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Strait of Hormuz War Risk: Insurance, Attacks and Market Implications

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War-risk premiums are up roughly 24–40x on pre-war levels, October is a record month for attacks, and traffic is about an eighth of normal. We look at whether insurers might pull cover, and what that would mean for US equities, gold and USD/CHF.

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Executive summary

6–10%	~520	27	90.8%
war-risk premium, % of hull value per voyage (vs ~0.25% pre-war)	transits in Oct to 27th, est. (vs ~4,100/month pre-war)	attacks to 22 Oct (IMO), a monthly record	Lloyd's H1 2026 combined ratio

- **Insurance cost is now the main constraint on traffic.** War-risk premiums are quoted at about 6–10% of hull value per voyage, against about 0.25% before the war. That is roughly 24–40 times higher, and 25–100% above late-August quotes of 3–8%.
- **Traffic has partly recovered, but attacks are at a record.** Estimated transits are about 520 in October to the 27th (Aug ~338, Sep ≥477), still about 87% below the pre-war ~4,100 a month. The IMO counts 27 attacks to 22 October, the most of any month this year.
- **Tankers are increasingly the targets.** There were 8 confirmed tanker hits in October to the 27th, plus 1 claimed, after 5 confirmed and 6 claimed in September.
- **Insurers can afford to stay in for now.** Lloyd's reported a 90.8% H1 combined ratio (an underwriting profit) despite about £1.4bn of Middle East losses. We think the chance of a broad withdrawal of cover over the next 1–3 months is **low to medium**. A split market is more likely: escorted or state-backed ships stay insured, and others are priced out.
- **The political calendar is the main driver.** Watch Iran's 1 November Sinokor deadline, the US midterms on 3 November (with a reported possible US campaign afterwards), the contested Qatar mediation, and the 1 January reinsurance renewals.
- **Market read-through (US equities, gold, USD/CHF).** As of this morning, prices do not show a safe-haven bid: gold and the franc are not reacting, and only oil is. If cover is withdrawn or there is an escalation after 3 November, the likely moves are stronger gold, a lower USD/CHF (stronger franc), and pressure on US equities outside energy.

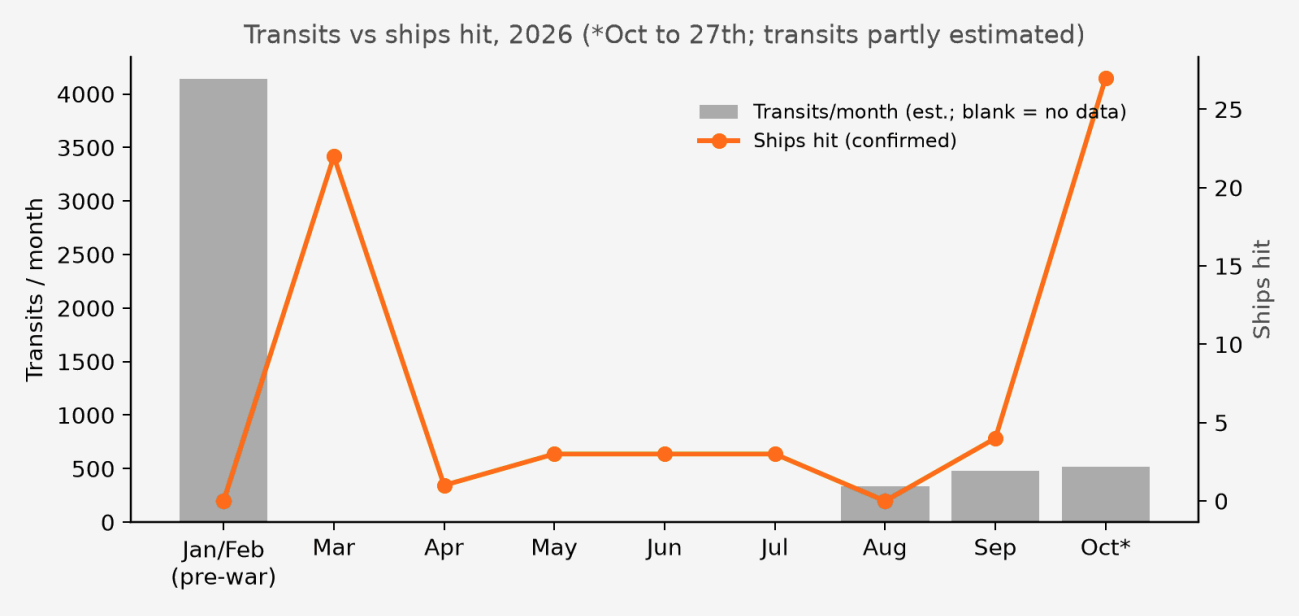
METHOD Figures come from the IMO (via USNI News), the JMIC advisory notes (Updates 105 and 108), Lloyd's List, Lloyd's of London results, ACLED, VDA and press reports. "Est." marks our estimates. "Claimed" means asserted by a party but not independently confirmed. Lists of incidents are partial.

