



The Role of Marine Insurance in Enhancing the Efficiency of Maritime Transport in Algeria: An Analysis of the Reality and Challenges

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Abstract :

This paper studies the relationship between insurance and maritime transport in Algeria, focusing on the role of marine insurance in managing risks. It reviews the legal and conceptual framework, outlines the current situation, and uses a case study of a leading insurer to show practice. Results indicate that marine insurance is vital for covering risks, keeping maritime activity running, and building investor confidence. Yet in Algeria its role is weak, often treated as a formality rather than a strategic tool. The paper argues that this limitation reflects both transport constraints and internal problems in insurance, and that improvement is needed for sectoral growth.

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1. Introduction

Maritime transport is considered as one of the cornerstones of international trade. It is valued for its ability to move vast quantities of goods across great distances at comparatively low cost. For coastal nations like Algeria, which is blessed with an extensive and strategically positioned Mediterranean shoreline, the sector stands as a critical component, as it offers not only a gateway to international markets but also the potential to evolve into a significant regional logistics hub. However, the realization of such potential depends on how effectively the sector manages the many risks inherent in maritime activity. These risks are diverse in nature, and range from operational and logistical challenges to environmental and financial threats, confronting them is essential to sustain both performance and competitiveness. Within this landscape, marine insurance represents a key instrument of protection. Beyond guaranteeing the uninterrupted flow of maritime transport activities, it shields investors from potentially significant economic losses, and thereby promoting stability and confidence in the sector. Against this backdrop, our article investigates the role of marine insurance in reinforcing both the effectiveness and efficiency of maritime transport more broadly. It begins by examining the conceptual and regulatory underpinnings of marine insurance, then assesses its current standing in Algeria while identifying the key obstacles it faces. To ground the discussion in practice, the study also presents a case model of a leading national insurance provider, illustrating the scope of guarantees it offers for maritime operations and how these contribute to mitigating risks, and ultimately optimizing sector performance.

Problematic:

This article seeks to address the following central question: To what extent can Algeria's marine insurance sector, in its current state and given its challenges, effectively contribute to improving the efficiency of the maritime transport sector and supporting the achievement of its strategic objectives?

Sub-questions:

Breaking down the main research question begs the following sub-questions:

First question: What is the current state of the maritime transport sector in Algeria, and what are its key strategic potentials and structural challenges?

Second question: What is the legal and practical nature of marine insurance in Algeria, and how does the local market compare with global trends?

Third question: In practical terms, how does marine insurance contribute to protecting supply chains and ensuring the continuity of logistics operations, and what are the main products and guarantees offered by Algerian insurance companies to cover these risks?

Fourth question: What are the main obstacles hindering the development of Algeria's marine insurance sector, and what prospects and opportunities exist for its activation and growth?

Methodology:

Based on the structure and content of the article, the research adopts a dual approach combining the descriptive analytical method and the case study method. The descriptive analytical method serves as the primary approach in this study. Its descriptive component was employed to present and describe the reality of both the maritime transport sector and marine transport insurance. The analytical component, in turn, was used to examine and interpret phenomena by analyzing the roles played by marine insurance in improving the efficiency of the maritime transport sector, as well as to interpret the reality of marine insurance in Algeria through data from the National Insurance Council and to analyze the challenges and underlying causes of the maritime transport sector's weak performance.

As for the case study method, it was employed to complement the main approach by providing an applied case study that deepens understanding and adds a practical dimension to the research. This approach made it possible to explore the various practical and procedural tools involved in marine transport insurance activity in Algeria. The integration of the descriptive analytical method, which allowed for constructing a comprehensive picture of the realities and challenges of the two sectors, with the case study method, which provided tangible, practice-based evidence, enabled this study to analyze the subject in depth and to present results that combine theoretical comprehensiveness with practical applicability.

2. Maritime transport in Algeria - reality and prospects

2.1 The importance of maritime transport in Algeria:

The maritime transport sector stands as the cornerstone of the Algerian economy and an essential pillar that cannot be dispensed with to guarantee its continuity and growth. It is more than just a channel for moving goods, it embodies a strategic aspect that bears directly on economic sovereignty and overall national development. It primarily represents the backbone of Algeria's foreign trade, as a vital proportion estimated at 95% of total trade exchanges passes through it. This almost complete dependence makes it the lifeline that supplies the national market with imports of goods, equipment, and raw materials, while at the same time serving as the main channel for directing exports to global markets (Mohamed Cherif & Ramine, 2010, p. 165).

From a wider and a broader economic standpoint, maritime transport is considered a fundamental engine of economic development (Habita, A. 2014, pp.77-78). Owing to its ability to carry massive volumes of goods at a relatively low cost, it plays a direct role in lowering industrial production expenses and in strengthening the competitiveness of national products.

