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THE MEANING OF MARINE INSURANCE

Marine insurance is a type of insurance that covers boats and ships, as well as their cargo and in some instances the places where the boat or ship is docked. It has a colorful history, beginning informally in England during the 17th century. In 1906, the Marine Insurance Act was passed under British law, creating a standard operating procedure for policies that dictates the world's policies to this day. The standards set forth by the act are considered reasonable, but due to changes in technology and social standards, the act is generally seen as obsolete and is being replaced by more modern legislature [1, p. 66].

There are several varieties of insurance that can be taken out by a boat or ship owner. Marine cargo insurance covers whatever goods the boat is carrying. Also known as cargo marine insurance, cargo insurance is a type of insurance that helps to provide compensation in the event that goods are damaged during transit from the seller's location to the buyer's location. Typically used in a shipping environment that involves travel from one country to the next, the insurance coverage only covers the transport period from leaving the docks in the country of origin and arriving at the docks at the point of destination. The actual mode of transport may be by waterway, over land, or even by air.

There are several benefits to securing cargo insurance for goods that are transported over long distances, especially when that transport involves international shipping. Sellers or exporters can make use of the coverage to protect themselves from a number of unfortunate incidents such as the sinking of a ship, hijacking of the transport vessel, or even damage due to heat or humidity during the shipment process. Depending on the scope of the coverage, even something as simple as the freight being rearranged during transport and sustaining damage may be covered [2, p. 40]. Essentially, any losses that result from negligence or issues outside the control of the exporter may be offset by the benefits from the cargo insurance.

Buyers or importers also benefit from the use of cargo insurance. Since the value of the goods are protected, this means that even if they arrive at the port of destination in damaged condition, there is the opportunity to file a claim and eventually have those goods replaced. This approach also makes it easier to recoup any funds that have already been paid to the exporter, such as when the goods are one of a kind and cannot be replaced. From this perspective, cargo insurance covers the interests of both the buyer and seller and helps to minimize the losses that can occur when the covered goods are lost, stolen, or damaged during transit.

Typically, the seller or exporter will secure the cargo insurance and bundle the cost into the total amount charged to the buyer, along with shipping charges and other ancillary fees and costs. At times, a buyer or importer may secure cargo insurance to protect a shipment, especially if the seller prefers to use other types of insurance in lieu of cargo marine coverage. Doing so may cost the buyer a little more, but the benefits that are provided in the event something is wrong with the goods when they reach port are usually considered worth the expense.

Inland marine insurance can be procured for floating vessels that are not ocean-bound, but travel primarily on lakes, rivers and reservoirs. Inland marine insurance is an insurance instrument which is designed to protect property while in transit, along with high-value mobile items like silverware and tools. Despite the rather peculiar name, inland marine insurance is actually a very useful type of insurance, and it is commonly recommended to business owners, especially people who need to travel for work or people who work with high-value items [3, p. 20]. Many insurance companies offer this type of policy, and can discuss options with their clients. This type of insurance is typically purchased as a supplement to an existing insurance policy.

The origins of this type of insurance allegedly started with Lloyd's of London, a venerable provider of insurance which dates back to the 17th century. Lloyd's initially insured the cargo of ships, holding policyholders responsible for whatever happened to their goods on land. Eventually, coverage expanded to include cargo after it had been offloaded, with inland marine insurance covering cargo in transit, storage, or holding, providing more complete coverage to policyholders. Today, inland marine insurance is often used by people who are nowhere near the ocean and have no intention of carrying anything by ship.

Commercial insurance usually covers a specific premises. Inland marine insurance applies to the goods and property associated with someone's job, wherever they might be. When a contractor's tools are stolen out of a truck or off a work site, they would be covered by inland marine insurance. Likewise, goods damaged in transit across dry land could be covered by this type of insurance. People can also cover individual buildings and other types of property with this type of insurance.

Insurance agents may recommend inland marine insurance to fill gaps in coverage, ensuring that someone is totally covered in the event of a problem. For example, many things covered by this type of insurance are specifically excluded in conventional insurance policies, like jewels, for example. Having inland marine insurance as a «floater» policy can protect people from losses. This type of insurance is also not restricted to commercial customers.

When shopping for any kind of insurance policy, people should take note of the deductible and any restrictions on the policy. They can choose between named peril policies, in which everything covered by the policy is specifically cited by name, or all-risks insurance, in which anything excluded from the policy is specifically stated. For example, an all-risks policy might indicate that it would not cover losses caused by negligence, suggesting that it will cover everything else, from hurricanes to fires.

