



International Foundation for the Law of the Sea

Summer Academy 2019
at the International Tribunal for the Law of the Sea

MARINE INSURANCE PROBLEM FOR DISCUSSION



The river channel up the Elbe from the sea to the port of Hamburg is a *peril of the sea* in its own right. One foggy night, a VLCC, the MT *Big Red*, collides with the stern of a containership, the MV *Boxer*.

Both vessels are insured on IUA Hull Clauses Time Clauses on valued policies: the *Big Red* for \$60 mil and the *Boxer* for \$50 mil.

The *Big Red's* cargo is insured on Institute Cargo clauses on a valued policy for \$84 mil.

Both vessels have P&I Club cover.

The *Big Red* is holed, and catches fire. 6 crew members are seriously injured, requiring hospitalisation and repatriation.

The *Big Red* loses large quantities of oil which spills into the Elbe. She is then towed out to sea and sinks in deep water, losing the remainder of her cargo.

The *Boxer* sinks in the river and is a CTL. She and her cargo have to be removed under a wreck removal order issued by the Hamburg Port Authority. The harbour is closed for 2 months while the wreck removal operation takes place.

Half the *Boxer's* cargo (insured on IUA Cargo Clauses for \$30m) is lost.

The collision was caused solely by the negligence of the *Big Red's* navigating officers.

What losses are covered by which insurance, and what cross-claims would be possible?

Consider:

- 1. The loss of the Big Red [\$60mil]***
- 2. The loss of the oil cargo [\$84 mil]***
- 3. The oil pollution cleanup costs***
- 4. The personal injury costs and claims of the Big Red's crew***
- 5. The loss of the Boxer [\$50m]***
- 6. The partial loss of cargo from the Boxer [1/2 x \$30m]***
- 7. The removal of the wreck of the Boxer***
- 8. The loss of profits suffered by the Port of Hamburg while it remained closed***
- 9. The loss of hire/profit by vessels trapped in the closed port***
- 10. The loss of freight to the owners of the Big Red, presuming her freight was only to be paid on arrival at her destination port.***