



Bharat Maritime Insurance Pool: Securing India's Maritime Trade

Workshop on Implementation of Bharat
Maritime Insurance Pool

By Directorate General of Shipping

5th June 2026 | Mumbai



36% Growth in Indian Tonnage from 2015

1609 Ships

Indian-flagged vessels
as of May 2026

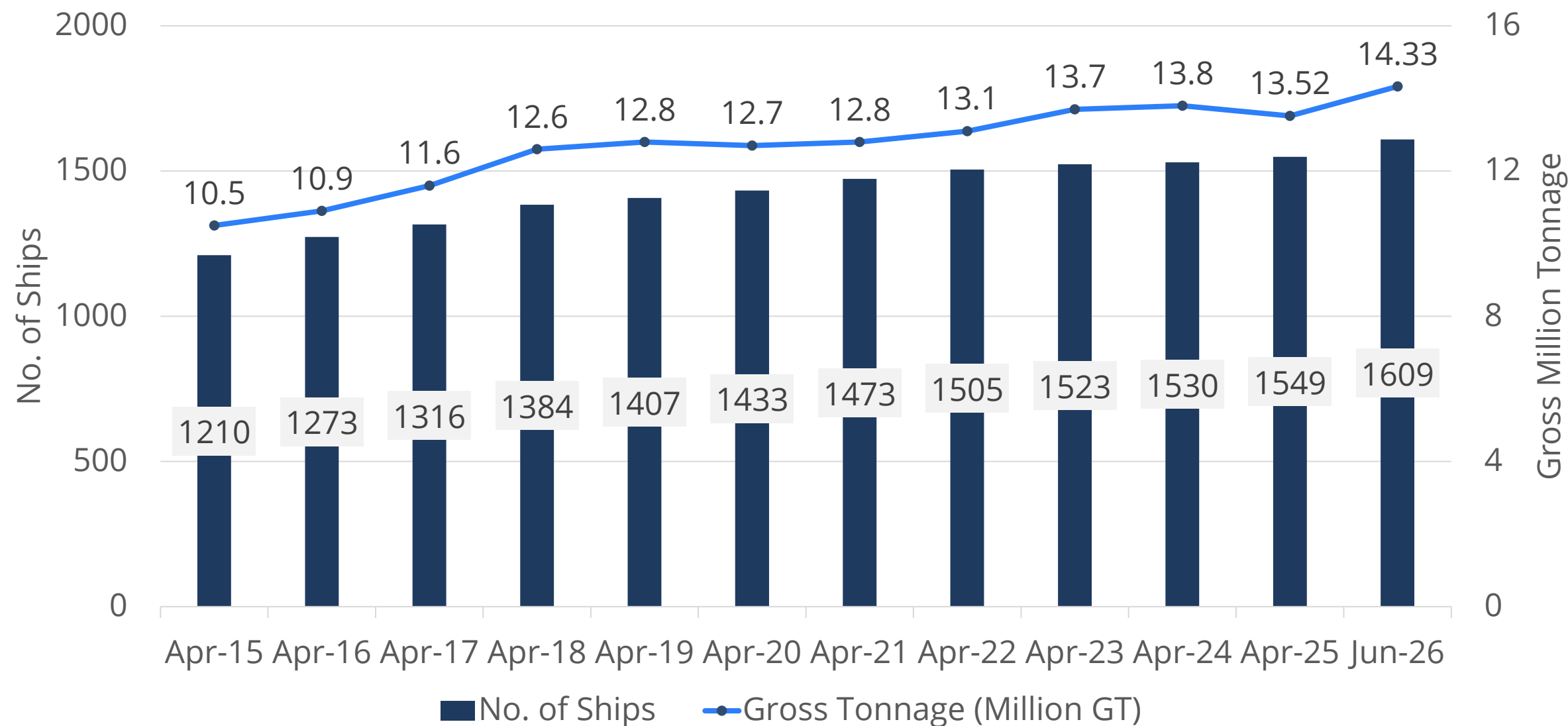
14.33M GT

Total fleet GT- up from
10.5M GT in 2015 till
June 2026

~1% Global Share

India's share of world
ocean-going tonnage

Indian Tonnage Position 2015- June 2026



As the sector expands its **role in trade and energy security**, demand for maritime insurance is rising. However, a significant portion of marine insurance particularly **P&I** and **specialized risks** continues to be **serviced by international markets**, indicating a measured **opportunity for enhancing domestic capacity**.