There are also more general policies that cover the boat itself and its passengers, liability for damages to other moving vehicles and liability during an encounter with a non-moving object. These all fall under the heading of a marine insurance policy [4, p. 73]. An insurance policy is a contract which outlines an insurer's obligations to a premium-paying party, known as the policy holder. There are a great many different types of insurance, with health insurance, automobile insurance, life insurance, and homeowner's insurance among the most common. No matter the type of insurance, an insurance policy usually consists of six sections: declarations, definitions, lists of covered items, exclusions, conditions, and endorsements.

When the policy holder purchases insurance, he is essentially buying financial compensation which will be paid to him by his insurer following an eligible event. Should he purchase health insurance, for instance, his insurer is expected to pay for eligible health care expenses. The circumstances by which a policy holder will or will not receive coverage are outlined in an insurance policy, or a contract which specifies the insurer's exact obligations to him.

Usually, the first part of an insurance policy is known as the declarations section. This section includes details about the policy holder, such as his name and address. It also includes information about the entity which is being insured. For instance, an automobile insurance policy declarations page may list such details as the make and model of the policy holder's car. In addition, this section generally includes information about the insurance plan itself, such as the premium amount and the dates for which the policy is valid.

Often, these declarations are followed by a definitions section. This section clarifies the exact meanings of certain words used within the policy in order to prevent misinterpretation. For instance, a health insurance policy may define such terms as outpatient procedure or preexisting condition.

These definitions are generally followed by three lists: covered items, exclusions, and conditions. The list of covered items states each type of incident or event for which coverage will be offered to the policy holder. Conversely, the exclusions list compiles the incidents or events for which coverage will not be offered. Finally, the conditions section lists circumstances which might invalidate the policy holder's coverage following an otherwise eligible incident or event. An automobile insurance policy, for instance, may state in its conditions that the policy holder will not receive compensation for an accident that occurred while he was intoxicated.

Lastly, many insurance policies end with an endorsements section. Endorsements are provisions which are usually unique to a particular policy, and which override conditions given in other sections of that policy. The bulk of an insurance policy usually consists of a standard contract, and the declarations and endorsements are often the only sections that are edited to fit each policy holder.

A private ship owner who uses his large boat for pleasure cruising in a marina may wish to take out inland marine insurance, as well as specialty yacht insurance. A merchant ship sailing in politically unsure waters may find it necessary to take out cargo insurance as well as a specific war policy that protects the boat and goods in the event of unfriendly actions. Marine insurance is often available through general insurance companies, and many car insurance dealers offer discounts to those who pay for more than one policy through their company. General insurance normally refers to any non-life insurance coverage. This includes both personal lines insurance and commercial lines insurance. Personal lines insurance includes the coverages used to protect a policyholder from loss or damage to personal property or from damages for which the policyholder may be held personally responsible. Commercial lines insurance protects a business from loss of its business property or damages for which the company may be held liable [5, pp. 126–141].

Personal automobile insurance and homeowners insurance are the most common types of general insurance. Automobile and homeowners policies can include both property and casualty coverage. Property coverage pays for loss to the policyholder's property, while casualty coverage pays for damages for which the policyholder is held liable. For instance, if an insured person accidentally drives his personal automobile into the side of a building owned by someone else, his insurance would pay for the damage to his vehicle through his property coverage, and for damage to the building through his casualty coverage.

In many places, automobile insurance is required to operate a vehicle. If the vehicle is used by a business, the driver is normally covered under the company's commercial auto policy. If the vehicle is personally owned, the driver would be covered by the owner's personal auto policy.

Homeowners insurance is another type of general insurance. Homeowners insurance pays for damage to a home and personal property owned by an insured person through the property coverage. It also offers, through its casualty coverage, protection from lawsuits that may occur as the result of damage inadvertently caused by the policyholder or other members of his household. If a home is damaged by a covered peril, such as a burst pipe, the policy's property coverage would pay for repairs. If the insured person's minor child accidentally threw a ball through a neighbor's window, the policy's casualty coverage would pay to have the neighbor's window replaced.

Renter's insurance is another type of general insurance. It is similar to homeowners insurance in that it covers the policyholder's personal property while also offering liability coverage for damage for which the policyholder may be liable, including damage caused to the home being rented. If a renter leaves an oven on and causes a fire that damages the rental property, the renter's policy would pay for damage to the home that was caused by the insured person. It would also pay for damage to the tenant's personal belongings that occurred in the fire.