Furthermore, the growth of this sector stimulates broad economic activity, encompassing the creation of direct jobs in ports and shipping companies, and indirect employment in logistics, warehousing, and distribution services, contributing in turn to the stability of the social fabric (El Nahrawi, 2014, pp. 100-101).

2.2 Characteristics and potential of maritime transport in Algeria:

Algeria possesses a range of geographical and structural advantages that provide it with a solid foundation for developing a competitive and efficient maritime transport sector. The most notable of these include:

- **A strategic geographical location:** Algeria's maritime frontage stretches for 1200 kilometers along the southern shore of the Mediterranean Sea, and represents the country's most important natural asset. This location makes it a natural gateway that connects the African continent to Europe and a pivotal crossroads for international maritime routes between the eastern and western Mediterranean. Such an expanse offers Algeria the prospect of becoming a regional maritime hub for trade and logistics services (Chiker, 2021, p. 645).
- **A national port network:** Algeria has port infrastructure that comprise of 13 commercial ports with diverse activities, including 8 general cargo ports, 3 multipurpose ports, and 2 energy ports. 11 of these handle approximately 30 million tons of goods annually. These ports are distinguished by their location in bays naturally sheltered from winds and storms. They can be classified by activity as follows (Chiker, 2021, p. 648):
 - Major multipurpose ports such as the ports of Algiers, Oran, and Annaba, which are equipped with container terminals, storage silos, and facilities that handle various types of cargo.
 - Ports that are specialized in hydrocarbons such as the ports of Arzew, Skikda, and Bejaia, which play a vital role in the export of oil and gas.
 - Commercial ports such as the Ports of Djendjen and Mostaganem, with Djendjen distinguished by its growing logistical capabilities, including a large container terminal and direct connection to the railway network.

The state supports this approach through large-scale projects, most notably the central port project in El Hamdania (Cherchell), which is among the largest ports under construction in Africa and is expected to transform the landscape of maritime transport in Algeria and the region upon its completion.

- **The national maritime fleet:** The state is working to strengthen its sovereignty in the field of transport through the development of its national fleet. The National Company "CNAN Algeria," formed from the merger of "CNAN Nord" and "CNAN Med," constitutes the core of this fleet. Despite the fact that its current size (13 vessels) remains modest, there are strategic plans to

expand and modernize it, as well as to open new shipping lines to African destinations (Mauritania and Senegal) and Asian destinations (the Gulf), with the aim of reclaiming a share of the maritime freight market (Algeria Press Service, 2024).

- **Skills and human resources:** Complementing these capabilities is the presence of qualified human resources graduating from specialized maritime training institutes, such as the Higher Maritime Institute, which provide the personnel required to manage and oversee the various aspects of maritime and port activity (Hamdoud, A. Samir, pp. 165-168).

2.3. Structural and logistical challenges facing the Algerian maritime transport sector:

Despite these promising capabilities, the Algerian maritime transport sector faces profound structural and logistical challenges that hinder the full realization of its potential and limit its competitiveness at both the regional and international levels. These obstacles can be summarized as follows:

- **Aging and weakness of port infrastructure:** One of the most pressing challenges lies in the inadequacy of port infrastructure. Many Algerian ports suffer from aging facilities and quays, as well as limited storage capacity. Furthermore, the lack of dredging in port basins prevents the accommodation of modern vessels with large capacity. As a result, carriers are compelled to use smaller and less efficient ships, which in turn prolong vessel waiting and berthing times, and significantly drive up shipping costs.
- **Technological gap and lack of digitalization:** Algerian ports lack sufficient investment in modern technologies and smart systems. The absence of integrated information systems for managing loading, unloading, storage, and coordination among the various stakeholders (customs, shipping companies, carriers) results in slow procedures, reduced transparency in cargo tracking, and an overall decline in the operational efficiency of the port system (Mohamed Cherif & Ramine, 2010, p. 165).
- **Low operational efficiency and weak logistical connectivity:** The sector suffers from a severe lack of coordination and integration between ports and land transport modes (roads and railways). This disconnect in the multimodal transport chain creates significant bottlenecks in the clearance of goods from ports, leading to container congestion, higher storage costs, delay penalties, and an adverse impact on the smooth flow of the entire supply chain.
- **Dependence on foreign fleets:** The excessive reliance on foreign shipping companies represents a serious strategic challenge. Approximately, 85 percent of Algeria's maritime shipping operations are carried out by foreign carriers. This scenario not only exhausts foreign currency reserves but also makes the national economy subject to the volatility in global freight rates and the decisions of foreign companies, it also weakens Algeria's negotiating position and limits its sovereignty over its foreign trade.

- **Administrative obstacles and governance:** The text points out that factors such as administrative and financial corruption, along with poor management, constitute fundamental barriers to the development and improvement of ports' performance. These problems lead to the squandering of resources, hinder the implementation of modernization plans, and create an unfavorable environment for investment and transparency.

