exposed by the war in Ukraine and conflict in the Middle East. To date, the largest share of investments is allocated to LNG / liquefied petroleum gas (LPG) vessels, accounting for 33% of total investments made so far in 2026, even though oil tankers already represent a significant portion of the global growing marine fleet.

General tankers represent the second-largest segment at 21%, reflecting sustained demand for oil and liquid bulk transport capacity. Container vessels comprise 19% of investments, indicating ongoing commitment to maintaining and expanding containerized cargo capacity despite recent market volatility. Meanwhile cruise ships account for 14%, signaling continued confidence in the recovery and growth of the passenger shipping sector after a huge blow during the Covid-19 period.

2026 YTD new ship investments

As a % of fleet



Source: Bloomberg, Clarksons Research, Allianz Research

Decarbonization is structurally transforming the fleet

The global vessel fleet has expanded by nearly +40% in the past decade and by +200% since the beginning of the century, reaching 2.45bn of deadweight tons (DWT) last year. While this growth has supported global trade and economic development by increasing marine transport capacity, it has also led to a substantial rise in greenhouse gas (CO₂, CH₄, N₂O) and sulfur (SO₂) emissions.

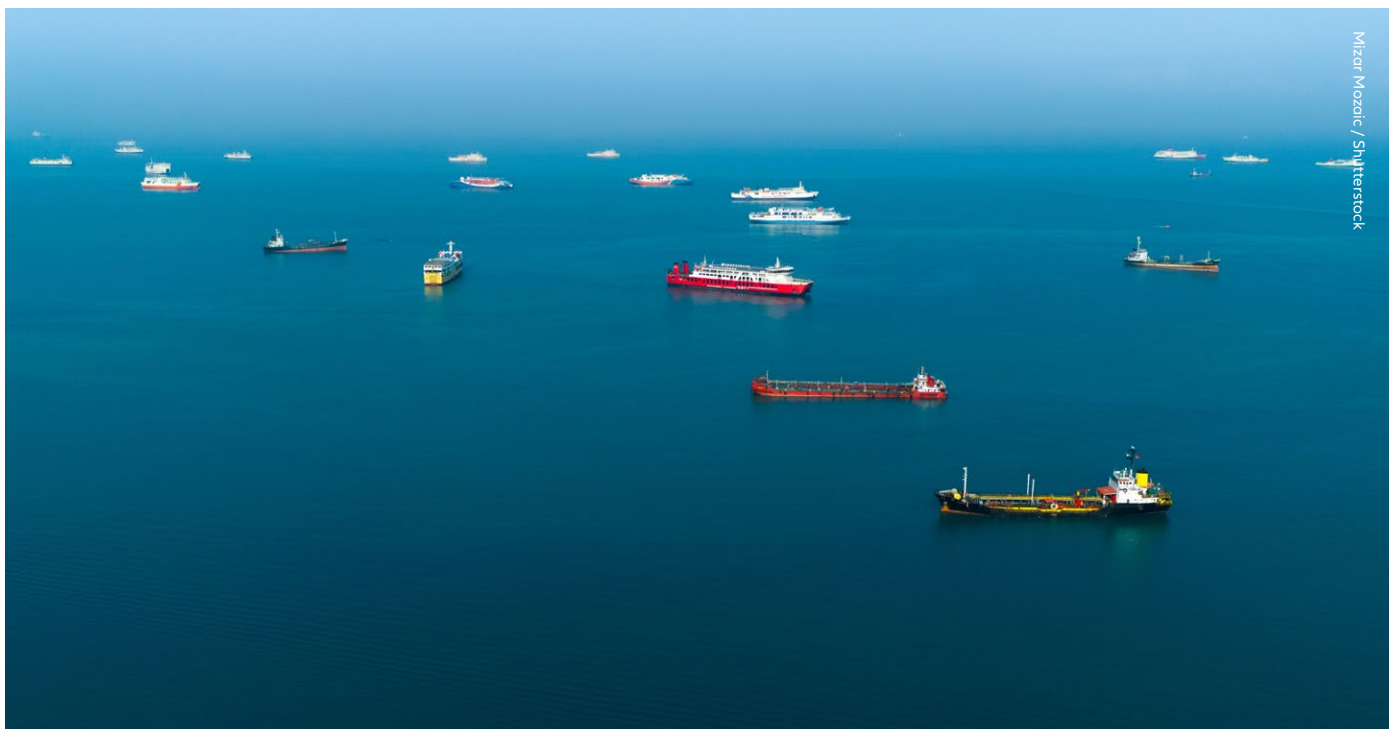
Shipping-related CO₂ emissions have increased by roughly 30% since 2012, rising from around 700 million tons to over 900 million tons annually, despite temporary declines such as during Covid-19, reflecting the sector's continued reliance on fossil fuels. In response, regulatory frameworks have been progressively strengthened to curb emissions and improve environmental performance.

At the international level, air emissions from shipping are regulated under the International Maritime Organization (IMO) framework. Sulfur emissions are already subject to strict, enforceable limits: since 2020, ships must use fuel with a maximum sulfur content of 0.50% globally, and 0.10% in designated Emission Control Areas (ECAs), with compliance achieved through low-sulfur fuels, exhaust gas cleaning systems, or alternative fuels.

While carbon emissions are not yet capped in absolute terms, they are regulated through efficiency-based measures. These include the Energy Efficiency Existing Ship Index (EEXI), which imposes technical performance standards on existing vessels, and the Carbon Intensity Indicator (CII), which requires ships to monitor and improve their operational CO₂ efficiency through an annual rating system.

Together, these measures establish a progressively tightening regulatory regime, combining enforceable pollutant limits with rising carbon-efficiency requirements. As a result, shipping companies are accelerating the retirement, retrofitting, or replacement of older and less efficient vessels to remain compliant – particularly to improve EEXI and CII ratings. This has further strengthened demand for newbuild tonnage, with a clear shift toward energy-efficient designs and alternative-fuel capabilities.

*“The growing order book for dual fuel and next-generation vessels – such as LNG, methanol, and ammonia-ready ships – reflects efforts by shipowners to future-proof fleets against strengthened IMO decarbonization measures and carbon pricing mechanisms,” says **Maria Latorre, Corporate Research, Sector Adviser, Allianz Research**. “Ultimately, the decarbonization agenda is not only reshaping fleet composition but also embedding higher capital intensity as a structural feature of the shipping industry.”*



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Vessel price indices

In USD/DWT for tankers and bulkers and USD/TEU for container ships



Source: Bloomberg, Allianz Research

Demand, constrained shipyard capacity, and rising costs drive sharp increase in vessel prices

Shipbuilding prices have been driven higher by a combination of supply chain disruptions, elevated input costs, and constrained shipyard capacity – particularly in key hubs such as China and South Korea. Steel, which typically accounts for around 20% to 30% of total vessel construction costs, has been a major contributor to cost inflation. At the same time, labor has emerged as an additional pressure point, particularly in South Korea, where demographic constraints, a shortage of skilled workers, and sustained wage growth have tightened labor supply, further increasing overall build costs. Bulker and tanker prices have doubled from pre-pandemic levels, while container ship prices are +70% above as of today, having reached a historic high in mid-2022.

