

Importance of marine insurance and what it covers

When you hear the term Marine insurance, what is the first thing that comes to your mind? Basis to my experience, I can say most of you will think it is something related to ships and ocean. You are not entirely wrong there, marine insurance does cover cargo being transported via ships and the vessel itself.

However, the insurance cover is not restricted to this, marine insurance can be used to cover various aspects of the supply chain, including cargo being transported by rail, road or air. For centuries Marine insurance has been taken by importers, exporters, buyers, sellers and logistics companies to safeguard themselves against various risks involved in the transit. In fact, marine insurance is the oldest insurance cover. Today, with emergence of e-commerce, unprecedented rise of cross border business and an ever shrinking world, marine insurance has become even more important.

Marine policy provides coverage against natural catastrophes like earthquake, lightning or volcanic eruption. It also compensates for accidents like derailment or overturning of the conveyance, collision of the conveyance with an external object, entry of river or lake water in the conveyance and place of storage, to name a few.

Broadly speaking, marine insurance provides cover to the cargo/shipment and the vessel carrying it against the loss or damage during the transit.



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There are three types of covers available in a typical Marine policy; Institute Cargo Clause (ICC) A, B and C in case of overseas transits and Institute Transit Clause (ITC) A, B and C for

domestic transits. ICC and ITC C is the most basic cover, followed by ICC and ITC B which is a slightly broader protection. ICC and ITC A provides widest cover. It is an All Risk policy subject to exclusions mentioned. It is important to read the exclusions in detail. To further understand about covers and exclusions it is better to discuss the same with your insurer or insurance advisor, they can guide you with the appropriate covers as per your requirement.

Who requires Marine insurance?

As a professional I will suggest if you have an element of goods transportation in your business, it is prudent to take a marine cover. However, marine insurance is typically taken by:-

- Importers and exporters
- Logistic companies and intermediaries
- Manufactures
- Buyers and sellers

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Importance of Marine Insurance

If you are involved in supply chain management, or are in a business which requires you to frequently transfer goods, raw materials and semi-finished goods from one location to another marine insurance is of utmost importance to you.

A marine cover kicks in as soon as the cargo leaves the point of dispatch and ends when it reaches the destination. The marine policy provides coverage to your goods throughout the route. It helps you manage risks and improves the resiliency of your

business. A marine cover will transfer the liability of the cargo to the insurer from the parties involved in the supply chain. Marine insurance is often compulsory for overseas trade contracts with widest coverage as per the contract signed between the consignor and consignee. The same is true also for domestic trade or transfers.

With the increasing natural disasters, uncertainties looming around war, in a highly connected but equally volatile world investing in a comprehensive marine insurance cover is a great way to insulate your business against transit related risks.

The pandemic has shown how risk-prone our world is and we must take measures to safeguard our interests and finances by opting for a comprehensive marine cover.

(The writer is Chief Technical Officer at Bajaj Allianz General Insurance)