GoldSquawk

OIL REPORT · OCTOBER 2026

Tanker attacks are repricing insurability across the Gulf trade

GoldSquawk Research

Key takeaways

- The key constraint has shifted from simple transit danger to insurability: hull war-risk pricing, non-poolable and charterers' cover, and broader legal and operational participation are all under pressure, with Lloyd's List arguing insurance may be shipping's biggest Gulf constraint and war-risk premiums returning to double-digit percentages for some owners by late July 2026.[1,2]
- The insurance footprint now extends well beyond the Strait itself. The Joint War Committee widened listed areas on 3 March 2026 to include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia's Gulf coast and the UAE, meaning underwriting scrutiny and additional pricing can attach across a broader Gulf operating envelope.[3]
- Cover has not disappeared, but it has become more conditional and segmented. Mutual owner P&I backstops remained in place, while some non-mutual business including charterers' liability, fixed-premium P&I and non-poolable extensions was cancelled and later partly reinstated on a buy-back, per-voyage basis.[4,5,6]
- Underwriters have had little reason to relax. The JWC says there had been almost 100 attacks on commercial tonnage by its latest update, while Bloomberg reported at least 23 incidents in or near the Strait in the first two weeks of October, including at least five engine-room impacts that raise loss severity as well as frequency.[1,7,8]
- Physical flows have adapted rather than vanished. EIA data show Hormuz oil flows fell from 21.6 mb/d in 4Q25 to 4.9 mb/d in 2Q26, but Bloomberg citing Kpler said Persian Gulf crude and condensate flows recovered to 24.6 mb/d in the week to 18 October, supported by convoys, shuttle legs and STS workarounds that themselves reshape insurance exposure.[9,10]

Insurance is now shaping market access, not just voyage cost

- The 2026 Gulf conflict has repriced risk across three layers: hull and war-risk pricing for each transit, P&I and charterers' liability and other non-poolable cover, and the wider question of whether vessels, charterers, financiers and crews will participate at all. That is why the issue is increasingly insurance capacity and legal clarity rather than physical transit risk alone.[1]
- The Joint War Committee's JWLA-033 of 3 March 2026 widened listed areas to include Iran, defined Gulf and Hormuz waters, and also Bahrain, Kuwait, Oman, Qatar, Saudi Arabia's Gulf coast and the UAE. Entry into these areas requires notification to underwriters and pricing is individually negotiated, broadening the zone in which higher premiums and scrutiny can apply.[3]
- Multiple insurers cancelled key war-risk exposures in early March. Gard said reinsurers cancelled war risks in Iran and the Persian/Arabian Gulf effective 00:00 GMT on 5 March 2026 before automatic reinstatement on amended terms, while the American Club said the cancellation applied to non-mutual business including charterers' liability, fixed-premium P&I and non-poolable extensions, later offering limited reinstatement on a buy-back and per-voyage premium basis.[5,6]

- The International Group of P&I Clubs said mutual owned cover still had access to Excess War P&I reinsurance that had not been amended, but owners typically also rely on separate Primary War P&I in the commercial market. The practical result is that some voyage structures remain insurable, though often with narrower terms, more bespoke clauses and greater execution friction.[4,5]