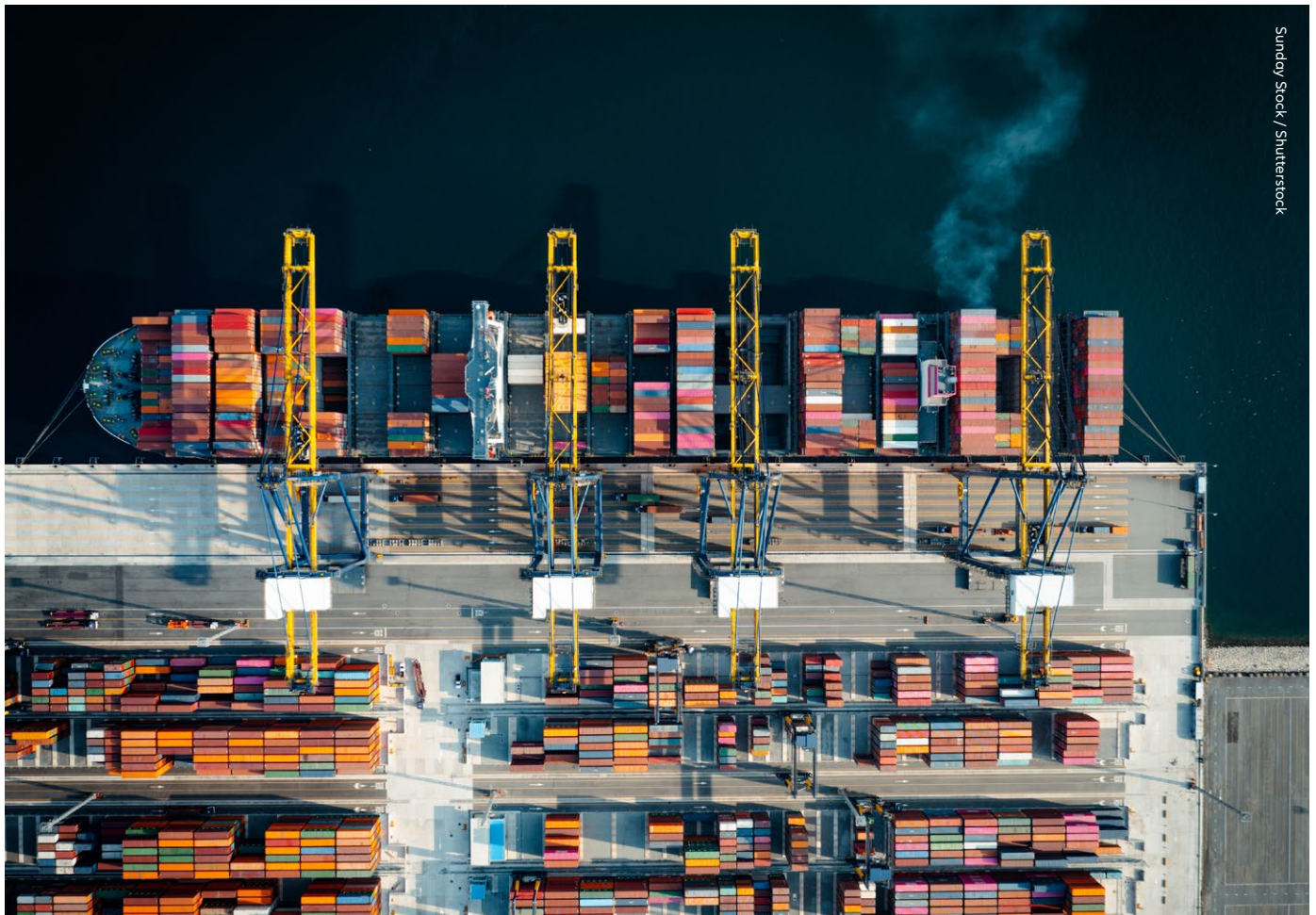
Container ship values exhibit a clear premium for both size and youth, with larger vessels such as Post-Panamax consistently commanding higher prices than the Panamax, and Handy segments reflecting superior economies of scale and stronger earnings potential on mainline trades. At the same time, vessel values decline materially with age. Older ships have lower fuel efficiency, higher operating and maintenance costs, and are more affected by increasing regulatory pressures under IMO frameworks, which penalize older, less efficient tonnage. This dynamic is further reinforced by tightening environmental standards and elevated fuel costs, which enhance the relative attractiveness of modern, eco-designed ships. As a result, the pricing curve reflects both a technological and regulatory premium, with newer and larger vessels benefiting disproportionately from stronger demand and greater future compliance certainty.

Looking ahead to a “new equilibrium”

The shipping industry is unlikely to revert to the relatively stable, efficiency-driven paradigm that characterized the pre-Covid-19 period. Instead, many of the structural forces that have reshaped the sector in recent years are expected to persist. Geopolitical fragmentation, the growing vulnerability of maritime chokepoints, and a more transactional approach to the provision of security are likely to sustain elevated levels of operational risk and route uncertainty. At the same time, regulatory pressures – particularly those linked to decarbonization – will continue to impose additional costs and accelerate technological transition across fleets. While global trade volumes are expected to expand over the medium term (but will be limited in the short term) this growth will likely be more uneven and regionally fragmented, reflecting shifts in supply chains, nearshoring trends, and evolving trade alliances.

In this context, the industry outlook is best characterized by structurally higher volatility combined with selective areas of opportunity. Freight markets are expected to remain sensitive to exogenous shocks, including geopolitical disruptions, energy price fluctuations, and policy changes, limiting the likelihood of a sustained return to historically low and stable freight rates. However, this more complex environment may also support greater earnings resilience for well-positioned operators – particularly those with modern, fuel-efficient, and flexible fleets, as well as those that have strategically expanded their presence across adjacent segments of the broader logistics value chain.

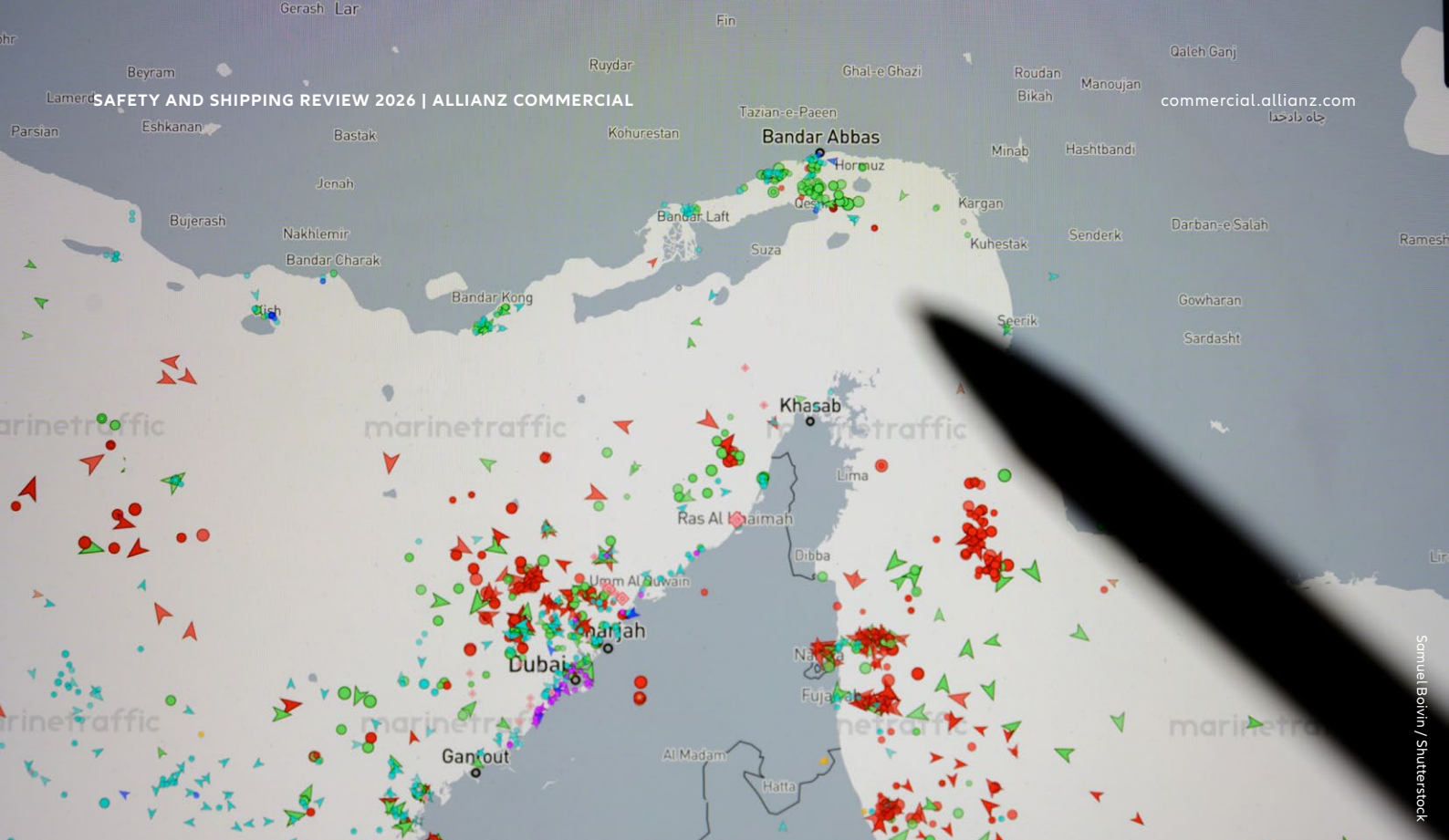
“The ongoing capital expenditure cycle, coupled with constrained shipyard capacity, could further underpin market tightness in certain segments. Overall, rather than a normalization, the sector appears to be transitioning toward a ‘new equilibrium’ defined by persistent uncertainty, higher risk premia, and a greater strategic emphasis on resilience over pure cost efficiency,” concludes **Maria Latorre**, Corporate Research, Sector Adviser, Allianz Research.



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War and geopolitical risks

Alones / Shutterstock



War in the Strait of Hormuz – crews in crisis, again

The US / Iran crisis is the latest in a series of disruptive events to have impacted the shipping industry in recent years, such as the Covid-19 pandemic and vessel attacks in the Red Sea by Yemen's Houthis. Unprecedented conflicts and challenging working conditions are undermining safety at a time of significant change for seafarers.

