

GENERAL AVERAGE

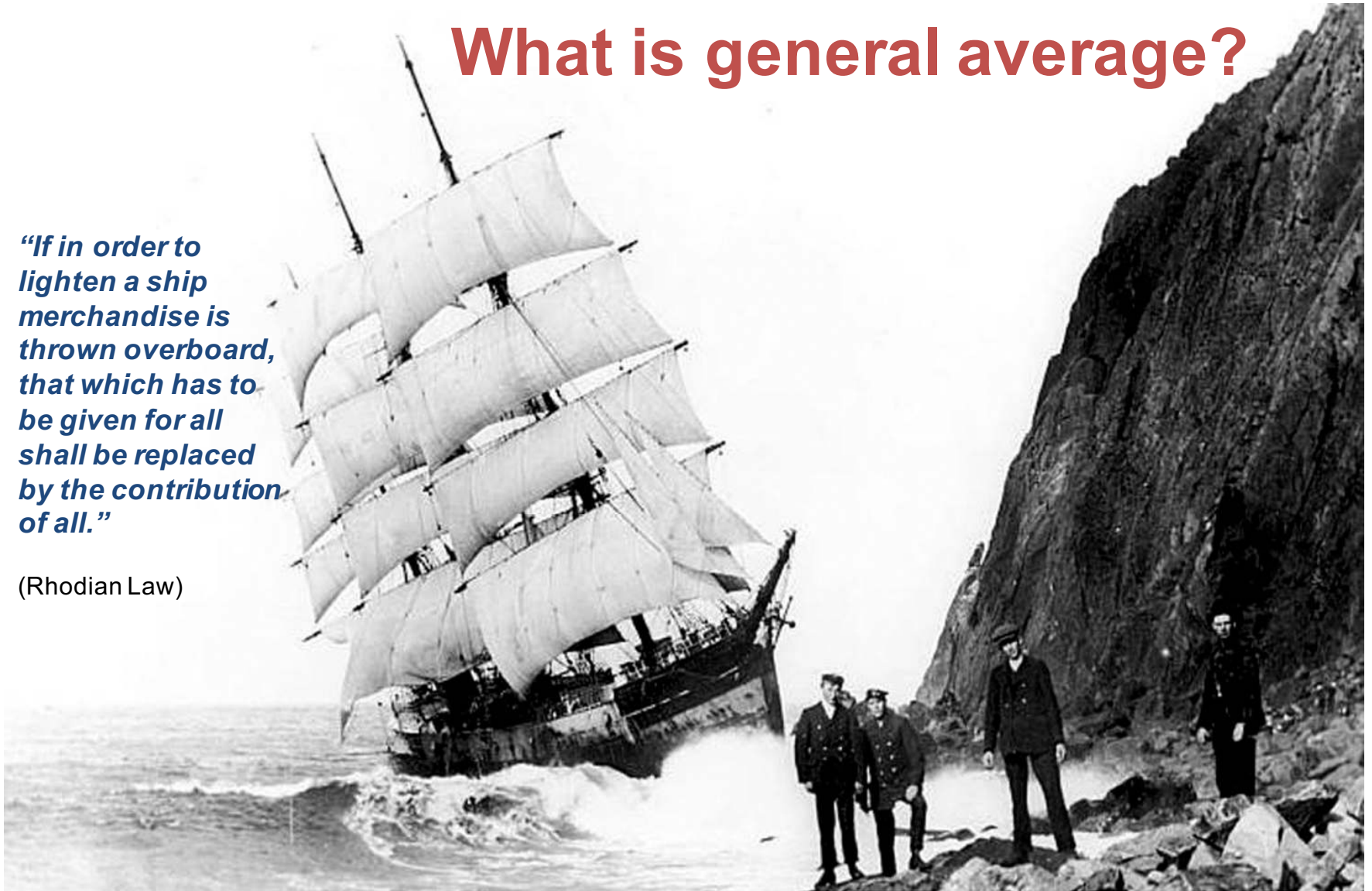


Angeliki Kallini
RICHARDS HOGG LINDLEY
Associate, Association of Average Adjusters

What is general average?