3. The conceptual framework of marine insurance:

3.2 The nature of marine insurance:

The marine insurance contract is characterized by its independence and specific legal rules that distinguish it from other types of insurance, given that it is the oldest and most closely linked to maritime risk. While in the past it was closer to a form of gambling carried out by individuals, it has evolved in the modern era to rest on scientific and statistical foundations aimed at fostering cooperation and solidarity among the insured parties.

In the Algerian context, following a legislative vacuum after independence, Order 95-07 related to insurance was introduced to regulate this contract. According to Article 92 of this order, the legislator defined the marine insurance contract as follows: "The provisions of this chapter apply to any insurance contract aimed at covering risks related to any maritime transport operation."

What can be observed upon studying this text is that the Algerian legal framework derives the concept of the marine insurance contract from two historical schools of thought:

- **The French concept:** which is based on the criterion of the "maritime operation," is a broad concept that does not limit insurance coverage to risks occurring only at sea, but rather includes all risks associated with the entire maritime voyage, including those that occur on land before loading or after unloading (Tassel, 1992, p.12).
- **The English concept:** focuses more precisely on compensating "maritime losses" resulting from a "marine peril," meaning that compensation is directly linked to the maritime cause of the loss (El Charkaoui, 1996, p.4).

Although the Arabic text of the article uses the phrase "maritime transport operation," the practice and the interpretation of other laws, such as Article 124 of the same decree, which permits the insurance of the vessel during its construction or while moored, confirm that the legislative intent was directed towards covering the "maritime operation" in its comprehensive sense. This grants the contract flexibility and the ability to keep pace with the complexities of modern international trade (M'khalifa, 2024, pp. 31-32).

3.2 Forms of the marine insurance contract and its contractual instruments:

The contract takes written and specific forms to ensure its legal validity and to clarify the relationship between its parties, which are:

- **Marine insurance policy:** It is the official document that certifies the contract. Practically, it appears as a printed form containing general conditions, with blank spaces to fill in the data specific to each contract (the name of the insured, the value of the goods, the premium, and other necessary information). Article 98 of Decree 95-07 has specified the mandatory data that must be included in the document to ensure its validity. The precision of the required data varies according to the subject of the insurance; for goods insurance, the type, value, and route must be specified, while for insurance on the ship's structure, its specifications must be detailed precisely (name, tonnage, nationality, and technical classification) (M'khalfa, 2024, p. 33).
- **Endorsement to the insurance policy:** It is a written document issued to amend the terms of the original contract after its conclusion, such as a change in the voyage route or the nature of the goods. Article 9 of Decree 95-07 explicitly states that “no amendment to the insurance contract shall take effect except by an endorsement signed by both parties,” and thereby granting this amendment the necessary legal validity.

The provisional cover note: It is a temporary document issued by the insurer to provide urgent coverage to the insured before the final issuance of the complete insurance policy, which may require a long preparation time to assess risks and calculate premiums accurately.

3.3 Subject matter of marine insurance contracts:

According to Algerian Decree No. 95-07, the subject matter of the marine insurance contract is classified into three basic and distinct types, each centered on the nature of the insured interest:

- **Insurance on the vessel:** This type covers the physical damages sustained by the vessel and is not limited to its hull only but extends to its machinery, accessories, and outfitting expenses. The legislator has broadened its scope to include any “floating body,” not necessarily a vessel in the legal sense, and has also permitted insuring the vessel while under construction (Articles 11, 24, 25, and 128 of Decree 59-07 relating to insurance). This insurance may take two forms: either it covers a single voyage or several specified voyages, beginning at the port of departure and ending at the port of arrival specified in the contract (Chokri, 2006, p. 174), or it covers the vessel's voyages during a specified time period, often one year, which is known as time policy insurance (Chokri, 2006, p. 172).
- **Insurance on cargo:** This type aims to protect the transported goods (including live animals) from risks. The governing principle for the coverage period is “warehouse to warehouse,” meaning protection begins at the exporter's warehouse and ends at the importer's warehouse.

According to Articles 139 to 142 of Decree 95-07, insurance can be issued through various documents, such as a single voyage policy or an open (floating) policy for repeated shipments.

– **Liability insurance:** This type of insurance is relatively recent and inspired by the experience of Protection and Indemnity clubs. It is designed to protect the ship owner or maritime carrier from their legal liability towards third parties for material or bodily damages. The essential feature of this insurance under Algerian law (Article 145 of Decree 95-07) is that it is a supplementary or secondary insurance, activated only when the insurance amount covering the ship's hull is insufficient to compensate for damages. It is required to be contracted separately from the vessel insurance contract.

