

R.M.M. Law College, Saharsa

Pt. Lecturer- KESHAV KUMAR SHRIVASTAVA

L.L.B Part- 2nd

Subject- Insurance Act

Paper- 8th

Date- 03/09/2020

Topic- Define Marine Insurance. Describe the importance and necessity of Marine Insurance.

What is Marine Insurance?

Marine insurance is exactly what you're thinking it is; insurance for goods traveling via sea. It's also commonly known as cargo insurance.

We recommend that both importers and exporters should have marine insurance, but for the sake of relevance we're focusing on importers. Getting your freight insurance is never going to go amiss.

Marine insurance covers loss or damage of your cargo while it's on the move – which is great because with all the distance it has to travel there are a few potential things that can go wrong. Fortunately, these mishaps are not at all common, the vast majority of our customers have imported without the need for insurance for years – unfortunately, accidents can happen and, when they do, they can be expensive.

It's like taking out insurance on your home. Yes, chances are it's *not* going to burn down, you *aren't* going to get burgled and a freak flood *isn't* going to damage all your flooring.

But there's still a chance something could happen. If anything were to happen, you know you'll be severely out of pocket and insurance will help with that.

Something isn't likely to happen to your goods – but covering your back with freight insurance is great for that extra protection.

In the end, it's up to you to weigh the risks and decide whether you want to take out insurance or not.

Boat and yacht insurance policies usually provide cover for;

- Physical damage to the vessel caused by a collision with another vessel or a submerged item.
- Liability for bodily injury or damage to the property of others.
- Damage to personal property on the boat
- Gas delivery, towing or assistance in case your boat becomes stranded.

Importance and necessity of Marine Insurance.

The shipping industry is a dark horse. It's everywhere and touches essentially *everything* – that fruit you ate earlier?

Probably imported. Your clothes? Probably imported. The materials used to build the train you rode to work today? Well, guess what – those were imported too.

Yet, even though the shipping industry quite literally supports the world, you hardly ever hear about it. You very rarely turn on the news and see Captain John and his crew, do you?

Just because you don't hear a lot about what happens on the sea, don't make the mistake of thinking nothing does.

There are many situations in which having marine insurance can be beneficial.

1. Cargo damage can occur

To be fair, this one is pretty easy to guess – on a few occasions in the shipping process, your goods are moved, either by hand, by fork-lift, or by crane. This handling, by it's very nature can put a stress on a carton or a crate.

In addition, when loaded into a shipping container there will always be cartons on the top of a stack and cartons at the bottom of a stack. Port handling staff are pretty skilled at loading containers but some cartons may be more delicate or heavy than they look.

2 .More containers lost at sea every year

Every year, an average of almost 1,700 containers are lost at sea. Although this is minuscule in proportion to how many containers are transported on the sea every year, this number is on the rise and you don't want to be one of the unlucky few whose containers go missing and get no compensation.

3 .Catastrophic events happen

Unfortunately, there are always going to be unforeseen circumstances and acts of God (what these types of things are considered as in insurance policies) like hurricanes and freak storms. Ships can sink, goods can be thrown overboard; catastrophic events can happen and it always helps to cover your back.

4 .General Average – Expedite the release of your cargo.

If a General Average occurs, everyone who has goods aboard the vessel has to pay out an equal amount to cover damage and loss.

To get your goods released to you, you have to pay this fee (which is often much more than you'd expect – in this real life example, a company had to pay the average bond for release of \$125,000 to get their goods off the ship) or the cargo won't be released to use.

General Average is covered by most cargo insurance policies, however, which means your cargo insurance will pay the bond to get your goods released.

5 .Coverage for limited carrier liability

If something goes wrong with your shipment, a lot of people are under the impression that the minimum basic insurance your freight forwarders are obligated to provide will be enough. Unfortunately, this is like assuming your home's contents coverage package will cover you losing your phone.

6 .Pirates.

Although it sounds almost laughable, piracy is still very much at large on the modern world. If your goods are traveling through certain countries and areas, your goods could be at risk.

The End