Every Voyage Depends on Four Critical Layers of Insurance Protection

HULL & MACHINERY (H&M)

Covers physical damage to the vessel storms, collisions, groundings, machinery failure. Excludes war & terrorism.

Global premium: USD 9.67B (2024)*.

WAR RISK INSURANCE

Separate policy covering H&M exclusions: missile strikes, drone attacks, mines, piracy. Subject to 7-day cancellation clause. Additional War Risk Premium (AWRP) levied for designated High Risk Areas.

CARGO INSURANCE

Covers goods in transit against loss, damage, and theft. Taken by cargo owners or shippers. Largest segment globally at 57.3% of total marine premium.

Global premium: USD 20.5B (2024)*.

PROTECTION & INDEMNITY (P&I)

Third-party liabilities: crew injury/death, cargo damage, oil pollution, wreck removal, collision, fines. There are two types of P&I Insurance. A mutual club model and a Fixed Premium Model. **90%** of the world's **ocean-going tonnage**, covering **60%** of the **world fleet** is insured by the **International Group of P&I Clubs (IG P&I)**

P&I Insurance: Backbone of Maritime Liability Protection

Given its statutory mandate under the Merchant Shipping Act, 2025 and alignment with international conventions, P&I insurance serves as a fundamental requirement for vessels calling at Indian ports, forming a critical part of the maritime liability framework.

Mandatory P&I Certification

As per Section 188, MS Act 2025 for oil tankers >2,000 tonnes (CLC, 1992 basis)

>95% Dependency on Foreign Clubs

Annual P&I premium outflow of USD 45-60M entirely to foreign clubs

23 Non IG P&I insurers

Approved by DGS under Rule 2(e) of Port Entry Rules, 2012

New India Assurance (NIA) as authorized

Non-IG provider with coverage up to USD 15 million.
Risk structure: 10% retained (NIA), 4% GIC Re, 86% Hydor AS (Norway)

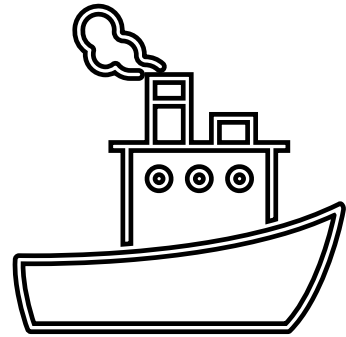
Role of P&I Insurance in Salvage Operations

Role in salvage operations	Critical areas of involvement	Operational importance	<p>P&I insurer acts as the primary liability partner, particularly when cases move from salvage to regulatory and environmental implications</p>
<p>P&I insurer covers liability exposures during salvage, while Hull & Machinery insurers handle property salvage.</p> <p>Provides security under SCOPIC/LOU and supports Special Casualty Representative</p> <p>Coordinates with salvors, authorities, correspondents, lawyers and pollution experts.</p> <p>Manages crew, pollution and third-party claims</p>	<p>Pollution risk and bunker removal</p> <p>Port-of-refuge requirements and security demands</p> <p>Criminalisation/detention issues</p> <p>Wreck removal obligations</p>	<p>Ensures timely funding and security</p> <p>Enables informed casualty response</p> <p>Supports environmental protection and dispute reduction</p> <p>Provides access to specialised global response networks</p>	

