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Bharat Maritime Insurance Pool

Mains: *PIB Analysis*

Introduction:

- **Maritime trade** – India stands among the world's leading trade nations, with the majority of its trade flowing through maritime routes.
- The sea is not merely a transport medium for India; it is the backbone of commerce.
- It supports energy security and drives economic growth across diverse sectors of the national economy.
- From crude oil imports to merchandise exports, maritime connectivity underpins virtually every sector of India's economy.
- **Coastal shipping & inland waterways** – They further strengthen this lifeline, ensuring resilience and efficiency in trade.
- **Insurance dependence** – India's maritime trade has expanded, but key marine insurance services remain largely dependent on foreign providers.
- This leads to an annual outflow of USD 45–60 million in Protection and Indemnity (P&I) premiums, besides higher marine insurance payments abroad.

Bharat Maritime Insurance Pool (BMIP)

- **BMIP** – It has been conceived as a *sovereign solution* to this strategic gap in domestic maritime insurance capacity.
- **Objective** – To ensure affordable, sovereign coverage for vessels and cargo, enhancing resilience against global risks.
- **Launch** – Approved on 18 April 2026 and formally launched on 12 May, 2026, the BMIP is India's ***first domestic maritime insurance pool*** of Rs. 13,906.50 crore (USD 1.5 billion).
- It assures *sovereign backing* of Rs. 12,980 crore (USD 1.4 billion).
- For the first time, Indian companies are insuring Indian ships independently for higher-value vessels.
- **Coverage** – Hull & Machinery, Cargo against War perils in High-Risk Area and Protection & Indemnity.

India's Maritime Sector: A Nation of the Seas

- **Port infrastructure** – India operates 12 Major and 217 Non-Major Ports, handling diverse cargo types nationwide.
- India's major & non-major ports handled 1,668 million metric tonnes of cargo during 2025–26, a figure rising with economic growth and trade expansion.

- **India’s coastline** – Extends around 11,098 kilometres, among the world’s longest, with natural harbours and port sites.
- **Exclusive Economic Zone** – Spans 2.4 million square kilometres, granting sovereign rights over marine resources and fishing activities.
- **Inland waterways** – Exceed 14,500 kilometres, offering rivers, canals, and backwaters for cost-effective freight movement.
- **Coastal states & territories** – Border the sea, positioning population and industry to benefit from maritime trade.
- **Maritime livelihoods** – Support over 30 million people, including fishers, port workers, seafarers, and shipbuilders.

Why does India need BMI Pool?

- **Growth of Indian-flag fleet** – It has grown to 1,609 ships and 14.33 million GT as of mid-2026, a roughly 36% increase in tonnage since 2015.
- 95% of India's trade value and 70% of trade volume flows through maritime routes.

Maritime Insurance: The Invisible Lifeline

- Marine insurance is mandatory for global trade.
- Hull and machinery policies protect vessels, cargo insurance safeguards goods, and Protection and Indemnity (P&I) covers liabilities like pollution or crew injury.
- War Risk insurance shields against piracy and conflict.
- Together, these make insurance a legal and commercial necessity for India’s shipping economy.

Overdependence on Foreign P&I Clubs

> *The International Group of Protection and Indemnity Clubs is made up of 13 main clubs. Together, they insure about 90% of the world’s large ships against risks like cargo loss, pollution, collisions, and crew injuries.*

- India has been dependent on foreign insurers for the insurance value chain. Indian

shipowners rely almost entirely on 13 international P&I clubs, mostly based in the West.
- This dependence leaves India vulnerable to sudden coverage withdrawal or politically influenced decisions, underscoring the importance of a homegrown alternative.

Geopolitical Volatility and Trade Disruption

- Conflicts in the Red Sea and tensions near the Strait of Hormuz have disrupted vital routes.
- With a major share of crude oil imported by sea, India's energy security depends on uninterrupted coverage.
- During this period, foreign insurers increased insurance premiums or stopped providing cover.
- This increased costs sharply for ship owners, raising the need for a domestic safety net.

Absence of Domestic Expertise

- Earlier, India did not have institutional depth in marine underwriting and claims management.
- BMIP builds this expertise indigenously, laying the foundation for a world-class domestic insurance sector and reducing reliance on foreign hubs like London or Switzerland.

BMI Pool: Design, Structure and Coverage

- The pool provides marine insurance cover to safeguard vessels and cargo on trade routes.
- It functions through *collective insurer participation* and structured governance to manage large maritime risks.
- **Sovereign guarantee** – Government-backed support of Rs. 12,980 crore (USD 1.4 billion) ensures financial strength. This guarantee meets obligations even during catastrophic losses.
- **Underwriting capacity** – The Pool can insure risks worth Rs.13,906.5 crore, i.e., USD 1.5 billion, backed up by the Sovereign Guarantee, increasing its ability to cover large maritime losses.
- **Risk coverage** – Hull & Machinery, Cargo, Protection & Indemnity (P&I), and War Risk are included.
- **Vessel eligibility** – Vessels that are Indian flagged or are owned, managed, or controlled by Indian entities, or cargo vessels destined to or starting from India, qualify.
- **Duration** – It has a duration of 10 years, which is extendable up to 15 years.
- **Joint policy issuance** – Policies will be issued by domestic insurers that are members of the Pool, using their combined underwriting capacity.
- The risks covered under these policies will then be reinsured collectively by all Pool members, in proportion to the capacity each has committed.
- **Claims management** – Claims up to USD 100 million are met from accumulated reserves and reinsurance recoveries.

