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Ransoms for seafarers could rocket to \$50m

Piracy epidemic will fuel huge hike in cover costs, says **Hiscox**

BBC

Pirates threaten Christmas shopping

By Michael Buchanan
BBC News

While he acknowledges the frustration within the shipping industry at the lack of attention to the piracy issue, Guillaume Bonnissent from Hiscox doubts that ships will actually start to avoid the Gulf of Aden.

"I don't think we are going to see shortages. I think we are more likely to see ship owners charging higher prices [to cover the increased insurance premiums] which may have repercussions for the consumer."

TIMESONLINE

Somalian piracy cripples shipping with tenfold insurance cost rises

Miles Costello

Robert Davies, head of specialist risks at **Hiscox**, the London-based insurer, said that embattled shipowners are facing a big increase in ransom demands, as well as the cost of settling tense negotiations that last an average of 100 days. The average kidnap settlement is now \$1 million. Previously, the pirates would have happily settled for payments "in the low hundreds of thousands", Mr Davies said.

"It's not just a growing frequency, there is also a growing cost of piracy, kidnap and ransoms," he said. "The size of the ransom, depending on the vessel and its cargo, is growing. The time these things are lasting is also increasing. Before, they were quick in-and-out events. Now, the bad guys are a bit more sophisticated."

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