

Modern slavery & forced labour: What marine insurers should be aware of

Synopsis

Marine insurers face growing scrutiny from regulators, investors, partners and clients regarding the ethical practices of the clients they underwrite. As maritime industries may face increased exposure to modern slavery and forced labour risks, insurers must recognize the reputational and legal consequences of insuring unethical operators. While not directly involved, the industry can be indirectly linked to these practices and may inadvertently enable them. At the same time, it is important to acknowledge that insurers are often one step removed from operational realities and may face practical limitations in identifying or mitigating certain abuses. To protect their reputation and support responsible business, marine insurers should take a proactive stance such as integrating due diligence, ethical underwriting, and clear ESG policies to avoid complicity in human rights abuses across global supply chains.

1. Introduction

This paper provides an outline of the prevalence of modern slavery in the global economy. It seeks to raise awareness for this severe issue and to create a common understanding of the problem. Modern slavery is not a formally defined legal term under international law but is commonly used as an umbrella concept encompassing severe forms of coercion such as forced labour, human trafficking, and slavery-like practices. It describes abuses where individuals are exploited through force, fraud, or coercion. Modern slavery can include both individual and structural cases of abuse, with victims subjected to sub-standard conditions of living and denied their freedom. It highlights a continuum of exploitation, from extreme cases like slavery and bonded labour to more subtle but still coercive employment practices. Forced labour, as defined by the ILO's 1930 Convention (No. 29), refers to all work or services which is exacted from a person under threat of penalties and for which the person has not offered themselves voluntarily.¹

Businesses and their insurers are still learning how to identify, manage, and mitigate human rights infringements throughout their supply chains. If insured goods have been produced through unethical labour practices, marine insurers could be unknowingly sup-

¹ Modern slavery: [The concepts and their practical implications](#), Roger Plant, 2014

porting that trade, highlighting the importance of understanding their assured's operations and ensuring they are ethical. This paper is a living document with the intention to share knowledge. Raising awareness for the existence of forced labour is an important step to enable marine insurers to play their part in fostering an environment based on fair treatment of workers.

In many jurisdictions, governments have begun developing legislation to ensure that corporate social responsibility is not merely voluntary and that robust enforcement measures are in place in case of non-compliance. While regulators require companies to conduct KYC (know your customer), they often do not specify how deep into the supply chain due diligence should extend.

While marine insurers may not be directly impacted, legislative requirements related to due diligence could become applicable for them to comply with as well. Yet even without legislation being in place, it is a focus area for IUMI because insurers are increasingly expected by stakeholders to ensure transparency and due diligence in the operations they underwrite and should show a proactive approach in assessing modern slavery risks in their portfolios. In this context it is important to underscore that insurers will only provide cover to lawful ventures. Illegal operations will not be covered.

Forced labour is a widespread global issue, affecting an estimated 28 million people worldwide. Modern slavery refers to situations of exploitation that a person cannot refuse or cannot leave because of threats, violence, deception, abuse of power or other forms of coercion. Most at risk are people who already face situations of vulnerability, e.g. the poor and socially excluded, workers in the informal economy, irregular or otherwise unprotected migrants.²

Although the highest prevalence of forced labour is found in low-income countries, modern slavery exists in every region and every country around the world. Its shape and form depends on various factors, including the vulnerability of parts of the population and government measures to combat it.³

Forced labour touches virtually all parts of the private economy. Five sectors accounting for most of the total adult forced labour (87%) are services (excluding domestic work), manufacturing, construction, agriculture (excluding fishing), and domestic work. Other sectors form smaller shares but nonetheless account for hundreds of thousands of people.²

The [UN Principles for Sustainable Insurance \(PSI\)](#) include a heat map which provides high-level guidance for companies to obtain an indication of different degrees of ESG risks associated with various economic sectors. For forced labour, the tool specifies the following sectors as potential high risk or elevated risk:⁴

² [Global Estimates of Modern Slavery, Forced Labour and Forced Marriage \(2022\)](#), International Labour Organization (ILO), Walk Free, and the International Organization for Migration (IOM)

³ [What is modern slavery](#), Global Slavery Index 2023, Walk Free

⁴ [Managing environmental, social and governance risks in non-life insurance business \(2020\)](#), UNEP FI Principles for Sustainable Insurance