1. War-risk premiums

Period	Additional war-risk premium (% of hull value per voyage)	Multiple of pre-war
Pre-war (Jan–Feb 2026)	~0.25%	1x
Late August 2026	3–8%	~12–32x
Late October 2026	6–10%	~24–40x

For a VLCC with a hull value of, say, $100m (an illustrative assumption), a 6–10% rate means $6–10m in war-risk premium for a single transit, against about $0.25m before the war. Quotes are set voyage by voyage, cover is usually valid for only a few days, and underwriters can review or cancel it at short notice. Rates vary widely with flag, ownership links, cargo and whether the ship is escorted. These are indicative broker ranges, not published tariffs.

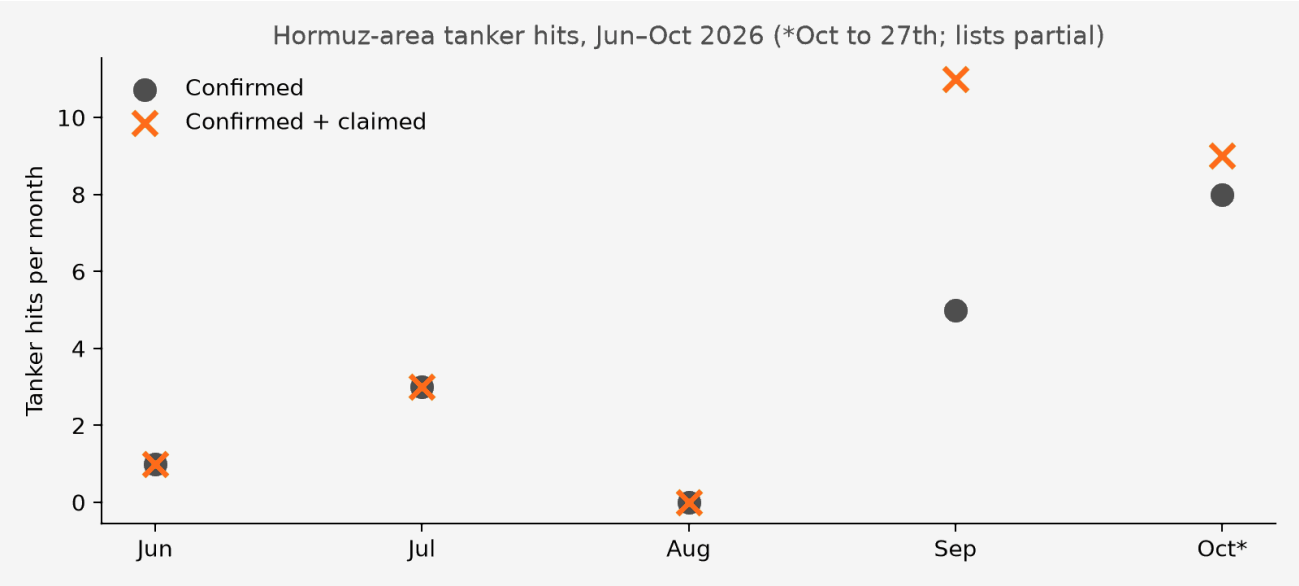
2. Transits and attacks



Sources: JMIC Update 108 (pre-war baseline ~138/day); Lloyd's List weekly counts; USNI News 9 and 22 Oct (IMO data); ACLED. Aug and Oct transit figures are estimates; Sep is a floor (non-Iranian-linked ships only). Mar–Jul monthly transit counts were not available.

The war began on 28 February. Traffic collapsed in March, when there were 22 attacks on commercial ships. It recovered only gradually after CENTCOM-escorted transits began around June. October is the paradox: transits are at their highest since the war began (Lloyd's List weekly counts of 126, 143 and 104), yet the IMO records **27 attacks to 22 October**, a record. The GFS Pride sank on 14 October. Late in October, about 28 US-assisted transits a day were reported (JMIC); this overlaps with the Lloyd's List counts and should not be added to them.

3. Tanker hits since June 2026



Month	Confirmed	Claimed (unconfirmed)	Notes
Jun	1	0	Lexie
Jul	3	0	Wedyan; Al-Rekayyat (LNG); Wen Yao
Aug	0	0	Quiet month
Sep	5	6	Sidr, El Gaia, Al Funtas, Hercules Star, New Andros; Iran claimed 8 tankers on 8–9 Sep (2 confirmed). Separately, the US disabled or sank 8 Iranian tankers on 5 and 8 Sep; these are not counted here.
Oct (to 27th)	8	1	The list is partial. Iran's claim of a mine strike on a tanker on 27 Oct is unconfirmed.