The war and subsequent blocking of the Strait of Hormuz, one of the most strategically significant maritime chokepoints in the world, all but halted transits in the Persian Gulf, with the number falling from around 100 to 140 vessels a day to as low as two to four. More than 1,500 vessels were trapped in the Persian Gulf during the blockade at one point (May 2026) and [20,000 seafarers](#)¹, while 14 had lost their lives in the conflict, as of June 12, 2026, according to the [International Maritime Organization \(IMO\)](#)². Any act from any party that endangers the lives of seafarers and the safety of international shipping is simply unacceptable.

As of June 15, 2026, **Allianz** calculates that around 1,150 cargo-carrying vessels (over 100GT) with a total volume of 29mnGT were operating within Persian Gulf waters, representing an estimated combined vessel and cargo value in the range of US\$125bn. This underlines the geopolitical and economic relevance of maritime chokepoints for the shipping industry and global trade.

"Globally, the biggest consequence of the conflict has been the disruption to the supply of commodities – oil, gas, petrochemicals and fertilizer, as well as some specific products exported out of the region. But from a shipping industry perspective, the main issue has been attacks against shipping and the trapping of vessels and crew inside the Persian Gulf," explains **Captain Rahul Khana, Global Head of Marine Risk Consulting at Allianz Commercial**.

"Unlike during the Covid-19 pandemic, there has been complete disruption to vessels schedules affected by the conflict. There are many operations and functions that a vessel must perform while at sea, such as obtaining basic supplies and spare parts for maintenance. For trapped vessels, they are totally dependent on external supplies of basic necessities, including food and water."

Since the start of the conflict during February 2026, the [International Transport Workers' Federation \(ITF\)](#)³ has received over 2,200 requests for assistance from seafarers struggling with unpaid wages, repatriation and vessels running critically low on essential fuel and supplies. Even before the crisis, 2025 was the worst year on record for seafarer abandonment – with 6,223 seafarers abandoned, according to the [ITF](#)⁴, a 32% increase on the previous year and the sixth consecutive year of rising cases.

While some seafarers will have been repatriated, the majority endured months onboard stranded vessels facing a near constant threat of attack, explains **Khanna**:

“Crews caught up in the conflict and trapped inside the Persian Gulf are operating in a conflict zone. We must not forget that these seafarers face a daily threat of attack. They are in the way of harm, with a real risk to life. There is no safe place for vessels that are trapped and many vessels have been attacked when in port or at anchor, as well as when transiting the Strait.”

The conflict is likely to have a lasting impact.

“Apart from the risk of bodily harm, there is the issue of mental stress and strain for seafarers affected by conflicts. The longer it lasts, the bigger the impact on the affected crew,” says **Khanna**.

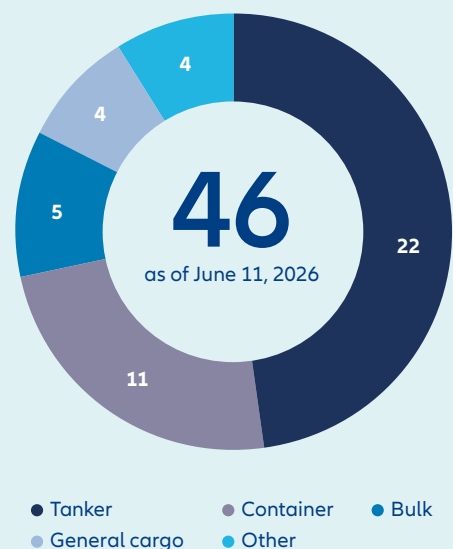
The psychological impact of the conflict adds to the pressures on crew already inflicted by factors such as the Covid-19 pandemic, the threat of piracy attacks, the rise of the Shadow Fleet – tankers which illegally trade oil subject to Western sanctions and embargoes; crews that are willing to work on such vessels are more likely to be poorly trained and work under challenging conditions – and attacks against shipping in the Red Sea. The risk is that the shipping industry will struggle to retain and recruit seafarers at a time of growing demand for skilled workers, says **Khanna**:

“Automation and the transition to greener and alternative fuels will place new demands on the skill set of seafarers and that means a lot more training and new talent will be needed by the industry. But the pressures of conflicts are to the industry's detriment and may make the sector less attractive to the potential next generation of seafarers.”



Apart from the risk of bodily harm, there is the issue of mental stress and strain for seafarers affected by conflicts. The longer it lasts, the bigger the impact on the affected crew

Confirmed incidents in the Strait of Hormuz by vessel type



Sources: Allianz Commercial and International Maritime Organization

Tankers account for around half of all incidents reported so far. Container ships for around a quarter of all incidents reported.

Insurers count cost of damage and trapping risks

The conflict in the Middle East and blocking of the Strait of Hormuz has resulted in significant damage to vessels, cargo and port infrastructure in the region.

According to the [International Maritime Organization](#)⁵, 46 merchant vessels (as of June 11, 2026) had been damaged in the conflict, of which a number were detained, abandoned or sunk.

Allianz has received a limited number of claims notifications resulting from the conflict, some of which involve significant damage to individual vessels, according to **Régis Broudin, Global Head of Marine Claims, Allianz Commercial**:

“Clearly, loss of life and property damage – in terms of both vessels and their cargo – are the main causes to date. Further claims related to the trapping of vessels in the Persian Gulf are to be anticipated where cargo damage results from vessels trapped at sea for long periods. The costs associated with delay to cargo, however, are typically not covered by insurance.”

Insurers face claims under marine coverages for damage to a wide range of vessels – including container ships, oil tankers and bulk carriers – from missiles and drones in the region, as well as related damage to cargo.

The marine insurance industry has proven resilient throughout the crisis, supporting the shipping industry with continuity of insurance cover, albeit at increased hull and cargo premiums.

*“Insurance continued to be available,” says **Broudin**. “However, under the principles of insurance, the cost of cover is proportional to the risks. The fact that insurance is still available is commendable. But for shipowners the issue is more about the risk to the crew and the vessel of transiting a conflict zone, than insurance.”*

Once the Strait of Hormuz reopens properly, it is critical that its status is robust in terms of safety and political stability. War insurance rates will always depend on the level of security and risk.



Persian Gulf maritime exposure assessment

The conflict in the Middle East paralyzed the Strait of Hormuz, a critical global oil trade route. As of June 15, 2026, **Allianz** calculates that around 1,150 cargo-carrying vessels (over 100GT) with a total volume of 29mnGT were operating within Persian Gulf waters, representing an estimated combined vessel and cargo value in the range of US\$125bn. This underlines the geopolitical and economic relevance of maritime chokepoints for the shipping industry and global trade.

To derive this valuation, **Allianz** applied a multi-source methodology incorporating vessel tracking data, market valuation benchmarks, and proprietary insurance research, including **Allianz Research's** own sources.

Vessels and their positions were sourced from Standard & Poor's maritime database and cross-referenced with additional market databases. The dataset was filtered to include only transiting cargo-carrying vessels – specifically general cargo and container ships, crude oil and chemical tankers, LNG and LPG carriers, and bulk carriers. Vessels with a permanent operational base in the region (e.g., offshore works vessels) were excluded.

Blockade sets worrying precedent on freedom of navigation

The blocking of the Strait of Hormuz sets a dangerous precedent and raises questions around the long-term future of this critical shipping chokepoint, and others.

The Strait of Hormuz connects the Persian Gulf to the Gulf of Oman. Under international law (The UN Convention on the Law of the Sea) shipping has the right to transit through the Strait unimpeded. However, under certain circumstances, the convention allows nation states to charge fees for non-discriminatory services in their national waters, such as pilotage or navigational services, to assist vessels transiting the Strait in their waters.

"This is the first time in history that the Strait of Hormuz has been closed – even in the Iran-Iraq war during the 1980s, the Strait remained open. For the future, the closure of the Strait will remain as a very real – and not just theoretical – disaster scenario for the shipping industry and insurers. There is now a danger that the region will be treated as a much higher risk conflict zone than it has already been in the past," says **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.**

"It's possible that navigation through the Strait could return to its pre-conflict state, although this looks increasingly unlikely with the passage of time. Potentially, deals could be done that enable transits on a case-by-case basis, with agreements based on the shipowner, type of cargo and destination. It is also possible that Iran would seek to charge a toll in return for specific services," says **Khanna**. *"Even though a deal has been signed that effectively opens the Strait of Hormuz, it is early days and vessels will still need assurance of safe passage, and that there are no sea mines before they transit. At the moment, it is not clear who will provide that."*

Against a backdrop of trade wars, tariffs and conflicts, the US / Iran conflict further demonstrates the shipping industry's exposure to geopolitical events. Strategically important shipping routes and infrastructure are increasingly seen through the lens of national rivalries, while many countries are looking to expand their naval capabilities to protect critical supply chains and routes. **Régis Broudin, Global Head of Marine Claims, Allianz Commercial,** explains:



“

This is the first time in history that the Strait of Hormuz has been closed

"Recent events raise concerns around freedom of navigation and set a dangerous precedent. Other countries are likely to draw lessons from the blocking of the Strait of Hormuz. There are many maritime chokepoints around the world that could be affected by future conflicts or political events."