– **Obligations of the insured:** The fundamental obligation is the payment of the insurance premium, which represents the financial consideration paid by the insured in exchange for the insurer's assumption of risk. This premium consists of two components: the net premium (which represents the probable value of the risk) and the loading premium (which covers administrative expenses and ensures a profit margin for the insurer). This obligation is complemented by the duty to provide accurate and truthful information about the risk covered (Taha & Nabdak, 2005, p. 159).

– **Obligations of the insurer:** The primary obligation is to pay the compensation amount upon the occurrence of the insured risk. The method of calculating the compensation varies depending on the nature of the damage and the subject of the insurance:

- **In the case of cargo insurance:** If the damage is total, the insurer is obligated to pay the full value of the insured goods as specified in the contract, minus any expenses saved due to the loss (such as freight charges). This situation is accompanied by the right of abandonment, which allows the insured to relinquish ownership of the goods to the insurer in exchange for full compensation, in legally specified cases (such as loss of goods, damage exceeding three-quarters of their value, or the vessel's unseaworthiness). If the damage is partial, compensation is limited to the actual loss only, either based on the difference in value between the goods in their intact state and their condition after damage, or based on the number of affected units if the goods are divided into parcels.

- **In the case of vessel insurance:** If the loss is total, compensation is calculated based on the insured value of the vessel as stated in the insurance policy, less the value of any salvage if applicable. Similar to cargo insurance, the insured has the right of abandonment in legally specified exclusive cases (such as total loss, impossibility of repair, or repair costs exceeding three-quarters of the vessel's value). If the damage is partial, meaning there is only a defect, the insurer covers only the costs related to repair and replacement necessary to restore the vessel's

seaworthiness. Other types of compensation, such as loss of value, are excluded unless explicitly stipulated in the contract.

4. The reality of marine insurance:

Marine insurance is regarded worldwide as a fundamental cornerstone of international trade, since over 80% of trade volume is transported by sea. This sector, at the global level, is characterized as a vital and mature industry, providing indispensable financial protection to all parties involved in maritime trade against a wide range of risks. It has developed into a specialized and regulated market, dominated by leading global centers and major companies that offer comprehensive coverage including ships, cargo, civil liability, and even specific risks such as war. This sector also keeps pace with development by adopting modern technologies (such as artificial intelligence and tracking systems) to improve the efficiency of risk assessment and claims settlement. But despite that, it still faces contemporary challenges, most notably the rising costs of coverage and cybersecurity threats (Chokri, 2017, p. 145).

4.1 Performance of marine insurance in Algeria during 2023 and 2024:

To examine an aspect of the performance of marine transport insurance in Algeria, data from the quarterly reports provided by the National Insurance Council, relating to the years 2023 and 2024, were analyzed. The following table summarizes all the available data relevant to our study.

Table 1: Share of marine transport insurance during the period (2023-2024)

Unit: Algerian Dinar

Period	2023	2024
Marine transport insurance premiums	4670791292	3748702601
Development	-	% 19.74-
Transport insurance premiums	8483940297	7756915313
Development	-	% 9.37-
Marine insurance share	% 55.05	% 48.32

Source: National Insurance Council report, Chapter four, 2024.

Based on data released by the National Insurance Council, the contribution of marine transport insurance to the total insurance portfolio held the largest share among various branches of transport insurance. In (2023), marine insurance was the primary driving force within the transport sector, capturing a dominant share of 55.05%, indicating that more than half of transport insurance revenues came from coverage of maritime risks (cargo and ship hulls). The share of marine transport insurance continued to dominate the total transport insurance portfolio at 48.32% in (2024), representing a decrease of 6.73 percentage points.

The analysis of the table data also reveals a decline in the performance of the transport insurance sector, recording a decrease of approximately 10%. According to the report, this decline is attributed to a reduction in the marine transport insurance segment, which fell by around 20% during the period (2023-2024). This decrease is explained by the overall stagnation in maritime transport activity due to limited imports and exports and low investment in non-oil sectors. This downturn reduced the need for importers and exporters to purchase new marine insurance policies. On the international level, insurance premiums have risen due to attacks in the Red Sea by the Houthis, making marine insurance less attractive to Algerian clients who are facing increased global insurance costs.

4.2 Characteristics of the marine transport insurance sector in Algeria:

Despite Algeria's strategic location, the marine insurance sector in the country still faces major challenges and is characterized by the following features:

- **Weak contribution:** Marine insurance represents a small share of the total national insurance market, which is dominated by motor insurance.
- **Dependence on external reinsurance:** Due to the limited capacity of local companies, a large portion of marine risks is reinsured with foreign companies, leading to an outflow of foreign currency.
- **Limited products:** Coverage is often restricted to mandatory aspects, with an absence of flexible and innovative products that adapt to the needs of modern maritime trade (El Bilad Newspaper, 2025).
- **Weak insurance culture:** Many economic actors view marine insurance as a financial burden rather than a risk management tool (Sassi, 2022, p. 91).
- **Reform-oriented trends:** The Algerian authorities have begun taking steps to improve this situation by reviewing legislation, encouraging the localization of insurance contracts, and developing port infrastructure.