Potential high or direct risk	Potential elevated risk
Agriculture/Livestock Agriculture/Fishing Agriculture/Paper & Forestry Electronics/Technology Infrastructure/Construction Garment Manufacturing Real Estate Mining Transport/Shipping/Logistics	Construction/Coal Construction/Hydro Dams Construction/Nuclear Exploration & Construction/Oil & Gas Gambling Food/Beverage Manufacturing

The table indicates the broad range of products which may involve forced labour during their manufacturing processes. In 2021, G20 countries imported US\$ 468 billion worth of goods at risk of modern slavery. The production and movement of cargoes between countries – from the sourcing of raw materials to manufacturing, packaging, and transportation – creates complex and opaque supply chains, many of them involving forced labour.⁵

2. Standards and regulations

The Global Slavery Index 2023 assessed government responses to modern slavery. The index was created by Walk Free, an international human rights group focussed on modern slavery. It is considered the most comprehensive data set on modern slavery available and covers five milestones of a strong response: Identification and support for survivors, effectiveness of criminal justice mechanisms, national and regional level coordination, efforts to address underlying risk, and government and business supply chains. This is scored as a percentage, where 100 represents the strongest possible response. The table indicates how different regions perform across the five pillars:⁶

Regions	Survivors identified and supported (%)	Criminal justice mechanisms (%)	National and regional level coordination (%)	Risk factors are addressed (%)	Government and business supply chains (%)	Total (%)
Africa	34	46	42	37	1	36
Americas	46	58	56	52	5	48
Arab States	51	45	56	48	0	43
Asia and the Pacific	38	48	51	45	4	40
Europe and Central Asia	54	62	64	58	17	54

⁵ What is modern slavery, Walk Free: <https://www.walkfree.org/global-slavery-index/>

⁶ Global Slavery Index 2023, Walk Free: <https://www.walkfree.org/resources/>

Many countries have agreed to implement National Action Plans on Business and Human Rights. In 2024, Argentina, Liberia, and Nepal have done so. Others, including the United States and Switzerland, have updated their plans.

United Nations

Article 4 of the Universal Declaration of Human Rights states that “no one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms”. Negotiations are ongoing at UN level on a legally binding treaty on business and human rights that would encompass mandatory due diligence, including on modern slavery and forced labour. An intergovernmental working group on transnational corporations and other business enterprises with respect to human rights was established in 2014. Its mandate is to elaborate an international instrument to regulate the activities of multinational enterprises and other businesses. Such a mandatory global standard of conduct aims at creating a level playing field for companies around the world. It will prioritize human rights to ensure that governments and **businesses are not disadvantaged for compliance with such rules**. An important objective of the treaty is support for the victims by enabling access to effective remedy for those who have suffered corporate abuses and ensuring accountability for such exploitation.

Prior to the negotiations for a mandatory instrument, the [UN Guiding Principles on Business and Human Rights](#) (UNGPs) were published. These are a voluntary set of principles which state that companies should address adverse human rights impacts in which they are involved through their own operations and those of their direct and indirect business relationships.⁷

European Union

The European Union’s adoption of the Corporate Sustainable Due Diligence Directive (CSDDD) is an example of mandatory human rights due diligence legislation. As noted above, the Universal Declaration of Human Rights explicitly prohibits slavery in all its forms. The goal of the CSDDD is to ensure that both EU and non-EU companies doing business in the EU identify and prioritize, prevent, reduce, and address negative impacts on human rights, including modern slavery and forced labour, and the environment linked to their own activities, their subsidiaries, and their business partners. Similar to the objective of the future UN binding treaty, the CSDDD aims to ensure that people harmed by a failure to meet these responsibilities can access justice and legal remedies.

