ALLIANZ COMMERCIAL

Safety and Shipping Review 2025

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

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The welcome trend for fewer large losses continues. However, although shipowners are trying to operate vessels safely within an ever-changing and dynamic regulatory framework this is becoming more difficult due to the impacts of regional wars, supply chain disruption, hijackings, ship detentions, sanctions, and changes to trade tariffs, all of which are happening at the same time as they are having to plan for a decarbonized future. There is little doubt that the relevance of political risk and conflict as a potential cause of maritime loss is increasing with heightened geopolitical tensions.

Rich Soja, Global Head of Marine, Allianz Commercial

Contents

Executive summary

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

Loss developments ↘ page 9

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. During the 1990s, the global fleet lost 200+ vessels a year. This total had halved by 10 years ago and is now down to a record low of 27 as of the end of 2024.

This compares with 35 a year earlier (vessels over 100 gross tonnage [GT]), down by around 20%, with a 75% decline in total losses over the past decade (105 in 2015). The South China, Indochina, Indonesia and the Philippines region is the main loss hotspot globally over the past year, together with the British Isles and the East Mediterranean and Black Sea (4 total losses each), and the past decade (169). 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. Overall, the past decade has seen 681 total losses reported across the shipping world.

Fishing vessels accounted for close to 40% of lost vessels during 2024 (10), followed by cargo (6) and chemical/product (3). Foundered (sunk) was the main cause of total loss across all vessel types (12), accounting for close to 50%. Fire/explosion ranked second (7), remaining stable with fishing vessels the main casualties. More than 100 total losses of vessels have been caused by fires in the past decade.

The number of reported shipping casualties or incidents around the world increased by around 10% during 2024 (3,310 compared to 2,963). The British Isles saw the highest number (799), followed by the East Mediterranean and Black Sea (694). The British Isles is also the top location for the most incidents over the past decade (5,613), accounting for 20% of 28,331 reported incidents. Machinery damage/failure accounted for well over half of all shipping incidents globally (1,860) in 2024, followed by vessel collision (251) and fire/explosion. There were 250 fire incidents during 2024, up by 20% year-on-year, the highest total for a decade.

The average age of a vessel involved in a total loss over the past 10 years is 29. Extreme weather was reported as being a factor in at least 7 losses during 2024.

Despite the ongoing trend for fewer large losses, challenges remain. Shipowners are trying to operate vessels safely within an ever-changing and dynamic regulatory framework and do the right thing, but this is becoming more difficult, given they have to manage a host of complex issues from conflicts, sanctions and tariffs, to the risks posed by the shadow fleet, to the emerging challenges that decarbonization brings. The relevance of political risk and conflict as a potential cause of maritime loss is increasing with heightened geopolitical tensions.

Partial and attritional losses remain a major concern and although the industry has made progress on the risks associated with large vessels, this does not mean they are all under control. Fires, collisions and groundings continue to occur due to a lack of mitigation and understanding of risk. Loss prevention and risk mitigation practices and processes must filter down to the grass roots. Ensuring safety will continue to require a significant effort across the industry.

Trends: Geopolitical risks ↘ page 17

Geopolitical risks may offset fall in total losses: While still posing major challenges and concerns, traditional causes of maritime losses, such as fires and collisions, have decreased over time. However, geopolitical tensions now pose a substantial threat that could offset these gains. The industry faces a complex environment marked by attacks on shipping, vessel detentions, sanctions and damages to infrastructure such as critical sub-sea cables, while reports of vessels experiencing GPS interference and jamming are increasing. Insurers have seen a clear increase in large claims related to conflicts, notably from the war in Ukraine and Middle East tensions.

Tariffs bring uncertainty and challenges: Protectionist measures bring significant challenges and uncertainty for the global maritime sector. China has been by far the biggest target of the US administration under President Donald Trump, with tariffs in some cases reaching 145%, before both countries agreed to reduce tariffs on each other's goods for 90 days in May 2025. The US is also set to impose port fees on companies. While the future of US trade-focused policies remains uncertain, any further severe restrictions on trade could have several potential consequences including exerting stress on, and disrupting, supply chains, applying pressure to trade routes, as well as adding to accumulations on vessels or in ports.

US targets China's shipping domination: US plans to address the dominance of China's shipping and shipbuilding industries could have significant implications for the shipping sector, potentially impacting a number of areas from shipyard capacity to the future cost of repairs and new builds, in addition to forcing operators to weigh up reconfiguration of shipping schedules. There were 14,295 port calls made by Chinese vessels last year to 252 US ports, representing 18% of all port calls, according to Pole Star Global data. Vessels varied from containers to bulk carriers. Of these port calls, more than 3,000 Chinese-owned or built vessels visited US ports. Despite adjustments to the port fees proposal, the shipping sector remains concerned about potential cost increases and disruptions.

scharfsinn86 / Adobe Stock

Shipping choke points come under fire: Strategic shipping routes and choke points are increasingly being politicized as geopolitical and regional tensions rise. Transits through the Suez Canal have been severely curtailed by Houthi attacks against shipping in the Red Sea, while tensions between China, the US and South East Asian countries over territorial disputes raise the prospect of future disruption to shipping in the South China Sea, which carries one-third of global shipping. Meanwhile, Arctic waters have become focal points of international tension, with countries seeking control over emerging trade routes as ice melts. The fear is that rogue states and proxy groups may look to mimic the success of the Houthis or that other countries may use their control over key shipping routes to exert political pressure on rivals. For insurers, which provide war cover for vessels transiting high-risk zones, multiple conflicts could prove challenging.

Shadow fleet: increasing in size, increasing concerns: The shadow fleet, comprising of older, poorly maintained oil tankers, has expanded rapidly, posing significant maritime safety and environmental risks, with a number of fire, engine failure, collision and grounding incidents. These vessels engage in illegal oil trade under flags of convenience, often turning off identification systems and conducting risky ship-to-ship transfers. The fleet's growth is linked to sanctions on Russian oil, with some estimates suggesting 17% of the global tanker fleet is now shadow vessels. Despite intensified Western sanctions, control remains challenging. Cleanup costs for spills could be significant with many uninsured vessels. Efforts to counteract include EU insurance regulations and US inspection plans, but effectiveness is uncertain. 'Grey fleet' vessels, which have legal ownership, and where there may not be clear signs of illegal trade, and 'zombie ships', linked to Venezuelan oil trades, and which have assumed the names of demolished vessels, also bring challenges.

Spy-ships and dark fleets put merchant vessels under scrutiny: Recent incidents involving vessels suspected of damaging critical undersea cables have heightened scrutiny on maritime activities. Damage is often accidental, mainly due to fishing and anchors. However, deliberate acts are suspected in regions such as the Baltic Sea, Red Sea and South China Sea, although attribution is challenging. A number of vessels have come under suspicion or have been detained for damaging cables, while others have been involved in transporting sanctioned cargoes of oil. It is becoming harder, not just for the authorities to address these problems, but also for unsuspecting shipowners caught up in such acts. Meanwhile, the recruitment process for seafarers of specific nationalities could undergo an overhaul creating further pressure on the existing seafarer shortage.

Red Sea threat to shipping likely to continue: Ceasefires have raised hopes of a gradual return to transits through the Suez Canal and Red Sea. However, the security threat posed to one of the world's busiest shipping routes is likely to remain. Since the end of 2023, the Houthis have launched over 200 missile and drone attacks against shipping in the region, damaging more than 40 vessels, significantly impacting shipping traffic, reducing transits by 50% and causing estimated monthly economic losses of US$800mn to Egypt.


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With the security situation uncertain, the rerouting of vessels around the Cape of Good Hope, which has already lasted for more than 18 months, may continue. Such rerouting adds time and cost to transits between Asia and Europe, causing delays to supply chains and adding inflationary pressures. Longer voyages around Africa can expose vessels to unfamiliar waters and potentially increase the risk of weather-related claims, including loss of containers at sea, due to harsh conditions around the Cape of Good Hope. A lack of appropriate salvage and repair facilities on these alternative routes could mean even minor incidents escalating into significant claims. Container ship capacity has been constrained by longer trade routes as shipping companies have looked to avoid the conflict in the Red Sea. This has contributed to an increase in the average age of the world fleet – from 20 years to 23 years. Shipping companies are trading with older vessels longer than they might otherwise do, which obviously impacts the quality and safety of vessels.

Record number of abandoned seafarers raises safety concerns: A record number of seafarers were abandoned last year with a total of 312 vessels abandoned compared to 132 vessels in 2023, a 136% increase. The number of abandoned seafarers increased to 3,133 in 2024, an 87% rise. The record numbers reflect the uncertain climate, driven by conflicts, vessels facing detention or being held because owners face bankruptcy or sanction issues, leaving crew abandoned without communication or support, wages or action to get vessels moving. Additionally, kidnappings and cases of detention almost doubled last year, with 126 seafarers taken hostage. Seafarers are increasingly used as political bargaining chips, facing poor conditions and prolonged separation from families.


Viktor Hladchenko / Shutterstock

Top left: A navy ship patrols the Baltic Sea
Bottom left: A sub-sea cable inspection vessel
Above: A container ship in the Suez Canal

Trends: Hull and cargo risks ↘ page 29

Inflationary pressures hit repair costs: Inflation may have stabilized over the past year, but the outlook is uncertain, and marine claims are now more costly compared to two years ago. Key factors contributing to this increase include elevated repair costs, higher steel prices – up 60% in some cases – supply chain delays, limited shipyard capacity, particularly for larger vessels, an aging fleet, and the complexity of new machinery. Tariffs may exacerbate the situation.

Fires and mis-declared cargo remain the top large vessel concerns: Large vessel fires, particularly on container ships, car carriers and ro-ros, are still a major concern for insurers. The reality is the risk remains significant due to the size of these ships and the complexities involved in firefighting and salvage. Allianz analysis revealed a decade-high number of fires across all vessel types in 2024, with 30% involving container, cargo, or ro-ro vessels.

Efforts to mitigate these risks are underway, with regulatory changes and technological advancements aimed at addressing mis-declared cargo, a primary contributor to such fires. The risks are well known but a lot of mis-declared cargo incidents are attributed to a lack of knowledge among shippers and exporters. The easiest way of sending cargo may not be the safest. Enhancing fire detection and fighting capabilities is critical especially as the electrification age progresses.

The lessons from Baltimore: The allision of the container ship **Dali** with Baltimore's Francis Scott Key Bridge in the US underscores the substantial risks posed by large vessels to infrastructure and global supply chains, particularly in the event of an incident such as loss of power or human error. This incident, resulting in six fatalities and significant disruption to the port, highlights the need for enhanced risk management, contingency plans and preparedness at major ports. The financial implications are enormous and liability issues complex.

Historically, major allision incidents are rare, with only 35 significant bridge collapses involving ships and barges between 1960 and 2015. However, minor to significant damage is more common, with over 1,800 reported incidents involving vessels and port infrastructure since 2015, making contact with port or harbor infrastructure the fifth most frequent cause of more than 28,000 shipping incidents reported during this period. However, just 10% of these involved container ships.

Cargo theft on the rise: increase in fraudulent documentation and false identity-related claims: Cargo theft claims continue to rise, driven by organized criminal gangs exploiting intelligence to target high-value and consumable goods. Economic pressures like inflation and the cost-of-living crisis have exacerbated this trend, with North America witnessing a 27% rise in theft and one EMEA database alone reporting daily losses averaging €.1.2mn, likely to be only the tip of the iceberg. Criminals are increasingly sophisticated, and there has been an increase in fraudulent documentation and false identity-related claims. Lax risk management practices often underlie costly claims, necessitating stricter adherence to security protocols. Enhanced preventative strategies, including convoy arrangements and GPS tracking, are recommended to mitigate losses. A proactive approach to understanding and addressing cargo theft is crucial to safeguarding shipments.

Energy transition a new challenge for project cargo: The energy transition is driving increased project cargo exposures and risks as investments in renewable energy and infrastructure surge, with global energy investment expected to have surpassed US$3trn for the first time in 2024. Project cargo, involving high-value, oversized items like manufacturing plant machinery and wind turbines poses significant claims risks due to potential damage or delays. Proactive risk management and specialized transport are crucial, and insurance can play a vital role in reducing loss ratios. At the same time, an increase in the carriage of high value and heavy project cargoes on dry bulk carriers leaving China raises additional risks, particularly regarding the suitability of the vessel design and crew experience.

