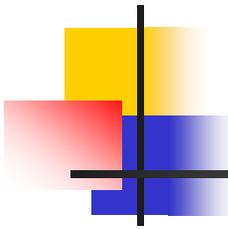


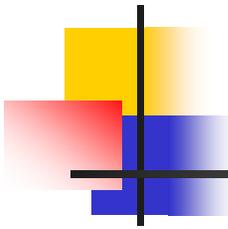
Chapter 14

Export Risk Insurance



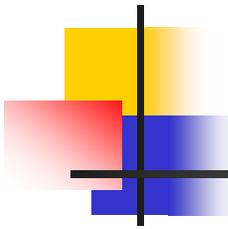
Objectives

- What is marine insurance
- What is the role of ECGC and export credit risk insurance



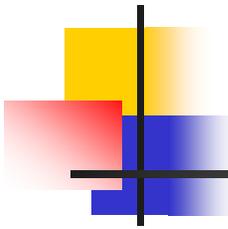
Introduction

- The maritime perils and commercial and political risks the exporters are exposed to and the credit risks the exporters and export financiers encounter are among the serious problems affecting export business.
- Such risks, therefore, need to be covered so as to protect the interests of the exporters and financiers and to encourage national exports.



Marine Insurance

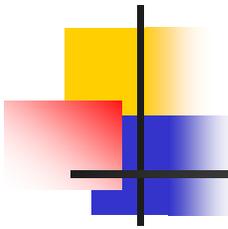
- A contract of marine insurance is an agreement whereby the insurer undertakes to indemnify the assured, in the manner and to the extent thereby agreed, against marine losses, that is to say, losses incidental to marine adventure.



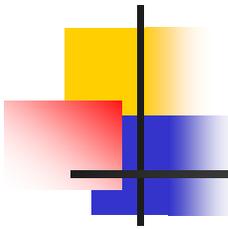
Types Of Marine Insurance

- Time policy
- Voyage policy
- Mixed policy
- Floating policy

ECGC And Export Credit Risk Insurance

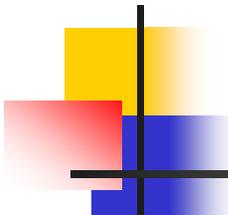


- The Export Credit Guarantee Corporation of India Ltd., a company wholly owned by government of India and which functions under the administrative control of the Ministry of Commerce, have a number of schemes to cover several risks which are not covered by the general insurers.



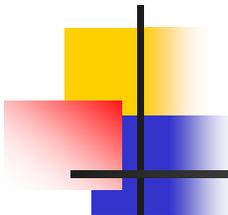
Objectives Of ECGC

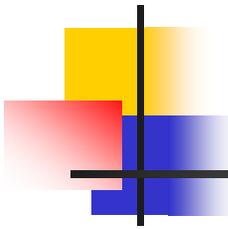
1. To provide insurance cover to exporters against political risks and commercial risks.
2. To provide insurance cover to exporters against the risk of exchange rate fluctuations in respect deferred payments.
3. To provide insurance cover to banks against export credit and guarantees extended by them.
4. To provide insurance cover to Indian investors abroad against political risks.



Political Risks

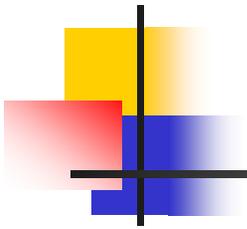
1. Imposition of restrictions on remittances by the government in the buyer's country.
2. War, revolution or civil disturbances in the buyer's country.
3. New import licensing restrictions or cancellation of a valid import license in the buyer's country, after the date of shipment or contract as applicable.
4. Cancellation of export license or imposition of new export licensing restrictions in Indian after effective date of contract.

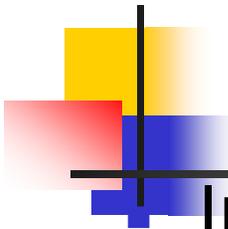
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5. Payment of additional handling, transport or insurance charges occasioned by interruption or diversion of voyage which cannot be recovered from the buyer.
 6. Any other cause of loss occurring outside India, not normally insured by general insures, and beyond the control of the exporter and/or the buyer.



Risks Not Covered

1. Commercial disputes including quality disputes raised by the buyer.
2. Causes inherent in the nature of goods
3. Buyer's failure to obtain necessary import or exchange authorization from the authorities in his country
4. Insolvency or default of any agent of the exporter or of the collecting bank

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5. Loss or damage to goods which can be covered by general insurers.
 6. Exchange rate fluctuations
 7. Failure of the exporter to fulfill the terms of the export contract or negligence on his part.



Summary

In order to cover the commercial, political and credit risks of exporters the MIA and ECGE were formed.

- The maritime perils which may be insured against are
 - Perils of the sea
 - fire
 - Men-of-war and enemies
 - Pirates, rovers and thieves
 - Jettison
 - Letters of mart and countermart, surprisals, taking at the sea
 - Capture at sea
 - Barratry