



# *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.**