DFS Launches 'Bharat Maritime Insurance Pool' of USD 1.5 billion, with a sovereign guarantee of USD 1.4 billion/₹12,980 crores to facilitate continuous maritime insurance coverages, in the background of current Middle East tensions

Secretary, DFS, Shri M. Nagaraju hands over the first Marine Hull & Machinery War Policy document to M/s. Hoger Offshore and Marine Private Limited issued by the New India Assurance Co. Ltd. under BMIP

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The Department of Financial Services, Ministry of Finance held an event chaired by Secretary, DFS to launch the domestic insurance pool, namely 'Bharat Maritime Insurance Pool' (BMIP) of USD 1.5 billion today, with a sovereign guarantee of USD 1.4 billion/₹12,980 crores to facilitate continuous maritime insurance coverages. The pool covers all maritime risks such as Hull and Machinery, Cargo, P&I and War risk for Indian flagged or controlled vessels or vessels destined to or starting from India, in the context of the current Middle East tensions.

The event was attended by senior officers from Department of Financial Services including Special Secretary Shri Sanjay Lohiya, Additional Secretary Shri Debasish Prusty, and CMD, General Insurance Corporation of India Shri Hitesh Joshi, CMD, New India Assurance Company Limited, Smt. Girija Subramanian, Secretary General, General Insurance Council Smt. Kasturi Sengupta and Director, Ministry of Ports, Shipping and Waterways, Shri Opesh Kumar Sharma.

Secretary, DFS, Shri M. Nagaraju handed over the first Marine Hull & Machinery War Policy document to M/s. Hoger Offshore and Marine Private Limited issued by the New India Assurance Co. Ltd. under BMIP, providing financial protection against War Perils while navigating through High Risk War Zones. Also, a Marine Cargo War Policy was presented to M/s. Vedanta Sterlite copper Ltd., covering its import of cable wires. Policy was also issued to Balrampur Chini Mills Limited.

Restrictions or withdrawal of insurance cover in high-risk areas or sanctioned environments can disrupt shipping operations and critical trade flows. Due to sanctions, foreign re/insurers can withdraw support for any insurance policy that covers cargo or vessel carrying cargo, from the sanctioned country. Another area of concern is dependence of Indian vessels on International Group (IG) Protection and Indemnity (P&I) Club for P&I insurance. P&I insurance covers third-party liabilities like Oil pollution liability, Wreck removal, Cargo damage, Crew injury and repatriation, Collision liabilities. The pool with sovereign guarantee will be able to provide sufficient underwriting capacity to cover the risks adequately and enable the country to increase sovereign control over maritime trade.

A Governing Body has been constituted to oversee the functioning of the pool, including approvals regarding the invocation of the sovereign guarantee. In addition, an Underwriting Committee (UC) responsible for ensuring prudent, consistent and technically sound underwriting of risks ceded to the pool has been formed. GIC Re is the pool administrator, which will submit the returns, details of re-insurance arrangement, and statements on performance of the pool.

Policies will be issued by domestic insurers that are Pool members, using the combined underwriting capacity of the Pool. These risks would then be reinsured by all Pool members, in proportion to their capacity commitment in the Pool.

For claims arising upto USD 100 million, the pool will service the claim using its own capacity and for claims beyond USD 100 million, the sovereign guarantee will be invoked to service claims as a contingent backstop of last resort, after complete exhaustion of the pool's accumulated reserves, member contributions and reinsurance arrangements.

The pool will enable the country to strengthen sovereign control over maritime trade and ensure continuity of trade even in the event of withdrawal of re/insurance coverage due to sanctions or geopolitical tensions. This would strengthen India's maritime risk protection framework and support secure global trade operations in future, promoting India's financial sovereignty.

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