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**STUDY OF EFFECTS OF PIRACY IN MARINE INSURANCE AND OFFERED
SOLUTIONS ACCORDING TO EXPERIENCES OF PIONEER COUNTRIES**

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ABSTRACT

Increased frequency and severity of attacks of pirates around the Horn of Africa is a serious threat to global shipping industry and insurance, actually is not just the fear of financial loss for the world community, but the security of individuals, employees of ships, passengers are not able as the important points. With the increasing number of attacks and severity of violent attacks on human life are also at greater risk. Piracy is a problem for all current owners of the goods. Now the ship price is encompassed floating hull insurance with including coverage of the war also included piracy, covered by some insurance companies. The proposed study uses T test to Testing Hypotheses and the sample size has been chosen from experts in insurance company. The questionnaire was designed in Likert scale & distributed among 120 experts in insurance company in Tehran. Cronbach alpha is calculated as %86, which is well above the minimum desirable limit of 0.70. The study investigates 28 factors & extracts five important ones, which effective factors, Increased insurance coverage, Select a travel route, Increased premiums, The domestic and international insurance laws, Cargo insurance claim. In this paper for analyze the data use from SPSS software's.

Keywords: Marine Insurance, Piracy, Pioneer Countries

INTRODUCTION

Aftab HASAN (2009) believe that increased frequency and severity of attacks of pirates around the Horn of Africa is a serious threat to global shipping industry and insurance,

actually is not just the fear of financial loss for the world community, but the security of individuals, employees of ships, passengers are notable as the important points. With the

increasing number of attacks and severity of violent attacks on human life are also at greater risk.

Tillmann (2013) due to the increasing threat of piracy, especially in high-risk areas as piracy. Shipping companies have to consider more insurance cost to cover economic consequences of piracy. MunichRe (2009) before 2008 was negligible losses incurred by pirates, with increasing the size of Piracy, the losses also increased and these results in increased mass' losses were this loss raises mass loss and insurance of goods and ships.

2. Research literature:

2.1. Theoretical foundations of Cargo insurance:

Aftab HASAN (2009) as for the importance of insurance industry and since this industry could have a significant impact on increasing GDP, growth and development of country and also Considering the fact that transactions with overseas usually done with businessmen or state-owned companies therefore ensure the security of investments and returns to the country and also ensure that the transactions resulting in the need for national and state funded through the unwary Profits and capital reserves as well as merchants and traders

would be particularly insurance and freight insurance is part of the basic needs.

Tillmann (2013) according to the International Maritime Bureau IMB in 2013, the Gulf of Aden and the Indian Ocean located between Yemen and Somalia links the Red Sea are the most reported critical path of piracy.

Another company that provides security services acts is International Maritime Bureau (IMB) headquartered in Kuala Lumpur and London. It should be noted that most of the news of the kidnapping of ships, usually within the first hours of the abduction is placed on news sites by IMB. The forces of this company are from Scotland Yard police and military forces, all the security services from professional security force deployed in the ships to exchange ransom with pirates are offered by IMB.

Alianz (2009) growing piracy will increase the cost of shipping and insurance, Some shipping companies to avoid the risk of piracy took preventive action adopted And altered the route of the Gulf of Aden to Cape of Good Hope, This shift creates an additional charge of shipping and the cost of goods increases.

Aftab HASAN (2009) believes that piracy is a problem for all current owners of the goods. Now the ship price is encompassed floating hull insurance with including coverage of the war also included piracy, covered by some insurance companies.

Marine insurance covers the loss or damage of ships, cargo, terminals, and any transport or cargo by which property is transferred, acquired, or held between the points of origin and final destination. Cargo insurance discussed here is a sub branch of marine insurance, though Marine also includes Onshore and Offshore exposed property, (container terminals, ports, oil platforms, pipelines), Hull, Marine Casualty, and Marine Liability. When goods are transported by mail or courier, shipping insurance is used instead. Maritime insurance was the earliest well-developed kind of insurance, with origins in the Greek and Roman maritime loan. Separate marine insurance contracts were developed in Genoa and other Italian cities in the fourteenth century and spread to northern Europe. Premiums varied with intuitive estimates of the variable risk from seasons and pirates. Modern marine insurance law originated in the Lex mercatoria

3. Research methodology:

3.1 Data collection and sample:

This study attempts to find the impact of piracy in marine insurance and offered solutions according to experiences of pioneer countries. The proposed study extract most influence factors and sample size has been chosen from experts in insurance company in Tehran. The questionnaire was designed in Likert scale & distribute among 120experts . To analyze the data, descriptive statistics were used to sort the data in the second part of the data analysis is performed based on statistical inference In this paper for analyze the data use from SPSS software's.

