

# Chubb Marine

## COVID-19 – Shipping Update: 08/04/20

The following information has been gathered from Chubb’s Marine staff globally and provides a brief overview of the impact of COVID-19 related issues on global shipping. This information will be reviewed regularly but this document will only be reissued if there are changes to communicate.

Region Overview	Specific Issues e.g. ports, borders, cargo types etc. (if applicable)
<p><b>North America</b></p> <ul style="list-style-type: none"> <li>• Currently all ports are open, although some have cut down on hours or days of operation.</li> <li>• Entire supply chain system bracing for a glut of imported cargo that will have nowhere to go given the “Shelter in Place” orders.</li> <li>• Inland freight is mostly moving as normal.</li> <li>• Some cargo destined for the US is now going by airfreight via Mexico, potentially exposing goods to the severe threat of theft whilst transiting through Mexico.</li> <li>• Most states have relaxed their weight restrictions for domestic US trucking to allow trucks to fill their volume with dense items such as food.</li> <li>• Department of Transportation has relaxed Hours of Service restrictions allowing drivers to operate vehicles longer.</li> </ul>	
<p><b>Europe</b></p> <ul style="list-style-type: none"> <li>• All ports in Europe are open and operational, with slower gate in / gate out process and delays in customs clearance in some ports.</li> <li>• Ferries and Eurotunnel from and to the UK (incl. Ireland) are operating without major delays.</li> <li>• Strict border controls in place, but freight traffic permitted to move through “Green Lanes”. There were some delays (50km queues) at some borders, but these are reducing as non-commercial passenger traffic reduces. The EU has stated that it should take no longer than 15 minutes for freight traffic to pass through these lanes, although not accurate of all borders.</li> <li>• Rail freight generally still moving, with some restrictions.</li> <li>• Some driving regulations e.g. Drivers Hours, training, licence updates etc. relaxed in some countries to facilitate supply chain logistics.</li> <li>• Air transport capacity within Europe reduced by 75%.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased border restrictions are leading to cargo blockages on the borders of the following countries: Hungary, Slovenia, Croatia, Serbia, Romania, Greece &amp; Turkey.</li> </ul>

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<p><b>LATAM</b></p> <ul style="list-style-type: none"> <li>• Ports open, with some delays. As an example of the reasons for delays, staff numbers have been reduced by 30% in some Mexican ports.</li> <li>• Inland transit for cargo such as foods and medical equipment deemed as “essential”, so Governments are permitting roads freight for such cargo and in many cases prioritising such cargo.</li> <li>• In Brazil, the Ministry of Infrastructure classified port logistics services as essential for the country.</li> </ul>	
<p><b>Asia Pacific</b></p> <ul style="list-style-type: none"> <li>• China – reportedly most back to normal operations, except for Wuhan.</li> <li>• Remaining ports in the Asia Pacific region – no closures, other than stricter checks and measures and there are reports of ports in the region operating with lower efficiency due to manpower reduction (due to movement restrictions and control measures by local authorities).</li> <li>• Australia, China, Hong Kong, New Zealand, Singapore, South Korea &amp; Taiwan – reportedly facing capacity constrained as result of further blank sailings announced by main container carriers. Australia and Singapore, reportedly facing container and equipment shortages of slight to moderate levels.</li> <li>• Airfreight capacity – almost all countries reporting 90 to 100% capacity reduction on passenger flights and 50 to 60% capacity reduction on freighters due to cancellations.</li> <li>• Most land borders are reportedly open, with extra checks.</li> </ul>	<ul style="list-style-type: none"> <li>• Serious delays to land border movements between Vietnam to China and Cambodia, and from Cambodia to Vietnam.</li> </ul>

## General Comments

- Reported reduction of 35% in airfreight capacity globally, increasing to a 50% reduction for transatlantic trade.
- Capacity on ocean trunk routes have been cut by an average of 20-25% over the next four to six weeks.
- The global demand for capacity is currently being driven by the need for medical equipment manufactured in China.
- An impending critical issue is congestion at destination ports as imported containers are unable to be delivered to or collected by end customers. This could lead to high costs for importers, as storing containers at ports is expensive.
- Receivers increasingly unable to take delivery of cargo, as businesses shut down. Some ocean carriers now providing the option for shippers to offload containers and store them at transshipment ports, rather than destination ports, to avoid congestion at destination ports.

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- Access to and operation of warehouses is becoming more of a challenge in some areas, due to movement restrictions and/or staff shortages. Vacant or sparsely occupied warehouses can present increased risks, such as the threat of criminal activity due to staff or security personnel not being able to provide a presence on site. In such circumstances our insureds should act as a prudent uninsured and take risk mitigation actions wherever possible. Chubb have produced the following two documents to assist our insureds to plan for instances where premises are to become vacant or sparsely occupied:
  - [https://www.chubb.com/uk-en/assets/documents/uk0940-0320-shutdown\\_checklist.pdf](https://www.chubb.com/uk-en/assets/documents/uk0940-0320-shutdown_checklist.pdf)
  - <https://www.chubb.com/uk-en/assets/documents/uk7497-0320--reduced-occupancy-premises-shutdown.pdf>

*The situation is fluid and changes daily. If you have any further queries, please refer to your insurance broker or local Chubb Marine contact.*

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