



DFC Shipping Reinsurance Facility: Iran Conflict and Strait of Hormuz

May 6, 2026

Background

In February 2026, U.S. and Israeli forces initiated military operations against Iran. Iran responded with retaliatory attacks and threats against commercial shipping transiting the Strait of Hormuz, through which [more than one-quarter of crude oil and petroleum maritime trade](#) transited to global markets. Hostilities and related developments contributed to a near-stoppage of maritime energy and other commerce through the Strait.

On March 3, 2026, [President Trump](#) ordered the U.S. International Development Finance Corporation (DFC) “to provide, at a very reasonable price, political risk insurance and guarantees for the Financial Security of ALL Maritime Trade, especially Energy, traveling through the Gulf.” He also stated naval escorts could be provided for transiting vessels.

DFC announced a [reinsurance facility](#) on March 6, pledging an unprecedented \$20 billion—almost ten-fold larger than any active DFC commitment—to help alleviate the maritime commerce disruptions. DFC indicated further details would be forthcoming. It is unclear if DFC has provided any coverage yet. The facility’s potential consequences for DFC’s strategic focus, operations, and risk profile raise issues for possible congressional oversight.

DFC [announcements](#) indicate a \$40 billion facility (\$20 billion each from DFC and from private partners), focusing initially on “Hull & Machinery and Cargo.” DFC announced [seven](#) U.S. insurance partners, naming Chubb, a global property and casualty insurer, as the [lead underwriter](#). Chubb is to “[manage](#) the facility, determine pricing and terms, assume risk, and issue policies” and “manage all claims.” DFC indicated a forthcoming [application portal](#), meanwhile listing some key applicant information it would require to determine eligibility.

DFC Background

DFC is a federal agency that provides political risk insurance (PRI), direct loans, loan guarantees, and equity to promote private investment overseas to advance global development and U.S. foreign policy. DFC’s PRI program aims to cover risk of

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investment losses due to events such as political violence and expropriation, and includes reinsurance to increase underwriting capacity. DFC in April removed information from its [application portal](#) indicating a cap of \$1 billion on PRI. DFC's support is subject to statutory parameters, including to prioritize less-developed economies, manage risk, ensure [development impact](#), [screen for environmental and social effects](#), and complement private capital ("additionality"). In reauthorizing DFC in 2025 (P.L. 119-60, Division H, Title LXXXVII), Congress more than tripled the cap on DFC's potential exposure to claims and other financial payouts (the maximum contingent liability, MCL) to \$205 billion. Congress also, among other things, expanded DFC's authorities to invest in some upper-middle-income and high-income economies (with high-income support limited to 10% of the total MCL, or \$20.5 billion), while prohibiting DFC support in "countries of concern," such as Iran and the People's Republic of China (PRC, or China).

Possible Issues and Options for Congress

Scale of Coverage. At end-2025, DFC's portfolio exposure was roughly \$42 billion (of which about \$1 billion was PRI), leaving approximately \$160 billion in [available](#) financing. The financing that may be needed to address Strait maritime commerce disruptions is unclear. Insurance needs [may be as high](#) as \$352 billion; major private insurers have reportedly relaunched [limited](#) or [more costly](#) war risk [cover](#) for vessels following initial cancelations when the conflict erupted. Shippers also have been reluctant to put crews in harm's way regardless of insurance [availability](#).

DFC could use the origin country, the destination country, the vessel flag, or the shipping entity domicile to classify support for Hormuz-transiting shipments. Most origin countries are high-income economies. DFC's \$20 billion backing, if deployed in full and largely to high-income economies, could preclude DFC from providing other support in high-income countries, given that the facility would comprise as much as 97.6% of DFC's \$20.5 billion high-income cap. The vessel flag, firm domicile, or destination may present additional issues: [many of these countries](#) also are high-income (e.g., Singapore) or restricted from DFC support (e.g., the PRC). Congress could:

- engage in fact-finding to assess how DFC would determine the facility's country income designations;
- examine whether the facility is in tension with DFC's mandates (e.g., one [Member](#) has raised potential PRC gains from the facility);
- assess how the facility may affect DFC's support for its [other priorities](#); and
- consider whether, and if so, how to modify DFC funding or authorities to support the facility or other congressional priorities, including seeking information on the utilized scale of the facility.

Staffing. DFC's workforce [shrank](#) by 25% in 2025, potentially straining its application review and monitoring capacity. CRS identified \$75 million in [active](#) DFC reinsurance [projects](#), a small share of DFC's [portfolio](#). Press releases [indicate](#) that DFC, Chubb, and the interagency may each be involved in due diligence for each vessel. Congress may assess:

- DFC's specific role in the facility, and how DFC and its partners plan to coordinate to minimize potential duplication of efforts;
- to what extent DFC is equipped with staff and expertise to administer the facility; and
- whether any DFC workforce shortfalls would erode efforts to comply with statutory requirements (e.g., "countries of concerns" prohibition) and shift aspects of facility administration to the private sector at potentially higher costs.

Risk. Federal accounting practice subjects [some](#) PRI to federal credit rules. DFC may cover PRI claims with corporate reserves or borrowing from Treasury, and the government [pledges](#) "the full faith and credit

of the United States of America” for all valid claims. Given the implications of DFC operations for taxpayer liability, Congress could oversee or mandate reporting from DFC and/or the Administration on:

- how DFC will use evidence to assess risk for reinsured vessels;
- the facility’s effect on DFC’s risk profile; and
- applicability of the Anti-Deficiency Act if expected claims exceed appropriations.

Statutory Compliance. The planned rapid response nature of the reinsurance facility may raise questions about how DFC has tailored its application requirements. DFC applicants must generally [seek private sector financing first](#) and show it is inadequate. The reentry of some major private insurers into the maritime war risk insurance market, as noted above, could limit the additionality of DFC-backed support. DFC also may have to expedite its application and screening process, which [can take longer than a year](#) to reach [Board approval](#), for support to be relevant in the conflict.

Members may conduct oversight or mandate DFC reporting on:

- any assessments about shortcomings in private sector PRI offerings and to what extent DFC support would be “additional”;
- estimates of reduced property risk to covered vessels, if any, due to planned [coordination](#) with U.S. Central Command and the Treasury;
- whether, and if so, how DFC may expedite consideration of applications, including processes to assess development impact and environmental and social impact; and
- tensions, if any, between the President’s offer of “a very reasonable price” to shippers and DFC’s statutory requirement to “minimize cost” for taxpayers.

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