- For larger claims, the sovereign guarantee activates only after complete exhaustion of pool reserves.
- **Administration** – General Insurance Corporation of India serves as the Pool Administrator, managing daily operations. It submits performance reports and supports the Pool's efficient functioning.
- **Governance** – A Governing Body oversees and regulates pool operations, ensuring compliance and smooth functioning.
- **Underwriting discipline** – An Underwriting Committee ensures sound and consistent risk evaluation, supporting long-term financial sustainability.

Coverage Types and Scope:

- BMIP has been designed to provide comprehensive coverage across the full spectrum of maritime risk categories.
- It ensures that no vessel or cargo involved in Indian trade is left without domestic insurance protection, regardless of the route or nature of the risk.
- **Hull and Machinery War coverage** – It protects vessels from damage to hull structure (main body of the ship), propulsion systems (machinery that powers the ship's movement), and installed equipment.
- This ensures the capital value of India's merchant fleet remains secure and domestically insured.
- **Cargo War coverage** – It safeguards goods transported across international sea

routes against loss or damage to shipments.
- Indian exporters and importers benefit even in high-risk or conflict-affected maritime corridors.
- **Protection & Indemnity coverage** – It addresses liabilities, including pollution, oil pollution clean-up, wreck removal, crew injury, and cargo damage.
- Indian shipowners gain domestic access to coverage previously available only through foreign clubs.
- **War Perils coverage** – It insures against losses from armed conflict, piracy, terrorism, and hostile vessel seizure.
- This protection is vital for Indian trade routes crossing sensitive corridors like the Red Sea, Strait of Hormuz, etc., besides the other High-Risk Areas.

Outcome & Impact

- The launch of Bharat Maritime Insurance Pool in May 2026 marks a significant milestone in India's maritime insurance sector.
- Since its operational launch, the BMIP has ensured uninterrupted War-risk insurance for Indian maritime stakeholders.
- War-risk insurance premiums have fallen by about 35–40% since the peak of the West Asia conflict.
- As on 7th September 2026, the Pool has issued 3000 Cargo War, 92 Hull War-risk and 3 Protection & Indemnity insurance policies.

A Strong Start: What the Launch Delivered

- **India's First P&I Policy** – On 30 July, 2026, ***India's first Protection & Indemnity insurance policy*** under BMIP was issued to Shipping Corporation of India Limited.
- Issued by New India Assurance Company Limited, it provides financial protection against third-party liabilities.
- **First Hull and Machinery War-risk policy** – On 12 May 2026, the pool's very first policy was given for a vessel sailing through conflict zones.
- New India Assurance issued this Marine Hull and Machinery War Policy to M/s. Hoger Offshore and Marine Private Limited.
- In simple terms, an *Indian ship now sails with home-grown protection against War risks*.
- **Cover for goods coming into India** – A Marine Cargo War Policy was issued to M/s. Vedanta Sterlite Copper Limited.
- It protects the company's import of cable wires into India; this shows the pool can serve India's large industrial importers.
- It keeps the supply chains feeding Indian industry safely insured.
- **Beyond shipping companies** – A policy was also issued to Balrampur Chini Mills Limited, a sugar manufacturer. This proves the pool is not for shipowners alone.
- Farms, factories, and commodity traders moving goods by sea can all seek cover. The pool, therefore, works for the wider Indian economy.
- **Governance and systems in place** – The Governing Body and Underwriting Committee have been set up since the launch.
- General Insurance Corporation of India (GIC Re) has taken charge as the Pool

Manager/Administrator.
- Systems for underwriting, claims, and regulatory compliance are also put in place. The pool is operating at full commercial scale.

Way Forward

- The Bharat Maritime Insurance Pool marks a major step in India’s maritime financial independence.
- Its role is to ensure credible operations, competitive pricing, and reliable claims handling for stakeholders.
- Medium-term focus remains on strengthening human capital, legal frameworks, and reinsurance partnerships.
- These efforts enhance resilience while keeping reliance on sovereign backing minimal.
- In the long term, the pool emerges as a regional anchor for maritime insurance in the Indian Ocean Region.
- India gains recognition as a provider of financial services and a shaper of maritime risk norms.
- As shipbuilding expands and ports handle larger cargo volumes, the pool will grow alongside India's maritime ambitions.
- Its capacity and coverage stand as a lasting pillar of India’s maritime infrastructure.

Reference

PIB | Bharat Maritime Insurance Pool