

# CARGO INSURANCE MATTERS!

by Capt. Ceyhun Can YILDIZ  
'Reinsurance Director' at OVI Insurance & Reinsurance Brokers  
Co.



01.09.2023

## BACKGROUND

(POETRY FIRST!)

### CARGOES (1903)

*Quinquireme of Nineveh from distant Ophir  
Rowing home to haven in sunny Palestine,  
With a cargo of ivory,  
And apes and peacocks,  
Sandalwood, cedarwood, and sweet white  
wine.*

John Masefield - English poet and writer – 1878/1967

## BACKGROUND

- Middle East, Anatolia, and the Black Sea regions have stood as vital hubs of agricultural trade
- Nurturing ancient civilizations and fostering influential empires, rendering this region the very cradle of civilization
- A complex trade network comprising of traders, convoys and ships
- Risks they encountered are similar to today's.
- Mitigation? Both spiritual and material



# HISTORICAL DEVELOPMENT OF INSURANCE

- earliest recorded instance of an insurance policy dates back to antiquity, originating in the time of Babylon where loans were granted to merchants with the provision that if the shipment was lost at sea the loan did not have to be repaid
- it was also practiced by the Hindus in 600 bc and was well understood in ancient Greece as early as the 4th century bc
- Traders from Greece, India, and Phoenicia were known to have embraced the concept of general average. A written reference to it even exists in Rhodian Law
- 11th and 12th-century Europe. Danish navigators formed guilds, an organization that indemnified members against maritime losses





# HISTORICAL DEVELOPMENT OF INSURANCE

- first modern form of insurance policy was signed in Italy in 14th century
- fire insurance arose later after the Great Fire of London in 1666
- current insurance industry generates around EUR 5.6 trillion in premiums annually





**SHIPOWNERS**



**FINANCE INSTITUTIONS**



**CARGO OWNERS**



**FREIGHT FORWARDERS**

**CHARTERERS**

**GENERAL PUBLIC**





# TYPES OF MARINE COVERS AVAILABLE

## CARGO OWNERS

### PROPERTY

- Marine perils
- War perils
- Strikes perils

### LIABILITY

- Cargo owners' liability

## SHIPOWNERS

### PROPERTY

- Hull and Machinery (H&M) insurance

### FINANCIAL

- Interest insurances
- Loss of hire

### LIABILITY

- Protection and Indemnity (P&I) Insurance

## FORWARDERS, CHARTERERS, PORT OPERATORS ETC

### LIABILITY

- Charterers' Liability
- Freight Forwarders' Liability
- Ports & Terminals

# CARGO INSURANCE

- 60% of the marine market's composition
- voyage policy vs open policy





# INSTITUTE CARGO CLAUSES

- certain insurance conditions published by the International Underwriting Association of London.
- a ready-made and widely understood set of insurance conditions for cargo underwriters and Assureds in the London market, and also around the world.
- wider or narrower covers
- do they fully align with the requirements of agricultural Commodities?



# RISKS SPECIFIC TO AGRICULTURAL TRADE

- gray areas to be identified and addressed
- tailored wordings required
- risk management collaboration
- policy structure for seamless coverage such as Stock Throughput



# STATE OF THE MARKET

- Soft market before 2017-18
- Covid related challenges
- Food supply chain disruptions due to war
- Insurers remain steadfast in their commitment to safeguarding your trade
- As circumstances evolve, insurers stand ready to evolve alongside them, steadfastly protecting your interests and the continuity of global trade





# THANK YOU!

Cpt Ceyhun Can YILDIZ

Mob: +90-532-1709255

[info@ovibroker.com](mailto:info@ovibroker.com)

[ceyhun.yildiz@ovibroker.com](mailto:ceyhun.yildiz@ovibroker.com)



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