The Directive largely aligns with voluntary frameworks such as the UNGPs and the OECD’s Guidelines for Multinational Enterprises, with specific adjustments due to its mandatory nature. Companies subject to the CSDDD are required to take measures to identify and assess actual and potential adverse impacts arising from their own operations or those of their subsidiaries and, where related to their chains of activities, those of their business partners. A mapping and an assessment of the companies’ operations is required to identify areas where adverse impacts are most likely to occur and to be most severe. Once areas have been identified, they need to be addressed, e.g. by im-

⁷ UN Office of the High Commissioner for Human Rights, <https://www.ohchr.org/en/business-and-human-rights/bhr-treaty-process>

plementing prevention and corrective action plans and by obtaining contractual assurances from business partners. The rules will start to apply to companies on 26 July 2027 with a gradual phase-in between 3 and 5 years after entry into force.⁸

United Kingdom

The UK Modern Slavery Act 2015 requires commercial organisations operating in the UK with a global turnover of GBP 36 million or more to publish an annual “Modern Slavery and Human Trafficking Statement”. This statement must detail the steps the company has taken to ensure slavery and human trafficking are not taking place in its own operations or in its supply chains. The Act has extraterritorial implications also for marine insurers; for instance, companies sourcing from or insuring vessels involved in fishing, shipping, or offshore operations may be exposed to reputational and legal risks if forced labour is found in their supply chains. Non-compliance with the reporting requirements can lead to civil proceedings and reputational damage, especially for businesses linked to high-risk sectors such as distant-water fishing.

Japan

Japan has a number of laws designed to protect vulnerable populations from modern slavery. The country’s Immigration Control Act prohibits the trafficking of people into Japan for the purpose of exploiting them. The Labour Standards Law also prohibits employers from engaging in practices that would amount to human trafficking or other forms of exploitation. Additionally, Japan has ratified several international conventions on human rights and anti-trafficking which provide further protections against modern slavery. In 2014, Japan ratified the International Labour Organization (ILO) Forced Labour Convention (No. 29), which requires governments to take measures to prevent all forms of forced labour. The ILO also requires governments to ensure that victims receive protection and compensation for their suffering. Additionally, in 2019 Japan ratified the Protocol to Prevent Suppress and Punish Trafficking in Persons Especially Women and Children (the Palermo Protocol). This protocol requires countries to take measures to prevent human trafficking and prosecute traffickers in accordance with national law.

Japanese courts have played an important role in combatting modern slavery by issuing rulings that protect victims from exploitation. In 2017, a court ruling established that foreign workers who are victims of human trafficking can be granted special residence status under the Immigration Control Act if they cooperate with police investigations or prosecutions against traffickers or employers who have exploited them. This ruling provides greater protection for foreign workers who are vulnerable to exploitation by employers in Japan and encourages victims to come forward without fear of deportation or other repercussions.⁹

⁸ Directive on Corporate Sustainability Due Diligence, Frequently asked questions: https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en

⁹ Japan Nihon, What are modern slavery laws in Japan?, 1 March 2023, <https://www.japannihon.com/what-are-modern-slavery-laws-in-japan/>

South Africa

The South African Constitution (section 13) states “no one may be subjected to slavery, servitude or forced labour.” In addition to this explicit prohibition, the Prevention and Combating of Trafficking in Persons Act, 2013 (PACOTIP) is the country’s primary legislation addressing human trafficking and forced labour. It criminalises all forms of human trafficking, including for labour exploitation with penalties up to life imprisonment for trafficking offences. In addition, there are heavy fines or imprisonment for corporations and individuals who knowingly participate. Companies can be held criminally liable if they are complicit in trafficking or benefit from trafficking or forced labour.

Although South Africa does not yet require mandatory modern slavery disclosures, companies are increasingly expected, under ESG frameworks to conduct human rights due diligence, audit and monitor supply chains, and ensure compliance with PACOTIP and the Basic Conditions of Employment Act (BCEA). Large companies, especially those listed on the Johannesburg Stock Exchange, are expected to align with the King IV Governance Code, which encourages ethical and responsible business practices, including respect for human rights.

3. Sectors & cases

Maritime industry/seafaring

Over 80% of the volume of international trade in goods is carried by sea. The [Seafarer Workforce Report](#), published in 2021 by BIMCO and ICS, reports that 1.89 million seafarers are currently operating over 74,000 vessels in the global merchant fleet. The shipping industry is required to comply with the ILO’s Maritime Labour Convention (MLC) and other international conventions covering the human rights (which include labour rights) of workers. The number of actors involved in marine trade leads to complex supply chains. Reflecting this opacity, exploitation in the maritime industry is often hidden due to a lack of transparency and jurisdictional challenges. Oversight is difficult considering the transnational nature of marine trade. Seafarers, many of whom come from economically disadvantaged regions, are at risk, facing exploitative recruitment practices¹⁰, unsafe working environments, and limited access to justice.