Towards an Indian P&I Entity

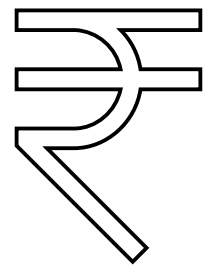


Challenges faced in the Insurance Segment



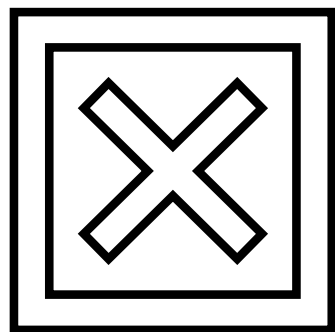
01

Indian Ocean-going fleet is covered by IG P&I Clubs



02

Coastal Fleet is dependent on Fixed Premium Non-IG P&I Companies



03

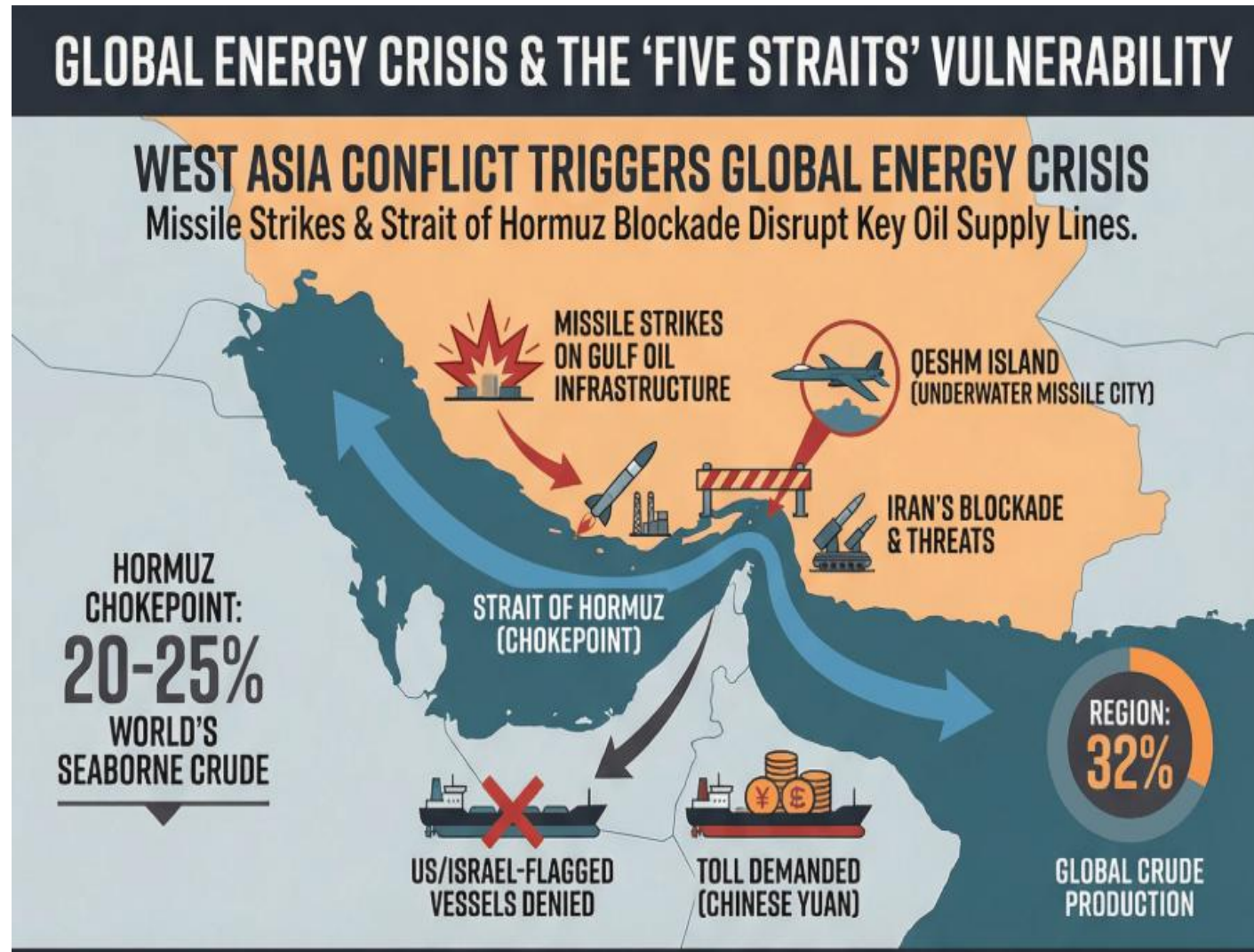
Dedicated Indian P&I Service Company does not exist