Port explosions back in the spotlight: The devastating explosion at Iran's largest container port, Bandar Abbas in April 2025 has added to industry concerns over the storage of hazardous goods and concentrations of risks at ports, following other significant incidents in recent years.

In addition to endangering the lives of those in the vicinity, such explosions can have huge consequences, financially and for trade. Risk controls for the storage of hazardous chemicals and cargo need to be of the highest standards, while action also needs to be taken to continue to address mis-declaration of such cargoes, which only exacerbates this issue.

Trends: Climate transition risks ↘ page 39

Decarbonization: charting a course through uncertain waters: The decarbonization of shipping, responsible for 3% of global greenhouse gas (GHG) emissions, is crucial for climate change efforts. The International Maritime Organization (IMO) has set a series of ambitious targets for reducing GHG emissions from ships, ultimately aiming for net zero around or close to 2050. In April 2025, it approved the world's first net-zero framework to combine mandatory emissions limits and GHG pricing across an entire industry sector, although the decision faced opposition from petro-states, as well as the US which withdrew from the climate talks altogether and threatened to retaliate against any fees imposed on US vessels.

On one hand sustainability efforts and commitments in large parts of the world continue to increase, but on the other, contrasting views on climate change and the energy transition will only increase uncertainty for shipowners, who will be planning investments and placing orders for vessels that will be delivered and operating in the years ahead, potentially making it harder for the shipping industry to meet its targets.

Despite this uncertainty, the shipping industry will continue on its decarbonization trajectory, given there are many factors driving the energy transition, and a large part of the world is still aligned on the need to work towards net zero targets.

Transparency key to addressing risks of alternative fuels: The timely adoption of alternative fuels, such as LNG, ammonia, methanol and hydrogen, is central to achieving the shipping industry's GHG emissions targets. As part of the IMO GHG emissions strategy, the shipping industry aims to have at least 5%, but striving for 10%, zero and near-zero GHG emission fuels in use by 2030. There is much work to do to achieve such targets, as well as concern in some quarters that geopolitical unpredictability and uncertainty over the best options going forward may slow the uptake.

In the long term, the transition is likely to have significant implications for both the risk landscape and marine insurance policies, with particular concerns around fire safety, specialized equipment failure, crew competency and environmental liabilities. It could also make for more expensive machinery breakdown claims, already the leading cause of shipping incidents, as modern machinery becomes more sophisticated with measures to reduce emissions, such as the adoption of dual fuel engines.

It could also be harder to find repair yards for vessels using modern machinery, while spare and replacement parts may take longer to order, as there will be fewer manufacturers. Allianz is actively engaging with clients to monitor and assess usage and risks of alternative fuels, ensuring a comprehensive understanding of potential scenarios for machinery breakdown and engine risks.

Lithium-ion battery risks continue to develop in the electrification age: Electrification of the global economy is spurring lithium-ion battery demand, with the market projected to hit $322bn by 2030, more than double its value in 2024, driven by electric vehicles and renewable energy transitions. However, such growth poses risks for shipping and supply chains. Recent fires at battery facilities highlight potential industry dangers while maritime concerns are rising, with incidents on vessels at sea and at US and Canadian ports. The significant increase in demand of BESS (battery energy storage systems) and the transportation of such units over sea and land adds another dimension to battery risks. While inherently more stable they still pose a great risk in case of fire, and they are able to store huge amounts of energy.

Companies and their insurers are focused on the risks posed to shipping and related supply chains. There is considerable work in progress to understand them and how they can be mitigated, for example, around fire detection and prevention, and how fires are best tackled, as well as development of risk controls, ensuring corrective action can be taken before reaching a critical state.

Allianz launches Build back better incentive: Within the maritime sector, decarbonization and net-zero legislation and regulation are driving the adoption of techniques and technologies aimed at reducing CO_2 emissions, and a new initiative from Allianz Commercial helps shipowners and operators to repair or replace a physical loss or damage incurred to a ship's hull and/or machinery with lower carbon-emitting alternatives.

Losses in focus

The analysis over the following pages covers both total losses and casualties/incidents. See page 46 for further details

Total losses by top 10 regions

2015-2024 and 2024. Vessels over 100GT only

27

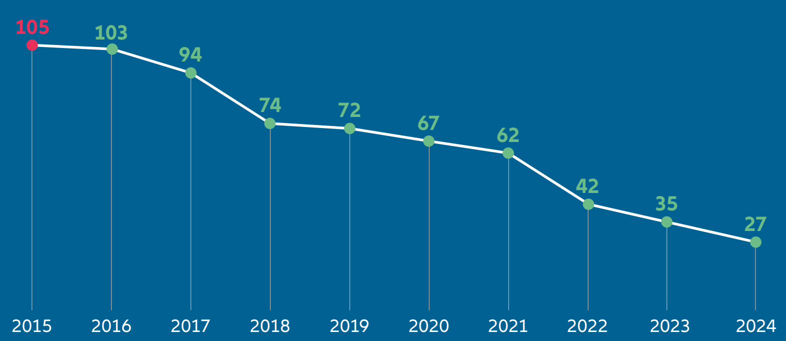
Total losses in 2024

681

Total losses between 2015 and 2024

Total losses by year

Vessels over 100GT only



Close to

75%

decline over the past decade

The shipping industry has made significant improvements when it comes to maritime safety in recent years. During the 1990s the global fleet was losing 200+ vessels a year. This total had halved by 10 years ago and is now down to a record low of 27 as of the end of 2024.

Source: Lloyd's List Intelligence Casualty Statistics

Data Analysis & Graphic: Allianz Commercial

2024 review

Total losses by top 10 regions. From January 1, 2024 to December 31, 2024. Vessels over 100GT only

Region	Loss	Annual change
British Isles, N.Sea, Eng. Channel and Bay of Biscay	4	–
East Mediterranean and Black Sea	4	-4
S.China, Indochina, Indonesia and Philippines	4	-5
Iceland and Northern Norway	3	+2
Australasia	2	+2
Bay of Bengal	2	+1
S.Atlantic and East Coast S.America	2	+1
Arabian Gulf and approaches	1	+1
East African Coast	1	+1
Gulf of Mexico	1	–
Other	3	
Total	**27**	**-8**

The database shows 27 total losses of vessels over 100GT at the end of 2024, compared with 35 a year earlier and 105 10 years previously. South China, Indochina, Indonesia, and Philippines is the main loss hotspot over the past decade and jointly over the last year with the British Isles and the East Mediterranean and Black Sea.

2015 – 2024 review

Total losses by top 10 regions. From January 1, 2015 to December 31, 2024. Vessels over 100GT only

Region	Loss
S.China, Indochina, Indonesia and Philippines	169
East Mediterranean and Black Sea	109
British Isles, N.Sea, Eng. Channel and Bay of Biscay	53
Japan, Korea and North China	53
Arabian Gulf and approaches	37
West Mediterranean	28
West African Coast	24
Bay of Bengal	22
S.Atlantic and East Coast S.America	22
West Indies	16
Other	148
Total	**681**

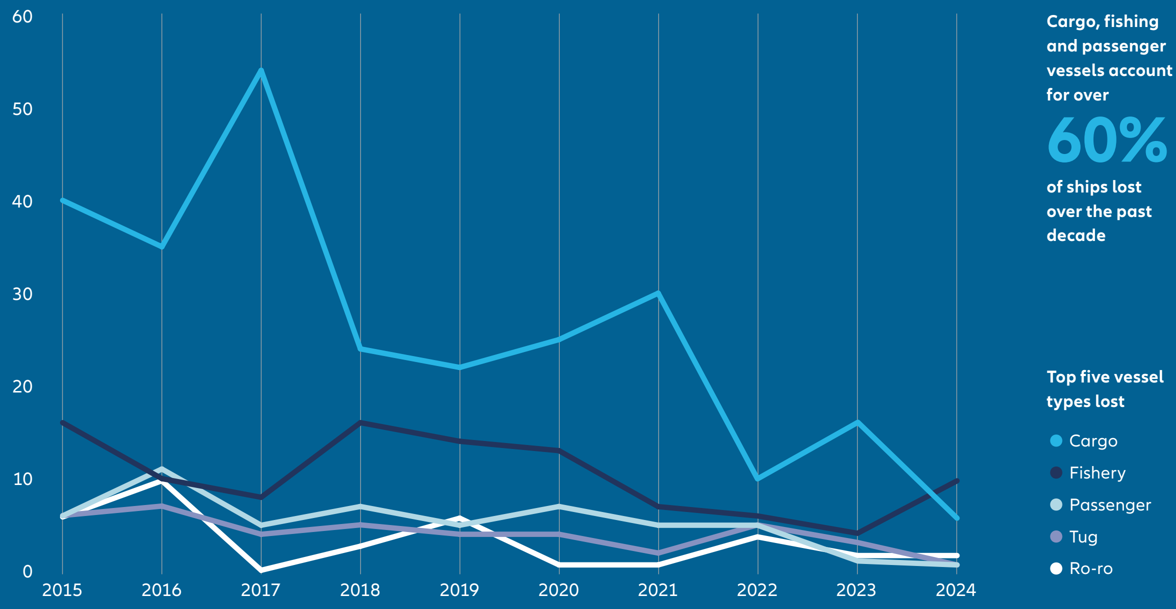
The past 10 years have seen 681 reported total losses, with the 2024 loss year (27) representing a significant improvement on the annual loss average over this period (68) – even more impressive given the fact that there are over 100,000 ships in the global fleet (100GT+) compared with around 80,000 ships 30 years ago.

The South China region is the global loss hotspot with growing economic development and simmering geopolitical risks. A huge volume of imports and exports flow through the region, resulting in high levels of shipping traffic on the region's sea lanes and in ports, which is reflected in the number of incidents. Together, the top three maritime regions account for almost 50% of loss activity over the past decade.

Source: Lloyd's List Intelligence Casualty Statistics
Data Analysis & Graphic: Allianz Commercial

Total losses by type of vessel 2015 – 2024

From January 1, 2015 to December 31, 2024. Vessels over 100GT only



Cargo, fishing and passenger vessels account for over

60%

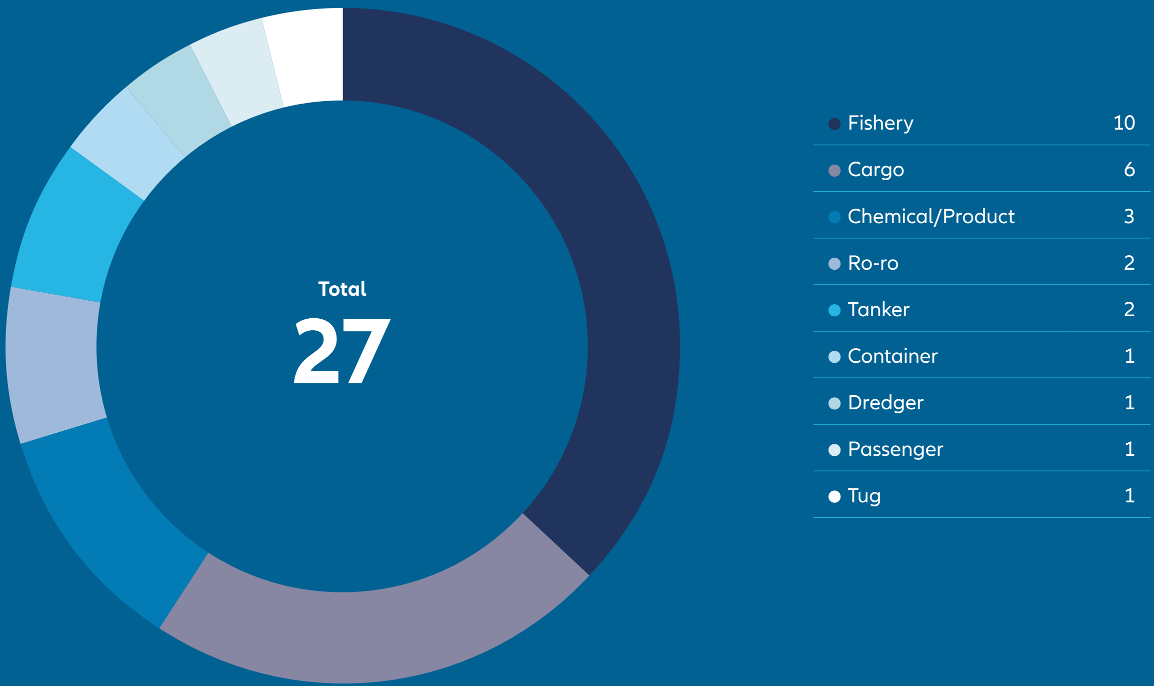
of ships lost over the past decade

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Cargo	40	35	53	25	22	27	31	11	17	6	**267**
Fishery	16	10	8	16	14	13	7	7	6	10	**107**
Passenger	6	11	5	7	5	7	5	5	2	1	**54**
Tug	6	8	4	5	4	4	3	6	3	1	**44**
Ro-ro	6	10	0	3	6	1	1	4	2	2	**35**
Bulk	13	5	7	3	3	2	1	0	0	0	**34**
Chemical/Product	3	7	4	3	2	2	2	3	1	3	**30**
Container	5	5	3	2	1	1	1	1	1	1	**21**
Dredger	1	1	3	2	2	2	1	2	0	1	**15**
Supply/Offshore	3	2	2	2	1	1	3	0	1	0	**15**
Tanker	0	0	2	3	0	2	2	2	2	2	**15**
Barge	0	3	1	2	0	0	2	0	0	0	**8**
LPG/LNG	0	1	1	0	2	0	0	0	0	0	**4**
Unknown	2	1	0	0	3	0	0	0	0	0	**6**
Other	4	4	1	1	7	5	3	1	0	0	**26**
Total	**105**	**103**	**94**	**74**	**72**	**67**	**62**	**42**	**35**	**27**	**681**