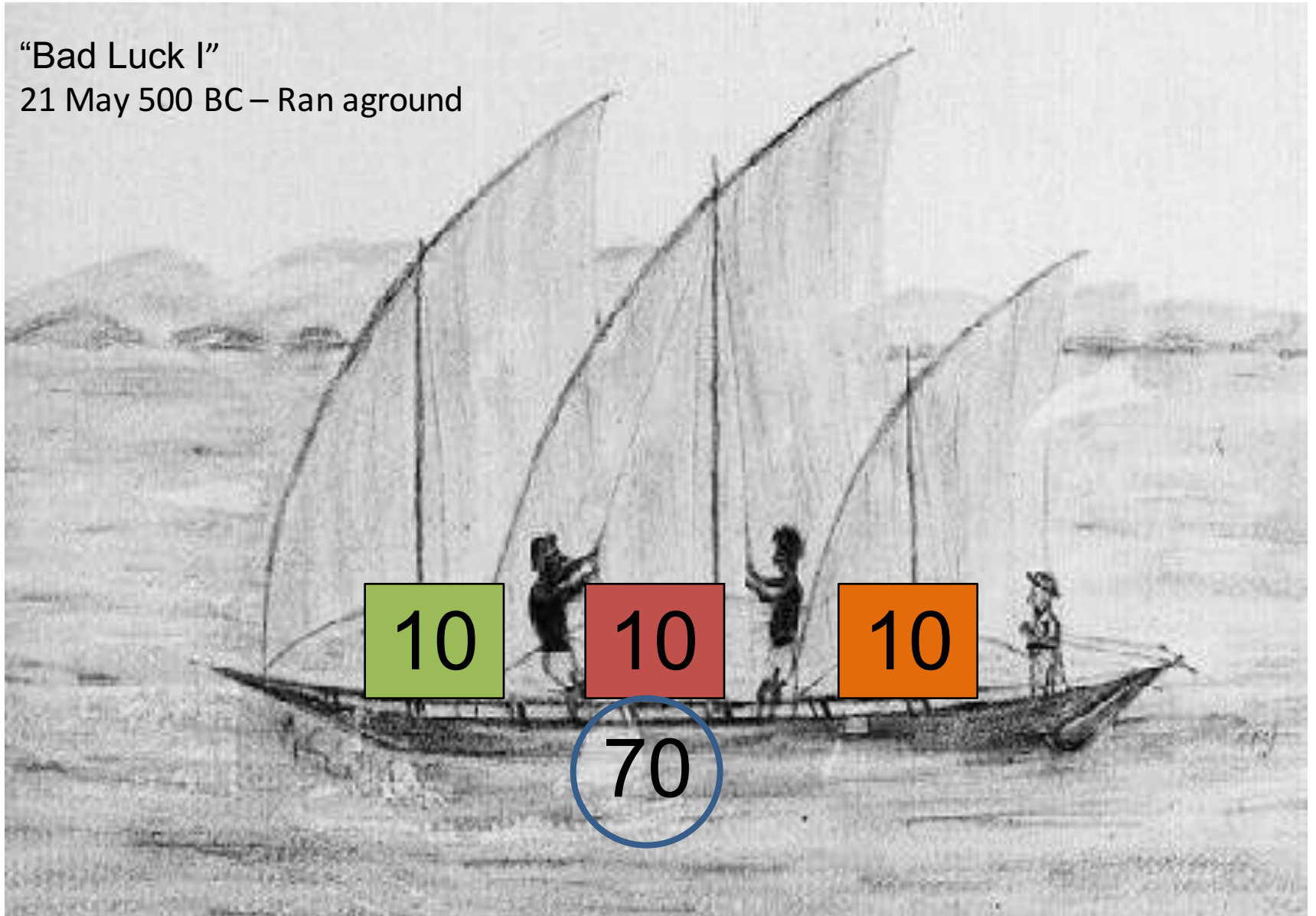
“If in order to lighten a ship merchandise is thrown overboard, that which has to be given for all shall be replaced by the contribution of all.”

(Rhodian Law)



“Bad Luck I”

