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MARINE INSURANCE EXCLUSIONS AND CLAIM DENIAL IN WEST ASIA CONFLICT WATERS

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Conflicts over marine insurance claims have increased as a result of worsening maritime insecurity in West Asia, especially in vital commercial corridors like the Red Sea and the Gulf. To avoid liability for damages in waterways affected by conflict, insurers are increasingly relying on exclusion clauses. However, the presence of conflict does not always justify such denials. Rather, they must be evaluated within the

established legal framework that governs marine insurance. Liability is determined by the interpretation of policy terms, the allocation of the burden of proof, and the application of the doctrine of proximate cause, according to the principles of marine insurance law, primarily codified in the Marine Insurance Act 1906. This article deciphers the legal justification for insurers denying claims, and examines whether insurers are legally

justified in rejecting claims arising from the West Asia conflict waters through an analysis of these principles.

The Legal Framework Governing Marine Insurance

The Marine Insurance Act, 1906, forms the fundamental foundation of marine insurance law and continues to influence jurisdictions worldwide. According to Section 55(1) of the Act, provides that the insurer is



In business, the competition will bite you if you keep running. If you stand still, they will swallow you

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liable for any loss proximately caused by a peril insured against, but not for losses not so caused. This establishes causation as the central determinant of liability.

Further, Section 55(2) lays down specific exclusions, including losses caused by wilful misconduct, delay, and ordinary wear and tear. These statutory exclusions operate in conjunction with contractual exclusion clauses contained within the insurance policies.

The Act also recognizes party autonomy, allowing the terms of the insurance contract to take precedence over default rules. Consequently, contractual disputes in maritime insurance often arise from the interaction between statutory provisions and the wording of exclusion clauses.

Interpretation of Exclusion Clauses

Exclusion clauses play a critical role in defining the limits of insurance coverage. In the context of West Asia conflict waters, insurers frequently invoke clauses excluding liability for war, hostilities, or related perils.

The interpretation of such clauses is governed by general principles of contract law. Courts interpret exclusion clauses according to their natural and ordinary meaning while considering the commercial purpose of the contract. At the same time, where ambiguity exists, clauses may be construed narrowly against the insurer.

However, exclusion clauses are not applied in isolation. Their application depends on the identification of the immediate cause of the loss. This principle was affirmed in *Wayne Tank and Pump Co Ltd v Employers Liability Assurance Corp Ltd*, where the court held that if a loss is caused by two concurrent causes, one insured and one excluded, the exclusionary clause takes precedence.

Thus, in conflict-affected waters, insurers must establish not merely the presence of an excluded risk, but that such risk was legally causative of the loss. Thus, in conflict-affected waters, insurers must establish not merely the presence of an excluded risk, but that such risk was legally causative of the loss.

The Doctrine of Proximate Cause

The doctrine of proximate cause is central to marine insurance law. Under

Section 55(1) of the Marine Insurance Act 1906, liability depends on the proximate, and not the remote, cause of the loss.

The meaning of proximate cause has been clarified through judicial decisions. In *Leyland Shipping Co Ltd v Norwich Union Fire Insurance Society Ltd*, the House of Lords held that proximate cause refers to the dominant or effective cause, rather than the event nearest in time.

Similarly, in the landmark judgment *JJ Lloyd Instruments v Northern Star Insurance Co (The Miss Jay Jay)*, the court addressed situations involving multiple causes, holding that where two proximate causes operate and neither is excluded, the insurer remains liable.

These principles are particularly relevant in West Asia conflict scenarios, where losses may be caused by a combination of hostile actions, environmental conditions, and operational decisions. The court has to determine which factor is predominant.

Burden of Proof in Marine Insurance Claims

The burden of proof in marine insurance claims is divided between the assured and the insurer.

Initially, the assured must prove that:

1. A loss has occurred; and
2. The loss was caused by an insured peril.

This requirement is well established in marine insurance jurisprudence and reflects the general principle that the claimant must prove their case. Once this burden is proved by the insured, the evidentiary burden shifts to the insurer to establish that an exclusion applies. This includes demonstrating that the proximate cause of the loss falls within an excluded category.

This allocation of burden was affirmed in *Rhesa Shipping Co SA v Edmunds (The Popi M)*, where the House of Lords emphasised that conclusions on causation must be based on evidence and probability rather than speculation.

Application to West Asia Conflict Waters

The current situation in West Asia is posing complex challenges to marine

insurance claims. The losses may occur due to direct hostile acts such as missile or drone attacks, or indirect acts such as rerouting, delay, or navigational hazards.

The legal analysis in such cases follows a structured approach:

1. Identification of the loss
2. Determination of the proximate cause
3. Policy conditions, including exclusions

For instance, if a vessel is directly affected by an act of hostility, and there is a war risk exclusion in the policy, it would be reasonable to deny the claim. But if the loss were primarily caused by a peril of the sea, the exclusion would not apply, even if the vessel was in a conflict zone.