Feasibility Study for Establishing Indian P&I Entity

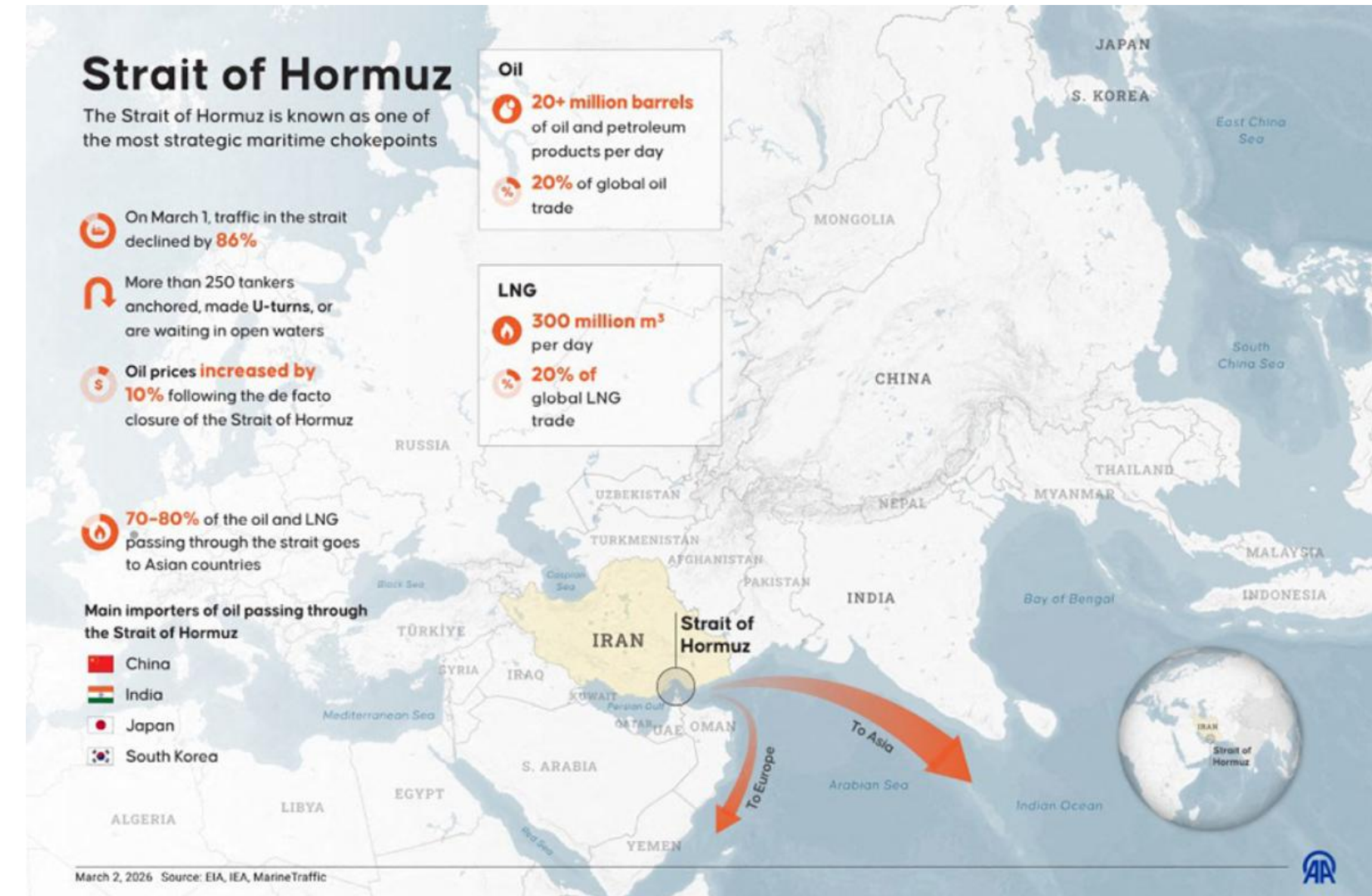
- DGS had appointed M/s Ace Insurance Brokers to perform the Feasibility Study for Establishing Indian P&I Entity based on Mutual or Fixed Premium basis
- The intent is to Establish a Domestic Indian P&I Club to provide sovereign liability coverage for ocean going and coastal vessels, supported by domestic reinsurance and regulatory facilitation

- Based on the Feasibility Study the P&I Entity is Technically and Financially feasible.
- The Indian P&I Entity can be established with a **Fixed premium model** at inception and scaled to mutual model eventually.

