

# The Britannia Steam Ship Insurance Association Limited

# Marine Insurance – Case Study

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by

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# Marine Insurance – Case Study

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- Introduction
- The incident
- The losses / Which insurer(s) respond?
- Who is liable?
- Conclusion

## Scope of presentation

- Provide a real case scenario where most types of marine insurance apply
- Gain an understanding of how various types of Marine Insurance interplay
- See what type of risks marine insurers respond to and identify the challenges therein
- See what we do at our desks!

# Introduction - P&I Claims figures

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- 4,382 claim in total
- 18 claims estimated over USD1m – aggregate value USD84m
- 18 “pool” claims – aggregate estimated cost USD304m

# The incident

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- Based on a real incident
- Facts tweaked
- Photos / Graphs unrelated
- “Middle” case from a quantum perspective – aggregate P&I value USD3,500,000

# The incident

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- What happened?
- The aftermath
- How was it resolved?
- What went wrong?
- Liabilities

# The incident – What happened?

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- Container ship “X” came into contact with container ship “Y” while berthing, with pilot onboard under tug assistance, “X”’s port side collided with “Y”’s forecastle starboard side
- Due to the collision “X” collided with the berth
- Following the contact with the berth “X” ran aground
- “X” was refloated and subsequently ran aground again on the containers that had fallen overboard

