

# Allmode Intelligence Section

## Advisory: 062 (Reduction in HRA for BMP-4)

Advisory Type: Compliance

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### Introduction:

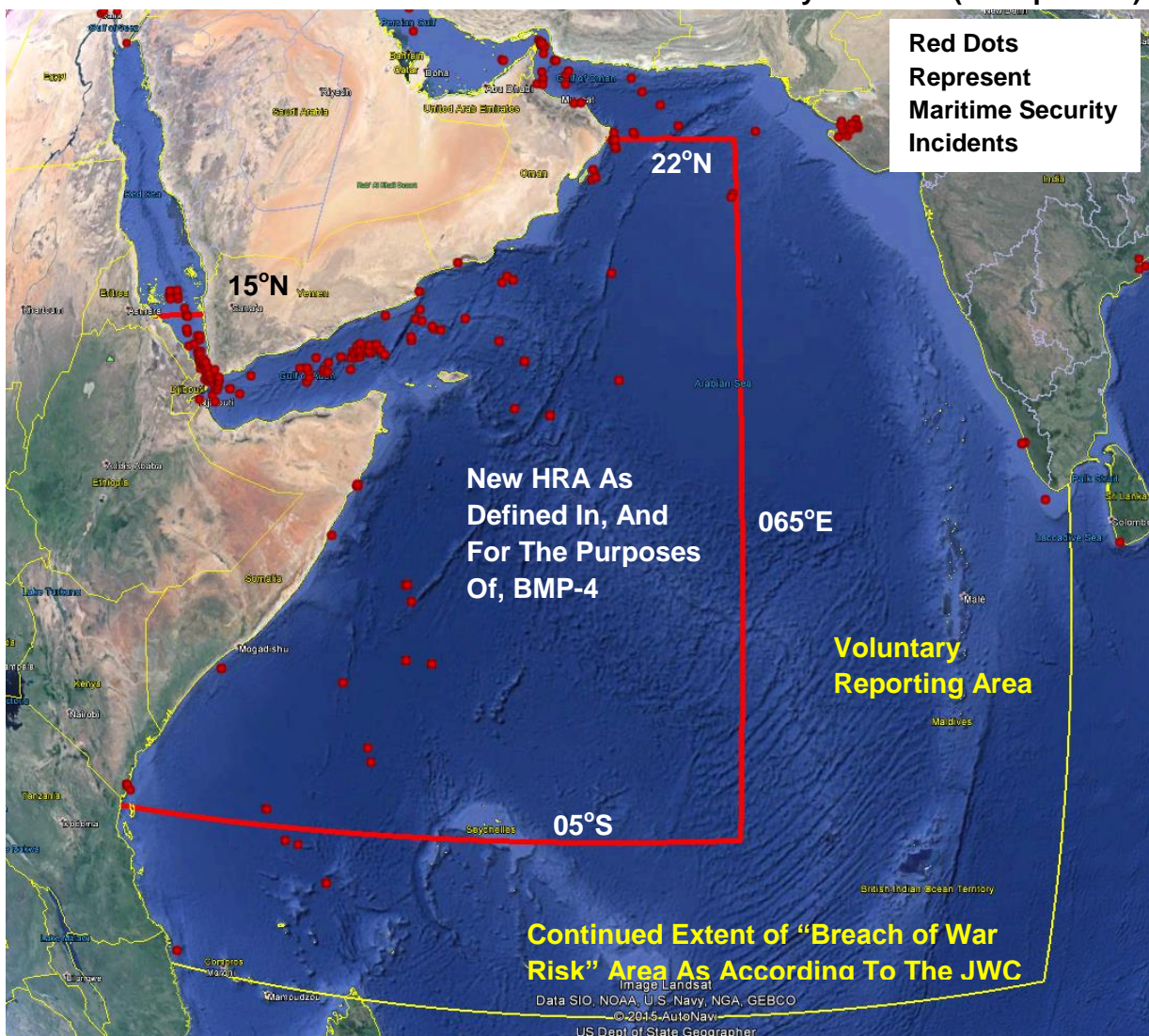
This advisory is issued in response to the recent announcement of a reduction of the High Risk Area (HRA) for Best Management Practices (BMP)-4 purposes by BIMCO, the co-sponsors of BMP-4 and the European Union Chair of the Contact Group of Piracy off the Coast of Somalia (CGPCS) on the 08/10/15. It is intended to address a degree of confusion around the issue.