Resilience and political alignment are the new watchwords

Navigating the matrix of geopolitical issues – from tariffs to regional conflicts and regulation – is the number one issue for shipowners and cargo operators going forward.

Companies are trying to figure out a resilience strategy that can withstand rapid change and geopolitical volatility, and to find the right partners that are politically aligned for the long-term, a scenario that many in the shipping industry would have deemed unthinkable pre-Covid-19.

“However, the world is changing so rapidly, that by the time you come up with a strategy, things have often moved on,” says **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.**

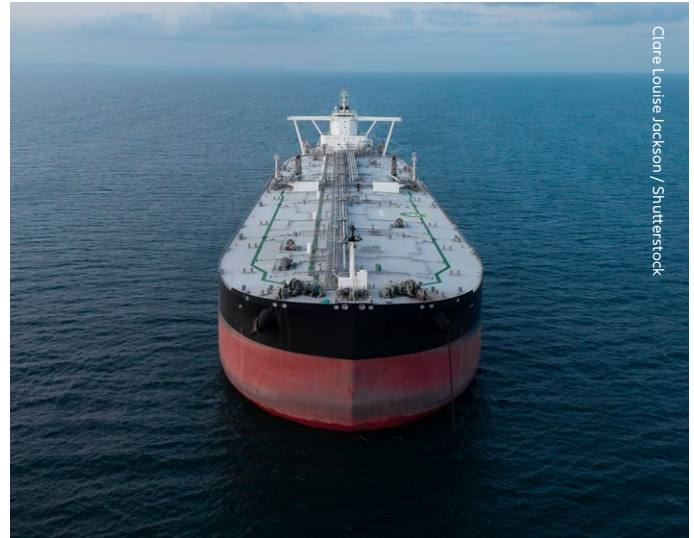
The key learning from the conflict in the Middle East – just the latest in a string of disruptive events – is the need to continually address resilience.

“While events of the last five years have seen companies build resilience, the events in the Middle East have been more impactful than many would have expected. Shippers will now have to up their game to ensure they remain a reliable partner for their clients and show that despite events you can continue to deliver on commitments. This is something we all have to do. The closure of the Strait of Hormuz shows that a fundamental shift in geopolitics is taking place,” says **Khanna.**

The conflict in the Middle East is likely to further accelerate measures to build more resilient supply chains, with a particular focus on political alignment and critical shipping routes and pinch-points, according to **Khanna:**

“Prior to the pandemic, just-in-time supply chains were focused on efficiency and cost savings. Today, the focus is on just-in-case supply chains. Companies want to make sure their supply chains and logistics are resilient ‘just-in-case’ something goes wrong and there is a major disruption.”

“Where companies once selected suppliers based on location, convenience and cost, they are now talking about sourcing goods and raw materials from countries that are politically aligned to avoid disruption from geopolitics. This change in thinking is causing organizations to reroute their supply chains and plan new routes – which will have an impact on the shipping industry,” says **Khanna.**



Clare Louise Jackson / Shutterstock



The closure of the Strait of Hormuz shows that a fundamental shift in geopolitics is taking place

Adjusting to a more unpredictable and unstable geopolitical climate requires a certain mindset that balances resilience and geopolitics with cost and efficiency.

“We have seen growing uncertainty around shipping routes. Any type of event – a conflict, pandemic or a grounded vessel blocking a key port or shipping channel – can potentially cause a major disruption to supply chains and shipping. What is becoming clear is that we have to pay a price for uncertainty,” says **Khanna.**

Future claims impact from inflation and maintenance

The blocking and trapping of vessels in the Persian Gulf will have indirect implications for marine insurance claims such as higher inflation and machinery breakdown and maintenance issues.

Even before the outbreak of the US-Iran conflict in the Middle East, according to the [International Union of Marine Insurance \(IUMI\)](#)⁶ Inflation Index, average hull claim costs were projected to increase by 7% to 22% over the next five years.

Repair costs remain elevated, according to **Régis Broudin, Global Head of Marine Claims at Allianz Commercial:**

“Many of the factors driving marine hull and machinery claims inflation in recent years have not gone away, including shortages of skilled labor, long lead times for repairs and spare parts, increased values, high energy and material costs, such as for steel, and limited capacity at shipyards due to high demand for new vessels and retrofitting.

“For the shipping industry we continue to see persistently high costs and prices. Hull and machinery claims inflation has not yet returned to pre-Covid levels, and we still see some areas where repair costs continue to rise.”

Generally, machinery repair costs have increased significantly due to a global shortage of quality engineers and technicians, longer repair periods, travel restrictions, an ageing workforce and, of course, the global disruption to supply chains and spare parts availability, including engine components, such as crankshafts and bearings, for example, notes **Broudin**.

In an April 2026 report, [Cefor \(the Nordic Association of Marine Insurers\)](#)⁷ noted that ocean hull claims costs remained elevated during 2024/25, with the claims cost per vessel 33% above both pre-pandemic and 2021 levels.

“As we saw with the Covid-19 pandemic and the Russia / Ukraine war, supply chain disruption can drive claims inflation for hull and machinery insurers through longer repair times and higher repair costs. At the same time, the conflict in the Middle East is also expected to drive higher inflation as increased energy costs impact manufacturing and transport,” says **Broudin**.

Unlike the Covid-19 pandemic, where some vessels were declared in layup, ships trapped in the Persian Gulf have had to maintain a state of readiness, with a full crew compliment. However, it is difficult to focus on routine jobs like maintenance while the crew is fearful of an attack and running short of basic supplies like food and water, explains **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial:**

“Vessels may need spare parts and maintenance crews and must follow a maintenance schedule. But those schedules have been disrupted, while there are questions as to whether spare parts are arriving on time. This will have an impact on vessels going forward.”

“

Hull and machinery claims inflation has not yet returned to pre-Covid levels, and we still see some areas where repair costs continue to rise



Trapped vessels at higher risk of biofouling

Vessels trapped in shallow warm waters of the Persian Gulf are at increased risk of biofouling – where barnacles, algae and other marine life accumulate on a ship's hull.

According to reports, one vessel which recently left the region had marine growth on 40% of its underside, as well as all of its propeller.

Biofouling can increase drag, reduce vessel speed and drive higher fuel consumption, explains **Captain Anastasios Leonburg, Senior Marine Risk Consultant at Allianz Commercial**. In severe cases, it can impede a vessel's ability to operate.

Most marine insurance policies do not cover losses or damage caused by poor maintenance or gradual wear and tear, which would include biofouling. Delays or increased fuel consumption due to biofouling are also not usually covered by insurance unless they result from an insured peril, such as collision or grounding.

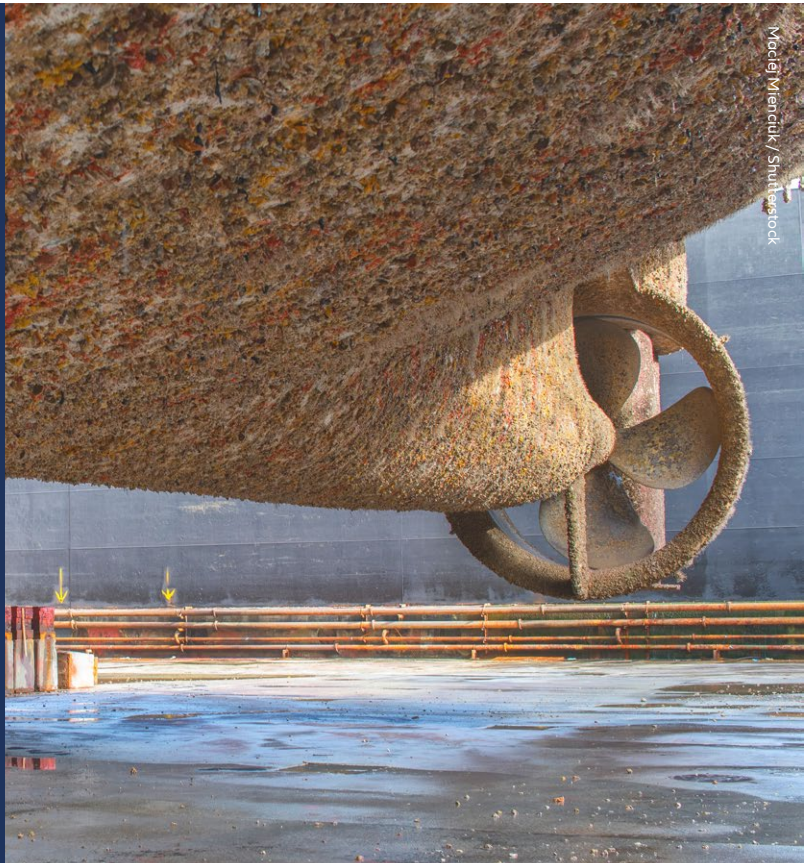
If a vessel becomes inoperable due to severe biofouling, coverage may be available under certain circumstances, such as where a vessel's inoperability leads to third-party damages, or where a vessel is insured for loss-of-hire, explains **Leonburg**.

