



भारतीय बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND
DEVELOPMENT AUTHORITY OF INDIA

Date: 23.05.2016

Capt. K P Jaykumar
Dy. Nautical Adviser to Govt of India
Govt of India, Ministry of Shipping
Directorate General of Shipping
Beta Building, 9th Floor, I-Think Techno Campus
Kanjur Village Road, Kanjur Marg (East)
Mumbai- 400042

Dear Sir

Re: Guidance/instructions to insurance companies in respect of stranded/grounded vessels on the Indian coast.

We acknowledge receipt of your letter No- F.No.68-NT(3)/2015 dtd.08.01.2016 on the captioned matter.

We have further examined your request and wish to inform you the following-

Not all marine hull insurance policies cover the risk of wreck removal. Ocean going vessels generally cover the liability towards wreck removal with Protection & Indemnity (P&I) clubs. Smaller vessels, which ply in the inland waters and coastal waters, may buy policies that include the risk of wreck removal. In either case, the sum insured of the vessel is independent of the sum insured for wreck removal.

Insurance policies are contracts entered into between the insured and the insurer and both parties are bound by the terms and conditions of the contract. While proceeding to settle a hull claim, the insurer has to strictly adhere to the terms and conditions of the policy. Hence to mandate that a hull claim should be settled after obtaining a No objection Certificate from DG, Shipping is not practical.

However, wreck removal claims are paid by insurers after the expenses have actually been incurred for this purpose and as such wreck removal claim being paid without the wreck being actually removed is very unlikely.

We, however, have noted your concerns on the matter and shall be sharing the same with the insurers.

Thanking you.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Suresh Mathur', with a long horizontal stroke extending to the right.

Suresh Mathur

Sr. Joint Director

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