### What Has Changed?:

The High Risk Area (*for the purposes of the implementation of BMP-4 only*) is now defined as being bounded by:

In the Red Sea: Latitude 15°N  
In the Gulf of Oman: Latitude 22°N  
Eastern limit: Longitude 065°E  
Southern limit: Latitude 05°S

### Indian Ocean with Boundaries and Historic Maritime Security Incidents (2012-present)



The following territories and Territorial Waters (TTW) have, therefore, fallen outside of the HRA for this purpose:

- Comoros
- British Indian Ocean Territory
- Maldives
- India
- Pakistan
- Iran
- Mozambique
- Eritrean, Sudanese, Egyptian, Israeli, Saudi and Yemeni TTW in the Red Sea above 15°N
- Removes the Gulf of Oman and the Laccadive Sea from coverage

This move reduces the HRA to 45% of its original area.

This is to come into effect on the 1<sup>st</sup> December 2015.

### **What Has Not Changed:**

It must be stressed, that this amendment to the boundaries of the HRA is only applicable to the implementation of measures contained in BMP-4. It does not change the extent of the Voluntary Reporting Area or the extent of the JWC HRA for insurance purposes (pending a meeting of the JWC in December 2015 to discuss the reduced HRA and their response to it.)

Reporting to MSCHoA and the UKMTO, as according to the provisions of adhesion the Voluntary Reporting Area, remains unchanged.

Matters pertaining to war-risk insurance remain unchanged.

Pre-transit risk assessments should continue to be conducted and take into account the latest information from both the Voluntary Reporting Area and (revised) High Risk Area.

### **Allmode Comment:**

This development represents good news for the shipping and maritime industry, and is indicative of the successes achieved by the three complimentary strands of maritime security operations in the region, namely; Naval taskforces, Privately Contracted Armed Security Teams and the implementation of BMP4 by ship-owners and operators.

As can be seen from the chart (above) this reduction in size merely rationalises the HRA to take into account the longstanding trend of pirate action retracting westwards towards the Somali coast (from its geographical maximum in 2010/11). The revised HRA contains 85% of historical occurrences, and the vast majority of serious incidents (the notable anomaly, the Gulf of Oman, is characterised by suspicious approaches rather than successful attacks.)

However, even as piracy continues to decline in the Indian Ocean, the conditions that bore it remain extant. Furthermore, the threat of piracy, terrorism, and major criminal activity is on the rise throughout the remainder of the globe, most notably the Far-East, West Africa and new and evolving threats linked to the geo-political instability and violence in the Middle East. Violent-crime and robbery continue unabated.

It is recommended that ship-owners, managers and insurers monitor the situation carefully (both at sea and ashore in the affected region), and base their risk mitigation activities on detailed risk assessment and analysis. Continued vigilance and safeguarding against complacency is advised, lest a relaxation of risk management measures engender a resurgence of piratical and criminal activity in the region.

Expert advice should be sought where necessary.

From an insurance perspective, care must be taken to review of the wording of any contracts involving an obligation to adhere to BMP4. Due to the reduction of the HRA, contract wording may now be rendered inconsistent, leaving Assureds inadvertently in breach if they are not adhering to BMP4 whilst sailing outside of the new HRA but are within the HRA **as it was understood at the time coverage was agreed**. Assureds should seek further guidance and confirmation from their underwriters/brokers regarding the expected geographical extent of the implementation of BMP-4 and the implications of this on their insurance cover.

The Joint War Committee is meeting in December to address the reduced HRA and their response to it. Until the JWC issues updated War Risk Areas, the Indian Ocean War Risk Area will continue to mirror the **OLD** HRA (As Well as the current VRA). All trade within the Indian Ocean War Risk Area will continue to be a 'breach', therefore attracting an additional premium. We will post an update as soon as the JWC make their decision.

If you would like to seek further guidance on your War, K&R or charter party wording in light of the above changes, please do not hesitate to contact us, quoting "Allmode Advisory 062" for ease of processing.



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