Source: Lloyd's List Intelligence Casualty Statistics
Data Analysis & Graphic: Allianz Commercial

Total losses by type of vessel 2024

January 1, 2024 to December 31, 2024. Vessels over 100GT only



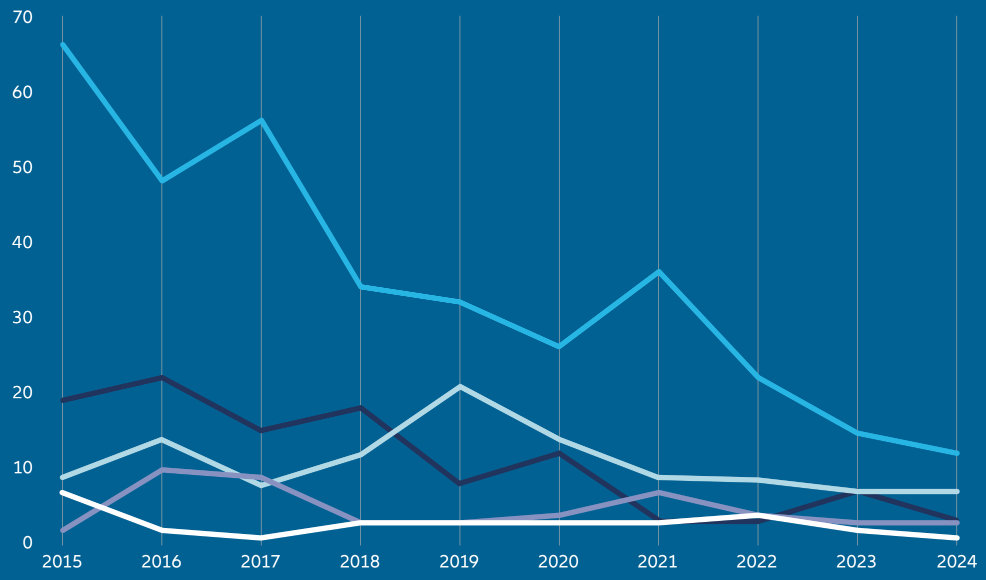
Fishing vessels accounted for close to 40% of vessels reported as total losses in 2024, followed by cargo vessels (22%) and chemical/product vessels (11%).

The average age of a vessel involved in a total loss over the past 10 years is 29

Source: Lloyd's List Intelligence Casualty Statistics
Data Analysis & Graphic: Allianz Commercial

Total losses by cause 2015 – 2024

January 1, 2015 to December 31, 2024. Vessels over 100GT only



Foundered (sunk) (51%), wrecked/ stranded (grounded) (16%) and fire/ explosion (16%) are the top three causes of total losses over the past decade, accounting for over

80%

Top five causes

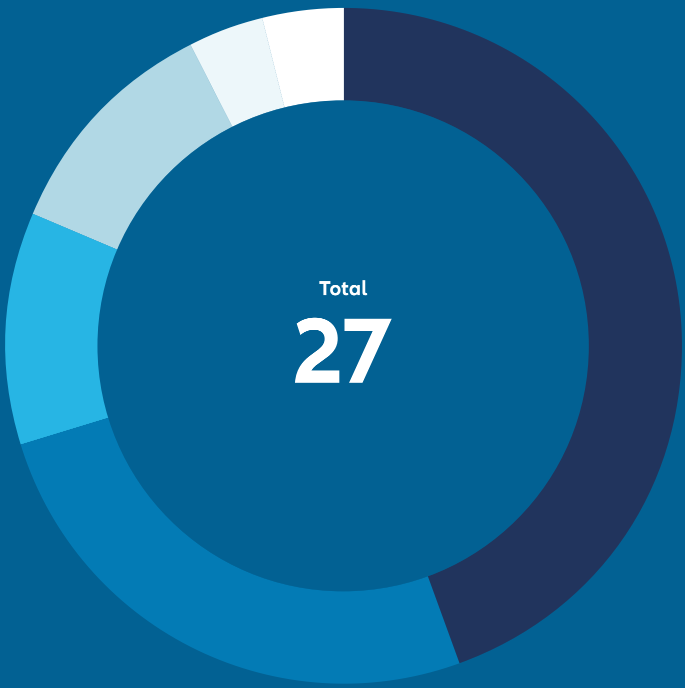
- Foundered (sunk)
- Wrecked/stranded (grounded)
- Fire/explosion
- Machinery damage/failure
- Collision (involving vessels)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Foundered (sunk)	66	48	56	34	32	26	36	22	14	12	**346**
Wrecked/stranded (grounded)	19	22	15	18	8	12	3	3	7	3	**110**
Fire/explosion	9	14	8	12	21	14	9	8	7	7	**109**
Machinery damage/ failure	2	10	9	3	3	4	7	4	3	3	**48**
Collision (involving vessels)	7	2	1	3	3	3	3	4	2	1	**29**
Hull damage (holed, cracks etc.)	2	4	5	2	2	1	1	1	2	1	**21**
Contact (e.g. harbour wall)	0	0	0	2	1	1	0	0	0	0	**4**
Other	0	3	0	0	2	6	3	0	0	0	**14**
Total	**105**	**103**	**94**	**74**	**72**	**67**	**62**	**42**	**35**	**27**	**681**

Source: Lloyd's List Intelligence Casualty Statistics
Data Analysis & Graphic: Allianz Commercial

Causes of total loss 2024

January 1, 2024 to December 31, 2024. Vessels over 100GT only



Foundered (sunk)	12
Fire/explosion	7
Machinery damage/failure	3
Wrecked/stranded (grounded)	3
Collision (involving vessels)	1
Hull damage (holed, cracks)	1

Foundered (sunk) was the main cause of total losses reported during 2024, accounting for close to 50%. Fire/explosion ranked second (26%), remaining stable year-on-year with seven total losses reported. There have been 109 total losses of vessels caused by fires in the past 10 years.

Extreme weather was reported as being a factor in at least 7 losses during 2024

1 vessel collision resulted in a total loss during 2024

Source: Lloyd's List Intelligence Casualty Statistics
Data Analysis & Graphic: Allianz Commercial

All casualties/incidents (including total losses)

2024 review

From January 1, 2024 to December 31, 2024. Vessels over 100GT only

Top 10 regions	Incidents	Year-on-year change
British Isles, N.Sea, Eng. Channel and Bay of Biscay	799	+105
East Mediterranean and Black Sea	694	+62
S.China, Indochina, Indonesia, and Philippines	285	+46
Baltic	188	+47
Iceland and Northern Norway	149	+22
West Mediterranean	147	+20
Great Lakes	131	-25
Japan, Korea, and North China	120	+23
North American West Coast	119	-31
Newfoundland	93	+2
Other	585	
Total 3,310	**3,310**	**+347**

The number of reported shipping casualties or incidents increased during 2024 (3,310 compared to 2,963) or by around 10%. The British Isles region saw the highest number of reported incidents (799), followed by East Mediterranean and Black Sea (694), with activity up in both waters year-on-year. The top 10 incident locations account for over 80% of all shipping incidents worldwide.

2015 – 2024 review

From January 1, 2015 to December 31, 2024. Vessels over 100GT only

Top 10 regions	Incidents
British Isles, N.Sea, Eng. Channel and Bay of Biscay	5,613
East Mediterranean and Black Sea	5,306
S.China, Indochina, Indonesia, and Philippines	2,574
Great Lakes	1,541
Baltic	1,452
West Mediterranean	1,309
North American West Coast	1,293
Iceland and Northern Norway	1,161
Japan, Korea, and North China	1,146
Newfoundland	907
Other	6,029
Total	**28,331**

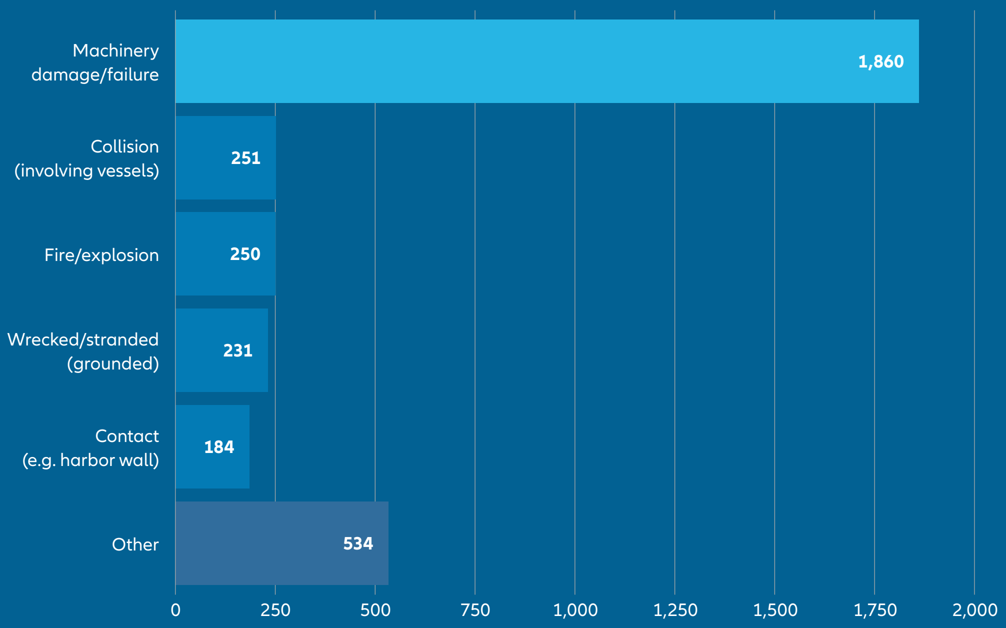
The British Isles is also the top location for the most shipping incidents over the past decade (5,613), accounting for 20% of the 28,331 reported incidents.

Source: Lloyd's List Intelligence Casualty Statistics
Data Analysis & Graphic: Allianz Commercial

Top causes of shipping incidents/casualties

2024 review

From January 1 2024 to December 31, 2024. Vessels over 100GT only. Includes total losses.



