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30 Sep 2026	The next port of call for India's maritime industry is a P&I Club	Asia Insurance Review (English)



With a marine insurance pool already in operation and functioning successfully in India, the next move for the country's maritime industry would be the establishment of a P&I Club. **Bajaj General Insurance's Mr Amarnath Saxena** explains why India should have its own Club.

By Anoop Khanna

Nearly 95% of India's trade by volume and around 70% by value moves via sea routes. India's commerce and trade via marine routes and maritime activities are key contributors to national prosperity.

Given this heavy dependence on maritime transportation, especially in an era marked by shifting geopolitical dynamics and heightened regional volatility, fortifying the risk architecture of India's maritime supply chain has transformed from a strategic preference into an economic imperative.

The recent developments in India's marine insurance sector reflect a decisive shift toward underwriting self-sufficiency, highlighted by the rapid adoption of the Bharat Marine Insurance Pool (BMIP) and strategic

explorations into a domestic P&I framework.

Bharat Marine Insurance Pool

The \$1.5bn BMIP for domestic shippers, which became operational on 12 May 2026, is backed by a sovereign guarantee of \$1.4bn. The remaining \$100m is from the Pool's own resources.

BMIP has received substantial market acceptance and successfully met its primary objective of providing uninterrupted war risk insurance capacity to Indian stakeholders. At the time of its launch in May, BMIP handed its first Marine Hull & Machinery War Policy to Hoyer Offshore and Marine, issued by the New India Assurance Co. In addition, BMIP presented Marine Cargo War policies to Vedanta

Sterlite Copper Ltd and Balrampur Chini Mills.

The Pool issued its first P&I policy to Shipping Corporation of India in July 2026. The first P&I policy was designed by the state-owned general insurer New India Assurance Company and is backed by the sovereign guarantee.

Extending the marine pool to include P&I coverage has strengthened India's maritime risk management framework and improved the resilience of its maritime insurance ecosystem.

The BMIP ensures the continuity of maritime war risk insurance coverage and fosters the development of domestic underwriting capacity. It also enhances confidence among India's shipping and trade stakeholders.

This initiative has yielded a direct economic dividend for trade stakeholders: war risk premium rates have decreased by 35% to 40% compared to the levels observed at the height of the Middle East conflict, said the Indian Ministry of Finance. The Pool wrote a total of 1,608 policies covering cargo war risks and hull war risks between the start of operations and 29 July 2026.

P&I insurance

Building on this momentum within the current maritime landscape, India is also exploring the establishment of an Indian Protection & Indemnity (P&I) Club for domestic vessels to address ongoing war-related uncertainties. Because of the evolving challenges, it has become both practical and necessary to create a domestic P&I framework that caters to and supports the Indian shipping community, offering a vital path toward long-term financial insulation.

Speaking with *Asia Insurance Review*, Bajaj General Insurance Chief Technical Officer Amarnath Saxena said, "Every marine voyage is exposed to a wide range of third-party liabilities, which require a more specialised form of protection. This is where Protection and Indemnity insurance becomes essential."

"Globally, such third-party risks are insured with the International Group (IG) of Protection and Indemnity Clubs, a 12-member group based in London that provides liability cover to about 90% of the world's ocean-going ships by capacity (tonnage)."

About 95% of India's vessels by gross tonnage acquire P&I cover from these P&I Clubs. Furthermore, for 95% of India's tonnage, during the sanction regime, there is an extra premium payment of 200%, he said.

The sanction regime refers to ongoing Western sanctions on Russian trade — primarily targeting Russian oil exports — while India's reliance on Russian crude oil remains high. Standard maritime liability is dominated by the Europe-based International Group of P&I Clubs, which largely refuses



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coverage for Russian crude due to the Western sanctions.

While India's ocean-going fleet relies on IG clubs, the coastal fleet relies on fixed-premium non-IG insurers. No dedicated Indian P&I company exists at present, pointed out the Directorate General of Maritime Administration (DGMA). The agency said, "The cost of that absence is measurable. Indian operators send an estimated \$45-60m in annual P&I premium to foreign clubs, with the wider marine-insurance outflow larger still. Every rupee of that outflow also exports the claims data, loss-prevention know-how and underwriting talent that a domestic market would otherwise accumulate. A growing fleet without a growing domestic insurance base is, in effect, subsidising the development of foreign markets."

