

Ministry of Finance



## Cabinet approves proposal for creation of ‘Bharat Maritime Insurance Pool’ (BMI pool) with a sovereign guarantee of Rs 12,980 crore to facilitate continuous maritime insurance coverages

The Domestic Insurance Pool addresses global volatility, geopolitical instability and reduces external Insurance dependency of Indian vessels

The pool covers all maritime risks like Hull and Machinery, Cargo, P&I and War risk, Covers vessels carrying cargo from any international origin to Indian ports and vice-versa, even when transiting volatile maritime corridors

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The Union Cabinet chaired by the Prime Minister Shri Narendra Modi today has approved the proposal for creation of a domestic insurance pool, namely ‘Bharat Maritime Insurance Pool’ (BMI pool) with a sovereign guarantee of Rs.12,980 crores to facilitate continuous maritime insurance coverages. The pool ensures that Indian trade continues to have access to affordable insurance for vessels carrying cargo from any international origin to Indian ports and vice-versa, even when transiting volatile maritime corridors.

With increased global volatility and geopolitical instability, maritime trade has been impacted with increased risk of losses for cargo and vessels resulting in increased insurance costs and uncertainty in continuous availability of insurance. Further, there is high dependence of Indian vessels on International Group of Protection and Indemnity (IGP&I) Club for P&I insurance covering third-party liabilities like Oil pollution liability, Wreck removal, Cargo damage, Crew injury and repatriation, Collision liabilities and so on. Accordingly, there was a need for a domestic maritime risk covering pool to maintain sovereignty and continuity of trade in face of withdrawal of coverage due to sanctions or due to geopolitical tensions.

In the above backdrop, the Government has approved formation of ‘Bharat Maritime Insurance Pool’ (BMI pool) for Indian flagged or controlled vessels or vessels destined to or starting from India, backed by a sovereign guarantee. The pool would cover all maritime risks like Hull and Machinery,

Cargo, P&I and War risk. The policies will be issued by insurers that are Pool members, using the combined underwriting capacity of the Pool, which would be around Rs.950 crore. The Pool will help to manage liability insurance locally, tailored to Indian Shipping conditions and regulatory requirements, develop specialized Marine underwriting, claims management and legal expertise within India.

Further, a Governing Body Constituted for this pool would oversee the formation and functioning of the pool. The rationale for providing a sovereign guarantee to the proposed domestic insurance entity is rooted in the objectives of strengthening self-reliance, sanctions resilience and ensuring greater sovereign control.

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## **MJPS**

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