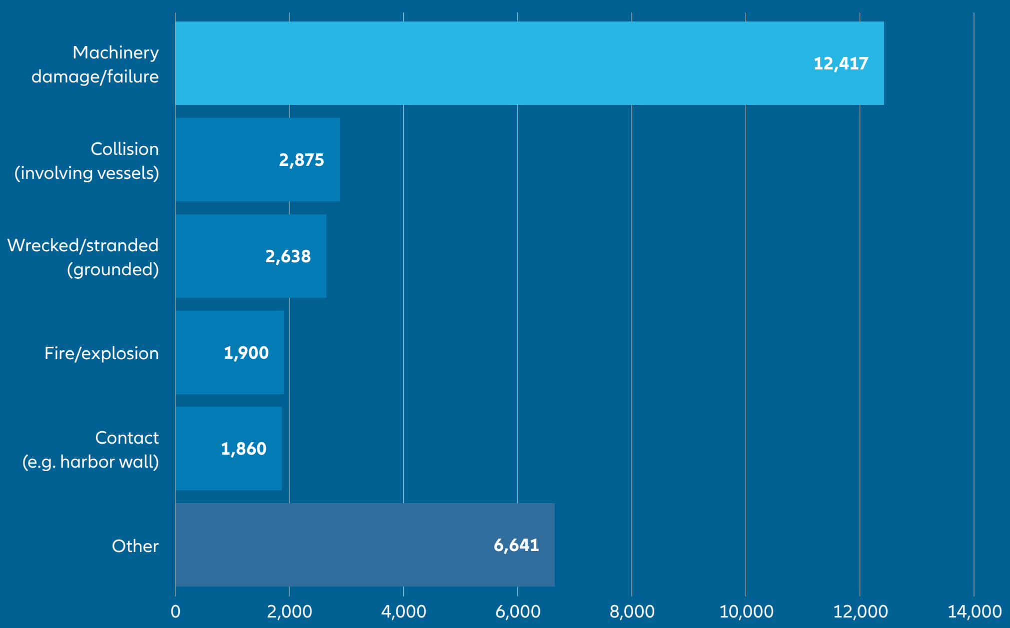
Machinery damage/failure accounted for well over half of all shipping incidents globally (56%), followed by vessel collision and fire/explosion. There were 250 reported fire incidents during 2024, up by 20% year-on-year, and the highest total for a decade.

Total

3,310

2015 – 2024 review

From January 1 2015 to December 31, 2024. Vessels over 100GT only. Includes total losses.



Globally, most incidents have been caused by machinery damage or failure (12,417), followed by collision with other vessels (2,875), wrecked/stranded (2,638) and fire/explosion (1,900).

Total

28,331

Source: Lloyd's List Intelligence Casualty Statistics

Data Analysis & Graphic: Allianz Commercial

Note: All figures are based on reported total losses and shipping incidents for the year-end 2024 as of March 31, 2025. 2024's statistics may change in future as, based on previous years' experience, developments in losses sometimes lead to a number of total losses being confirmed after year-end, particularly in the case of constructive total losses or because of late reporting, such as during the Covid-19 pandemic or war in Ukraine.

LT / Adobe Stock

Geopolitical risks

Geopolitical risks may offset fall in total losses

The fast-changing geopolitical landscape is creating additional risks and uncertainty for a shipping industry already juggling the energy transition and the legacy of the pandemic.

On the one hand, the maritime industry faces a challenging operating environment, with attacks against shipping, vessel detentions, sanctions, damage to sub-sea cables and an increasing number of GPS interference and jamming incidents. Meanwhile, the ripple effect of increasing protectionism and tariffs threaten to remake supply chains and shake up established trade relations.

The relevance of political risk and conflict as a potential cause of maritime loss is increasing with heightened geopolitical tensions, according to **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.** *"Total losses from traditional causes like fire and collision may have reduced over time, but we could be in a position where this positive trend is potentially offset by war and other political-related exposures.*

"As an industry, we are in a better position with regards to traditional risks, but there is a renewed focus on geopolitical risks."

Recent years have seen insurers pay out large marine claims for losses related to conflicts and political risks. The war in Ukraine resulted in total losses for insurers from vessels that were damaged or trapped in the region. In the Red Sea, Houthi forces seized the car carrier **Galaxy Leader**, sunk at least two vessels (cargo ships **Rubymar** and **Tutor**), and attacked around 70 others[1] between November 2023 and October 2024.

Allianz has seen a clear increase in war risk claims in recent years and has settled several total losses for vessels under war risks cover related to Ukraine, mostly for vessels trapped in Ukrainian ports and waters, according to **Régis Broudin, Global Head of Marine Claims at Allianz Commercial.** While in 2024, one of the largest claims was a ship detention linked to the deterioration in the political situation in the Middle East. An insured vessel, supposed to be linked to Israel, was seized by Iranian authorities – a politically motivated arrest during a period of heightened tensions between the two countries. Following diplomatic actions, the crew and cargo were released, but Iran continues to detain the vessel, says **Broudin.**

Such an incidence can result in a total loss under war insurance cover, **Broudin** adds. *"This is a classic form of war cover. If a vessel is detained beyond a certain period of time, typically around 12 consecutive months, the owner can claim a total loss. We saw similar instances in the Ukraine war."*

Recent years have seen international shipping increasingly entwined with geopolitics, as major trade routes are caught up in regional conflicts and international rivalries, says **Khanna:**

"The past three years have seen a significant escalation in geopolitical risks for shipping, with the war between Russia and Ukraine and the conflicts in the Middle East over Gaza. War and geopolitical hot spots enhance risks for shipping, as seen with the attacks and seizure of vessels in the Red Sea, the growth in the shadow fleet, and damage to undersea cables potentially caused by merchant vessels. This puts crews, vessels and supply chains under additional pressure."

In addition to the immediate impact on shipping, the changing geopolitical climate could have big implications longer term, particularly for international trade and supply chains. Tariffs and other protectionist policies could result in significant changes in the distribution of maritime trade, including trade routes, types of cargo and vessels.

Attacks against shipping in the Red Sea and drought conditions in the Panama Canal caused disruption to international trade and maritime supply chains in 2024. Any trade war creates a new set of challenges for the shipping industry, warns **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial:**

"It may open a new chapter for alternative routes if suppliers and exporters look to redirect goods to adapt to any new trade environment and tariffs."

Steve Travelguide / Shutterstock

Tariffs bring uncertainty and challenges

Protectionist measures such as trade tariffs bring significant challenges for the global maritime sector.

China has been by far the biggest target of the US administration under President Donald Trump, with tariffs in some cases reaching 145%, before both countries agreed to reduce tariffs on each other's goods for 90 days in May 2025. Meanwhile, a US Trade Representative (USTR) report, which was signed off by the Biden administration, set things in motion to impose port fees on companies using Chinese-built or Chinese-owned ships.

While the future of US trade-focused policies remains uncertain, any further severe restrictions on trade could have several potential consequences including exerting stress on and disrupting supply chains, applying pressure to certain trade routes, as well as potentially adding to accumulations on vessels or in ports. According to Clarksons Research, these developments have significantly impacted maritime trade with approximately 18% of global maritime trade subject to tariffs as of mid-April 2025, compared with just 4% in early March[2].

News headlines following the initial announcement of the tariffs clearly outlined their impact on trade and supply chains. It was reported that Hapag-Lloyd customers, one of the biggest international shipping and container transportation companies in the world, had canceled 30% of shipments to the US from China during the same month in response to the trade conflict between the world's two largest economies[3]. China's transport ministry reported that for the week April 7 to 13, 2025, container throughput at China's ports dropped 6.1%[4], while a dramatic decline in the number of containers departing China to the US was also reported. Meanwhile, the US' busiest ports also said they had experienced a drastic decline in shipments, with the Port of Los Angeles and Port of Long Beach citing a 50% drop[5].

"Post-Covid 19, global supply chains went into a rebuilding and balancing mode which brought sanity to logistics and the supply chain industry. Any significant development in the area of tariffs has the potential to disrupt the balance again," says **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.**

scharfsinn86 / Adobe Stock

US targets China's shipping domination

US plans to address the dominance of China's shipping and shipbuilding industries could have significant implications for the shipping sector around the world, potentially impacting a number of areas from shipyard capacity to the future cost of repairs.

An investigation by the Office of the United States Trade Representative (USTR) concluded that China's actions to dominate the maritime, logistics and shipbuilding sectors was "unreasonable" and therefore actionable[6]. Chinese shipbuilders accounted for half of all merchant tonnage produced globally in 2023, up from just 5%[7] in 1999, according to the Center for Strategic and International Studies. China also controls almost a fifth of the commercial world fleet and accounts for 95% of shipping container production. By contrast, US shipbuilding peaked in the 1970s and now accounts for a sliver of the industry output, while other regions such as Europe only have limited shipbuilding capacity.

On February 24, 2025, the USTR proposed significant and severe measures and "million dollar" fees targeting Chinese-built and/or operated shipping regarding such vessels visiting US ports, with the US saying the fees would be used to subsidize its own shipbuilding industry. In the aftermath of the proposals becoming public, initial reports suggested a decline in the sale of Chinese-made vessels such as bulkers was already underway, albeit in the second-hand market[8].

However, by the time the US published updated plans during April 2025 there had been some elements of compromise, particularly in the area of exemptions and how many times such a fee would be charged. The fees will be based on net tonnage or the number of containers or vehicles on board.

At the time of writing, the plans included Chinese shipowners and operators initially being charged per ton of cargo, with the price increasing on an annual basis. Fees on Chinese-built ships are also by the ton, again rising annually. Meanwhile, non-US built ships carrying cars will be charged per vehicle. The fees will apply per rotation or string of US port calls. The USTR said they would come into effect six months after the announcement. However, despite the plans not being as bad as initially feared, they still generated a negative response from the shipping sector. There were 14,295 port calls made by Chinese vessels last year to 252 US ports, representing 18% of all port calls, according to Pole Star Global[9]. The vessel types varied from containers to bulk carriers. Of these port calls, 3,038 Chinese-owned or Chinese-built vessels visited US ports.

"Shipowners are keeping a close watch on US tariffs targeting shipping," says **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.** *"These could add significant cost and potentially disrupt shipyard capacity for repairs and new builds, in addition to forcing operators to weigh up reconfiguration of shipping schedules. Whether or not such proposals ever come into effect, the current political environment creates huge uncertainty for shipping and trade."*

Shipping choke points come under fire

Strategic shipping routes and choke points are increasingly being politicized as geopolitical and regional tensions rise. Transits through the Suez Canal have been severely curtailed by Houthi attacks against shipping in the Red Sea, while tensions between China, the US and South East Asian countries over territorial disputes raise the prospect of future disruption to shipping in the South China Sea, which carries one-third of global shipping. Meanwhile, Arctic waters have become focal points of international tension, with countries seeking control over emerging trade routes as ice melts.

Shortly after taking office, President Donald Trump threatened to "take back" the Panama Canal, which America sees as economically and militarily critical. The 82 kilometer canal, which connects the Pacific and Atlantic oceans, accounts for around 5% of global maritime trade, but carries 40% of all US seaborne container trade[10]. Drought conditions in 2023/24 cut the number of transits on the Panama Canal by 30% year-on-year at the start of last year, although traffic has since returned to normal levels. In March 2025, CK Hutchison, one of the largest conglomerates in Hong Kong, announced plans to sell its stake in two ports on the Panama Canal[11] to a group of US investors led by BlackRock, although Chinese regulators[12] announced their intention to review the transaction. Trump has also demanded that US ships should not have to pay fees to go through both the Panama and Suez Canal.

Strategic choke points for maritime trade exist all around the globe. The fear is that rogue states and proxy groups may look to mimic the success of the Houthis or that other countries may use their control over key shipping routes to exert political pressure on rivals. For insurers, which provide war cover for vessels transiting high-risk zones, multiple conflicts could prove challenging.

According to **Justus Heinrich, Global Product Leader, Marine Hull, Allianz Commercial,** separate, yet simultaneous conflicts affecting multiple shipping routes, is a possible, albeit still remote scenario that would test the war insurance market.

Panama Canal: key facts

82km
long

5%
of global maritime trade

40%
of all US seaborne container trade

Drought conditions in 2023/24 cut the number of transits on the Panama Canal by
30%

"With heightened geopolitical risks and regional conflicts, there is a higher potential for war insurance claims, as well as challenging accumulation scenarios. Heightened geopolitical risks could, conceivably, see potential future conflicts in several key trade routes, including the Red Sea, South China Sea and the Baltic Sea," says **Heinrich.**

Higher war premiums for Red Sea transits may already be disrupting the sustainability of marine insurance premiums, explains **Heinrich.**

Shadow fleet: increasing in size, increasing concerns

In July 2024, the Singapore-flagged oil tanker **Hafnia Nile** collided with the dark fleet super tanker **Ceres I** off Malaysia's east coast, causing both vessels to catch fire. The incident followed the detention of shadow fleet tanker **Andromeda Star** by Danish authorities in March 2024 after the 15-year-old vessel collided with the Bulgarian-flagged cargo ship **Peace**.