Salvage costs may also be covered if a vessel requires assistance to move, although failure to maintain or remove biofouling lies with the shipowner, according to **Leonburg**:

"While the cause of biofouling is not insured, the consequential costs, including salvage, may be covered if they serve to prevent greater damages."

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Model Mendiak / Shutterstock

Arctic shipping: interest grows, but region remains higher risk for shipping

Climate change and geopolitics are helping to drive growing interest and economic activity in the region. However, these waters present a number of challenging risks for shipping companies.

The Arctic economy nearly tripled in size between 2003 and 2022, with its gross regional product growing to US\$666bn from \$225bn, according to the [Arctic Council](#)⁸. The development reflected increased investment in the region by Russia, as well as growth in extractive industries and the development of trade routes, such as the Northern Sea Route (NSR).

2025 was another milestone year for the NSR with the first ever China-Europe container ship transit in October 2025. The 4,800 teu **Istanbul Bridge** took just [22 days](#)⁹ to travel from the Chinese port of Ningbo to the UK port of Felixstowe, around half the voyage time typically required via the Suez Canal. There were a record 23 transit container voyages on the NSR in 2025, up from 15 in the previous year, according to [Rosatom](#)¹⁰. The total volume of transit cargo grew by almost 4% to a new high of 3.2 million metric tons.

The Arctic is increasingly seen as strategic in terms of military, trade and natural resources, such as oil and gas and rare earth minerals. Bridging the Atlantic and Pacific oceans, it is a potentially important future trade route – particularly for China and Russia – that promises an alternative to warm water global shipping routes that currently pass through the Suez and Panama canals.

“We have seen ships transit the northern sea route from China to Europe in just over 20 days, compared with 40 days via the Suez Canal and 55 days around the Cape of Good Hope. Time is money, and we could see more shippers use the NSR due to competitive pressures,” says **Captain Anastasios Leonburg, Senior Marine Risk Consultant, Allianz Commercial**.

“

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*“Interest in Arctic shipping has heightened, driving demand for ice class vessels and icebreakers and more skilled crew members. However, navigating polar waters is inherently risky due to the harsh conditions and remoteness of the region. Any incident will be enhanced in severity and potentially have a larger environmental impact. The Arctic is also remote with very little infrastructure for ship repair, assistance, rescue and salvage,” says **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.** “Should a vessel get into trouble and require assistance or services provided by the Russian state or companies, the situation is also complicated by sanctions. At the same time, the race to control the Arctic by the big powers could set the stage for a future conflict zone.”*

Last year saw increased tensions between the US and Europe over Greenland, which contains deposits of rare earth and oil and gas reserves. The Northwest Passage and the Beaufort Sea are also the subject of a territorial dispute between the US and Canada, while Norway’s Svalbard archipelago is widely regarded as a potential future flashpoint between Russia and NATO.

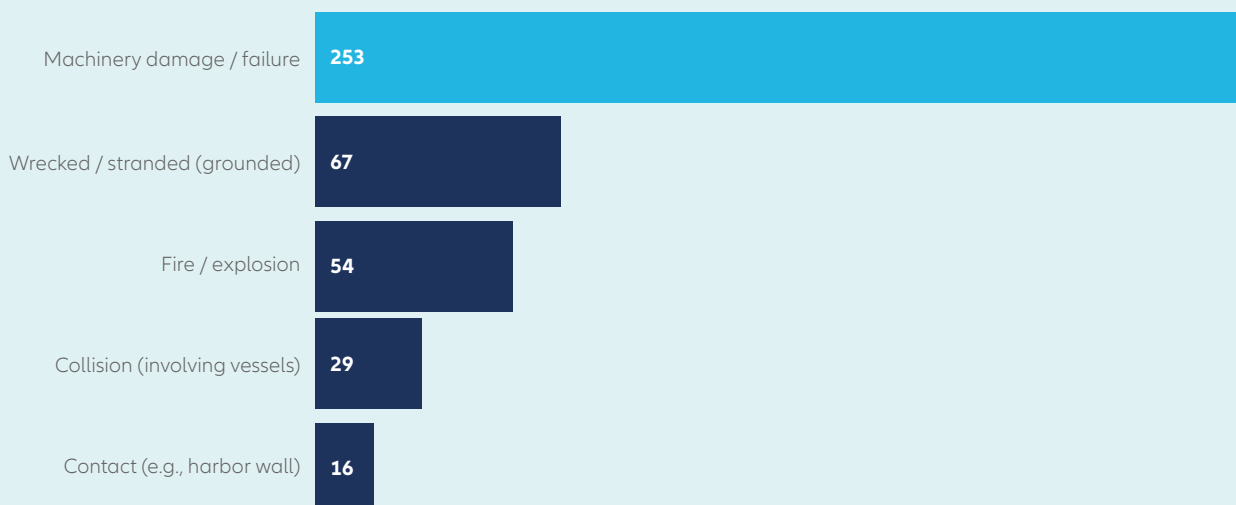


Navigating polar waters is inherently risky due to the harsh conditions and remoteness of the region

The timing and scale of future Arctic shipping will depend on climate change, geopolitics and economic factors. Arctic sea ice reached a record low maximum extent in March 2025, while the sea ice minimum reached in September was among [the 10 lowest¹¹](#) since satellite records began in 1979, according to the National Snow and Ice Data Center (NSIDC). The Arctic sea ice area for summer 2025 was the second lowest ever. An almost [ice-free Arctic sea in summer¹²](#) is expected to be the norm for 2.5°C warming.

Major causes of shipping incidents in Arctic Circle waters

500+ incidents between January 1, 2016 and December 31, 2025.
Vessels over 100GT only



Source: Allianz Commercial, Lloyd's List Intelligence Casualty Statistics

GNSS jamming and spoofing raises risk of collision and grounding

Vessels navigating conflict zones and other routes face a heightened risk from interference with Global Navigation Satellite Systems (GNSS), including the jamming or spoofing of GPS signals.

The [Royal Institute of Navigation](#)¹³ has warned that critically important systems such as Global Maritime Distress and Safety Systems (GMDSS) and other International Convention for the Safety of Life at Sea (SOLAS)-mandated equipment that rely on satellite data are vulnerable to interference, with serious implications for safety and liability. It also warned that many on board electronics, including radios and radars, were unnecessarily dependent on GPS signals.

Jamming intentionally blocks GPS signals in an affected area, while spoofing involves sending false signals, tricking a GNSS into calculating an incorrect location or speed. Interference with GNSS data can affect a vessel's Electronic Chart Display and Information System (ECDIS), Automatic Identification System (AIS) and navigation systems, increasing the risk of grounding and collisions.

In June 2025, the very large crude carrier **Front Eagle** experienced GPS jamming prior to its [collision](#)¹⁴ with the Antigua & Barbuda-flagged Suezmax tanker **Adalynn** off the coast of the United Arab Emirates. The incident came one month after the 7,000 teu container ship [MSC Antonia](#)¹⁵ ran aground near Jeddah, Saudi Arabia, after suspected GPS interference.

GNSS spoofing and jamming is a hot topic for shipping, given interference events are usually commonplace in areas of geopolitical instability and conflict and, increasingly, trade lanes, says **Captain Anastasios Leonburg, Senior Marine Risk Consultant, Allianz Commercial:**

"Jamming does not mean a vessel is sailing blind. You still have radar and traditional navigation techniques, should GPS be temporarily unavailable. However, it is very dangerous if you are near shore or in a busy shipping lane, such as the Strait of Hormuz or the English Channel, where it is hard to navigate without a GPS signal."



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In addition, the manipulation of AIS signals and data has led to incidents of falsified vessel locations, complicating sanctions compliance. In some instances, vessel tracking platforms have been tricked into incorrectly showing a vessel as trading with Israel, putting the shipowner's fleet at an increased risk of attack in the Red Sea.