Commercial lines insurance is general insurance that is similar to personal lines insurance in that it can include both property and casualty coverages. The difference between personal lines and commercial lines insurance is that personal lines protects people engaged in their own non-work related business as well as property they own, and commercial lines coverages protect a business from the actions of its employees as well as the business's assets. The most common types of commercial general insurance are commercial auto liability and commercial general liability [6].

In addition, there are several other categories of commercial lines general insurance. There are casualty coverages including premises liability, professional liability and products and complete operations liability. Premises liability covers visitors who may be injured on the insured's property. Professional liability pays for damage caused to a client of a specially trained industry expert whose services were deficient or inaccurate in some way. Products and completed operations liability pays for damage caused by a product or service that was completed and relinquished by the insured, but then later caused damage to a client.

There are also dealers who work singularly in this area and only offer marine boat insurance. Boat insurance is a necessity for any boat owner, whether the boat is intended for living on or just for leisure use. A boat is considered just as much of an asset as a house or any other form of property. For this reason, more and more insurance companies offer insurance to boat owners.

Whether on land or on sea, there is no telling what can happen to a boat. Therefore, it is important to be prepared for any tragedy that may occur. Most insurance companies provide boaters with a variety of coverage options. These options can range from covering the boat's life to the life of its owner.

Like car insurance, boat insurance usually consists of two primary phases. These include liability in regards to protection, as well as indemnity and property loss. Boat insurance can also provide coverage for physical damage to the boat. If the hull, machinery, and furniture are damaged, for example, they are all covered by boat insurance.

There is also boat insurance coverage for poor workmanship on the boat and for any vandalism that may occur to the boat. With boat insurance, the boat is also protected if the owner should sail in an area deemed to be dangerous for boats. In addition, boat insurance can cover accidents that occur at sea with other boats. Boat insurance can even cover injuries if a person aboard the boat gets hurt in some way.

These days, it is mandatory to have boat insurance before setting sail. In addition, lenders ensure new boat owners purchase boat insurance before taking the boat off the lot. Not only does this protect the boat owner, but it also protects the lender if the boat becomes damaged or destroyed. One perk to boat insurance is that it can be established to cover the full cost of replacing or repairing the boat if it becomes damaged, despite the change in its value due to depreciation.

With boat insurance, the actual cash value or the figure that is agreed upon beforehand is given to the boat owner if the boat is lost or damaged. Therefore, it is important to select the boat insurance that best fits the boat owner's lifestyle and needs.

Policies can be broken down to cover only the boat, only the cargo, or both; most do not include coverage of objects on the boat that are not required for the ship's operation, such as computers, cell phones, or other types of valuables.

The rates of a marine insurance company vary depending upon the type of boat, size of boat, use of boat and the owner's current insurance history [7, pp. 172–200]. Some policies may have stipulations on what they will and will not cover, and how much of the damages the owner of the boat is required to pay out of pocket. As with other types of insurance, it is almost always best to look at more than one policy before deciding on which to buy. Purchasers should be aware that the necessity for watercraft insurance varies by country and region.

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Анотація

***Адамова О. С.* Поняття морського страхування.** — Стаття.

Досліджуються поняття морського страхування, підстави виникнення. Аналізується необхідність та актуальність морського страхування як гарантія спокою та економічної безпеки судновласника та вантажовласника, а також стабільності ринкових відносин. Також здійснюється аналіз існуючих видів та способів страхування.

Ключові слова: морське страхування, мореплавство, судновласник, вантаж, судно, небезпека, ризик, послуга, поліс, покриття.

Аннотация

***Адамова Е. С.* Понятие морского страхования.** — Статья.

Исследуется понятие морского страхования, основания возникновения. Анализируется необходимость и актуальность морского страхования как гарантии спокойствия и экономической безопасности судовладельца и грузовладельца, а также стабильности рыночных отношений. Также осуществляется анализ существующих видов и способов страхования.

Ключевые слова: морское страхование, мореходство, судовладелец, груз, судно, опасность, риск, услуга, полис, покрытие.

Summary

***Adamova O. S.* The meaning of Marine insurance.** — Article.

The concepts of marine insurance and founding of origin are investigated. A necessity and actuality of marine insurance are analysed as to the guarantee of calmness and economic security of the shipowner and owner of cargo and also stability of market relations. Also the analysis of existent kinds and methods of insurance was made.

Keywords: marine insurance, navigator, shipowner, cargo, ship, danger, risk, favour, policy, coverage.