Shadow fleet or dark fleet tankers illegally trade oil subject to Western sanctions and embargoes. While the shadow fleet initially grew out of the illicit trade in Iranian and Venezuelan oil, it has increased significantly with the imposition of sanctions and the international price cap on Russian oil. Around 80% of Russia's oil exports are now thought to be shipped on shadow tankers.

While definitions of shadow fleet vessels differ, they are typically older vessels (15+ years) that are poorly maintained and hold insufficient or no insurance. Sailing under flags of convenience, they take steps to obscure their true ownership and employ various risky tactics to avoid detection, such as switching off automatic identification systems (going dark) and the use of dangerous ship-to-ship transfers in international waters off Russia, Malaysia, Malta, Greece, South Korea, Oman and the UAE to name some of the major hotspots.

As a result, a significant proportion of the world tankers fleet is now operating outside Western jurisdiction, with minimal oversight and little or no insurance.

Since the start of the war in Ukraine, the size of the shadow fleet has exploded. Today, around 17%[13] of the world tanker fleet is thought to belong to the shadow fleet: S&P Global[14] estimates that there are approximately 591 shadow fleet tankers trading Russian oil alone, while the Kyiv School of Economics puts the number at around 435[15]. The Centre for Research on Energy and Clean Air (CREA)[16] reckons that an average of three shadow tankers leave Russian ports daily.

"The shadow fleet is now estimated to be close to 600 vessels and growing. Although recent sanctions are making it harder for these vessels to trade, the shadow fleet continues to pose a serious risk to maritime safety and the environment, as many are likely to be older vessels that are poorly maintained and inadequately insured," says **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial.**

According to CREA, 72% of shadow tankers are over 15 years old. It also estimates that the cleanup costs for an oil spill involving a shadow tanker could be as much as US$1.6bn.

Although western efforts to tackle the growth in the shadow fleet have intensified with EU, UK and US sanctions packages and the targeting of companies that support the operations of unsafe oil tankers, efforts to contain the shadow fleet have so far fallen short, although in March 2025 it was reported[17] that the US administration was considering a plan to stop and inspect Iranian oil tankers at sea under an international accord aimed at countering the spread of weapons of mass destruction. In April 2025, the EU said that it had adopted new rules requiring vessels passing through its waters to provide insurance details, adding this would improve its ability to monitor "and if necessary investigate" vessels suspected of not having proper coverage. The rules apply to vessels over 300GT but there are exemptions[18]. It followed this up by announcing a new raft of sanctions against Russia-linked shadow fleet vessels and propaganda outlets or vessels and entities involved in the sabotage of underwater cables, airports, or servers.

"These vessels pose a serious risk to shipping and the environment, as shown by recent collisions and groundings involving shadow fleet vessels in Europe and Asia. Tougher sanction measures have been introduced, but it remains to be seen if they will control the issue going forward," says **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.**

Insurers continue to invest in tools and resources to ensure compliance with sanctions requirements, according to **Justus Heinrich, Global Product Leader, Marine Hull, Allianz Commercial.**

"Dark fleet vessels on sanction lists are easily identified during due diligence, yet so-called grey fleet vessels are more concerning. These vessels have legal ownership and are registered with flag states, and there may not be clear signals that they are conducting illegal trade. That is the part of the shadow fleet that needs careful attention to avoid issues with sanctions. Insurers have processes in place, but it requires significant effort in terms of work and investment in tools and people to stay ahead," says **Heinrich.**

Shadow fleet incidents: examples

Shadow fleet vessels have been involved in more than 50 incidents to date around the world* These have included fires, engine failures, collisions, loss of steerage, and oil spills:

1. On **May 1, 2023**, the Gabon-flagged shadow vessel **Pablo** exploded in busy waters off the coast of Malaysia, just outside Singapore's crowded waters.
2. In **October 2023**, the 26-year-old Cameroon-flagged **Turba** — also transporting contraband Russian oil — was found adrift off the coast of Indonesia. Around a year earlier, the **Young Yong**, a vessel sanctioned by the US, had run aground in the same vicinity, forcing the Indonesian Navy to conduct a difficult (but successful) refloating mission.
3. In **early December 2023**, the **Liberty**, a 23-year-old tanker flagged in Cameroon, went aground in the Strait of Malacca.
4. In **March 2024**, a shadow fleet tanker carrying Russian oil, the **Andromeda Star,** was involved in a collision off the northern tip of Denmark.
5. In **May 2024**, a Comoros Islands-flagged shadow tanker, **Hera I**, bringing crude oil from Novorossiysk to India via the Suez Canal had an engine failure in the Dardanelles, which forced the southbound lane to close for three hours.
6. On **July 19, 2024**, the Singapore-flagged product tanker **Hafnia Nile** and the São Tomé and Príncipe-flagged tanker **Ceres I** collided in waters off the coast of Malaysia. The collision caused both vessels to catch fire.

(up until the beginning of 2024, January).

Spy-ships and dark fleets put merchant vessels under scrutiny

In December 2024, Finnish authorities detained the **Eagle S** on suspicion of damaging sub-sea cables in the Baltic Sea. The crew of the shadow fleet tanker, believed to be trading in sanctioned Russian oil, were held by Finnish police[19] under suspicion of sabotage.

The **Eagle S** is not the first, or last, vessel to be detained on suspicion of deliberately damaging sub-sea cables. In January 2025, Norwegian authorities detained a Russian-crewed cargo vessel, **Silver Dania**, which they believed may have damaged a fiber cable in the Baltic Sea between Latvia and Sweden. Sweden seized a second vessel, Malta-flagged bulk carrier **Vezhen** – which was also implicated in the same incident. However, **Vezhen** was later released after the Swedish prosecutor concluded that while the cargo ship did damage the sub-sea cable, it was an accident, not sabotage. In response, the North Atlantic Treaty Organization (NATO) said in January 2025 it would deploy frigates, patrol aircraft and naval drones in the Baltic Sea, reserving the right to take action against ships suspected of posing a security threat.

With growing concern about shadow fleet vessels and espionage, merchant vessels are coming under greater scrutiny and may face the risk of detention, says **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial:**

"In addition to shadow fleets, we see merchant vessels potentially being used to carry out deliberate acts of damage and disruption to sub-sea cables. If we come to a place where vessels are suspected of espionage or acting in the interests of states, it would have an impact on international shipping, which relies on trust and the principle of the free movement of trade.

"We have seen a number of vessels come under suspicion or be detained for damaging sub-sea cables, while merchant vessels have also been involved in transporting sanctioned cargoes of oil. It is becoming harder and harder, not just for authorities to address the problem, but also for unsuspecting shipowners that are caught up in such acts," says **Khanna.**


Alejandro / Adobe Stock

A navy ship patrols the Baltic Sea

Undersea infrastructure is vital in today's digital economy: 99% of the world's data is transmitted through a global network of 450 sub-sea cable systems which extend over a distance of 1.5mn kilometers[20]. An estimated US$10trn in financial transactions rely on sub-sea cable networks each day, according to NATO[21] and the International Cable Protection Committee (ICPC).

Damage to sub-sea cables is not uncommon: There are around 150-200 cases of faults or damage reported annually according to the ICPC. Most of these incidents are accidental, with approximately 70-80% attributed to commercial fishing activities and ship anchors, while the rest are mostly the result of equipment failure or natural hazards, such as storms and landslides.

"Accidental damage to sub-sea cables would be covered under a vessel's liability insurance, but attribution can be challenging. As we have seen with recent events, it can be difficult to know if damage was accidental or deliberate," says **Captain Anastasios Leonburg, Senior Marine Risk Consultant, Allianz Commercial.**

Over the past two years, reports of suspicious damage to sub-sea cables have been reported in the Red Sea, Baltic Sea and the South China Sea. At least 11 Baltic cables have been damaged since October 2023[22], while other analysis[23] suggests that as many as 200 vessels have been suspected of engaging in espionage activities in the North Sea near key infrastructure.

In February 2025, Taiwan's coast guard detained China-linked cargo ship **Hong Tai 58** after a sub-sea cable was damaged in the Taiwan Strait. The incident followed allegations that another Chinese-crewed vessel had damaged Taiwanese undersea cables in January[24].

Geopolitical tensions are playing out in new and novel ways, says **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial:**

"There have been suspected cases of sabotage or espionage in the Baltic Sea, and now we are seeing this in Asia in the waters between Taiwan and China. There is always a risk of accidental damage to sub-sea cables, but we are now seeing deliberate acts of sabotage, while potentially the crews of merchant vessels could come under political pressure or coercion to carry out such acts. At the same time the recruitment process for seafarers of specific nationalities could undergo an overhaul, creating further pressure on the existing manpower shortage in shipping."

"It is becoming harder and harder, not just for authorities to address the problem, but also for unsuspecting shipowners that are caught up in such acts

Korn Srirawan / Shutterstock

A sub-sea cable inspection vessel

Red Sea threat to shipping likely to continue

A tentative ceasefire between Israel and Hamas in January 2025 raised hopes of a gradual return to transits through the Suez Canal and Red Sea in 2025. However, with the resumption of the war in March[25], followed by the US recommencing its own attacks against the Houthis – and the Houthis retaliating – the security threat posed to one of the world's busiest shipping routes is likely to remain, even in light of another ceasefire being reported in May 2025, which raised hopes that the Houthis will stop targeting shipping in the region[26].

The threat against international shipping in the Red Sea has been evolving for several years but escalated with the start of the war in Gaza in October 2023. As early as 2019, attacks were taking place in the Red Sea, the Bab-al-Mandab Strait, the Gulf of Aden, the Arabian Sea, the Gulf of Oman, the Strait of Hormuz, and the Persian Gulf, in large part linked to the Yemen conflict and Iran.

On November 19, 2023, the Houthis hijacked Israeli-owned car carrier **Galaxy Leader** while it was transiting the Red Sea from Turkey enroute to India – the vessel was still being held as of March 2025, although the crew were finally released in January 2025. Since then, the Houthis launched over 200 missile and drone attacks against shipping in the region[27], damaging more than 40 vessels.

The Houthis remain a potent force, and are thought to have raised over US$2bn a year[28] by extorting shipowners for safe passage.

"Disrupting shipping in the Red Sea has been the route to success for the Houthis and bought them worldwide renown. The geopolitical environment in the Middle East is likely to remain volatile and unpredictable for the foreseeable future," says **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.**

During the first phase of the ceasefire between Israel and Hamas, several US and UK ships transited the Red Sea. However, despite the slight increase, the number of vessels transiting the Bab-al-Mandab Strait in February 2025 was still 50% down on the pre-Red Sea crisis levels, according to the Joint Maritime Information Center (JMIC)[29], which monitors shipping traffic and attacks in the region. Meanwhile, the drop in Suez Canal crossings has taken a huge toll on Egypt's economy, with the president estimating losses at $800mn a month[30].

The number of vessels transiting the Bab-al-Mandab Strait in February 2025 was

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$800mn

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Viktor Hladchenko / Shutterstock

A container ship in the Suez Canal

Red Sea rerouting: older vessels, riskier routes

In more peaceful times, the Suez Canal typically carries around 15% of global maritime trade. Yet with ongoing geopolitical volatility in the Middle East, many major ship operators have rerouted vessels around the Cape of Good Hope.

According to analysis of satellite-tracking data by The Economist[31], by September 2024 cargo volumes in the strait had fallen by two-thirds, with rerouting costing the global economy some US$200bn in 2024. Rerouting around the Cape of Good Hope adds around $1mn in costs and at least 10 days to a typical transit between China and Europe. Container vessels have experienced the highest reduction in the number of Red Sea transits.

> With the security situation in the Red Sea uncertain, the rerouting of vessels around the Cape of Good Hope has already lasted some 18 months and looks set to continue for at least the short term

"With the security situation in the Red Sea uncertain, the rerouting of vessels around the Cape of Good Hope has already lasted some 18 months and looks set to continue for at least the short term. However, rerouting adds time and cost to transits between Asia and Europe, causing delays to supply chains and adding inflationary pressures. It also brings changes in risks for shipping," says **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.**

Longer voyages around Africa expose vessels to unfamiliar waters and increase the risk of weather-related claims due to harsh conditions around the Cape of Good Hope. Vessels can face a lack of salvage and repair facilities on these alternative routes, so even minor incidents could escalate into significant claims.