Damage to a ship resulting from GPS jamming would likely be covered under a hull insurance policy. However, if a vessel is intentionally targeted, the claim may fall under a cyber exclusion, explains **Justus Heinrich, Head of Marine Underwriting and Global Product Leader Hull, Allianz Commercial:** *"The intentional targeting of a vessel by a malicious cyber-attack could be difficult to prove in cases of GPS jamming, where the intention may not be to target a certain vessel."*

Hull and cargo risks





In July 2023, the **Fremantle Highway** cargo ship caught fire off the island of Ameland in the north of the Netherlands.

Fires on board large vessels drive severity losses

Despite heightened awareness, fires on board large vessels remain one of the major causes of large losses, with a number of incidents involving container ships and car carriers in particular.

Fire is the never-ending story for the shipping industry. The root causes remain the same. Ships continue to get bigger and are more complex, outpacing investments in safety and regulation. If there is a fire on board a car carrier or a container ship today, the chances are it will result in a very large loss.

A number of the largest losses handled by **Allianz Commercial** over the past year involved fires, explains **Régis Broudin, Global Head of Marine Claims, Allianz Commercial**. Such events can be driven by factors such as the accumulation of cargo values and the cost of salvage.

“The larger the vessel, the larger the loss. And when we see a fire on board a large ship, we often see that the crew is quickly overwhelmed and forced to abandon the vessel. By the time appropriate tugs and salvage teams arrive, the vessel is often a total loss,” says **Broudin**.

This was the case with the loss of the car carrier **Felicity Ace**, which sank in March 2022, and the **Morning Midas**, which sank in [June last year](#)¹⁶, with around 3,000 vehicles on board, including electric cars.

The increased size of vessels is also driving a trend for an increase in general average claims, where the ship owner and cargo interests share losses or expenditure to save the whole venture in an emergency. General average claims are typically complex and large. Contributions to cover losses can be as high as 50% of the cargo value, explains **Broudin** – which if a vessel is carrying a few thousand electric cars, for example, could easily be in excess of US\$100mn.

“General average claims were the exception in the past,” says **Broudin**. *“But with the increase in large vessels, they are becoming more frequent, as well as severe. Following a fire, collision or grounding involving a large ship, owners are now quicker to declare general average because they anticipate the potential for large losses, due to the size of the vessel and the potentially high costs of salvage.”*

Another common factor in many large ship fires has been the presence of lithium-ion batteries, typically found in electric vehicles and electronic consumer goods transported in shipping containers. Lithium-ion batteries have been linked to several large claims handled by **Allianz Commercial** in 2025, including a cargo fire loss at a warehouse in North America.

“With the rapid growth in artificial intelligence and electrification, batteries are now frequently transported by sea. From cars and energy storage systems to consumer goods, many products now contain batteries,” says **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial**, who notes that according to the International Energy Agency (IEA)¹⁷, global lithium-ion battery deployment in 2025 was six times as high as just five years earlier. Demand for the storage device is expected to double by 2030.

“While battery technology is inherently safe, it is well understood that damaged batteries can lead to large fire losses on board vessels or in storage. As batteries become ubiquitous, we will need to think seriously about vessel design and appropriate fire protection for electric vehicles and battery storage systems,” says **Khanna**.

Car carriers and Roll-on/roll-off (Ro-ro) ships are of particular concern, according to **Captain Anastasios Leonburg, Senior Marine Risk Consultant, Allianz Commercial**. During January 2026, a suspected fire caused by lithium-ion batteries damaged a car carrier in the Wadden Sea off Germany.

While shipowners adhere to current safety standards, there are questions as to whether current regulations are sufficient, given the size of vessels, says **Leonburg**:

“Some car carriers now carry 10,000 vehicles on board, yet safety standards are largely unchanged from those that were designed to carry half that number. Unless we see changes in regulation that set appropriate standards, the situation is unlikely to change in the near future.”

For example, a vehicle’s battery charge status is known to contribute to the risk of fire for electric vehicles, yet there is little consistency or standard on charge rates for vehicles in transit, according to **Leonburg**:

“If the state of charge is low, the risk of fire can be mitigated. But some manufacturers are charging vehicles up to 50% or 60%. Currently, regulators do not set a standard for charge rates for electric vehicles during loading and transport.”

“

Some car carriers now carry 10,000 vehicles on board, yet safety standards are largely unchanged from those that were designed to carry half that number



Rangsarit Chaiyokun / Shutterstock

Commercial factors continue to hamper fire risk mitigation for car carriers, according to **Justus Heinrich, Head of Marine Underwriting and Global Product Leader Hull, Allianz Commercial**. For example, car carriers would ideally have sprinklers located beneath an electric vehicle, which is where the battery is typically located. However, most car carriers are designed for petrol vehicles and use overhead sprinklers, which are not as effective when fighting an electric vehicle fire.

“Car carriers are packed with vehicles and the capacity to react to a fire is limited,” says Heinrich. “This is a sector where commercial factors remain key and no single stakeholder has the power to require more investment in fire risk prevention and mitigation or accept the higher transport costs of carrying fewer vehicles.”

Fighting an electric vehicle fire on board a vessel requires different tactics than if one occurs ashore, explains **Captain Randy Lund, Senior Marine Risk Consultant, Allianz Commercial**: *“The thought process for a vessel with numerous decks and compartments, such as a car carrier or Ro-ro vessel, should be all about containing the fire by totally securing all ventilation and setting up cooling boundaries on all six sides of the compartment,” says Lund. “This is not such an easy task on today’s largest vessels as they are designed with limited bulkheads from bow to stern, and typically none from port to starboard (to facilitate quick loading/discharge operations), so the idea of totally closing off a compartment becomes a nearly impossible task and a fire can quickly run the entire length of the vessel. Add to that the limited manpower available on these largest vessels, and it can be a losing battle from the start.*

“Also, keep in mind that most crewmen on board a vessel are not trained to anywhere near a professional fire fighting level. Most sailors have never encountered a shipboard fire, so experience may be severely lacking for a real event. This is known in the fire service as ‘high risk – low frequency’ and is never more true than for crew on board a vessel. Future designs for these types of vessels need to place fire prevention and fire mitigation at a higher importance in the design stages before vessel construction. This of course will come at a higher price tag, so we will not likely see it unless regulations include such requirements. However, international regulations and standards are slow to evolve.”



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Most sailors have never encountered a shipboard fire, so experience may be severely lacking for a real event

Mis-declared cargo a leading fire contributor but new tech solutions a step in the right direction

Mis-declared cargo remains a major contributing cause to container ship fires, despite growing awareness of the issue, but AI can help improve identification challenges.

The role that mis-declared dangerous goods, such as chemicals, batteries and charcoal, have played in cargo fires has become increasingly documented. Recent years have seen ship fires at their highest level in over a decade and mis-declared cargo has been a leading cause with industry reports noting it as a contributing factor in a quarter of all cargo-related incidents.

Failure to properly declare, document and pack such hazardous cargo can result in containers stowed inappropriately, or hamper firefighting efforts. Labeling a cargo as dangerous is more expensive and therefore some companies have also tried to circumvent this by labeling items such as fireworks as toys or lithium-ion batteries as computer parts, for example.

“The risks are well known within the industry, but a lot of mis-declared cargo is down to a lack of knowledge among shippers and exporters. The easiest way of sending cargo may not be the safest,” says **Captain Anastasios Leonburg, Senior Marine Risk Consultant, Allianz Commercial.**

Technology solutions are now helping shipping companies identify mis-declared or incorrectly labeled cargo, which is a welcome step, says **Leonburg**.

To address the risk of container fires on ships, the World Shipping Council (WSC), in partnership with the National Cargo Bureau (NCB), has developed the [WSC Cargo Safety Program](#)¹⁸ – introducing the first-ever industry-wide best practices for cargo screening and inspections. Supported by advanced digital tools, the system evaluates cargo booking information against safety regulations and uses artificial intelligence (AI) to continuously refine its risk algorithms, enhancing detection capabilities over time. The program launched last year and is expected to screen millions of container bookings globally.



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The easiest way of sending cargo may not be the safest

Geopolitics and high demand drive trend for older vessels

Today's volatile risk landscape and a shortage of shipyard capacity are some of the factors driving up the average age of vessels, raising issues for safety, crew and maintenance.

The average age of the global fleet increased to 23 years in 2025, up from around 20 years old just before the Covid-19 pandemic, according to the [International Union of Marine Insurance \(IUMI\)](#)¹⁹. Vessels 20 years or older now account for [almost a quarter \(24%\)](#)²⁰ of the global container ship fleet, up from 16% in early 2020 – the highest proportion since the early 1970s.

The average age has been increasing as shipowners retain vessels for longer due to the volatile geopolitical climate. Conflict in the Middle East has seen tankers and container ships stranded and rerouted around the Cape of Good Hope, for example, resulting in longer transit times and a squeeze on existing fleet capacity.

