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L.L.B Part- 2nd

Subject- Insurance Act

Paper- 8th

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Topic- What is Marine insurance? Describe the method of effecting Marine Insurance.

Marine Insurance

Marine Insurance is a type of insurance that covers cargo losses or damage caused to ships, cargo vessels, terminals, and any transport in which goods are transferred or acquired between different points of origin and their final destination. Providing protection against transport-related losses, this voyage policy provides a haven for shipping companies and couriers because it protects them from costly potential losses while transporting goods by water.

Despite following laws and safety regulations, transporters can't control natural occurrences that might disrupt the cargo or vessel. Things like weather hazards, encounters with pirates, and cross border conflicts are very common in water transportation and the damages associated with these situations can cause a significant financial hardship for ship owners. This is where a marine insurance policy comes to the rescue, protecting the interests of shipping corporations and transporters by providing them with insurance coverage needed to defend against possible losses.

Another great feature of marine insurance is that transporters can choose coverage options applicable to their specific trade. Coverage requirements can differ, so shipping businesses can choose an insurance plan that is customized. Different policies are available to provide coverage according to the size of the ship and routes taken.

Method Of Effecting Marine Insurance Policy

Taking marine insurance policy has to follow a detailed procedures from selecting appropriate insurance company to issuance of insurance policy.

Steps involved in the process of effecting marine insurance policy can be described as follows:

1. Selecting an insurance company

The person who wishes to take marine insurance has to select an appropriate insurance company that carries out such insurance. The selection of an appropriate insurance company depends on a number of factors like history of the company, financial soundness and credibility of the company.

2. Filling up a proposal form

The prospective person then should fill up a proposal form that is available from the insurance company or its agent. The proposal form is a printed sheet in a standard format that requires certain information filled regarding the name, address and occupation of the intended policyholder, nature and value of property or cargo, the type of policy sought and the sum of premium to be paid.

3. Gathering evidence

After receiving the proposal form, **the insurance** company gathers evidence of respectability of the prospective policyholder. The evidence of respectability includes the information about honesty, credibility and the financial position of the intended policyholder. The insurance company gathers such information from third parties such as banks.

4. Evaluating property

Once the insurance company gathers the evidence of respectability of the proposer, it starts surveying and evaluating the subject matters being insured. Based on the survey and evaluation, the level of risk involved in the subject matters is ascertained and the sum of premium to be paid by the proposer is determined.

5. Accepting the proposal

After the scrutiny of the proposal by collecting the evidence of respectability and surveyor and evaluators' report, the insurance company decides whether to accept the proposal. If everything is acceptable and the officials of the insurance company are satisfied with the details inquired, the insurance company accepts the proposal and requests the proposer for the payment of the premium.

6. Issuing a cover note

Upon receipt of the premium from the proposer, the insurance company issues a receipt of payment which is called cover note and this is like a temporary policy as it covers and protects the subject matters from any loss occurred before the issue of the final marine **insurance policy**.

7. Issuing marine insurance policy

Finally marine insurance policy is prepared and issued to the policyholder after it is duly stamped and signed by the official of the insurance company and policyholder. This policy contains personal information of the policyholder, details of the subject-matters and terms and conditions which are agreed upon by the insurer and insured. Upon the issue of marine insurance policy, it is fully operational and covers the loss that may occur in sea voyage.

The End