Bharat Maritime Insurance Pool (BMIP)

Prelims: *Current events of national and international importance | Polity and Governance*

Why in News?

The Union Cabinet has approved the creation of the Bharat Maritime Insurance Pool (BMIP) to provide continuous insurance coverage.

- It is a government-backed insurance system designed to provide risk coverage for **Indian-flagged and Indian-controlled maritime vessels** operating domestically and internationally.
- Part of India's push for strategic self-reliance in maritime trade under Maritime India Vision 2030.

Objectives of BMIP
• **Ensuring Operational Continuity** – Maintains uninterrupted maritime trade and insurance access during periods of global geopolitical instability.
• **Strategic Risk Autonomy** – Establishes sovereign control over maritime risk management through a domestic risk-sharing mechanism.
• **Reducing External Vulnerability –** Curtails heavy dependence on International Group of Protection and Indemnity Clubs (IGP&I)and foreign insurers for critical coverage.
• **Enhancing Maritime Sovereignty** – Builds domestic capacity to safeguard Indian-flagged vessels and critical maritime trade routes.
• **Sanctions and Strategic Resilience** – Strengthens resilience against global sanctions while promoting *Atmanirbharta* in maritime financial services.

- **Coverage**
  - **Hull & Machinery Insurance** – Protects ships against physical damage or loss.
  - **Cargo Insurance** – Covers goods transported between India and international ports.
  - **Protection & Indemnity (P&I)** – Covers third-party liabilities.
  - **War Risk Insurance** – Ensures vessels can operate in conflict-prone

areas without disruption.
    - T**hird-party liabilities** – Oil pollution, wreck removal, cargo damage, crew injury, collision liabilities.

UNCLOS (United Nations Convention on the Law of the Sea) – The UNCLOS is the international "constitution of the oceans" that establishes the legal framework for maritime zones, navigation rights, resource management, and peaceful dispute resolution.

- **Strategic Timing of India's Launch**
    - Global insurers raised premiums or withdrew coverage, leaving exporters exposed.
    - Recent disruptions in the Red Sea, Strait of Hormuz, Gulf of Oman exposed vulnerability to foreign insurers.
    - India's maritime sector handles 70% of trade by volume and 95% by value.
    - BMIP acts as a buffer, ensuring affordable insurance even during geopolitical crises.
- **Impact on Global Supply Chains**
    - Conflicts increase risks of cargo loss, vessel damage, and crew safety.
    - Insurance costs spike, disrupting logistics and raising export costs.
    - Withdrawal of coverage can halt shipping operations.

References

1. India Today | BMIP
2. Indian Express | BMIP

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