Figure 1: WTI remains elevated as Gulf risk persists

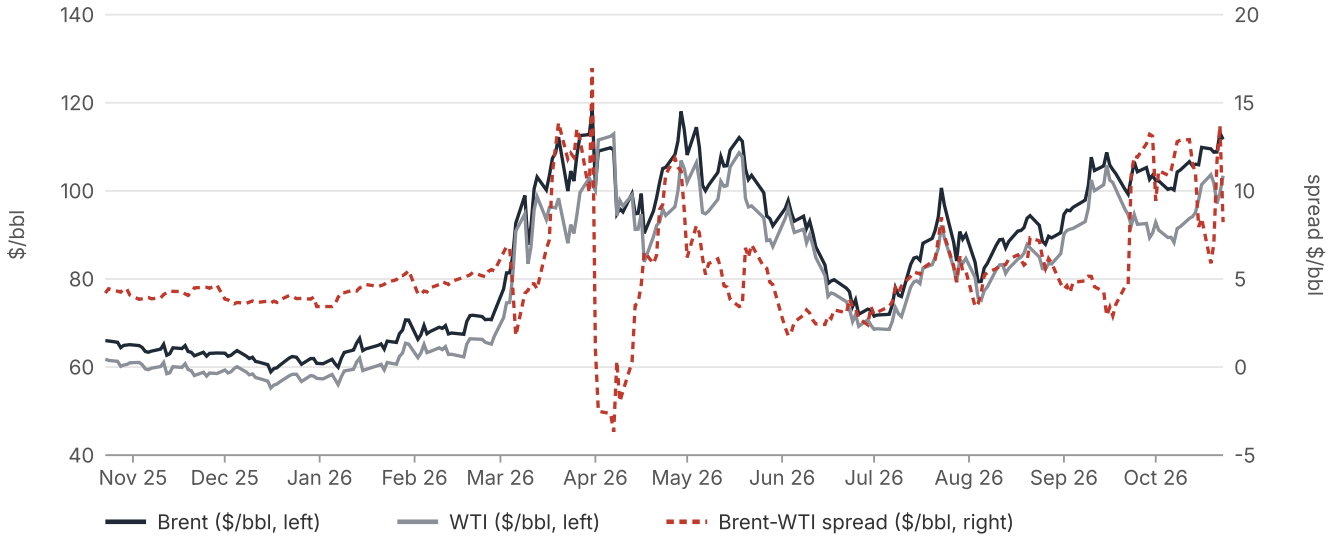


Source: NYMEX WTI crude futures daily closes via Yahoo Finance; GoldSquawk calculations, as of 23 October 2026.

Premiums and severity are keeping Gulf war-risk pricing elevated

- The early-March repricing was abrupt. Lloyd's List reported a four- or fivefold jump in premiums on 3-4 March 2026 after US and Israeli military action against Iran, while vessels loading or discharging in the Middle East Gulf without a Hormuz transit could still secure around 0.5%-1.0% for a seven-day trip. Bloomberg reported on 5 March that war cover for Hormuz crossings remained available, underscoring repricing rather than outright market withdrawal.[11,12,13]
- Pricing then proved sticky. Lloyd's List reported after June ceasefire and reopening signals that insurers wanted solid evidence of durable safety before lowering rates, and by 27 July war-risk premiums for Hormuz transits had returned to double-digit percentages for some owners.[2,14]
- Rate discrimination is also affiliation-sensitive. Lloyd's List reported on 3 March that US, UK and Israeli ships were being charged three times more than others for Middle East war cover, indicating that flag, ownership, operator and beneficial-interest links matter alongside geography.[11]
- Incident severity has become a central underwriting variable. UKMTO and Bloomberg reporting point to a sustained October attack tempo, with nine attacks logged by 6 October and at least 23 incidents in or near the Strait in the first two weeks of the month, including at least five engine-room impacts. Engine-room hits raise the risk of fire, loss of power and lengthy repair downtime, increasing salvage, delay, pollution and accumulation concerns.[7,8,15,16]

Figure 2: Brent-WTI spread reflects continuing disruption premium



Source: ICE Brent and NYMEX WTI front-month futures via Yahoo Finance; GoldSquawk calculations, as of 23 October 2026.

Trade is adapting through costlier and more brittle voyage architecture

- Bloomberg citing Kpler said Persian Gulf crude and condensate flows reached 24.6 mb/d in the week to 18 October, despite attacks. The adaptation has come through convoys and cargoes shuttled to tankers waiting outside the waterway, while Lloyd's List also described cross-Hormuz strategies using shuttle trade to Gulf of Oman STS operations.[9,17]
- These workarounds reduce time spent by high-value tonnage in the tightest risk zone, but they add extra voyage legs and can stack liabilities around STS transfers. That changes where additional premium attaches and raises issues around co-assured status, indemnities and subrogation, which is why charterers have sought co-assured status as war risks test insurance norms.[18,17]
- The workaround network is itself vulnerable. Bloomberg reported on 12 October that at least 10 VLCCs and several Suezmaxes approaching Fujairah had stopped or reversed course, suggesting that if threats spread beyond the chokepoint the insurance burden migrates to the surrounding logistics system as well.[19]
- Crew and freight are now part of insurability. The ITF and JNG designated the Strait of Hormuz and surrounding waters a High Risk Area on 2 March, saying more than 200 vessels were anchored in or near the Strait, while Lloyd's List later highlighted rising risk premiums, crew shortages and operational complexity. Freight has repriced alongside this: Lloyd's List put Oman-China VLCC time-charter equivalent earnings at 141,198 dollars per day versus 115,137 dollars per day on US Gulf-China and 104,120 dollars per day on West Africa-China, while Bloomberg said benchmark Middle East tanker earnings were roughly 200,000 dollars per day higher than before the war began.[20,21,22,17]