Rerouting could increase the potential for large claims, according to **Justus Heinrich, Global Product Leader, Marine Hull, Allianz Commercial.** Post-pandemic bottlenecks mean the shipping industry has been slow to replace older tonnage, while longer transit times from rerouting has seen some shipowners retain older vessels. The average age of the world fleet continues to increase – 23 years on average in 2024 from below 20 years before the pandemic, according to the International Union of Marine Insurance[32].

"Container ship capacity has been constrained by longer trade routes as shipping companies have looked to avoid the conflict in the Red Sea, which has increased the average age of the world fleet. Shipping companies are trading with older vessels longer than they might otherwise do so, on routes that are more exposed to heavy weather than the Suez Canal," says **Heinrich.**

Rerouting may be having an impact on the quality and safety of vessels, according to **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial.**

"With container capacity under pressure, some shipowners have gone out to the market to meet supply, purchasing tonnage that is often older and second best. This has helped push up values and seen vessels scheduled for scrap and older tonnage stay in the market longer. The concern is that when called back into service, these vessels may not be in the best state to operate safely on longer sea routes and in rough weather," says **Chopra.**

Record number of abandoned seafarers raises safety concerns

Having endured over a year of captivity, the 25 crew of the vehicle carrier **Galaxy Leader** were finally released in January 2025, after being taken hostage by the Houthi movement in the Red Sea as it sailed from Turkey to India. They were among the thousands of crew detained or abandoned far from home last year.

According to the International Transport Workers' Federation[33], a record number of seafarers were abandoned last year. A total of 312 vessels were abandoned in 2024 compared to 132 vessels in 2023, a 136% increase. Some 28 ships abandoned multiple crews in the same year. All in all, the number of abandoned seafarers increased to 3,133 in 2024, an 87% rise on 2023.

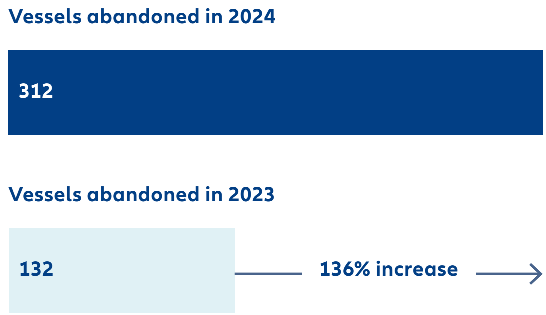
The record numbers of abandoned seafarers reflects the uncertain geopolitical and economic climate that shipping companies are operating in, according to **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial:**

"There are a number of vessels facing detention, or held because owners face bankruptcy or sanction issues, leaving crew abandoned without communication or support, no wages paid, or action to get the vessels moving forward. This is happening more and more with the higher level of geopolitical uncertainty, whether it's war, tariffs, sanctions etc."

According to the Round Table of International Shipping Associations[34], last year also witnessed a rise in the number of kidnappings and cases of rogue detention and imprisonment of seafarers. According to the International Maritime Bureau, 126 seafarers were taken hostage in 2024, almost double the 73 reported in 2023 and 41 in 2022[35].

"Seafarers are increasingly being used as political bargaining chips. When these events play out on the news, you see the vessels, but you don't generally see the people and the faces of the seafarers that are directly impacted. It's very sad and demotivating for the shipping community," says **Chopra.**

A record number of seafarers were abandoned last year:



28 ships

abandoned multiple crews in the same year

3,133 ↑ 87%

the number of abandoned seafarers in 2024

Abandoned seafarers are likely to suffer poor on-board conditions and months of unpaid wages, and may be left completely stranded for months, even years, far from their families. The pressures of operating in an unstable political and economic environment have implications for the health and wellbeing of crew, who can suffer from fatigue and mental health issues, according to **Captain Anastasios Leonburg, Senior Marine Risk Consultant, Allianz Commercial.**

"Recent years have been a stressful time for seafarers, with the trauma of the pandemic, the post-Covid delays for shipping and supply chains, the threats of violence, kidnap and piracy and more recently conflicts in the Black Sea and Red Sea," says **Leonburg.**

Surasak_Photo / Shutterstock

Hull and cargo risks

Inflationary pressures hit repair costs

Inflation may have stabilized over the past year, but the outlook is uncertain, and marine claims are now more costly than two years ago. Higher repair costs, increased values, rising steel prices, supply chain delays, limited yard capacity, an aging fleet, and the emergence of more complex machinery are all contributing to higher claims costs, and this situation is only likely to be exacerbated by the introduction of tariffs.

Following several years of inflation and supply chain disruption, repair costs remain elevated, says **Justus Heinrich, Global Product Leader, Marine Hull, Allianz Commercial:**

"Claims inflation is an ongoing trend, it may have stabilized, but at a high level. Steel prices, for example, are in some cases already 60% higher than four years ago. That is a tremendous additional cost if you are repairing or converting a vessel. Shipyard capacity constraint is also an ongoing issue. Some yards are fully booked for long periods, and finding the right repair yard in the right place can be challenging, especially for larger vessels."

Repair costs remain high, with no sign of them returning to pre-pandemic levels, according to **Régis Broudin, Global Head of Marine Claims at Allianz Commercial:**

"Claims costs have increased over the past three to four years. While they have stabilized, the cost of repair remains at a relatively high level, and we continue to see the potential for further inflationary pressures."

According to industry data from the International Union of Marine Insurance (IUMI)[36], claims frequency remained low, although 2023 loss ratios showed some deterioration due to the inflation impact on repair costs and the average cost of attritional losses.

"When we look at the statistics, the frequency of claims is decreasing, but the cost per claim is more or less stable, which confirms that factors like inflation will continue, and that we will not see a reduction in average claims costs," says **Heinrich.**

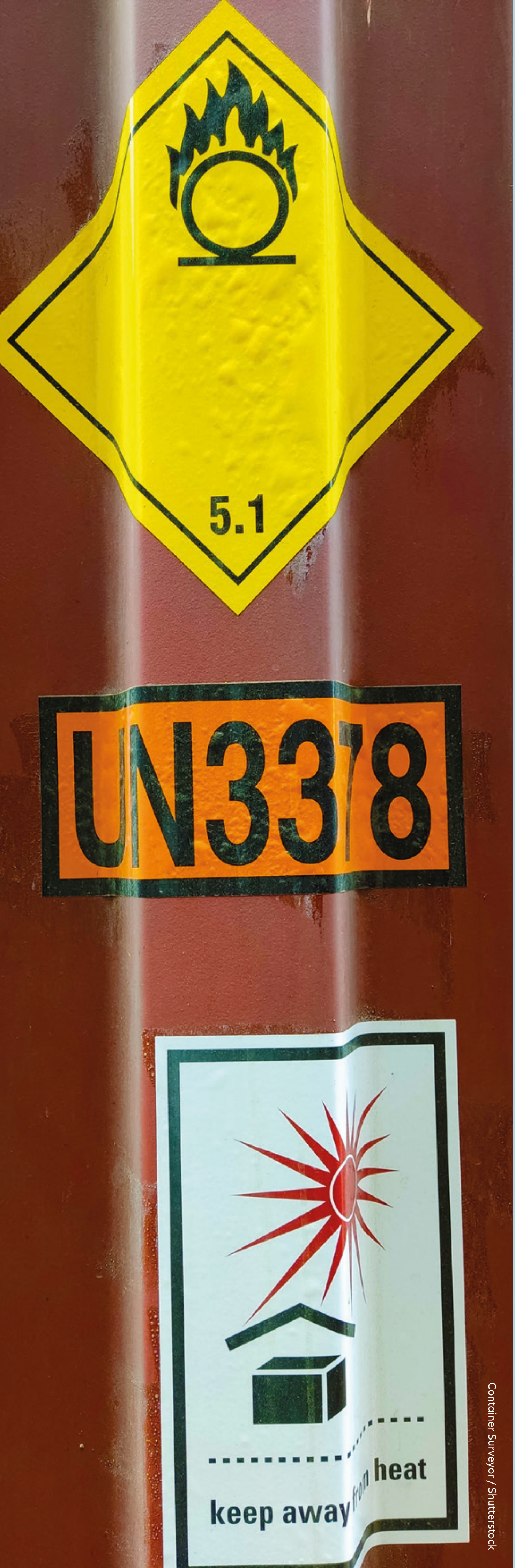
While inflation rates have fallen significantly, there has been no reduction in the cost of insurance claims, explains **Heinrich:**

ABCDstock / Adobe Stock

"

Steel prices are in some cases already 60% higher than four years ago

"The average gross loss ratio (claims paid out vs premiums) is around 70% to 80%, meaning there is little margin left for large losses after internal costs and brokerage fees. In this range, the loss ratio is still relatively high, and after costs you are already at a combined ratio close to 100%. So, we are talking about a segment that is always exposed to losses if underwriting is not prudent and focused on long-term sustainability."



Container Surveyor / Shutterstock

Fires and mis-declared cargo remain top concern for large vessels

While the claims environment was moderate last year, large vessel fires, particularly on container ships and car carriers, are still a major concern for hull and cargo insurers.

"Last year was relatively calm from the perspective of losses involving large vessels, including fires on container ships. However, this was likely just good fortune. The bigger the vessel, the larger the potential loss. Firefighting, salvage and difficulties finding a port of refuge are all harder for large vessels. That remains the reality," says **Régis Broudin, Global Head of Marine Claims at Allianz Commercial.**

There have still been several serious incidents involving fires, however, with **Allianz Commercial** analysis showing that there were several total losses reported across all vessel types during 2024, while the number of incidents was up year-on-year to a decade high of 250, again across all vessel types. Around 30% of these fire incidents occurred on either container, cargo or ro-ro vessels (69).

The crew of the Malta-flagged Grimaldi's Conro **Grande Brasile** abandoned ship after the car carrier and cargo vessel caught fire on February 18, 2025, in the English Channel and lost power. Just days later, another Grimaldi car carrier and cargo vessel, the **Grande Congo**[37], caught fire in the Atlantic, although the incident was soon brought under control. In January, the crew of the Hong Kong-flagged container ship **ASL Bauhinia** abandoned the vessel after a fire broke out in the Red Sea.

> 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

Last year, the container ship **Northern Juvenile** caught fire off Singapore in May, while the **Maersk Frankfurt** caught fire off the west coast of India with the tragic loss of one of the crew. A fire and explosion on the container ship **YM Mobility** while docked in Ningbo port, China, in 2024 was reportedly started in a container carrying hazardous materials, including lithium batteries[38].

"Fire remains a major risk for container ships and car carriers. While regulatory changes are in progress, and there were fewer large fire container ship fire incidents last year, we cannot say this is a risk that is under control. This is still very much a live issue and one that will only get worse [with electrification] if action is not taken to address mis-declared cargo and fire detection and fighting capabilities on these vessels," says **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.**

Roll on, roll off (ro-ro) vessels also continue to feature on the risk management radar following a number of high-profile incidents in recent years. The number of reported fire incidents increased from 11 to 16 year-on-year during 2024.

Mis-declared cargo remains the chief contributing cause to container ship fires, despite growing awareness of the issue among shipowners, according to **Captain Anastasios Leonburg, Senior Marine Risk Consultant, Allianz Commercial.**

"Technology solutions are helping shipping companies identify mis-declared cargo, which is a step in the right direction. 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 **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 – introducing the first-ever industry-wide best practices for cargo screening and inspections. Supported by advanced digital tools, the system will evaluate cargo booking information against safety regulations and use artificial intelligence to continuously refine its risk algorithms, enhancing detection capabilities over time. The program is expected to launch this year and screen millions of container bookings globally, setting a new benchmark for maritime safety and proactive risk management.

From 2025, shippers must also comply with mandatory rules for charcoal shipments, one of the chief causes of container ship fires in the past, mostly due to non-declaration and/or improper handling. Under an amendment to the International Maritime Dangerous Goods (IMDG) Code[39], shippers must declare all charcoal shipments as dangerous goods, as well as comply with packing and stowage requirements.

The lessons from Baltimore

The collision of a large container ship with the Baltimore bridge is another "wake up call" for the shipping industry over the potential risks of large vessels.

On March 26, 2024, the container ship **Dali** collided with the Francis Scott Key Bridge in the US, killing six and blocking the port of Baltimore. The damage is expected to cost insurers around US$1.5bn to $2bn, although liability for the incident is complex and uncertain. In a settlement the ship's owners paid the US government more than $100mn in damages.