5. The role of marine insurance in strengthening the efficiency and effectiveness of maritime transport:

Marine insurance is a key instrument for supporting efficiency and effectiveness in maritime transport. Its function goes beyond merely paying compensation for losses; it helps to provide a stable environment that encourages investment and contributes to better operational performance. In Algeria, it is considered one of the basic pillars for bringing the maritime sector up to date so that it aligns with international requirements and the country's new economic directions. This role can be summed up in two main aspects:

- **Marine insurance as a means of protecting supply chains:** Marine insurance is considered a main pillar in the system of international trade and global supply chains, as it provides an essential safety net to secure the movement of goods across the seas. Its function is not limited to being a contract for compensating losses; rather, it is a complete mechanism that contributes to the continuity and flexibility of supply chains. This appears clearly through:
- **Comprehensive protection of goods during transport stages:** Marine insurance plays an essential role in protecting goods from the various risks they may face during their journey from the warehouse of origin to the warehouse of the importer. This protection is not confined to the maritime leg alone but also covers the connected land transport stages before loading and after unloading. The coverage extends to a wide range of risks, including maritime disasters such as sinking, grounding, and storms, as well as accidents like collision, fire, and explosion. It also includes material damage, for example, deterioration caused by seawater entering the holds, breakage, or contamination, in addition to loss and theft, whether through acts of piracy at sea or theft while the goods are in port.
- **Reducing the financial impact of disasters and strengthening resilience:** Maritime disasters are among the most significant causes of disruption in supply chains, and it is here that the vital role of marine insurance becomes clear in providing financial flexibility to affected companies. By speeding up compensation procedures, insurance enables these companies to quickly recover their capital, reorder lost goods, or make up for losses without their commercial activity coming to a long halt. This, in turn, reduces the severity of financial shocks and ensures the continuity of operations, helping maintain the stability of the entire logistical chain (Global Marine Insurance Union, 2024).
- **Strengthening trust between the parties in the supply chain:** This is a core element, because international commercial dealings bring together several parties (suppliers, carriers, importers, and shipping agents) who are separated by geographical distances and by different legal systems. Marine insurance works as a main guarantee to protect the commercial interests of all of these parties. Having an insurance policy is considered a basic condition in many international trade contracts, such as sales contracts. Also, the clear definition of responsibilities in the insurance documents reduces the chances of complicated and costly legal disputes when accidents happen, and this helps to create a stable commercial environment based on mutual trust.
- **Supporting strategic supply chains:** The strategic importance of marine insurance becomes particularly evident when it involves the transport of goods essential to a nation's national security and economy, such as staple food products, medicines, and raw materials necessary for industry. Insuring these shipments ensures their safe arrival and serves as a safeguard that protects countries from severe crises that could result from a sudden disruption in the flow of these vital supplies (Algerian Ministry of Transport, 2023, p. 37).

- **Indirect imposition of quality and safety standards:** Insurance companies exert an indirect but significant influence in raising safety and quality benchmarks within the maritime transport sector. In evaluating insurance applications, insurers undertake a meticulous review of the vessel's condition and age, the competence of its crew, the safety record of the shipping company, and the extent of its compliance with international regulations. Premium rates are generally lower for vessels that have an excellent safety record and a high classification, however, they are higher for older ships or for those that fail to meet stringent standards. This correlation between premium cost and the degree of risk provides shipping companies with a strong economic incentive to invest in vessel maintenance, crew training, and the adoption of best operational practices and measures that contribute to improving both the safety and overall performance of the maritime sector.

- **Marine insurance as a guarantee for the continuity of maritime logistical operations in Algeria:**

Marine insurance is regarded as a vital strategic mechanism for ensuring the continuity of logistical operations in Algeria, which relies primarily on maritime transport, and for protecting these operations from collapse in the face of crises. Its principal roles are manifested in the following points:

- **Insurance of assets and resources:** Insurance provides comprehensive coverage that is not limited to cargo, but also includes vessels, shore-based equipment, and even human resources (crews), thereby protecting investments and fostering a safe working environment within the maritime infrastructure (Bouchama, 2020, p. 103).
- **Enhancing readiness during crises:** In the context of global crises, insurance contributes to maintaining the stability of supply chains by covering emergency shipping costs and compensating for losses, thereby ensuring the balance of supply and demand in local markets (World Trade Organization, 2022, p. 19).
- **Protection from legal and commercial risks:** Insurance functions as a legal umbrella that shields stakeholders from costly international disputes and legal claims by covering civil and commercial liabilities, and thereby preserving Algeria's commercial credibility (Merazka, 2021, p. 79).
- **Reducing delay and detention costs:** Insurance helps alleviate the financial burden arising from fines for vessel delays in ports, when the policy covers such risks, thereby enhancing the competitiveness of the transport sector (Azzi, 2022, p. 54).
- **Enabling small and medium sized enterprises:** Insurance encourages the participation of small and medium sized enterprises in maritime trade by offering flexible insurance products that

reduce the risk of losses these enterprises may be unable to bear, and thereby expanding the base of economic activity.