Sanctions and legal exposure are part of the insurance equation

- OFAC published an alert on 1 May 2026 on the sanctions risks of Iranian demands for Strait of Hormuz passage and updated related guidance on 24 August. FAQ 1249 says payments or guarantees to the Government of Iran or the IRGC for safe passage would not be authorised for US persons or US-owned or controlled foreign entities, and could create sanctions exposure for others.[23,24,25]
- Treasury said on 27 May that it sanctioned Iran's so-called Persian Gulf Strait Authority, describing it as an IRGC attempt to extort transiting vessels. The Joint War Committee also says a tolls clause became necessary to protect underwriters insuring vessels entering or leaving the Strait.[1,26]

- This matters because a passage payment is not just another cost item. It can affect claims recoverability, interact with sanctions clauses, and deter banks, insurers and charter counterparties from supporting a voyage, especially where trades are US-linked, dollar-cleared or Western-financed.[24,25]

Scenarios

- **Adaptive trade case:** Attacks continue but remain manageable enough for cover to stay available on a negotiated basis, with convoys, shuttle legs and STS transfers preserving flows. Oil remains supported by persistent security and logistics premia, but the bigger story is higher friction and a narrower pool of willing tonnage rather than outright physical closure.[1,9,17,13]
- **Insurance squeeze case:** Premiums stay elevated or widen further, buy-back and non-poolable cover remain difficult to secure, and crew and sanctions frictions intensify. In that setup, fewer owners and charterers participate, voyage timing becomes more erratic, and Gulf exports rely on a smaller and better-compensated fleet.[2,27,21,18]
- **Severity shock case:** A cluster of high-severity losses, especially engine-room hits, mining or multi-ship incidents, pushes underwriters to focus on salvage, pollution, detention and accumulation risk. The likely market effect would be tighter terms, broader exclusions or higher scrutiny even if the waterway remains physically open.[1,8,28]

Levels to watch

- WTI last close 103.44 $/bbl on 23 Oct 2026.
- Brent last 111.66 $/bbl; Brent-WTI spread 8.22 $/bbl on 23 Oct 2026.
- WTI 52-week high 112.95 $/bbl set on 07 Apr 2026.
- WTI 50-day moving average 92.93 $/bbl.
- WTI 200-day moving average 85.29 $/bbl.

References

1. LMA - Joint War Committee. https://lmalloyds.com/committee/joint-war-committee/
2. The Daily View: Insurance, not missiles, may become shipping's biggest Gulf constraint :: Lloyd's List. https://www.lloydslist.com/LL1157998/The-Daily-View-Insurance-not-missiles-may-become-shippings-biggest-Gulf-constraint
3. JWLA-033 3rd March 2026 JWC Listed Areas Hull. https://lmalloyds.com/wp-content/uploads/2026/03/JWLA-033_Iran.pdf
4. Iran & Middle East update - The International Group of P&I Clubs. https://www.igpandi.org/article/iranpersian-gulf-update-on-cover/
5. Circular No. 05/26 - Notice of Cancellation in Respect of War Risks for Certain Covers. https://www.american-club.com/files/files/cir_05_26.pdf
6. 01/2026 Notice of cancellation for war risks - Member Circulars. https://gard.no/en/circulars/notice-of-cancellation-for-war-risks/
7. Iran Increases Tanker Attacks in Hormuz as Oil Shipments Near Prewar Levels - Bloomberg. https://bloomberg.com/news/articles/2026-10-06/iran-ramps-up-ship-attacks-in-hormuz-as-oil-and-gas-flows-climb
8. Iran Hits More Ship Engine Rooms in Persian Gulf, Raising Energy Flow Risks - Bloomberg. https://bloomberg.com/news/articles/2026-10-20/iran-strikes-more-ship-engine-rooms-in-ramp-up-of-hormuz-attacks
9. Middle East Oil Flows Near Prewar Levels Defy Hormuz Attacks - Bloomberg. https://bloomberg.com/news/articles/2026-10-21/middle-east-oil-flows-near-prewar-levels-defy-hormuz-attacks
10. Short-Term Energy Outlook - U.S. Energy Information Administration (EIA). https://www.eia.gov/outlooks/steo/report/energysecurity/article.php
11. US, UK and Israeli ships charged three times more than others for Middle East war cover :: Lloyd's List. https://www.lloydslist.com/LL1156502/US-UK-and-Israeli-ships-charged-three-times-more-than-others-for-Middle-East-war-cover
12. Stories suggesting that some ships have had their hull war risk policies cancelled seem to rest on a confusion between primary hull war risk policies and charterers' liability war risk extensions, they contend.. https://www.lloydslist.com/-/media/lloyds-list/daily-pdf/2026/03-march/dailypdf040326.pdf?rev=ee21139ae550454682c6eb6ce2792c55&utm_source=openai
13. War Insurance Cover Available for Ships Crossing Hormuz, Broker Says - Bloomberg. https://www.bloomberg.com/news/articles/2026-03-05/war-cover-is-available-for-ships-crossing-hormuz-broker-says