"The collision of a container ship with the Baltimore bridge was an extraordinary event but it's another example of the potential for large vessels to cause damage and significant disruption. There are many major ports and pinch points that could be blocked by a collision or grounding involving a large vessel, causing disruption to a region, sector or global supply chains," says **Captain Anastasios Leonburg, Senior Marine Risk Consultant, Allianz Commercial.**

"Higher risk ports and waterways will need a Plan B. We have seen with the blocking of the Suez Canal in 2021, as well as with a number of close calls with groundings at ports in the past, that these events can happen, and that emergency and business continuity plans are needed."

Large container vessels have enormous benefits of scale, but they also bring enhanced risks, says **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial:** *"The bigger the ship, the smaller the margin of error. And in the event of any incident, the probability of a successful salvage decreases with increasing vessel size.*

"We have seen accidents where large vessels collide with port infrastructure and bridges. As vessels get bigger ports only get deeper, not bigger in size, so the safety margin in ports and around hazards in shipping channels reduces. In the wake of the ***Dali*** *event, every country, not just the US, needs to look at their infrastructure in order to ensure that it is as well-protected as possible if a similar incident occurs elsewhere."*

"While it is obvious that larger vessels bring in higher risk to the ports they visit, the safety responsibility needs to be shared by the ports as well. They need to ensure that not only the infrastructure risk is assessed against a possible allision, but that their procedures of piloting and navigation within harbor limits are adequate, including the use of escort tugs," adds **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.**

The collision of a container ship with the Baltimore bridge was an extraordinary event

Andrew Leyden / Shutterstock

In numbers: shipping allision incidents

Allision incidents of the magnitude of the container ship **Dali** and the Francis Scott Key Bridge in Baltimore are rare. Between 1960 and 2015, there were just 35 major bridge collapses worldwide involving ships or barges with a total loss of life of 342 people[40]. It is important to note that most accidents involving vessels and bridges cause damage that varies from minor to significant but does not necessarily result in collapse of the structure or loss of life. There were more than 1,800 reported incidents of vessels hitting port infrastructure (also including harbor walls, piers, quays, locks etc.) over the past decade around the world (between 2015 and the end of 2024), making it the fifth most frequent cause of more than 28,000 shipping incidents reported during this period (accounting for just 6% of all incidents). Just under 10% of these involved container ships.

The Baltimore bridge incident also put the potential risks from power failures under the safety spotlight. Loss of propulsion is not an uncommon occurrence. According to analysis of incident reports[41], more than 400 cargo ships had reported losing power over a three-year period in US waters. About a quarter of these incidents occurred near a port, bridge, or other infrastructure. Given the size and complexity of today's vessels, a problem with engines or fuel can quickly turn into a major disaster.

In March 2025, one year on from the incident, the National Transportation Safety Board recommended that the owners of nearly 70 bridges across the US conduct vulnerability assessments to determine the risk of collapse if they were struck by a vessel[42]. Its report found that at the time the **Dali** struck the bridge it was nearly 30 times above the acceptable risk threshold for critical or essential bridges, according to guidance established by the American Association of State Highway and Transportation Officials (AASHTO).

Between 1960 and 2015

35 major bridge collapses worldwide involving ships or barges

342 people lost their lives

Between 2015 and the end of 2024

Over 1,800 reported incidents of vessels hitting port infrastructure (also including harbor walls, piers, quays, locks etc.)

6% of all incidents

~10% involved container ships

Over a three-year period

Over 400 cargo ships had reported losing power in US waters

A quarter of these incidents occurred near a port, bridge, or other infrastructure

Rerouting raises risk of container losses

The rerouting of vessels via the Cape of Good Hope due to attacks against shipping in the Red Sea may threaten the positive trend seen in containers lost at sea in recent years. Containers lost overboard can be a serious hazard to navigation and safety at sea, as well as pose a risk to the environment.

The number of containers lost at sea in 2023 hit a new recorded low, according to the World Shipping Council[43]. Some 221 containers were lost out of 250 million containers transported, well below the previous low of 661 containers lost in 2022, and the 4,000 lost containers in 2020.

"The spike in container losses in 2020-2021 was in large part due to the combination of post-Covid pent-up demand – which saw the shipping industry run at full capacity – and a period of extreme weather conditions in the Pacific linked to El Niño," says **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial.**

However, container losses may struggle to maintain this positive trend with more vessels rerouting around the Cape of Good Hope, which is exposed to tougher weather conditions than the Suez Canal route. Three incidents in July and August last year resulted in the loss of at least 189 containers and the damage of 335 boxes, according to CZ Insights[44]. In August, the container ship **MSC Antonia** lost 46 containers, and the **CMA CGM Belem** lost 99 containers in adverse weather conditions, while in July **CMA CGM Benjamin Franklin** lost 44 containers overboard due to heavy seas.

The International Maritime Organization (IMO) recently adopted mandatory reporting requirements for containers lost at sea under changes to the Safety of Life at Sea (SOLAS) regulations[45]. From January 1, 2026, details of all containers lost at sea must be immediately reported by the ship's master to nearby vessels, the nearest coastal state, and the vessel's flag state.

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Cargo theft on the rise: increase in fraudulent documentation and false identity-related claims

Cargo theft claims continue to rise as organized criminal gangs repeatedly target high value and consumable goods.

With high inflation and a cost-of-living crisis affecting many countries in recent years, theft has been on the rise. According to Verisk CargoNet[46], cargo theft activity in North America reached unprecedented levels in 2024: a total of US$455mn worth of goods were stolen in the region, with 3,625 reported incidents, a 27% increase from 2023. In Europe, Middle East and Africa (EMEA), an average of €1.2mn of goods are stolen from supply chains every 24 hours, according to data from the Transported Asset Protection Association (TAPA)[47]. Almost €37mn of goods were stolen in December alone, the second highest monthly total of 2024 after the €40mn recorded in November.

Food and household goods remain the top targeted type of commodity for theft, although thieves are also going after cosmetics, vitamins and supplements, consumer electronics, copper products and cryptocurrency mining hardware. Theft is the standout trend for cargo claims, according to **Régis Broudin, Global Head of Marine Claims at Allianz Commercial.**

"Attractive goods such as mobile phones and luxury items like perfume have always been targeted by criminals, but now we are seeing a much wider range of goods being stolen. The increased cost-of-living creates an incentive to steal everyday items. High value goods like pharmaceuticals are more difficult to sell on the black market, but food and attractive consumer goods are far easier to move on."

The rise in the frequency of theft claims is driving higher loss ratios for some cargo insurance customers, explains **Broudin:** *"We continue to see large, repeated thefts of attractive goods for some clients. And with shipment values of up to $1mn, repeated thefts lead to high attritional losses and a deterioration in loss ratios."*

The criminals behind cargo theft are increasingly sophisticated.

"We see smarter theft – criminals are well organized and the methods are becoming more sophisticated to create fraudulent documentation and false identity-related claims, in particular to access higher value cargo. We have seen a significant increase in such claims, often leading to the loss of an entire shipment. In the past, cargo theft was more opportunistic and now we see criminal organizations using better intelligence and specifically targeting certain industries and shipments," explains **Marcel Ackermann, Global Product Leader Cargo, Allianz Commercial.**

Costly cargo theft claims often have a common root cause: lax adherence to security and risk management controls, according to **Captain Anastasios Leonburg, Senior Marine Risk Consultant, Allianz Commercial:**

"In many cases we find that the insured's own risk management policies have not been adhered to. For example, unauthorized stops and overnight stays, or cargo values per transport that exceed the sum insured and company policy. It's good to hear a company has risk management policies and procedures, but they need to make sure they are implemented and complied with."

"In order to keep up with thieves becoming more sophisticated, shippers should continuously carry out cargo theft analysis to understand the causes and take effective steps to prevent losses," advises **Ackermann.** *""The selection of logistics providers and security needs to be tailored to be effective to protect cargo from being targeted. This can be supported by GPS trackers for the most vulnerable products or routes. A proactive approach to understanding and addressing cargo theft is crucial to safeguarding shipments and our experienced team of Allianz Risk Consulting engineers is well-equipped to support clients in this area."*

"There needs to be a sharper focus on loss prevention and the protection of cargo from theft. We continue to see too much easy theft of cargo. Criminals are gaining access to intelligence from insureds or freight forwarders – they know exactly when a cargo will leave, the route and its contents," says **Leonburg.**

Targeted loss prevention measures taken by shippers and insurers have been successful in the past: *"Five years ago there was a spike in temperature-related claims for pharmaceutical shipments. Such claims are no longer an issue with improved loss prevention and changes to our underwriting strategy,"* **Broudin** concludes.

Energy transition poses a new challenge for project cargo

Project cargo exposures are set to rise with the energy transition as investment in high value infrastructure and renewable energy projects gather momentum.

Global energy investment was set to exceed US$3trn for the first time in 2024, with $2trn going to clean energy technologies and infrastructure, according to the International Energy Agency (IEA[48]). To reach net zero emissions by 2050, annual clean energy investment worldwide will need to hit around $4trn by 2030, it says.

With growing investments in infrastructure and the energy transition, project cargo risks and values are on the rise, according to **Captain Anastasios Leonburg, Senior Marine Risk Consultant, Allianz Commercial:** *"We now see shipments of large battery storage systems with insured values in excess of $100mn. Wind turbines, while not currently of the same magnitude in value, are getting larger and larger. When you have five large wind turbine blades on one cargo vessel, that can become very costly."*

Project cargo involves high value, specialist, oversized cargo, like wind turbines, manufacturing plant machinery and critical infrastructure, often during the construction phase. High values and the associated high costs of long delays, make for potentially large claims should cargo become damaged or lost.

Proactive risk management is critical for avoiding damage and costly delays when handling and transporting critical cargo, which requires specialist vessels, equipment, port infrastructure and experienced personnel, explains **Nick Powell, Global Product Leader Project Cargo, Allianz Commercial.**

"Insurance is not only there to cover a loss, but also to help the business model of complex organizations and products. This is part of our value proposition. We have many examples of where Allianz has worked with clients and this has led to a significant reduction in loss ratios, which is to the customer's ultimate benefit. No one wants to have delays if they have to replace damaged project equipment. Project cargo insurance is projected for strong growth and we are ready to meet the increasing customer demand with our solutions," says **Powell.**

Another recent risk development in this space has been the increase in project cargoes shipped on dry bulk carriers leaving China, adds **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial,** with the number of dry bulk carriers used for carrying such cargoes increasing by around 60% in 2024[49], driven by a number of factors including a shortage of heavy lift and general cargo vessels and very competitive rates having been offered for project cargo exporters from China, which is the number one importer for dry bulk commodities from all over the world.

"Carriage of high value and heavy project cargoes on dry bulk carriers can be a high-risk operation," says **Chopra.** *"Dry bulk carrier holds are not designed and fitted for lashing heavy machineries like transformers and pressure vessels while crew may not be experienced in handling such cargo. While the carrier's liability insurer will pay for the value of any damaged cargo in the event of an incident the larger exposure lies under the Delay in Start-Up (DSU) component of the insurance policy held by the project owner."*

Top driver of cargo claims

Natural catastrophes are still a top driver for marine claims, in particular cargo and inland marine, according to **Régis Broudin, Global Head of Marine Claims at Allianz Commercial.**

"Extreme weather is one of the largest causes of loss across all lines of insurance, especially property lines, but also marine. With modern forecasting, vessels can avoid dangerous weather conditions, but cargo stored in warehouses and in ports is a static risk, with potentially very large accumulations of exposures. Storms, tornadoes and floods have caused losses for marine cargo insurers in recent years, such as last year's devastating floods in Brazil," says **Broudin.**

Man-made losses also present large accumulations of cargo exposure. Last year, Allianz saw two separate large cargo claims from warehouse fires involving flammable goods.

Meysam Mirzadeh / Wikimedia Commons

The Bandar Abbas port explosion raised questions about whether safety procedures had been properly observed

Port explosions back in the spotlight

The devastating explosion at Iran's largest container port, Bandar Abbas on April 26, 2025, has added to industry concerns over the storage of hazardous goods and concentrations of risks at ports.

The explosion resulted in at least 70 fatalities and injured more than 1,000 people[50]. It is estimated that around 1,500 hectares (3,700 acres) – almost two-thirds of the site – were severely affected by the explosion, which Iran's interior minister, Eskandar Momeni, said was caused by "shortcomings, including noncompliance with safety precautions and negligence[51]." Customs authorities have said imported cargo caught fire and exploded. Economic losses, including disruptions to supply chains, has been estimated in the billions of dollars[52].