21 May 500 BC – Ran aground



Made Good

10

pays

1

Value

10

pays

1

Value

10

pays

1

Value

70

pays

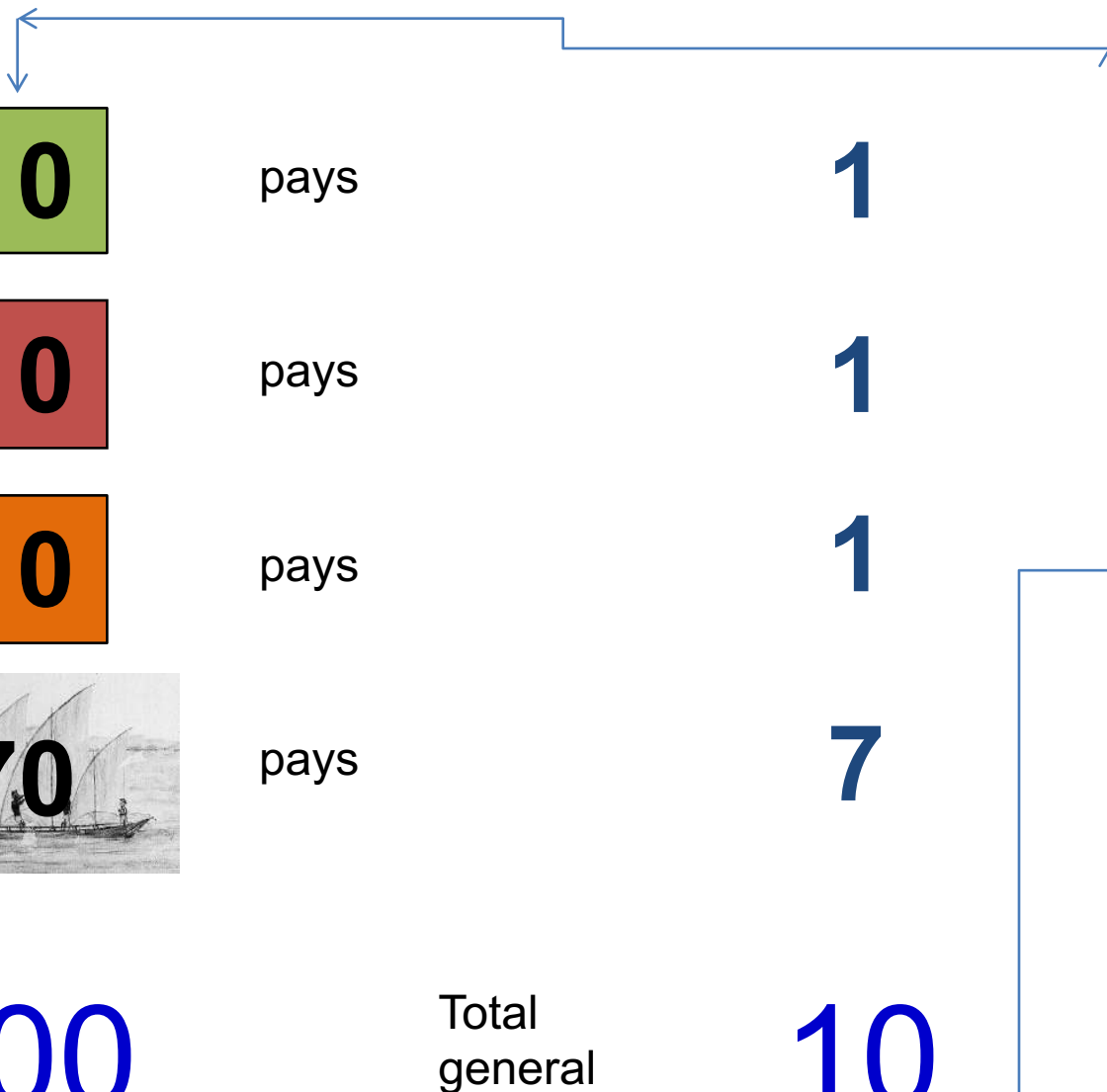
7

Total
contributory
values

100

Total
general
average

10





A means of sharing losses incurred to save maritime property from peril

If Party A's property has to be sacrificed so that the remaining property can be saved from destruction, the owners of the saved property should make good Party A's loss.

York-Antwerp Rule A

“There is a general average act when, and only when, any extraordinary sacrifice or expenditure is intentionally and reasonably made or incurred for the common safety for the purpose of preserving from peril the property involved in a common maritime adventure.”

Typical GA allowances

COMMON SAFETY

- Damage by water used to extinguish a fire;
- Damage caused to the ship during efforts to refloat;
- Cost of tugs used to tow a disabled ship to a safe place;

COMMON BENEFIT

- Port charges;
- Wages and maintenance of crew;
- Bunkers consumed at the port of refuge to keep the ship running

Ship and cargoes are insured. Why do we have to share all the losses?

No pressure !

No need to worry about who will pay.

The costs of saving the adventure from total loss will be shared fairly and equitably by all the parties.

That is general average.

Thank you



Angeliki Kallini

Richards Hogg Lindley
Reinsurance Adjusters and Marine Claims Consultants