At the same time, the expansion of the shadow tanker fleet, which illegally trades oil subject to Western sanctions and embargoes, has relied disproportionately on older vessels. Older vessels pose significant safety risks at sea, with vessels over 20 years old accounting for over half of all safety incidents, analysis shows.

As ships age, the likelihood of incidents increases due to structural, mechanical, and technological obsolescence, creating risks for crew, cargo, and the environment.

Scrapping rates of vessels could increase in future if conflict zones such as the Strait of Hormuz or the Red Sea ease, enabling the return of the shorter, more time-efficient routes that were used before, such as the Suez Canal, for example, according to **Justus Heinrich, Head of Marine Underwriting and Global Product Leader Hull, Allianz Commercial.**

Looking ahead though, several ageing shipping sectors – including dry bulk carriers, tankers and container ships – will face a bottleneck as they renew their fleets and scrap older vessels. An estimated [10 million teu of container ship capacity](#)²¹ – the equivalent of a third of the current active fleet – is now on order and will be delivered over the next few years.



In 2025, the average age of the global fleet increased to

23 years



The recent pushback against net zero targets and full order books at the major Asian shipyards are other factors which could ensure the average age of vessels is likely to remain elevated in the near term

“Shipowners are under pressure to scrap older vessels and replace them with new, more efficient, safer and compliant ships. However, the recent pushback against net zero targets and full order books at the major Asian shipyards are other factors which could ensure the average age of vessels is likely to remain elevated in the near term,” says **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial.**

In addition to the need to invest in greener shipping, geopolitical rivalries and increased defense spending are fueling a surge in naval shipbuilding. Meanwhile, growing interest in the Arctic is driving demand for ice class vessels and icebreakers. In 2025, the US agreed to buy up to 11 new icebreaker ships from Finland in a US\$6bn [deal](#)²².

And while there are proposals to expand capacity and create new shipbuilding hubs in India, the Middle East and the US, where [fewer than 1%](#)²³ of new commercial ships are currently built, it will take years to build these and invest in the required skills and expertise:

“We may see a shift in shipbuilding away from areas such as China due to changes in the geopolitical landscape, but this will take time and is unlikely to solve the shipyard capacity shortage problem in the short term,” says **Heinrich.**

Global code adopted for autonomous shipping

The world’s first global safety standards for remotely operated and crewless vessels lay the groundwork for widespread commercial integration.

The International Maritime Organization (IMO) adopted a new International Code of Safety for Maritime Autonomous Surface Ships (MASS) at its Maritime Safety Committee session in London during May 2026.

The code will support the safe integration of AI-enabled and remotely operated commercial ships into global shipping. It sets out a comprehensive, goal-based framework to ensure that autonomous vessels are built, operated, and certified to meet safety and environmental standards equivalent to those for conventional ships.

It applies to large internationally-trading cargo ships and will take effect from July 1, 2026. As it is a non-mandatory instrument, member states are given the opportunity to test its use while paving the way for making it mandatory under the SOLAS (International Convention for the Safety of Life at Sea) Convention.

A ship is considered autonomous if such shipboard technology is designed and verified to control actions without human intervention. While the number of fully crewless or remote-operated ships are currently limited, a growing number are being successfully trialed internationally.

Non-OEM parts raise fears of blackouts

The increased use of non-original equipment manufacturer (OEM) parts for vessel repairs and maintenance may heighten the risks of blackouts, where a vessel suddenly loses power when at sea.

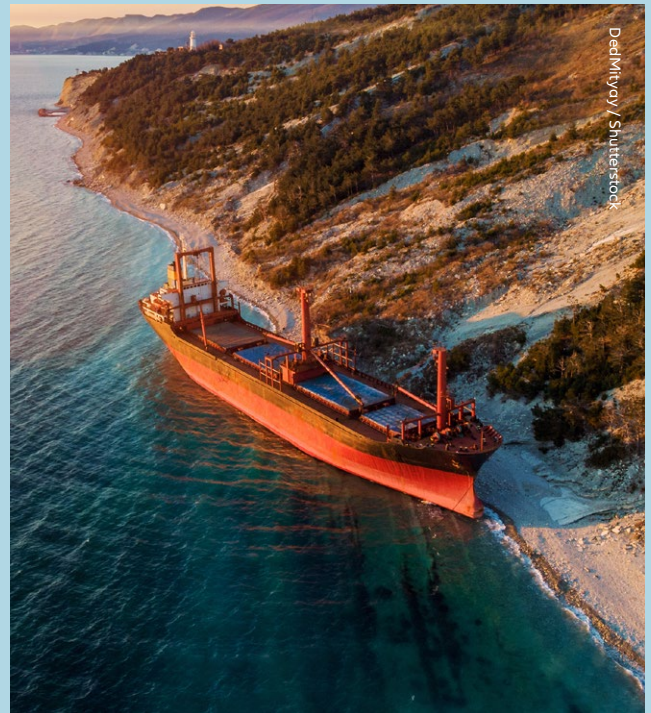
Power blackouts can be potentially catastrophic when a vessel loses power at critical times, such as when navigating busy shipping lanes and ports.

Many shipowners are reporting an increasing number of blackouts attributed to the use of non-OEM parts, according to **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial**.

“Due to the practicalities of the seas, recommended OEM parts may not be available and shipowners may turn to locally manufactured non-OEMs for maintenance and repairs. In addition, with commercial pressures on shipping and high inflation in recent years, shipowners have had to rely more on non-OEM parts in order to save costs and maintain maintenance budgets,” says **Chopra**.

Typically, backup equipment and contingency plans should restore power for critical equipment within minutes, but this is not always the case. In 2024, the container ship **Dali** hit the Francis Scott Key Bridge in Baltimore, US, killing six highway workers, after the 984-foot (300m) vessel reportedly lost power. According to investigators from the National Transportation Safety Board ([NTSB](#))²⁴, a loose wire in the ship’s electrical system resulted in two blackouts and a loss of both propulsion and steering as the ship approached the bridge.

*“Power failure on board is a known occurrence and redundancy and contingency procedures act as the critical guardrails. However, if a ship loses power and the backup systems fail, collision or grounding becomes a major risk. As demonstrated by the **Dali** incident in 2024, the potential severity of a blackout depends entirely on location and timing. A blackout occurring in open waters typically presents minimal risk, whereas an identical failure within high-traffic lanes or restricted port environments can yield disastrous outcomes. Use of non-OEM parts can impact coverage and admissibility of claims,”* says **Chopra**.



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Failure within high-traffic lanes or restricted port environments can yield disastrous outcomes

Organized crime groups harness technology to drive rise in cargo theft and fraud

Cargo theft is becoming more sophisticated as organized gangs use cyber and intelligence to target high value goods and supply chain vulnerabilities.

Incidents of cargo theft and fraud have increased significantly across Europe, the Americas and Africa, according to the Transported Asset Protection Association ([TAPA](#))²⁵ and the International Union of Marine Insurance (IUMI). According to TAPA's intelligence system, nearly 160,000 cargo-related crimes were recorded across 129 countries between 2022 and 2024, with total losses estimated to reach several billion euros.

"While cargo theft claims continue to rise – notably in Europe and North America – the real story is the underlying trend in cargo theft and fraud in which criminals are better organized and increasingly sophisticated in their use of intelligence and technology," says **Régis Broudin, Global Head of Marine Claims, Allianz Commercial.**

While traditional forms of theft – from vehicles in transit and warehouses – remain the main cause of cargo theft claims, cargo crime is evolving, explains **Broudin.**

A notable trend over the past year has been the rise of fake carriers and fraudulent pick-ups, where criminals impersonate legitimate carriers, or use stolen or falsified credentials, to steal or divert cargo. Strategic cargo theft and organized crime accounted for around 18% of all thefts in the US in 2025, according to TAPA. In the first seven months of 2025 alone, [88 cases of so-called phantom carriers](#)²⁶ were registered in Germany – as many as in the entire previous year, according to the German Insurance Association (GDV).

"As the logistics industry has digitalized, organized criminal groups are finding ever more clever ways to pose as legitimate carriers or contractors in order to redirect or fraudulently pick up cargo. In one claim, a driver was redirected en route to a fraudulent location after criminals impersonated the contractor. We see more and more cases like this," says **Broudin.**



"We have experienced a five-fold increase in cargo theft losses dating back to late 2022," adds **Tim Grindle, National Transportation Product Leader, North America, Allianz Commercial.** *"This trend is largely dominated by strategic theft including, but not limited to, identity theft and cyber fraud. Both leading causes of loss include utilization of deceptive tactics including falsified or altered documents and unauthorized access to computers and digital information to commit fraud. A particular pain point has been losses allocated back to our freight broker business. Logistics claims make up over 60% of our cargo theft loss frequency and a higher percentage of severity. The speed and efficiency of freight broker technology and transactions have yielded significant benefits to the transportation and logistics industry but have created opportunities for organized crime."*

In light of the significant increase in theft incidents, required anti-theft technology needs to become, and indeed is becoming, much more sophisticated. Regular cargo tracking is no longer sufficient.