This incident followed another devastating explosion at the port of Beirut in Lebanon on August 4, 2020, which caused widescale damage to the docks and surrounding city, killing around 200 people and injuring thousands. It was caused by the detonation of thousands of tons of ammonium nitrate (which is typically used to make fertilizers and explosives) which were believed to have been stored unsafely in a warehouse for years, again resulting in billions of dollars of damage and disruption.

Five years earlier, in August 2015, a fire and explosion at the Chinese port of Tianjin caused by the spontaneous ignition of nitrocellulose at a warehouse storing other hazardous and flammable materials, including ammonium nitrate resulted in one of the largest human-made insurance losses at the time. Estimates put the resulting cost of insured damages in the range of $3bn.

"In addition to endangering the lives of port workers, and the surrounding population, such explosions can have huge consequences, financially and for trade," says **Captain Rahul Khanna, Global Head of Marine Risk Consulting at Allianz Commercial.**

"They also provide a reminder that risk controls for the storage of hazardous chemicals and cargo, which can be found in ports and warehouses across the world, need to be of the highest standards, while action needs to continue to be taken to address mis-declaration of such cargoes, which only exacerbates the problem."

Yellow Boat / Adobe Stock

Climate transition risks

Decarbonization: charting a course through uncertain waters

Decarbonization of shipping, which generates 3% of global greenhouse gas emissions, is seen as vital to global efforts to address climate change.

In July 2023, IMO member states[53] adopted the International Maritime Organization (IMO) Strategy on Reduction of Green House Gas (GHG) Emissions from Ships, with enhanced targets to tackle harmful emissions. The revised strategy set the target of a 20% reduction in total GHG emissions by 2030, striving for 30%, and at least 70% by 2040, striving for 80%. It also stated an ambition to reach net-zero GHG emissions by or around 2050.

Then, during April 2025, in a landmark decision, the IMO approved the world's first net-zero framework[54] to combine mandatory emissions limits and GHG pricing across an entire industry sector at the meeting of its Marine Environment Protection Committee in the UK. These measures, set to be formally adopted in October 2025, before entry into force in 2028, will become mandatory for large ocean-going ships over 5,000GT, which emit an estimated 85% of the total CO_2 emissions from international shipping.

Vessels worldwide must either transition to less carbon-intensive fuels or face substantial fees – $380 per ton[55] on their most intensive emissions and $100 per ton on remaining emissions above a lower threshold, with the money being used to support clean energy initiatives in shipping.

However, the vote revealed significant divisions[56], with 63 countries including major players like China, the EU, India, and Japan supporting the measure, while 16 countries, predominantly petro-states, opposed it. Twenty-five countries abstained.

And the US withdrew from the climate talks altogether and threatened to retaliate against any fees imposed on US vessels[57]. The decision came in the form of a diplomatic message sent by the US to other delegations at the IMO for the meeting.

Geopolitical developments are making it harder for the shipping industry to meet its GHG emissions targets, according to **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.**

"On one hand sustainability efforts and commitments in large parts of the world continue to increase, but we also now have contrasting views on climate change and the energy transition, which will only increase uncertainty for shipowners, who will be planning investments and placing orders for vessels that will be delivered and operating in the years and decades ahead," says **Khanna.**

"If countries like the US refocus on hydrocarbon fuels, it could slow momentum on alternative fuels. Innovation and decarbonization is expensive, requiring investments in new ship designs, fuels and supporting infrastructure. So, if one of the big players were to move away from that, it could have an impact on the speed of the transition for shipping."

Despite the current uncertainty, the shipping industry will continue on its decarbonization trajectory, **Khanna** believes.

"Opposing views on sustainability in coming years would be a problem for the industry. However, there are many factors driving the energy transition, and a large part of the world is still aligned on the need to work towards net-zero targets."

Transparency key to addressing risks of alternative fuels

In March 2024, the Fortescue **Green Pioneer**, achieved a notable milestone for shipping when it entered service as the world's first ocean-going ammonia-dual fuel powered vessel[58]. Fortescue has since announced that it is working with Chinese shipping company Cosco[59] to build a fleet of ammonia-fueled ships.

The timely adoption of alternative fuels, which also includes liquefied natural gas (LNG), methanol and green hydrogen, is central to achieving the shipping industry's greenhouse gas (GHG) emissions targets. As part of the International Maritime Organization (IMO) GHG emissions strategy, the shipping industry aims to have at least 5%, but striving for 10%, zero and near-zero GHG emission fuels in use by 2030.

However, according to a recent study from UCL Energy Institute[60], the industry is not currently on-track to meet the 5% zero-fuel target by 2030: the proportion of global gross tonnage capable of running on zero-emission fuel is just 0.44%, up from 0.32% at the end of 2022. The study, which acknowledged progress made in zero-emission technology and regulation, concluded that the next 12 months will be critical.

The uptake of alternative fuels is still relatively low as the shipping industry is still in the testing phase, explains **Captain Nitin Chopra, Senior Marine Risk Consultant, Allianz Commercial.**

"Geopolitical unpredictability, as well as uncertainty over the best options going forward, may slow the uptake in alternative fuels by shipping companies. We are still in the nascent phase of adoption, with only a relatively small proportion of the world merchant fleet currently using alternative fuels, such as LNG, ammonia, hydrogen and biofuel," says **Chopra.**

"Going forward, we will need transparency on this topic. We are looking to partner with forward-thinking shipowners and build a consensus on the best alternative fuels from a safety and reliability perspective."

In the long-term the transition is likely to have significant implications for both the risk landscape and marine insurance policies, with particular concerns around fire safety, specialized equipment failure, crew competency and environmental liabilities.

Keith Heaton / Shutterstock

"We are still in the nascent phase of adoption, with only a relatively small proportion of the world merchant fleet currently using alternative fuels

Decarbonization could also make for more expensive machinery breakdown claims, says **Captain Anastasios Leonburg, Senior Marine Risk Consultant, Allianz Commercial:** *"As modern machinery becomes more sophisticated and complex with measures to reduce emissions, such as the adoption of dual fuel engines, it becomes more expensive to repair. For example, it could be harder to find repair yards for vessels using modern machinery, while spare and replacement parts may take longer to order, as there will be fewer manufacturers."*

Allianz is working with its clients as they test and adopt different forms of alternative fuels, according to **Justus Heinrich, Global Product Leader, Marine Hull, Allianz Commercial.**

"Clients are exploring new fuels and are putting efforts into monitoring them to establish if there is a risk to machinery. We see a lot of shipowners testing alternative fuels like LNG, ammonia and methanol, as well as drop-in-fuels, such as vegetable and organic oils. So, we are engaging in a dialogue with our clients to understand how they are using alternative fuels, as well as the potential risk scenarios for engines and machinery breakdown," says **Heinrich.**

Lithium-ion battery risks continue to develop in the electrification age

Electrification of the global economy is driving huge demand for lithium-ion batteries, from electric cars and e-bikes to industrial scale battery storage systems. The global battery market is forecast to reach US$322bn by 2030[61], more than double its value in 2024, driven by growing demand for electric vehicles and battery storage systems required to support the transition to renewable energy.

Electrification of the global economy is bringing new risks for the shipping industry and supply chains, according to **Captain Rahul Khanna, Global Head of Marine Risk Consulting, Allianz Commercial.**

"With the growing importance of battery technology, such as from battery storage systems, electric vehicles and battery-powered consumer goods, insurers have seen large losses from lithium-ion batteries; the past year has seen major fires at battery manufacturing and recycling facilities that have resulted in significant activity. While not a direct marine loss, such incidents demonstrate the development of battery usage and the potential future risks for the industry," says **Khanna.**

In January 2025, a fire destroyed one of the world's largest lithium-ion battery storage facilities in California, triggering the evacuation of more than 1,000 local residents. A spokesperson for the plant's owner said that the fire mitigation system had not worked as designed[62]. The incident came just months after a fire at one of the world's largest lithium-ion battery recycling facilities in the US state of Missouri, which was said to have employed sophisticated fire suppression systems. Last year also saw a major fire at a lithium-ion manufacturing plant in South Korea.

There have also been a number of fires and near-misses within the maritime and logistics industry linked to lithium-ion batteries. The US ports of Los Angeles and Long Beach were forced to shut container terminals on September 26, 2024, after a truck carrying lithium-ion batteries overturned and exploded on a port access road[63]. The incident came shortly after a container transporting lithium-ion batteries caught fire on the dock at the Canadian port of Montreal[64].

"Insurers are focused on the risks posed by lithium-ion batteries to shipping and related supply chains. There is considerable work in progress to understand them and how they can be mitigated, for example, through fire detection and prevention, and how battery fires are best tackled," says **Khanna.**

"With a significant increase in demand of BESS (battery energy storage systems), we are experiencing another emerging risk. The transportation of such units over sea and land adds another dimension to battery risks. While inherently more stable they still pose a great risk in case of fire and they are able to store huge amounts of energy."

"The latest car carriers are able to transport as many as 10,000 electric vehicles. Should something go wrong, that's a lot of value, and risk to the environment and to the safety of seafarers. Now we are also seeing the transportation of battery storage systems by sea. Insurers are aware of the risks of lithium-ion batteries and do not underwrite these risks lightly; we have developed risk controls and can work with clients to help them improve the risks," says **Captain Randy Lund, Senior Marine Risk Consultant, Allianz Commercial.**

"As the lead of our lithium-ion battery emerging risks and trends cross-line of business work group for the past couple of years, we continue to see tremendous forward movement with the ongoing electrification around the globe and the associated economies.

"Battery State of Health (SOH) including diagnostic testing and validation continues to see improvements and provides solutions in the way of preventing incidents. Artificial intelligence (AI) is also assisting with evaluating the SOH of battery cells and BESS. We anticipate that these ongoing advancements will provide the managers with the advanced warnings and knowledge needed, so that corrective actions may be taken before reaching a critical state."


Khrushchev Georgy / Shutterstock

Marine Build Back Better endorsement

Within the maritime sector, decarbonization and net-zero legislation and regulation are driving the adoption of techniques and technologies aimed at reducing CO_2 emissions, and a new initiative from Allianz Commercial offers shipowners and operators the opportunity to repair or replace a physical loss or damage incurred to a ship's hull and/or machinery with lower carbon-emitting alternatives. This could involve repairing or replacing the damaged and destroyed property through the utilization of products or materials that provide better energy efficiency and/or are manufactured with less energy intensive greenhouse gas (GHG) emissions.

For example, in the event of an insured physical loss or damage to marine propulsion systems, vessel energy systems or marine hull coating and paints, where the insured chooses to replace with a more environmentally-friendly alternative, the endorsement helps to contribute towards the cost, as long as the minimum threshold of 2.5% improvement in the carbon performance of the vessel is met. This enables the insured to choose more sustainable repairs or replacement options, aligning with their decarbonization efforts and supporting their environmental responsibility. The endorsement is included as a standard in hull and machinery policies where Allianz Commercial is the lead insurer at no extra cost, subject to underwriting criteria.

For more information

commercial.allianz.com/solutions/marine-insurance/build-back-better.html

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Allianz Commercial is the center of expertise and global line of Allianz Group for insuring mid-sized businesses, large enterprises and specialist risks. Among our customers are the world's largest consumer brands, financial institutions and industry players, the global aviation and shipping industry as well as family-owned and medium enterprises which are the backbone of the economy. We also cover unique risks such as offshore wind parks, infrastructure projects or film productions.

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Data and sources

The primary data source for total loss and casualty statistics is Lloyd's List Intelligence Casualty Statistics (data run on March 31, 2025), analyzed by Allianz Commercial. Total losses are defined as actual total losses or constructive total losses recorded for vessels of 100 gross tons (GT) or over (excluding, for example, pleasure craft and smaller vessels), as at the time of the analysis. Some losses may be unreported at this time and losses (especially for the most recent period) can be expected to change as late loss reports are made.

As a result, this report does not provide a comprehensive analysis of all maritime accidents, due to the large number of minor incidents, which do not result in a total loss, and to some casualties which may not be reported in this database. This year's study analyzes reported shipping losses on a January 1 to December 31 basis.

All currencies listed in the report are in US dollars unless stated.

Cover image: Cargo ship **Guang Rong**, loaded with marble debris, hitting the pier of Marina di Massa on the Apuan coast in Italy, January 29, 2025

Further information and contacts

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