There exists a limited interaction with the concept of force majeure under the basic commercial contracts such as charterparties. Force majeure may be cited to exempt parties from contractual obligations where there are circumstances such as war or hostilities that hinder the contractual obligations. Force majeure operates independently of marine insurance. A party may cite force majeure to exempt it from any delay or deviation, yet this does not have any effect on the liability of the insurer.

Thus, the legality of the denial of claims depends not on the presence of conflict, but on the exact application of causation principles.

Conclusion

Marine insurance law does not provide for automatic denial of claims arising from losses occurring in conflict-affected waters. Instead, it undergoes a process of legal analysis based on the interpretation of exclusion clauses, the allocation of the burden of proof, and the doctrine of proximate cause.

The Marine Insurance Act 1906 outlines a logical approach for resolving these disputes in such a manner that the decisions are based on the actual causes rather than on any other factors. In the current West Asia conflict, insurer can deny claims only when the excluded risk is established as the dominant cause ■

CALLIDUS SPOTLIGHT

We are delighted to share that **Adv. Govind Vijayakumaran Nair**, Associate at Callidus, was part of the distinguished panel of judges for the **M.K. Nambyar Memorial 7th NUALS International Maritime Law Arbitration Competition (NIMLAC 2026)**.

As the preliminary Rounds set the course for this prestigious international competition, the panel of judges played a pivotal role in shaping its direction. Through their keen insight, thoughtful deliberation, and commitment to fairness, they ensured that each participating team

was evaluated to the highest standards of legal rigour.

Govind's contribution to this esteemed forum reflects Callidus' continued engagement with the global maritime law community and its dedication to nurturing excellence in legal practice.

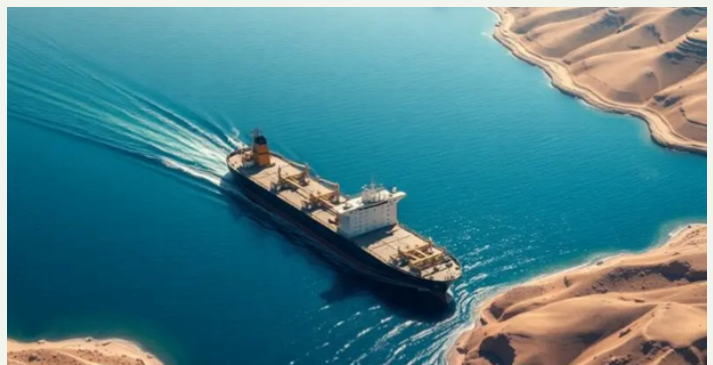
We congratulate Govind on this achievement and take pride in his representation at such a notable platform.

Fair winds and continued success ahead!



HOT NEWS

RISING MARITIME SECURITY CONCERNS IN THE STRAIT OF HORMUZ: IMPLICATIONS FOR GLOBAL SHIPPING



The global maritime industry has once again been reminded of its vulnerability to geopolitical tensions following a recent incident in the Strait of Hormuz, one of the world's most critical shipping chokepoints. A cargo vessel was reportedly struck by an unidentified projectile while transiting the region, prompting immediate concern among international maritime authorities and stakeholders.

The Strait of Hormuz handles a significant share of the world's oil and gas shipments, making it a vital artery for global trade. Any disruption in this region has a cascading effect on energy markets, freight rates, and supply chain stability. Authorities have urged vessels operating in the area to exercise heightened caution, maintain vigilance, and report any suspicious activity, underlining the seriousness of the current situation.

This incident comes amid broader

geopolitical tensions and ongoing security challenges in the Middle East. The uncertainty surrounding the nature of the attack and the identity of those responsible further amplifies risks for shipowners, charterers, insurers, and operators. In such an environment, maritime risk management is no longer a peripheral concern but a central strategic priority.

For the shipping and logistics sector, the implications are multifaceted. Increased security threats typically lead to higher insurance premiums, rerouting of vessels, and potential delays in cargo delivery. These factors contribute to rising operational costs and can disrupt carefully planned supply chains. Moreover, the psychological impact on crews navigating high-risk zones cannot be overlooked, reinforcing the need for enhanced safety protocols and support systems onboard.

From a regulatory and advisory

standpoint, this development highlights the importance of real-time intelligence sharing and coordinated international response. Maritime organisations, naval forces, and industry stakeholders must work collaboratively to ensure safe passage through critical waterways. The role of advanced technology, including vessel tracking systems and risk assessment tools, is becoming increasingly significant in mitigating such threats.

In conclusion, the recent incident in the Strait of Hormuz serves as a stark reminder of the fragile balance that underpins global maritime trade. As the industry continues to navigate uncertain waters, resilience, preparedness, and collaboration will be key to ensuring continuity and security in international shipping operations ■

Courtesy : www.themaritimestandard.com

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