6. Identifying the role of marine insurance in covering the risks of maritime operations at the level of an Algerian insurance company:

In order to present the fundamental role played by marine insurance in covering risks related to maritime operations, we have outlined the various types of marine insurance, guarantees, and coverages available at one of the leading public companies operating in Algeria's insurance sector, which plays a pivotal role in supporting the national economy by providing integrated insurance solutions that cover various types of risks, particularly those related to the maritime transport sector. We have also highlighted the different general and specific conditions in marine insurance, while emphasizing the added value that each type of insurance offers in protecting assets and enhancing business continuity.

6.1 Detailing the types of marine insurance and available guarantees:

The company offers a comprehensive range of marine insurance products designed to meet the diverse needs of its clients, from small exporters to major transport companies. These services can be classified into five main categories, each addressing a specific set of risks.

Table 2: Types of marine transport insurance and key guarantees provided

Type of marine insurance	Target category	Nature of coverage	Strategic importance
Marine cargo transport insurance	Exporters, importers, distribution companies	Natural risks (perils of the sea): such as sinking, storms, grounding, and collision. Accidents: such as fire on board the vessel, explosions, material damage, and acts of theft and piracy.	This insurance is an absolute necessity for exporters and importers. It guarantees them the recovery of the value of their goods in the event of a disaster, and thereby protecting their capital and ensuring the continuity of their cash flows. It is also considered a fundamental requirement in many international trade contracts and provides the necessary reinsurance to all parties involved in the supply chain.
Ship insurance (Hull and machinery insurance)	Ship owners, maritime transport companies	This insurance focuses on protecting the most valuable physical asset in the maritime transport process: the ship itself. It primarily covers damages resulting from collisions with other vessels, port docks, or floating objects, damages caused by grounding or striking the seabed; losses due to fire or explosion on board; costs of salvage in case the ship faces imminent danger, and repair expenses.	Ships constitute substantial investments worth millions of dollars. Damage to these vessels can lead to severe financial losses that shipping companies might find difficult to absorb, potentially endangering their position in the market. This insurance offers essential financial protection to ship owners and maritime transport firms, enabling them to cover repair costs and maintain their operations even after serious accidents.

Maritime carrier's civil liability insurance	Freight forwarders, maritime transport companies	This type of insurance does not cover the insured's property (the carrier) but protects them against legal liability that may arise towards third parties due to errors or negligence on their part or that of their crew. This coverage is comprehensive and includes various liabilities, such as liability towards cargo owners, third parties, individuals, environmental liability, and legal expenses.	It enhances the commercial credibility of the maritime carrier and grants its partners (cargo owners, ports) confidence in dealing with it. In a world where legal claims and environmental fines are increasing, this insurance has become essential to protect the maritime carrier from potential bankruptcy resulting from a single large compensation claim.
Container and marine equipment insurance	Transport companies and ports	This insurance is often applied when transport is conducted via containers. It covers physical damage or total loss to the containers themselves, as well as to the associated equipment used in loading and handling operations, such as cranes and trailers.	Containers and equipment constitute critical assets for shipping and logistics providers. Any damage or loss can severely disrupt supply chain operations. This insurance provides coverage that enables rapid replacement, ensures continuity of logistics activities and limits the financial impact of downtime.
Mixed insurance (multi-risk insurance)	Major shipping companies and principal importers	This type represents the most comprehensive form of insurance, combining multiple coverages within a single contract. For example, it includes risks related to war and terrorism, strikes and riots, delivery delays, and damage caused by temperature fluctuations to refrigerated goods.	This type is ideal for shipments of very high value, those passing through politically unstable regions, or those requiring complex transportation conditions. It provides the insured with maximum security and peace of mind by covering gaps that standard insurance policies may leave open, offering a simplified and effective solution for managing complex risks through a single comprehensive policy.

Source: Prepared by the researcher based on the documents of the insurance company

6.2 Detailing the types of marine insurance and available guarantees:

Below, we present the procedures for requesting a marine transport insurance contract, the compensation procedures in the event of an insured disaster, and the appeal procedures. All these procedures have specific characteristics related to the nature of maritime operations.