3.2. Assessing reliability:

The reliability of the measurements in the survey was tested using Cronbach's a. Hair et al. (1998) stated that a value of 0.70 and higher is often "considered the criterion for internally consistent established factors". Cronbach alpha is calculated as 0.86, which is well above the minimum desirable limit of 0.70. The Cronbach's a coefficients in parentheses indicating the internal consistency reliability of the measures ($\alpha = 0.868$).

4. Analysis and results:

The proposed study designs a questionnaire and distributes it among 120experts . Chronbach alpha for factor of

increased insurance coverage is calculated as 0/86 ,which is well above the minimum desirable limit of 0/70 . Chronbach alpha has been calculated as 0/86 and **Table 1** demonstrates the results.

Chronbach alpha for factor of Select a travel route is calculated as 0/71 ,which is well above the minimum desirable limit of 0/70 . Chronbach alpha has been calculated as 0/71 and **Table 2** demonstrates the results.

Chronbach alpha for factor of increased premiums is calculated as 0/71 ,which is well above the minimum desirable limit of 0/70 . Chronbach alpha has been calculated as 0/71 and **Table 3** demonstrates the results.

Chronbach alpha for factor of Cargo

insurance claim. is calculated as 0/76 ,which is well above the minimum desirable limit of 0/70 . Chronbach alpha has been calculated as 0/76 and **Table 4** demonstrates the result. In this section, research data using scientific methods are investigated and they are analyzed in two parts. First, descriptive statistics are used to sort the data & then part of the data analysis is performed based on statistical inference.

4.1. Interpretation of the results of the main hypothesis:

Regarding the results, we can offer 5 hypotheses that they reject & accept off and ranking of each of the components of piracy in marine insurance. (**Tables 6**)

Table 1: Reliability Statistics

CRONBACH'S ALPHA	N of Cases	N OF ITEMS
.868	20.0	7

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X1	18.5500	16.7868	.6792	.8446
X6	17.6000	17.2000	.5874	.8578
X9	18.0000	16.9474	.6140	.8542
X10	17.5000	15.4211	.7156	.8404
X11	17.4500	17.9447	.7241	.8436
X12	17.2500	18.8289	.5964	.8577
X13	17.8500	16.9763	.6508	.8486

Table 2: Reliability Statistics

CRONBACH'S ALPHA	N of Cases	N OF ITEMS
.709	20.0	3

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X26	6.1000	1.4632	.5827	.5683
X27	6.0000	1.4737	.5735	.5786
X28	7.0000	1.1579	.4740	.7364

Table 3: Reliability Statistics

CRONBACH'S ALPHA	N of Cases	N OF ITEMS
.703	20.0	4

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X2	7.4000	2.7789	.6646	.5114
X3	7.6500	4.2395	.4432	.6704
X4	7.5500	2.8921	.7489	.4531
X14	7.5500	4.7868	.1739	.8015

Table 4: Reliability Statistics

CRONBACH'S ALPHA	N of Cases	N OF ITEMS
.730	20.0	4

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X5	7.6500	6.4500	.3959	.7344
X8	7.8000	5.3263	.5594	.6477
X18	7.9500	3.9447	.6966	.5524
X25	7.8000	6.0632	.4698	.6992

Table 5: Reliability Statistics

CRONBACH'S ALPHA	N of Cases	N OF ITEMS
.763	20.0	3

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
X15	4.8000	3.0105	.5794	.7168
X16	5.1500	2.3447	.6890	.5746
X17	4.8500	2.2395	.5577	.7521

Table 6: The summary of factor associated with the main hypothesis

Result	Important coefficient basedon Friedman	Sig	df	T test	The main hypothesis
Confirmed	3/88	.000	111	4.271	Increased insurance coverage
Confirmed	3/67	.006	119	2.824	Select a travel route
Not confirmed	2/94	.002	117	-3.163	Increased premiums
Not confirmed	2/57	.000	116	-6.244	The domestic and international insurance laws
Not confirmed	1/93	.000	116	-6.916	Cargo insurance claim

CONCLUSIONS

Maritime transportation of goods is a costly business. Major determinants of the costs are fuel consumption and the time it takes a ship

to sail from one port to another. The transit charge is determined by the gross ton-nage (gt) of a ship and includes up to four components, such as a transit toll, a pilotage

due, a pilotage fee, and a helmsmen fee. The last two components (pilotage fee and helmsmen fee) are passed on to the pilots and helmsmen for providing their services. Critical component of Cargo insurance is the most important factor in Increased insurance coverage (by a factor of 3/88), Select a travel route (by a factor of 3 /67) and increased premiums (by a factor of 2/94) respectively the second & third priorities which can be considered the custodians of this section.

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