Furthermore, P&I certification is now mandatory under the Merchant Shipping Act, 2025 for oil tankers above 2,000 tonnes. This requires the owner to hold evidence of insurance, issued by an acceptable P&I provider, before a vessel may enter or leave port.

Risks covered by P&I

As environmental and maritime

obligations, and global uncertainty intensify, P&I insurance represents far more than mere regulatory compliance—it reflects a deliberate commitment to responsible shipping and resilient commerce.

Mr Saxena said, "P&I Clubs provide members with broad coverage against third-party liabilities that go past traditional hull and cargo insurance. One of the most fundamental areas of coverage is liability for loss of life, injury, or illness."

"Coverage also extends to repatriation expenses, as well as quarantine and diversion costs when a vessel must alter course due to medical emergencies or regulatory requirements. This extends to any person onboard, including crew members, stevedores, and passengers, ensuring that shipowners are protected against claims arising from accidents or medical emergencies at sea, thereby reinforcing both operational security and compliance with international maritime obligations."

Elaborating, Mr Saxena said, "An important critical aspect is collision liability, commonly referred to as the 'Run Down Clause'. Traditionally,

P&I insurers cover one-fourth of the liability, with the hull insurer bearing the remaining three-fourths.”

Depending on negotiations on the coverage, however, certain policies may extend to cover the full liability. This liability encompasses third-party damages arising from collisions, whether involving moving objects such as another hull, or navigational aids like buoys, or fixed objects such as ports, terminals, jetties, and cranes.

In addition, shipowners are covered for liabilities associated with wreck removal. In situations where a vessel sinks or becomes a hazard, there may be a legal obligation to remove or neutralise it, particularly to prevent environmental damage. P&I insurance covers the costs associated with such actions as well.

“Environmental liabilities are a significant exposure in marine adventure. P&I insurance responds to liabilities arising from oil spills or the discharge of other pollutants, covering both damage and clean-up costs,” said Mr Saxena.

He said P&I also includes preventive measures taken to minimise environmental harm. Salvors may also be compensated when they carry out operations aimed at protecting the environment, even if those efforts do not lead to the recovery of property.

In addition to environmental risks, P&I insurance responds to cargo-related liabilities, such as claims for loss, shortage, damage, or the extraordinary cost of discharging and disposal of abandoned goods.

Mr Saxena said, “Shipowners are also covered against fines and penalties linked to breaches

Likely differences between BMIP and proposed P&I Club

Bharat Marine Insurance Pool (BMIP)*	P&I Club
Operates as a national marine insurance and war risk pool, with capacity of \$1.5bn, backed by a \$1.4bn sovereign guarantee	The standard P&I Club is based on a non-profit mutual risk-sharing model among shipowners for third-party marine liabilities
Formed primarily to build domestic underwriting capacity and cushion Indian stakeholders against immediate regional conflicts, namely, the Middle East war	India's proposed P&I Club would be aimed at building long-term self-reliance and at reducing dependence on the dominant London-based International Group (IG) of P&I Clubs
Covers all maritime risks such as hull and machinery, cargo, P&I, and war risks for Indian-flagged or India-linked vessels destined for or starting from India	To cover the shipowner's liabilities to third parties. Covered exposures are likely to include crew death, injury and illness, crew repatriation, cargo loss or damage, oil and other pollution, wreck removal, damage to fixed and floating objects, the one-fourth collision liability not carried by Hull & Machinery, and fines
Policies are issued by domestic insurers that are Pool members, using the combined underwriting capacity of the Pool	The standard P&I Club issues policies directly

* Source: Finance Ministry of India

of immigration laws, accidental pollution, and liabilities arising from crew misconduct. Together, these provisions ensure that shipowners have protection against a wide range of operational and legal exposures encountered in maritime trade.”

P&I exclusions

Like any insurance arrangement, P&I insurance excludes certain risks from its scope, particularly those considered unlawful or outside the mutual liability framework. P&I insurance excludes war and nuclear risks, unlawful trading such as dealings with sanctioned nations, and contractual liabilities unless

expressly approved by the Club.

In addition, P&I does not insure hull damage, loss of or damage to the shipowner's own property, loss of hire, or salvage operations involving the insured vessel.

Extended support

Mr Saxena said, “Given our dependence on marine trade and the prevailing geopolitical scenario, it has become both practical and necessary to create a domestic P&I framework that caters to and supports our shipping community. This initiative holds the potential to evolve into a crucial financial safeguard in the years ahead.”