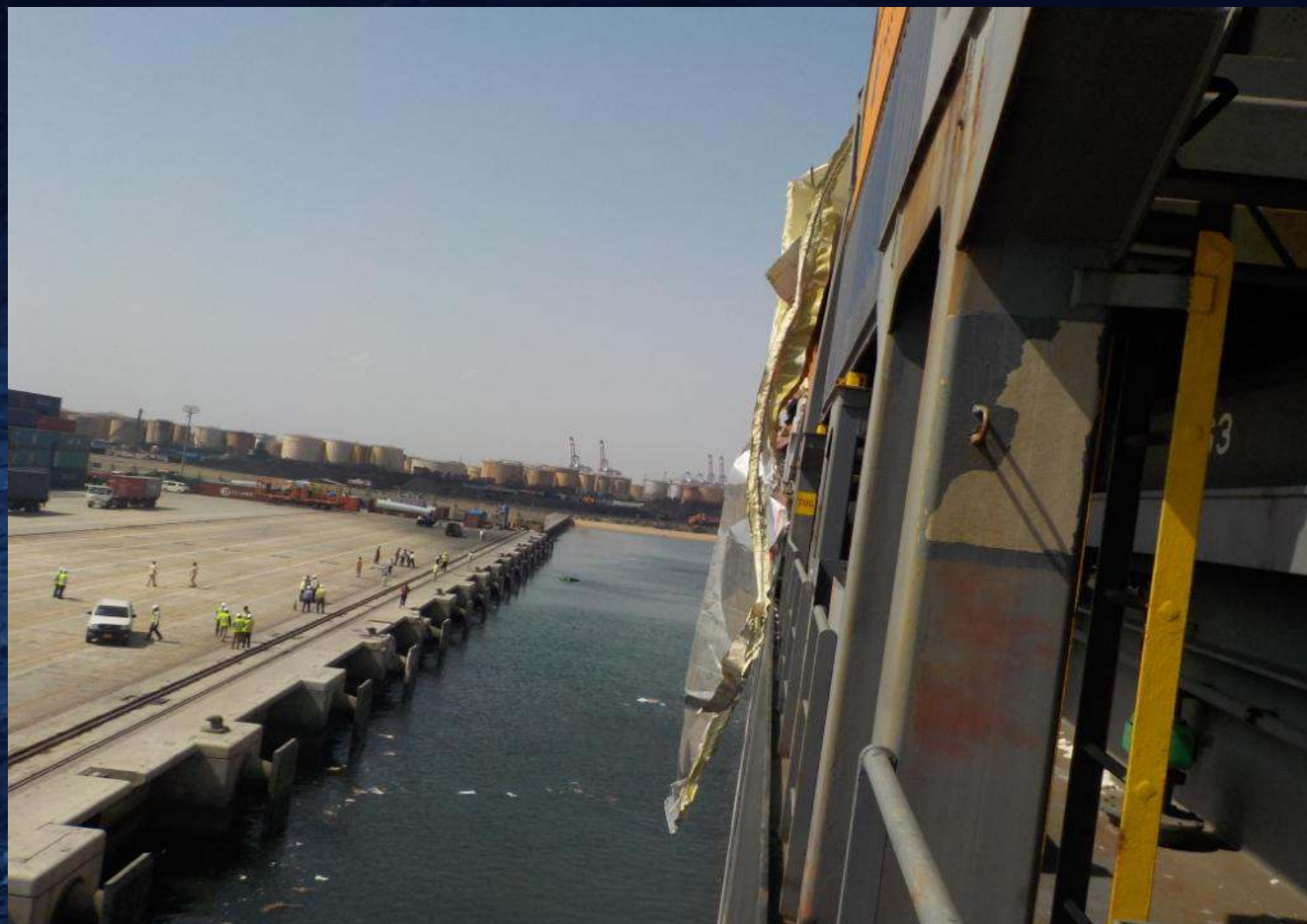


## The incident – The aftermath

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- Due to the contact with “Y”, “X” lost 55 containers overboard, (51 in the sea and 4 on “Y”). Another 33 containers were damaged onboard the “X”
- The berth suffered severe structural damage
- As result of the contact with berth, “X”’s port side fuel tank ruptured, thus leaking fuel oil
- Spilled oil and cargo from the containers lost overboard reached a nearby beach
- “Y”’s departure was delayed by 7 days
- “X”’s departure was delayed by 12 days
- The terminal was shut down for 4 days

# The incident – The aftermath



# The incident – How was it resolved?

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- “X” was refloated and berthed alongside with tug assistance
- An oil containment boom was placed around “X” to control the spread of the oil slick
- Local Port Authorities undertook to recover all the containers that had fallen overboard
- Not all lost containers were found

# The incident – How was it resolved?

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- The basin was surveyed to ensure that the seabed was clear from any containers
- Spilled oil / cargo was collected / cleaned by an anti-pollution company
- Stevedores secured all the damaged containers onboard
- Permanent repairs were carried out to both “X” and “Y”

## What went wrong?

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- Pilot provided wrongful advice to the Master in relation to the speed and angle of approach
- The tugs provided were underpowered
- Pilot / Master communication was informal and incomplete which resulted in confusion as to when/where the tugs were to be fastened
- At such speed and without proper communication between Pilot / Master the collision and subsequent events were unavoidable
- Master never challenged Pilot's advice

# The losses / Which insurer responds?

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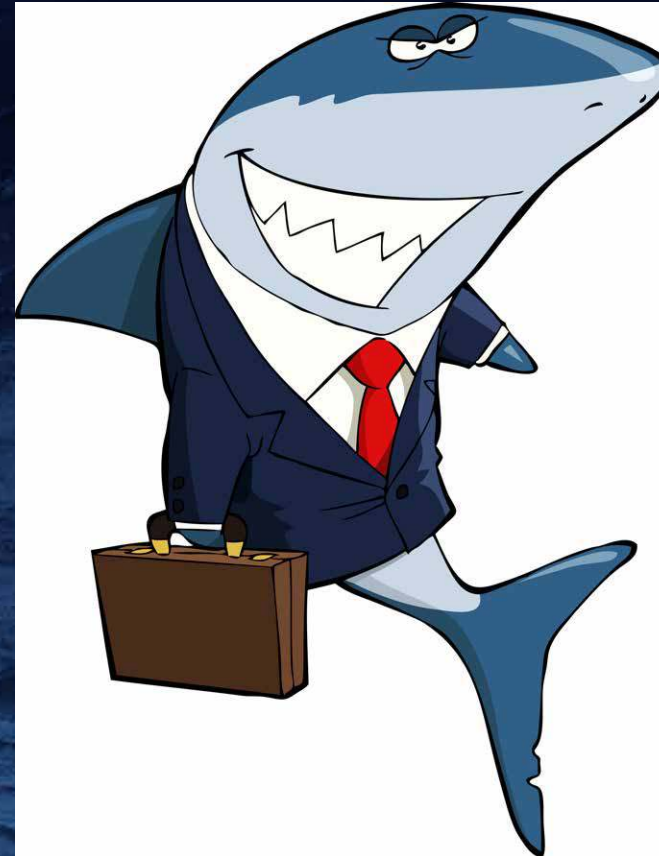
- 80 containers damaged, 8 containers totally lost
- 138 containers suffered losses due to encountered delays
- Damage to berth
- Structural damages to “X” and “Y”
- Refloating expenses / Salvage
- Container recovery operations
- Seabed survey

# The losses / Which insurer responds?

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- Beach cleanup
- Securing of damaged containers remaining onboard
- Berth(s) loss of use
- “X” and “Y” loss of earnings
- Fines (Pollution, Customs, other)
- Surveyors and experts fees

# Liabilities



13 lawyers appointed across 13 countries to establish liabilities



- Understand the type of risks Marine Insurers respond to
- Appreciate the consequences of a single error / what happens when things go wrong
- Understand why Ship Owners / Charterers pay premiums