



Did You Know?

The Significant Impact of Vessel Age on Marine Cargo Insurance Underwriting

The age of a cargo vessel plays a **significant role** in underwriting decisions for Marine Cargo Insurance policies. Older vessels are generally associated with **higher risks**, leading to increased premiums or even outright refusal of coverage by insurance providers. Here's a detailed explanation of how vessel age influences Marine Cargo Insurance:

Increased Risks

Older vessels inherently carry a higher risk of damage during transit. This heightened risk can stem from several factors, including:



Deterioration of Physical Condition

Over time, a vessel's hull and superstructure can degrade due to corrosion, fatigue, and general wear and tear.



Component Wear and Tear

Older ships' machinery, engines, and other critical components are more prone to breakdowns and malfunctions.



Structural Issues

Prolonged exposure to harsh marine environments can lead to hidden structural weaknesses that may not be apparent without thorough inspection.

Underwriting Limitations

Insurance companies may impose limitations or even decline to provide coverage for exceptionally old vessels. This is primarily because the potential for losses or damages associated with aged ships is considered substantially higher, making them less attractive risks to underwriters.



Higher Premiums

When insurers agree to provide coverage for older vessels, the premiums charged are typically higher than those for newer vessels. This increased cost reflects the elevated risk profile of the older ship, compensating the insurer for the greater likelihood of a claim.

Additional Surveys

For older vessels, insurance companies often mandate independent surveys to thoroughly assess the ship's condition before extending coverage. These surveys provide a detailed evaluation of the vessel's seaworthiness, structural integrity, and overall maintenance, helping the insurer to gauge the risk involved accurately.

Hopefully, the information above can enhance your information regarding the significant impact of vessel age on Marine Cargo Insurance underwriting. If you need further explanation regarding insurance products from MSIG Indonesia, please contact us at **(021) 252 3110** and we will be happy to help you.



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