Table 3: Procedures for requesting marine transport insurance contracts

Stage	Procedure
Customer request	The customer (exporter/importer/carrier) submits a request for an insurance contract along with the details of the cargo or vessel.
Submission of documents	Cargo invoice Shipping notice Details of origin and destination
Technical evaluation	The technical unit analyzes the risk (type of cargo, voyage route, frequency) and estimates the premium.
Issuance of the quotation	An official quotation is delivered to the customer, including the coverages and conditions.
Signing and payment	Signing the contract and payment of the insurance premium.
Issuance of the policy	Official issuance of the marine insurance policy.

Source: Prepared by the researcher based on the insurance company's documents.

Table 4: Procedures for claims requests

Stage	Procedure
Loss declaration	The insured must declare the loss within 5 working days from the date of the incident.
Opening the claim file	Submission of a file including: the insurance policy, incident notice, inspection report, loss invoice, and photos of the damage.
Appointment of an expert	The insurance company appoints a marine expert to assess the extent of the damages and verify their causes.
Assessment and reporting	The expert submits a detailed report including the value of the damages and the potential recovery percentage.
Compensation decision	A final decision is made to approve or reject the claim, along with determining the compensation amount.
Payment of compensation	Payment is made to the insured via bank transfer or cheque, accompanied by an official notification.

Source: Prepared by the researcher based on the insurance company's documents

Table 5: Procedures for appeals (in case of claim rejection or dispute)

Stage	Procedure
Submission of appeal	The customer submits a written appeal addressed to the agency management or the company's regional directorate.
File review	The file is re-examined by an internal committee or a designated dispute resolution officer.
Counter-expertise	A new expert evaluation may be requested by either the aggrieved party or the company.
Official response	The company sends a written response with its final decision within a specified period (usually 30 days).
Recourse to the judiciary	If the dispute persists, the customer may take the case to the competent commercial court.

Source: Prepared by the researcher based on the insurance company's documents.

6.3 General and special conditions in marine cargo insurance at the insurance company:

To accurately understand the nature of the marine cargo insurance contract, given that it is the most common and in-demand product in the marine insurance market, frequently used by exporters and importers to protect their capital. This contract is based on a precise structure that distinguishes between general conditions, which represent the unified legal framework for all policies, and special conditions, which are negotiated to tailor coverage to the specific nature of each shipment and the client's needs. These special conditions detail the guarantees according to the client's requirements. Therefore, it is essential to differentiate between these two types of conditions as illustrated in the following two tables:

Table 6: General conditions in marine insurance

Clause	Content
Subject of insurance	Coverage for losses and damages that may affect the goods during maritime transport, including natural hazards and those resulting from accidents.
The insured	Any natural or legal person with a direct interest in the insured goods or vessels.
Duration of coverage	Coverage begins from the moment the goods are loaded onto the vessel and ends upon arrival at the agreed destination.
Required documents	Cargo invoice, shipping manifest, bill of lading, value declaration, and others as applicable.
Premium payment method	A single payment upon contract signing, or as agreed (often in advance before departure).
Coverage exclusions	Damages resulting from poor packaging, delays without physical damage, acts of war or rebellion unless added as special coverage.

Source: Prepared by the researcher based on the insurance company's documents.

Table 7: Special conditions of the marine insurance contract (varying according to the nature of the contract or the shipment)

Type of special condition	Content or application at the Rouiba agency level
Type of contract	The customer can choose between a temporary contract for a single shipment or an annual contract covering multiple operations.
Insured value	It is determined based on the commercial invoice or the estimated value of the goods, plus transportation costs and an optional profit margin.
Geographical coverage scope	The contracts cover voyages to and from Algerian ports (most often the port of Algiers) and some contracts include multimodal transport.
Additional coverages	Coverages such as war insurance, theft during transport, and temporary storage at dry ports can be added as additional guarantees.
Type of goods	Conditions vary depending on the nature of the goods (glass, chemicals, food products, ...etc) with additional coverage required in sensitive cases.

Source: Prepared by the researcher based on the insurance company's documents.

At the insurance company subject to this case study, due to the nature of the clients (major industrial and commercial enterprises), most contracts are annual and cover multiple shipments, including special negotiated conditions such as:

- **Discounts based on the volume of insured goods:** The greater the quantity or value of goods insured by the company, the more discounts the insurance company grants on premiums, allowing the customer to benefit from better rates due to the large volume.
- **Clauses protecting against recurring losses:** If certain risks occur frequently (such as damage caused by humidity at a specific port), special clauses can be included in the contract to

mitigate the impact of these losses, either through preventive measures or dedicated additional coverage.

- **Advisory support for risk identification:** The insurance company provides a consulting service to the enterprise, assisting in analyzing the transport and storage chain to identify risk points (such as stopover locations or inadequate packaging) and proposing solutions to better protect the goods prior to signing the insurance contract.