Such solutions can not only track the shipments but also include other features such as 24/7 monitoring and even cargo recovery.

Climate transition risks



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Maksim Osoblenkov / Shutterstock

Shipowners face uncertainty as net zero drive derailed

Progress on the IMO's framework, which included proposals for mandatory reductions in greenhouse gas emissions, stalled after member states failed to reach agreement. The maritime industry now faces greater uncertainty over future investment decisions.

The International Maritime Organization (IMO) approved landmark draft regulations in [April 2025](#)²⁷ that aimed to establish a legally binding framework to reduce greenhouse gas (GHG) emissions from shipping, with an ambition to reach net zero emissions by 2050. A vote to formally adopt the measures in October 2025 was adjourned following opposition by countries including the US and Saudi Arabia.

While the postponement keeps the IMO's net zero framework alive, adoption of the new GHG requirements is unlikely without a change in the US position. For now, investment in greener shipping and regulatory developments continue. The EU has included maritime emissions in its Emissions Trading System since 2024.

*"We are at a critical juncture with regards to net zero and efforts to build a more sustainable shipping industry for the future," says **Captain Rahul Khanna, Global Head of Marine Risk Consulting at Allianz Commercial.** "There has been a huge investment by the sector, which had hoped for certainty from the IMO's proposed framework. However, given the current state of geopolitics, there is a real danger that this might not proceed in the near future."*

A failure to agree a GHG framework for shipping could prove divisive for the industry, warns **Khanna**. There is also a risk of regulatory fragmentation if individual nation states pursue their own GHG emissions rules.

*"The industry has expended a lot of time and money on this issue, investing in vessels, ports and infrastructure to support sustainable shipping. Now it is unclear if net zero will be implemented and we run the risk of divergence in the shipping industry – as some shipowners continue to implement it while others do not," says **Khanna**.*

However, the soaring price of oil that followed Iran blocking the Strait of Hormuz in the wake of the US-Israel air strikes that began on February 28, 2026, may well shift emphasis back towards the issue of energy security and the net zero transition.



Building back better

A new insurance solution allows shipowners to use claims payouts to invest in emissions-cutting measures, like green steel or more efficient engines and propellers.

Allianz Commercial's marine Build Back Better endorsement – the first of its kind in commercial hull and machinery insurance – provides US\$1mn to \$3mn of sub limited coverage for repairing or replacing damage to a ship's hull and / or machinery with materials that reduce greenhouse gas emissions or have a lower carbon footprint.

"Allianz continues to support shipowners with capacity as they invest in greening their fleets. We now offer a Build Back Better endorsement at 100% that will cover the additional costs of repairs and replacement parts related to a claim under a marine hull policy, should the owner wish to invest in measures that lower emissions and increase the carbon efficiency of a vessel," says Funké Adeosun, Global Head of Sustainability Solutions, Allianz Commercial. "We hope that by offering meaningful limits it will stimulate discussions with clients and incentivize and support shipowners as they invest in more sustainable fleets."

FOR MORE INFORMATION

[Marine Build Back Better Endorsement | Allianz Commercial](#)

Urgent need for regulation and liability framework of alternative fuels

The take-up of low and zero emission fuels has gained momentum in the shipping industry, but such developments are outpacing the development of regulation and liability frameworks.

Some 534 container ships capable of using alternative fuels were on order as of August 2025, representing 53% of all container ships on order and 77% of total ordered teu capacity, according to the Baltic International and Maritime Council (BIMCO)²⁸. Within the container segment, approximately 58% of tonnage ordered in 2025 is able to run on LNG and 6% on methanol, compared with 36% using conventional fuels.

Various factors are influencing the uptake of alternative fuels, including commercial viability and the availability of fuels and infrastructure at ports. In particular, there is an absence of specific international conventions, while existing international liability frameworks were designed for conventional fuels and may not be suited to the risks associated with alternative fuels.

The International Maritime Organization (IMO) has an important role to play in developing appropriate liability and compensation frameworks for alternative fuels. Its Sub-Committee on Ship Design and Construction (SDC) is currently developing a safety regulatory framework²⁹ for ships using new technologies and alternative fuels to reduce greenhouse gas emissions.

At its Maritime Safety Committee session in London during May 2026, the IMO also released new guidelines for ships using alternative fuels³⁰. It approved new interim guidelines for use of ammonia cargo as fuel, to support the safe design, construction and operation of ships carrying and using ammonia as fuel. It also approved two new sets of interim guidelines for training seafarers on ships using alternative fuels and technologies.

The lack of a liability framework is a Damocles sword hanging over the market, according to **Captain Anastasios Leonburg, Senior Marine Risk Consultant, Allianz Commercial:**

"There is progress on the adoption of alternative fuels in shipping, but as yet there is no internationally recognized liability framework. The various alternative fuels have different risk profiles, and there remain liability uncertainties and a general lack of established preventions. We currently have regulatory and technical gaps, and these will need to be addressed in the near future."

The lack of regulation of alternative fuels adds to the uncertainty for shipowners when it comes to investing in more sustainable vessels, says **Justus Heinrich, Head of Marine Underwriting and Global Product Leader Hull, Allianz Commercial:**

"As an insurer we do not determine which fuels shipowners use. We provide a standard form of insurance cover. Whether it's a diesel engine or a methanol engine, the wording remains the same. As there is uncertainty for insurers around potential claims scenarios for alternative fuels the sharing of data and experience across the industry would benefit all."

Alternative fuels pose different risks compared to conventional fuels. For example, ammonia has zero emissions when used as fuel, but it is also toxic and corrosive, requiring specialized handling systems and crew training.

*"Ammonia is a toxic and hazardous chemical, and in some quarters, it is not regarded as being suited to large-scale commercial use," says **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial.** "While it is currently one of the most promising and cleanest alternative fuel options available for large vessels, a breach or a leak of ammonia could present a risk to crew and challenges for salvage. However, many argue that ammonia has been proven to be effective and safe in operation."*

Dual fuels run increased risk of human error

The operation of dual fuels can be more complex than traditional heavy fuel and therefore could be more susceptible to claims activity if crew have not had sufficient training or are unfamiliar with necessary procedures.

The number of dual fuel ships able to run on low-emission fuels has increased dramatically in recent years, with the number of such vessels in operation doubling since 2024, according to the [World Shipping Council](#)³¹. At the end of 2025 there were 1,126 dual fuel container ships and vehicle carriers in operation or on order, an increase of 28% in the last year. Some 87% of vehicle carrier orders by DWT are for dual fuel.

*“Dual fuel engines require additional procedures and training for crew,” says **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial**. “Lack of familiarity with the systems increases the complexity of operations and increases the possibility of human error, especially during machinery breakdowns. In addition, there are few types of alternative fuel and equipment that are implemented on a global scale, which limits access and availability to spare parts for maintenance and repairs.*

*“There is also a higher propensity for claims from alternative fuels due to the risk of contamination and degradation. Some alternative fuels – such as biofuels – have a short shelf life when compared with conventional fuel, and this has led to some disputes,” **Chopra** adds.*

“Guidance and training are there for the operation of alternative fuel, but the practicalities of the sea ultimately prevail over such planning. But as the industry adopts more of these types of fuel there will be technical solutions – for example, adding additional fuel tanks will enable crews to circulate the fuel to increase its shelf life.”



Lack of familiarity with the systems increases the complexity of operations and increases the possibility of human error



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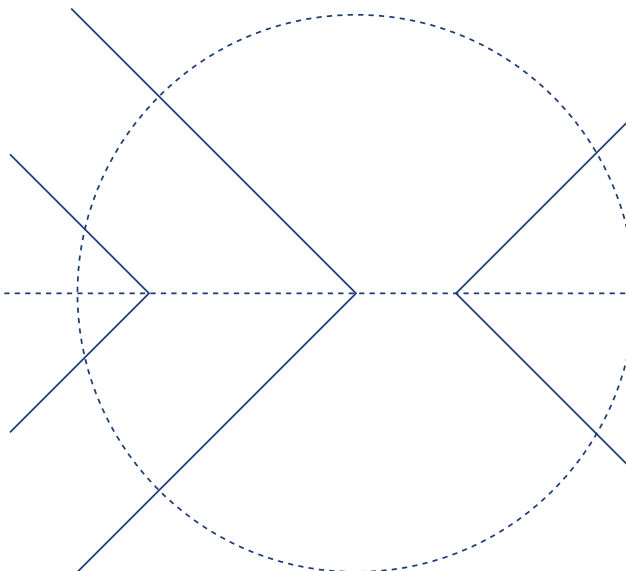
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