BACKGROUNDERS
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Bharat Maritime Insurance Pool
Strengthening India's Maritime Sovereignty

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India relies heavily on maritime trade, with most of cargo and energy supplies transported through sea routes. The Bharat Maritime Insurance Pool (BMIP) offers marine insurance to Hull & Machinery risks in respect of vessels that are Indian flagged or are owned, managed or controlled by Indian entities or cargo vessels destined to or starting from India. It was launched in May 2026 with coverage up to ₹13,906.50 crore (USD 1.5 billion). It provides domestic insurance coverage for Hull, Cargo, Protection and Indemnity (P&I), and War risks. BMIP reduces dependence on foreign insurers and ensures affordable, uninterrupted coverage during global disruptions. Policies are issued by domestic insurers, with risks collectively reinsured based on members' commitments. Claims up to USD 100 million are settled through reserves, while larger claims use sovereign guarantees. Since launch, BMIP has issued War-risk and P&I policies for coastal vessels, reduced premiums, and strengthened India's maritime sovereignty.

Overview

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 and inland waterways further strengthen this lifeline, ensuring resilience and efficiency in trade.

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

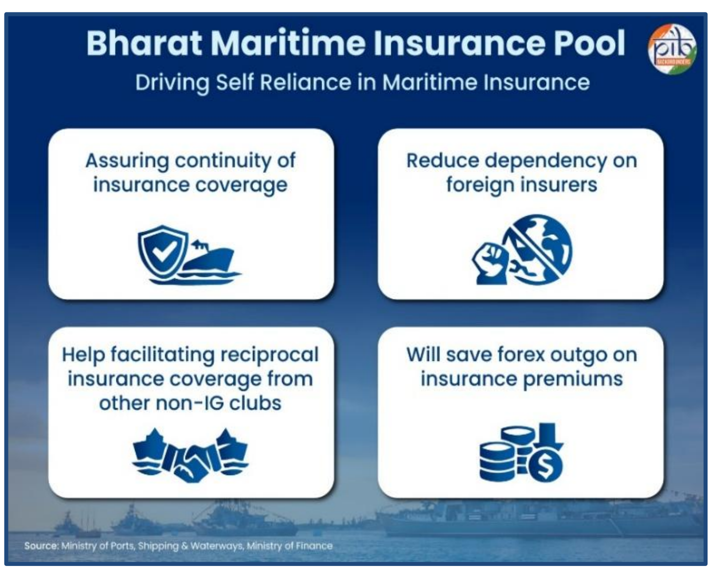
India's Maritime Sector: A Nation of the Seas

India operates 12 Major and 217 Non-Major Ports, handling diverse cargo types nationwide. India's major and 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 and 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 India needs BMI Pool

The Indian-flag fleet 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**

  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.

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

- **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.

The Bharat Maritime Insurance Pool (BMIP) ensures affordable, sovereign coverage for vessels and cargo, enhancing resilience against global risks.

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 ₹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 and 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.

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