Insurers underwriting marine risks may face scrutiny over their clients’ due diligence procedures and sourcing policies. Increasingly, stakeholders such as regulators, investors, and consumers expect transparency from operators and those who finance or insure them. Marine insurers must be proactive in assessing and mitigating modern slavery risks in their insured portfolios.

Two specific challenges seafarers often face are outlined in the following:

¹⁰ Seafarers and illegal recruitments fees, 2024 Insights, Institute for Human Rights and Business, <https://www.ihrb.org/resources/seafarers-and-illegal-recruitment-fees>

- Seafarer abandonment

Seafarer abandonment occurs when shipowners fail to fulfil obligations to seafarers related to timely repatriation, payment of outstanding wages, and even the provision of basic necessities such as food, accommodation and medical care. Despite international regulations, a growing number of seafarers are left stranded without pay or resources when shipping companies fail financially. At its 2025 meeting, the International Maritime Organization's (IMO) Legal Committee reported an alarming rise in the number of cases of abandonment: In 2024, 310 new cases were reported, more than double the number compared to 2023 (142 incidents).¹¹ Stricter enforcement of maritime labour laws is crucial to stop this appalling situation.

- Limited shore leave

Shore leave is essential for seafarers' mental and physical health. Restrictive port regulations and security protocols often limit access to shore leave. This deprives seafarers of much-needed rest and recreation away from their vessel. To improve this, there needs to be better collaboration between shipping companies, port authorities, and governments to ensure that seafarers can enjoy shore leave without unnecessary bureaucratic barriers. The COVID-19 pandemic in particular created an unprecedented crew change crisis where hundreds of thousands of seafarers stranded working aboard ships beyond the expiry of their contracts. A key requirement to resolve the crisis was the recognition of seafarers as key workers by national authorities around the world. By November 2022, 66 countries had designated seafarers as keyworkers, still leaving significant room for improvement.¹²

Textiles/fashion

Modern slavery occurs across all levels of the garment industry – from the collection of raw materials such as cotton, to the manufacturing of goods and subsequent shipping and delivery to consumers. Workers are often vulnerable to forced labour, wage theft, hazardous conditions, illegal overtime, and more. With garment supply chains often operating in locations where laws protecting human rights do not exist, are weak, or are not enforced, companies' action to eradicate modern slavery from their supply chains becomes even more integral. Legislation such as Modern Slavery Acts place obligations on companies in all sectors to report on how they are addressing the risks of modern slavery in their direct operations and supply chains.¹³

Risks of child and forced labour follow the raw materials into textile production, particularly in countries based in Asia and the Pacific region. Forced labour, including State-based forced labour, has been documented in major exporting countries. Legislative changes establishing mandatory reporting for large companies in California, the United

¹¹ Legal Committee, 112th session (LEG 112), 24 - 28 March 2025

¹² Delivering on seafarers' rights, 2024 Progress Report, Institute for Human Rights and Business, Sustainable Shipping Initiative, Rafto

¹³ Beyond compliance in the garment industry: Assessing UK and Australian Modern Slavery Act statements produced by the garment industry and its investors, Walk Free & WikiRate (2022)

Kingdom, Australia, and the EU, as well as mandatory due diligence in France and Germany, have pushed companies, including those in the garment industry to be more transparent, though efforts are still insufficient to end modern slavery in this sector.¹⁴

Fishing

Human rights charities have documented wide-ranging abuse of workers within the fishing industry for many years. Fishermen are forced to work long hours while being deprived of adequate food or medical attention. Some workers on fishing boats are victims of modern slavery, in the sense that they have not consented to work or face threats if they try to leave the industry.

Many workers are pushed into the fishing industry by people traffickers who are willing to exploit their vulnerability. The emergence of large 'factory ships' to which smaller fishing boats offload their catches enable those smaller boats to fish for extended periods without needing to return to shore. While away, workers may have no means of contacting authorities. Once abuses start, they find themselves dealing with skippers who may be armed and without any possibility of getting help.¹⁵

In this context, it is important for marine insurers to be aware of operators engaged in illegal, unregulated, and unreported (IUU) fishing activities. IUU fishing is frequently associated with transnational crimes, particularly human trafficking and forced labour. Such operators, already accustomed to evading laws, are often more willing to reduce costs by exploiting workers through coercive labour practices.