Middle East Conflict (Strait of Hormuz)- Impact on Maritime Trade



Source: ndtv.com



Source: EIA, IEA, Marine Traffic

- Before the conflict, Strait of Hormuz carried ~20% of global seaborne crude to Asia; during the conflict, flows were rerouted mainly via the Suez–Red Sea route, with Malacca remaining the busiest.
- As on March 1, traffic in the strait declined by 86% and Oil Prices increased 10%
- Disruptions in key chokepoints have driven volatility in war risk premiums, with repricing for high-risk zones
- 7-day cancellation clauses on standard war risk and along with additional war risk premium dependent on area or the voyage have increased uncertainty for charterers and shipowners

Source: Xinhua News Agency. (2026). How important is the Strait of Hormuz? New Vision. https://www.newvision.co.ug/category/world/how-important-is-the-strait-of-hormuz-NV_229100_042026

Middle East Conflict (SOH)- Impact on Maritime Insurance Market

Heightened geopolitical uncertainty in the Middle East has materially impacted maritime insurance markets, particularly for vessels transiting the Persian Gulf and adjoining strategic sea lanes.

Phase	Hull War Risk Premium	Market Response
Pre-Conflict Baseline	0.10% – 0.25%	Stable annual cover
Escalation Phase	~1.0%	Voyage-based repricing
Peak Conflict Period	3.0% – 10.0%	Severe volatility, capacity tightening
Current Position (2026)	0.4% – 0.8%	Elevated but stabilising

- Premiums remain structurally above historical norms despite moderation from peak levels.
- Insurance pricing now reflects persistent geopolitical risk in critical maritime corridors.
- Increased transit costs directly affect tanker, container and bulk shipping economics.
- Selective underwriting, rerouting decisions and schedule adjustments continue across operators.
- Energy-import dependent economies, including India, remain exposed to freight and logistics cost escalation.

Inception of the Bharat Maritime Insurance Pool (BMIP)

Launched 12 May 2026 by Dept. of Financial Services, Ministry of Finance. Cabinet approved on 18 April 2026

USD 1.5B
Total Pool Capacity

₹12,980 Cr
Sovereign Guarantee
(≈ USD 1.4B)

USD 100M
Claims Threshold
Pool's Own Resources

First policies issued under BMIP

- **H&M War Policy:**
M/s Hoger Offshore & Marine Pvt Ltd
- **Marine Cargo War Policy:**
M/s Vedanta Sterlite Copper Ltd (cable wire imports) and M/s Balrampur Chini Mills Ltd

Coverage Scope for Indian flagged or controlled vessels or vessels destined to or starting from India:



01

Hull & Machinery



02

Cargo



03

P&I Liability



04

War Risk

Functionality of BMIP: Governance, Underwriting & Claims

Governing Body

- Oversees pool functioning
- Approves invocation of sovereign guarantee
- Ministry of Finance representation
- Senior DFS officials

Underwriting Committee

- Prudent, consistent underwriting
- Technically sound risk assessment
- Reviews risks ceded to pool
- Ensures actuarial discipline

GIC Re — Pool Administrator

- Submits performance returns
- Manages reinsurance arrangements
- Operational day-to-day management
- Reports to Governing Body

How Claims shall be settled

Claim Lodged

Policy issued by Pool member insurer

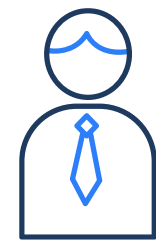
Pool Resources & Reinsurance

Claims up to USD 100M: serviced by pool's accumulated reserves, member contributions and reinsurance arrangements

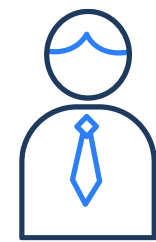
Sovereign Guarantee

Claims above USD 100M: contingent backstop invoked after exhaustion of all pool resources

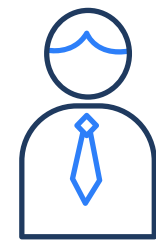
Priority Areas for Deliberation in the BMIP Workshop