Sources: americastrikes.com Hormuz ledger; VDA Security Brief (10 Sep); ACLED; USNI News; Swedish Club; JMIC 105/108.

4. Insurer profitability

Lloyd's of London reported a **combined ratio of 90.8%** for H1 2026. This means it paid out about 91p in claims and costs for every £1 of premium, so it made an underwriting profit, even after about **£1.4bn of Middle East-related losses**. Marine war is a small share of the market's total premium, and the current 6–10% rates are very large compared with expected losses on most voyages. While premiums are this high, underwriters have more reason to keep writing the business, at a high price, than to leave the market. The risk is a large single loss, or a cluster of losses, that hits the reinsurance layers.

5. Will insurers withdraw cover?

Our assessment (opinion): low-to-medium probability over 1–3 months of a broad market withdrawal. The more likely outcome is a **split market**. Escorted and state-backed ships keep cover; ships linked to Iran or without an escort face prohibitive rates or refusals.

Backstop: A reported **$40bn facility from the US DFC, with Chubb**, covers escorted ships. It puts a floor under cover for traffic under US protection, which makes a full shutdown less likely.

Triggers that would raise the probability

Trigger	Why it matters
Loss of a laden VLCC	A large hull-plus-cargo and pollution loss would test reinsurance limits and repricing.
Routine mining	Mines cannot be priced voyage by voyage. Iran's 27 Oct mine claim is *unconfirmed*.
1 Jan reinsurance renewals	Reinsurers could exclude Gulf war risk or cut capacity.
Iran's 1 Nov Sinokor deadline	A deadline Iran has set for the shipping company. If it is enforced, a new set of operators would be exposed.

6. Political context (as of 28 Oct)

Item	Status	Confidence
Qatar mediation	Contested. One Reuters source says Qatar delivered a draft in Tehran with a seven-day confidence-building plan and that Iran's reply is due by the end of the week. A senior Iranian official told Reuters there is no new proposal and that Doha's ideas are unacceptable.	Conflicting reports
Possible US campaign	The WSJ reports the US told Gulf states to prepare for a "short, intense" campaign after the 3 Nov midterms. No decision has been reported.	Single-source report
Ras Tanura	The Saudi defence ministry says it was an attempted drone attack with no damage. The Houthis claim a missile strike that caused fires.	Official: attempted; Houthi claim unverified
Hormuz reopening	The Guardian reports Gulf states are working on a framework to reopen Hormuz within days of sanctions relief. The US is seeking more concessions.	Reported, not agreed
Iranian tanker mine claim (27 Oct)	Claimed by Iran, not confirmed independently.	Unconfirmed

7. Market implications (US equities, gold, USD/CHF)

Now: As of early on 28 Oct, December gold (~4,055–4,062) was softer, gold funds had seen four straight days of outflows, and USD/CHF was flat near 0.830. Brent (~$115) was the only market reacting to Gulf news. So the market is treating the current incidents as normal, not as an escalation.

Asset	If cover is withdrawn / there is escalation	If there is de-escalation / reopening
US equities	Pressure on transports, consumer stocks and long-duration tech from higher energy and inflation costs; energy stocks and defence relatively stronger.	A relief rally; energy underperforms.
Gold	The safe-haven bid returns; the 4,070–4,080 resistance is likely tested.	Outflows continue; 4,000 comes into focus.
USD/CHF	Lower (franc stronger) as a safe haven.	Drifts higher as the haven premium fades.

Price levels are from desk monitoring on the morning of 28 Oct and are indicative. Directional effects are our analytical judgement, not forecasts.

8. Scenarios (1–3 months, our judgement)

Scenario	Description	Indicative likelihood
Base: costly stalemate	A split market persists, premiums stay at 6–10%, and transits run at 400–700 a month with escorts.	Most likely
Escalation	A US campaign after 3 Nov, routine mining or a VLCC loss. Cover is broadly withdrawn for unescorted ships.	Low–medium
De-escalation	Mediation leads to a reopening framework, and premiums fall back toward the late-August range of 3–8%.	Low

9. Watch list

- 1 Nov: Iran's Sinokor deadline
- 3 Nov: US midterms, then any decision on a US campaign
- Iran's reply to the Qatar draft (expected by the end of the week)
- The next JMIC advisory notes and the IMO's monthly attack count
- Any confirmed mining or loss of a laden VLCC
- Market terms for the 1 Jan reinsurance renewals
- Gold at 4,070–4,080; USD/CHF below 0.825; Brent direction

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