In early 2025, four Indonesian crew members filed a landmark U.S. lawsuit against Bumble Bee Seafoods, a major American canned-tuna company, alleging they were victims of forced labour aboard longline fishing vessels supplying the company. The complaint states that crew were subjected to beatings, denied medical care and adequate food, worked extreme hours, and coerced under debt bondage schemes overseen by recruitment agents.¹⁶ This case marks the first U.S. forced-labour suit directly implicating an American seafood brand and may catalyse stricter due diligence and oversight within global fishing supply chains.¹⁷

Agriculture and deforestation

The agricultural sector has a significant risk of labour exploitation due to its high labour intensity and relatively low skill requirements. In agriculture, more than two million people work under conditions of modern slavery worldwide. Undocumented migrants who work in exploitive condition often live in fear of being discovered, which limits their ability

¹⁴ Stitched with slavery in the seams, Global Slavery Index 2023, <https://www.walkfree.org/global-slavery-index/findings/spotlights/stitched-with-slavery-in-the-seams/>

¹⁵ The hidden cost of seafood, Royal Museums Greenwich, <https://www.rmg.co.uk/stories/topics/protecting-human-rights-fishing-industry>

¹⁶ Bumble Bee sued by deep-sea crew who say they were forced into 'fishing boat slavery', CNN, March 2025, <https://edition.cnn.com/2025/03/21/business/bumble-bee-forced-labor-fishing-lawsuit-intl-hnk>

¹⁷ US seafood industry faces historic forced labour lawsuit, Oceanographic, 14 March 2025, <https://oceanographic-magazine.com/news/us-seafood-industry-faces-historic-forced-labour-lawsuit/>

to complain about poor labour conditions. Exploited workers often find themselves employed in the informal economy, operating entirely outside of existing regulatory systems and unprotected by labour laws.¹⁸

A drastic case occurred in Ecuador where hundreds of families worked for Furukawa Plantaciones in different regions, living in camps inside the company's abacus plantations for generations. Abacus is a plant used in the paper, textile and automotive sectors. Victims endured conditions of minimal pay, exploitation, lack of access to adequate basic services, education, health, sanitation, and other violations of their rights.

In November 2024, justices of Ecuador's Constitutional Court ordered Furukawa to pay US\$120,000 to each of the 342 victims. It will also have to make a public apology. The Court further ordered the creation of an inter-institutional public policy aimed at overcoming the structural causes that favoured serfdom. Legal reforms aimed at avoiding corporate impunity and eliminating practices analogous to slavery and other precarious forms of agricultural work existing in the country have also been ordered in the judgement.¹⁹

4. Conclusion

Insurers must recognize the reputational and legal consequences of insuring unethical operators. As Warren Buffett famously remarked, "It takes 20 years to build a reputation and five minutes to ruin it."

While they may not be directly involved in unethical practices within shipping and logistics, insurers can be indirectly linked to these operations. By continuing to underwrite coverage for operators engaged in exploitative or illegal labour practices, marine insurers risk inadvertently enabling their business models. The reputational fallout from being associated with such entities can be damaging, affecting trust among clients, regulators, investors, and the broader public.

For marine insurers to guard against this would involve taking a proactive stance such as integrating due diligence, ethical underwriting, and clear ESG policies to ensure marine insurers are not complicit in perpetuating modern slavery and forced labour. At the same time, it is important to acknowledge that insurers may face practical limitations in detecting certain abuses, given their indirect role and the complexity of global supply chains.

¹⁸ Nathan Kunz, Thomas Chesney, Alexander Trautrimis, Stefan Gold, Adoption and transferability of joint interventions to fight modern slavery in food supply chains, *International Journal of Production Economics*, 2023, <https://www.sciencedirect.com/science/article/pii/S0925527323000415>

¹⁹ Sentence, modern slavery at Furukawa, Constitutional Court of Ecuador, https://esacc.corteconstitucional.gob.ec/storage/api/v1/10_DWL_FL/e2NhcNBlDGE6J3RyYW1pdGUh-LCB1dWlkOidIM2UwNzJjYS1jNTM2LTRhY2MtYmJmOC00YTJmMTVmMzUxOTMucGRmJ30=