

SÜDVERS GLOBAL SOLUTIONS

Geopolitical Escalation in the Middle East: What
International Businesses Should Consider Now



FOREWORD



DEAR CLIENTS AND PARTNERS,

As global tensions continue to evolve — most recently with the situation in Iran — we want to reassure you that at SÜDVERS we are closely monitoring developments and assessing potential impacts for all our international clients.

We understand how uncertainty can affect planning, resilience and decision-making.

However, our commitment remains unchanged: we are fully operational, attentive and ready to support our clients without disruption.

Geopolitical developments rarely remain limited to one region. They can influence global supply chains, trade relationships, employee safety and insurance coverage across multiple jurisdictions.

In the following update, our specialists share initial perspectives on potential implications for internationally active companies.

At SÜDVERS, our purpose is clear: we protect people and businesses. This principle guides how we assess emerging risks and support our clients in navigating complex global environments.

Kind regards,

Ralf Bender
CEO
SÜDVERS

NEWS FLASH

CORPORATE RISK

Insights by Matthias Eichhorn

The escalating tensions in the Middle East are beginning to affect global logistics networks and international supply chains. Strategic maritime routes such as the Strait of Hormuz are experiencing disruption, potentially leading to longer transport routes and rising freight costs.

Air freight capacity may also be affected by restricted airspace in parts of the region, resulting in extended-flight routes and reduced cargo availability for time-critical deliveries.

From an insurance perspective, companies should note that damages caused by war or war-like events are generally excluded from most insurance policies. These war exclusions are typically strictly defined and do not take contributing causes into account. As a result, coverage for war-related losses is generally not available.

This limitation applies not only to direct physical damage but may also affect indirect losses within the supply

chain, for example where suppliers or customers in affected regions suffer damage or operational disruption. In many cases, insurance protection for such scenarios cannot be established, making a structured review of dependencies and business continuity arrangements essential.

Even where specific war-risk clauses within marine cargo policies exist, insurers may adjust terms or withdraw coverage at short notice in times of geopolitical escalation.

Key considerations include:

- Review dependencies on critical supply routes and key suppliers
- Assess contingency plans for logistics and production disruptions
- Evaluate property and marine cargo insurance wordings, including war-risk clauses
- Monitor potential exposure to rising freight, commodity and energy costs

NEWS FLASH



TRANSPORT & LOGISTICS UPDATE

Insights by Thomas Singer

Implications of the current Iran conflict for SÜDVERS clients' cargo insurance

Political risks such as war and war-like events are generally included in existing SÜDVERS marine cargo insurance programmes for sea and air transports. Coverage does not apply to war-related events occurring on land.

For policies where insurers have terminated the political risk clauses for defined maritime areas of the Indian Ocean, the Gulf of Aden and the southern Red Sea following the Houthi attacks in the Red Sea since October 2023, these contractual limitations remain in place.

As of 5 March 2026, SÜDVERS has not received any notifications or market guidance from cargo insurers indicating additional restrictions or amendments to existing coverage.

Other than the contractual exclusions already in place, no further measures or adjustments affecting marine cargo insurance protection are currently being implemented.

SÜDVERS continues to closely monitor developments and will inform clients individually and without delay should any changes affecting marine cargo insurance coverage arise.

CREDIT MANAGEMENT

Insight by Christoph Buchmann

Geopolitical conflicts frequently trigger sanctions, regulatory restrictions and increased payment risks in international trade.

Many insurance contracts contain sanction clauses that limit coverage if transactions violate applicable international sanctions or embargo regulations.

Credit insurers may also reassess their exposure and reduce credit limits for buyers in affected or neighbouring markets.

Companies should therefore consider:

- Closely monitoring sanction developments and regulatory changes
- Reviewing credit limits and insured receivables exposure
- Increasing oversight of international trade transactions
- Evaluating potential payment default risks in sensitive markets

NEWS FLASH

PEOPLE SOLUTIONS

Insights by Daniel Fackler and Sebastian Oldiges

Current geopolitical developments may also raise questions regarding employee protection, particularly in connection with international travel.

For employees of German companies based in Germany who travel abroad for business or private purposes, insurance protection generally continues to apply under standard employee benefits programs.

Important aspects include:

- Passive war risk is typically covered as long as the insured person does not actively participate in conflict events
- Life insurance benefits may in some policies apply only during business-related travel abroad
- Disability coverage often applies during both private and business travel
- International health insurance exclusions generally apply only if the insured person actively participates in conflict
- Unexpectedly extended business trips may exceed the standard insured travel duration (often around 90 days)



ADDITIONAL COVERAGE CONSIDERATIONS

Companies with employees travelling or operating in higher risk regions may wish to review existing Kidnap & Ransom insurance and crisis response services as part of their overall duty of care framework.

Employers should ensure that employee travel activities are monitored and documented so that insurance coverage can be adjusted if necessary.

For multinational companies, local insurance arrangements and exclusions should always be reviewed together with the responsible broker.

ABOUT SÜDVERS

SÜDVERS is one of the top leading German insurance brokers and has been looking after customers of all sizes from a wide variety of sectors since 1948. As a privately held company, **SÜDVERS** has successfully evolved from a pure insurance broker to a specialist offering comprehensive insurance solutions for risk management, company pension schemes, credit management and order surety management. In close cooperation with our customers, we design solutions which are specially tailored to their individual needs and secure long-term existence of medium-sized to large companies. As an owner-managed company, we stand for outstanding service, trustful cooperation and high-quality insurance products.

OUR SERVICES

Company Insurance

General liability, product liability/recalls, employer liability, environmental liability, machine damage, material damages, business interruption

Consulting

Risk management, claims management, alternative risk transfers, M&A, employer's liability insurance coverage

Financial Lines

D&O, professional liability, fidelity, cyber, warranty & indemnity, credit and surety management

Employee Benefits & HR Services

Retirement pension plans, life and disability coverage, group accident insurance, occupational health benefits and HR Services



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OUR PURPOSE

At SÜDVERS, we protect people and businesses. This commitment guides our work every day – especially in times of geopolitical uncertainty and rapidly changing global risk environments.

DISCLAIMER

This communication provides general information only and does not replace individual insurance advice. The scope of coverage is determined exclusively by the terms and conditions of the respective insurance contracts.