7. Barriers and prospects for the development of marine insurance in Algeria:

7.1 Main barriers facing marine insurance in Algeria:

The development and effectiveness of the marine insurance sector in Algeria are hindered by a set of obstacles, which consist of the following:

- **Lack of mutual trust:** A prevailing distrust exists between insurance companies and clients, exacerbated by ambiguous contract terms and prolonged claim settlement periods (Ben Driss, 2023, p. 48).
- **Administrative bureaucracy:** The claim settlement process suffers from administrative complexities and lengthy procedures, leading clients to prefer international insurance despite its higher costs.
- **Weak insurance culture:** Many economic actors, especially small exporters and importers, lack sufficient awareness of the importance of insurance as a risk management tool, leading to misunderstandings about the available coverages (Guendouz, 2014, pp. 135-136).
- **Lack of professional marketing:** National insurance companies lack effective marketing strategies targeted at the maritime sector, which limits their competitiveness and weakens their market presence.

7.2 Prospects and opportunities for the development of marine insurance in Algeria:

Despite the structural and regulatory challenges outlined earlier, the marine insurance sector in Algeria holds promising prospects and genuine opportunities for growth, which can be summarized in the following areas:

- **Legal and regulatory modernization:** Reforming the legislative framework to keep pace with international developments (such as smart contracts and cybersecurity), and encouraging the localization of insurance contracts to strengthen the domestic market.
- **Digitization and technology:** Leveraging digital transformation to accelerate procedures, improve risk assessment, and increase transparency in claim settlements.

- **Innovation in products:** It is necessary to design and offer flexible and innovative insurance products that adapt to the changing needs of the market, particularly with the emergence of new exporters and small and medium enterprises.
- **Investment in skills and competencies:** Developing specialized human resources in maritime law, risk management, and technical evaluation.
- **Taking advantage of government initiatives:** State support for the blue economy and port development provides a valuable opportunity to integrate and activate the role of marine insurance.
- Adapting to future developments and global changes, including the most prominent of which are:
 - **Green insurance:** Coverage for environmental risks and marine pollution.
 - **Cybersecurity:** Offering protection against information piracy that threatens modern ships and ports.
 - **Globalization:** Confronting the complexities of global supply chains and the necessity of strong partnerships with international reinsurance companies.

The available prospects for developing the marine insurance sector, despite their importance, remain merely strategic visions unless translated into practical actions. Advancing the sector to a new phase of growth and efficiency does not rest on the shoulders of a single entity; rather, it is an integrative process that requires role distribution and concerted efforts among various stakeholders within the economic and maritime system. It demands shared responsibility, necessitating active involvement and tight coordination among all the key parties influencing the sector. We propose that these parties be as follows:

- **The state:** by establishing binding and incentivizing policies and legislation, and providing tax incentives.
- **Insurance companies:** through adopting digitalization, innovating new products, and improving service quality.
- **Trade bodies and ports:** by raising awareness and offering continuous training for stakeholders.

8. Conclusion:

The study revealed that the maritime transport sector, despite its utmost strategic importance to the national economy and its promising geographical assets, suffers from deep structural challenges that limit its efficiency and competitiveness. The most prominent of these challenges include outdated infrastructure, weak logistical connectivity, and excessive dependence on

foreign fleets. The case study also demonstrated that various types of marine insurance play a pivotal role in supporting maritime transport. Civil liability insurance protects the carrier from legal claims, while hull insurance protects ships from risks that can occur. Cargo insurance covers losses during transit, and container and equipment insurance contribute to the continuity of logistical operations. Mixed insurance offers broad protection against a variety of risks. All these types promote and strengthen the safety of maritime transport and support its stability and growth.

In tackling the main issue concerning the extent of marine insurance's contribution to enhancing the efficiency of this sector, the study concludes that the role of Algeria's marine insurance sector remains currently limited and constrained. Its function is closer to being a procedural necessity for compliance rather than an effective strategic lever for development. Despite the existence of a legal and regulatory framework and insurance products theoretically capable of covering risks, as demonstrated by the case study, the effectiveness of this role is hindered by a cycle of mutual obstacles. Poor performance in the transport sector increases risk levels, while, conversely, the insurance sector itself faces internal barriers such as bureaucracy, weak insurance culture, and lack of innovation, rendering it unable to play a proactive and motivating role in driving change.

Therefore, turning the potential role of marine insurance into an effective and central one requires overcoming a narrow view and adopting a comprehensive, integrated reform based on the combined efforts of all relevant parties. The state must update the legislative frameworks and establish an encouraging environment. The adoption of digital technologies and product innovation by insurance companies is essential to enhance service delivery and restore trust, alongside the role of trade and port authorities in increasing awareness about insurance as a risk management instrument. This kind of integration is the only way to break the current cycle of challenges and move both the maritime transport and insurance sectors from a state of merely coping with obstacles to a stage of strategic partnership. Such partnership would allow Algeria to achieve its economic objectives and fully benefit from its prominent maritime position.

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