14. A fragile thaw in Hormuz but timing and sequence now matter :: Lloyd's List. https://www.lloydslist.com/LL1157463/A-fragile-thaw-in-Hormuz-but-timing-and-sequence-now-matter
15. UKMTO. https://www.ukmto.org/?adsBeforeAudio=true&adsBeforeVideo=true&core_dmena=pro&primarySection=%2Flos40_mexico%2Fla_corneta&sdi=ser_home_vistoenlos40&sv=4051bc4a68a84a45abdf33df4d0f2217&sv=e0c3d4569ac8082cae6d64afa38c6da0&utm_source=openai
16. Recent Incidents. https://www.ukmto.org/recent-incidents?trk=public_post_comment-text&utm_source=openai
17. Hormuz crisis supply response loses steam but tanker rates hold firm :: Lloyd's List. https://www.lloydslist.com/LL1158177/Hormuz-crisis-supply-response-loses-steam-but-tanker-rates-hold-firm
18. Charterers seek co-assured status as war risks test insurance norms :: Lloyd's List. https://www.lloydslist.com/LL1158496/Charterers-seek-co-assured-status-as-war-risks-test-insurance-norms
19. Supertankers Turn From Gulf Oil Transfer Hub Amid Iran's Attacks - Bloomberg. https://bloomberg.com/news/articles/2026-10-12/supertankers-turn-from-gulf-oil-transfer-hub-amid-iran-s-attacks
20. Joint ITF–JNG statement: Designation of High Risk Area in the Strait of Hormuz | ITF Seafarers. https://www.itfseafarers.org/en/news/joint-itf-jng-statement-designation-high-risk-area-strait-hormuz
21. Crew become the latest pressure point as shipowners pay more to keep vessels trading in conflict zones :: Lloyd's List. https://www.lloydslist.com/LL1158287/Crew-become-the-latest-pressure-point-as-shipowners-pay-more-to-keep-vessels-trading-in-conflict-zones
22. Strait of Hormuz Siege Leaves Sailors Dodging Missiles and GPS Jamming. https://www.bloomberg.com/graphics/2026-strait-hormuz-iran-blockade-ships-stranded-gps-jamming/
23. Iran-related Designations; Issuance of Iran-related General License and Frequently Asked Question; Publication of Iran-related OFAC Alert | Office of Foreign Assets Control. https://ofac.treasury.gov/recent-actions/20260501
24. 1249 | Office of Foreign Assets Control. https://ofac.treasury.gov/faqs/1249
25. OFAC Alert: Sanctions Risks of Iranian Demands for Strait of Hormuz Passage. https://ofac.treasury.gov/system/files/2026-04/20260501_hormuz_tolls_alert.pdf
26. Economic Fury Targets Iranian Maritime Extortion | U.S. Department of the Treasury. https://home.treasury.gov/news/press-releases/sb0507
27. Circular No. 06/26 - Limited Reinstatement of War Risks Cover - Persian/Arabian Gulf and Gulf of Oman. https://www.american-club.com/files/files/cir_06_26.pdf
28. LMA - Joint Hull Committee - 14 July 2026. https://lmalloyds.com/committee_minutes/joint-hull-committee-14-july-2026/

Glossary

P&I: Protection and indemnity insurance, covering shipowners' third-party liabilities such as pollution, crew and collision-related claims. [30][31]

Non-poolable cover: Insurance extensions or liabilities that sit outside the core mutual pooling arrangements of P&I clubs and can therefore be more vulnerable to cancellation or repricing. [31]

Buy-back cover: Cover reintroduced after cancellation on amended terms, usually for an additional premium and often assessed on a per-voyage basis. [14][31]

STS transfer: Ship-to-ship transfer, where cargo is moved between vessels at sea or at anchor rather than through a terminal. [24]

Co-assured status: An insurance arrangement under which another party, such as a charterer, is added to the policy for specified interests or liabilities. [19]

Listed area: A zone designated by war-risk market bodies where voyages require notification to underwriters and are subject to individual risk assessment and pricing. [16]

This report is for information only and is not investment advice or a recommendation to buy or sell any asset. It was researched and written with the help of AI from the sources cited and reviewed before publication. Prices and data can change quickly; past performance is not a guide to future results.