

THE STEERSMAN OF HORMUZ:
INSURANCE AS CONTROL SURFACE

Rob Tow

Nova Lux, New Mexico, USA, Sol III

11 March 2026

Hormuz commentary frames the strait in mines and missiles. The cybernetic re-reading shows that the visible mechanical layer is not the system; the steersman is the insurance and reinsurance stack that decides which ships are permitted to move. When that control layer withdraws coverage, the strait closes economically without a single mine being laid. Wiener's kybernētēs in actuarial form.

Most commentary about the Strait of Hormuz is framed in terms of mines, missiles, and destroyers. Those are the visible instruments of conflict, and they make excellent television graphics. But if one looks at the episode through a cybernetic lens, something far more interesting appears. What we have just witnessed is not primarily a naval event. It is a demonstration of control.

Norbert Wiener chose the word cybernetics from the Greek *kybernētēs*, the steersman, the one who holds the rudder and governs the motion of the vessel. The crucial insight of cybernetics is that the steersman is not the ship. The steersman is the control system that regulates the ship's behavior.

The recent events around Hormuz illustrate this distinction rather neatly. Modern shipping does not operate merely as steel hulls moving through water. It is a tightly coupled network of finance, insurance, reinsurance, credit, and port regulation. The ships are simply the visible mechanical layer. Above them sits a quieter layer that governs whether those ships are permitted to move at all; one that does not get reported by mass media at all.

Every large merchant vessel sails under a stack of insurance. Hull insurance covers the ship itself. Protection and Indemnity insurance covers the dangerous liabilities: pollution, wreck removal, crew

injury, cargo loss, environmental damage, and the other catastrophes that can produce claims measured in billions. Without these policies a vessel becomes economically inert. Banks will not finance the cargo, charter agreements collapse, and ports become understandably reluctant to accept the risk of arrival.

Roughly ninety percent of the world's merchant fleet operates within the peculiar institutional arrangement known as the P&I club system. These clubs are not ordinary insurance companies. They are mutuals owned by the shipowners themselves. Risk is pooled among members, then pooled again among the clubs, and above that sits a vast reinsurance structure distributed across London, Zurich, Munich, and several other quiet centers of global finance. Seen structurally, this arrangement functions as a layered control system. The ships move atoms. The insurance layer regulates acceptable risk. The reinsurance layer regulates the solvency of the insurers. Information about threats and losses flows upward through the system. Control signals flow downward in the form of coverage, pricing, and occasionally withdrawal—like now. When this control layer withdraws permission, the physical layer stops.

Over the past few days the underwriters recalculated the risk environment in the Gulf. Missiles, drones, mining threats, retaliatory strikes, the familiar regional choreography of explosives. The probability distributions moved. Expected losses rose. Reinsurers began asking unpleasant questions about aggregate exposure. The response was not dramatic. It consisted of letters. War-risk extensions were withdrawn, coverage suspended, and policies cancelled. No mines were required. The Strait of Hormuz did not close physically. It closed economically. A tanker without insurance is not a bold object defying damage, despite calls from the Trump administration for captains to be brave. It is an unfinanceable liability. The cargo cannot be insured, the charterer walks away, and the port author-

ity declines to assume the risk of arrival. The vessel remains outside the Gulf while brokers, lawyers, and underwriters renegotiate the boundary conditions of solvency. Captains do not make the calls. Traffic falls sharply, even though the waterway itself remains open.

For a century naval strategists have studied this strait in terms of fleets, submarines, and air strikes. Yet the modern system reveals a different steering mechanism. The decisive control surface lies not in naval headquarters or missile batteries, but in the actuarial models of insurance markets. In cybernetic terms, the ships are not the system. They are merely the output stage. The true *kybernētai*, the steersmen of this network, sit in quieter places: underwriting committees, reinsurance syndicates, and offices where probability distributions are adjusted and letters are issued.

The admirals command destroyers, aircraft carriers, and subs. Generals direct bombers. Regional powers command missiles. Yet the global flow of energy ultimately proceeds within a risk envelope defined by underwriters. When that envelope contracts, the flows cease.

Which brings us back to the lede. Cybernetics teaches that power often resides not in the engines of a system, but in the rudder that guides them. In the case of Hormuz, the steersman has just made himself visible—the collective of the underwriters.

Originally published on Facebook, 11 March 2026.