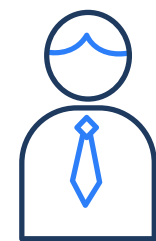
BMIP Framework & Operations



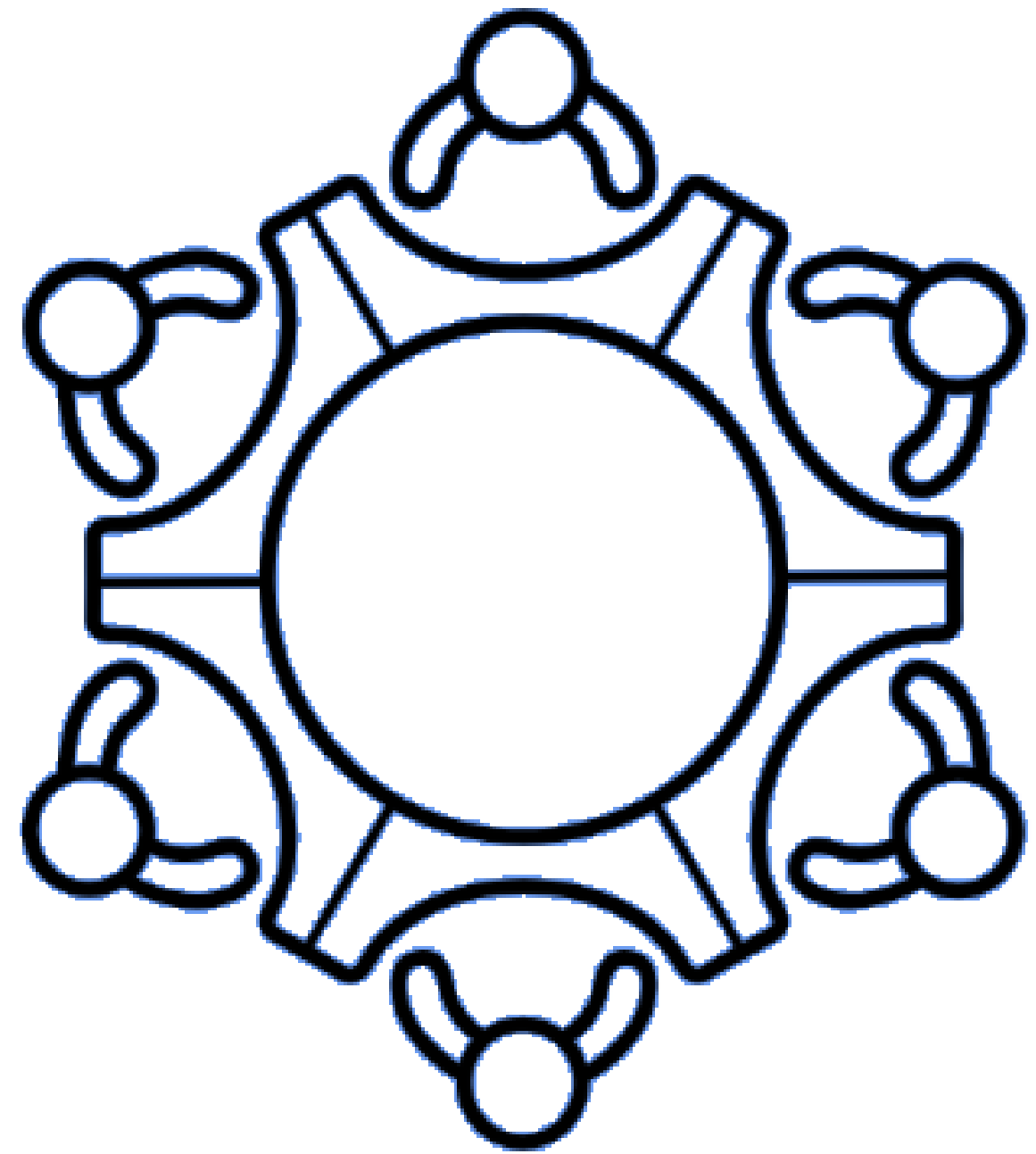
Identify Challenges



Capacity, Pricing, Alignment



Path to sovereign insurance ecosystem





Thank You