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L.L.B Part- 2nd

Subject- Insurance Act

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Topic- What is Marine Insurance? What kinds of clauses are there is Marine Insurance policy? Elaborate them.

What is Marine Insurance?

Marine insurance definition refers to the insurance of goods dispatched from the country of origin to the country of destination. The term originates from the fact that goods intended for international trade were traditionally transported by sea. Despite what the name implies, marine insurance is applicable to all modes of transportation of goods. When the goods are sent by air, their insurance is also known as marine cargo insurance.

Insurance is often compulsory in many export trade contracts. It can be the obligation of the exporter or the importer to pay the insurance cost on the shipment, depending on the terms of the contract. However, the need for insurance goes beyond contractual obligations, and there are several valid arguments for buying it before dispatching the export cargo.

Goods should only be insured for transit by one of the following three parties:

- The Forwarding Agent
- The Exporter
- The Importer

Kinds of clauses are there is Marine Insurance policy-

1. Valuation Clause:

The value of the subject is given in the clause. The value is agreed upon between both the parties. In case of loss or damage, the compensation will not exceed the amount given in the policy. If the value of the policy is to be decided at the time of loss, then this column is left blank.

2. **<u>‘At and From’ Clause</u>**:

This clause refers to the time when risk commences. According to this clause the risk coverage starts when the ship is lying at the port of its departure and from the time it leaves the port. If insurance policy states the words, ‘at and from Madras’, it means the risk is covered when the ship is at Madras port and also when it leaves this port. This clause applies to Hull and Freight Insurance.

3. **<u>Sue and Labour Clause</u>**:

This clause enables the insured and the insurer in trying to save the subject- matter of insurance from any type of loss. If the insured spends some money in an attempt to save the goods from an impending loss, he can recover this amount from the insurer. The act of saving the subject-matter on minimising loss does not amount to deviation and the contract will not be void.

4. **<u>Warehouse to Warehouse Clause</u>**:

This clause covers the risk from the warehouse of the shipper or consignor to the warehouse at the destination. If the cargo is to be brought from the hinterland to the port, one marine policy will cover the risk at land and also at sea. The risk of taking goods to the port from sender’s warehouse to the arrival of goods at the receiver’s warehouse is covered. This clause saves the shipper from lot of troubles and he is sure of the safe arrival of the subject matter not only at the port but also at the warehouse.

5. **<u>Change of Voyage</u>**:

The details of the voyage are mentioned in the policy. The ports of departure and arrival are mentioned in the policy. The route to be followed by the ship is also given. In case of any deviation, the insurer will be relieved of his liability. If the ship changes its original route and follows same route later on, it will be taken as deviation. The insurer will not be liable to indemnify the loss if the original route is changed.

6. **<u>Touch and Stay Clause</u>**:

The ship should go and stay only at those ports which are mentioned in the policy. In case the ports are not mentioned, then the ship should take the customary route and stay at the port coming on that route only. If the ship goes to any other port, it will amount to deviation. The calling at ports must be for justifiable reasons.

7. **Inchmaree Clause**:

Under this clause any loss caused by the negligence of the master or a crew member is also covered. The damage caused to the cargo in loading and unloading operations is also recoverable. This clause was inserted after a famous case involving a ship named 'Inchmare' in 1857. This ship was damaged by the negligence of the crew and the insured could not get the claim for damages because it was not covered under the 'perils of the sea'. Later on, underwriters included this clause in Marine Insurance.

8. **Jettison**:

It means throwing off certain cargo in order to lighten the load on a ship in emergency situations. It is necessitated to avoid a marine peril. The jettisoning must be done deliberately. The load to be thrown off is left to the master of the ship. The loss caused by jettisoning is covered under general clause.

9. **Memorandum Clause**:

Sometimes perishable goods are the subject-matter of insurance. The memorandum clause is used to save the insurer from paying small losses of perishable goods. Under this clause the insurer is not liable for partial losses. In certain commodities this loss is allowed up to 50%. However, if there is a general loss or the ship is stranded, the insurer will be liable to pay the loss.

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