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Our Speaker – Grant Smith

Title: Managing Director, Western Canada Commercial P&C for NFP.

Bio: Grant has over 30 years experience working in the Insurance Industry in both the London and Canadian markets. Grant brings a diverse perspective to risk and insurance. Prior to becoming an Insurance Broker, he worked as an independent loss adjuster in both the Marine and Energy markets, he managed one of the largest firms of international marine surveyors and loss control engineers, and has been involved in countless cause investigations and coverage discussions, both onshore and offshore.

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SARIMS Breakfast

The Baltimore Bridge Collapse

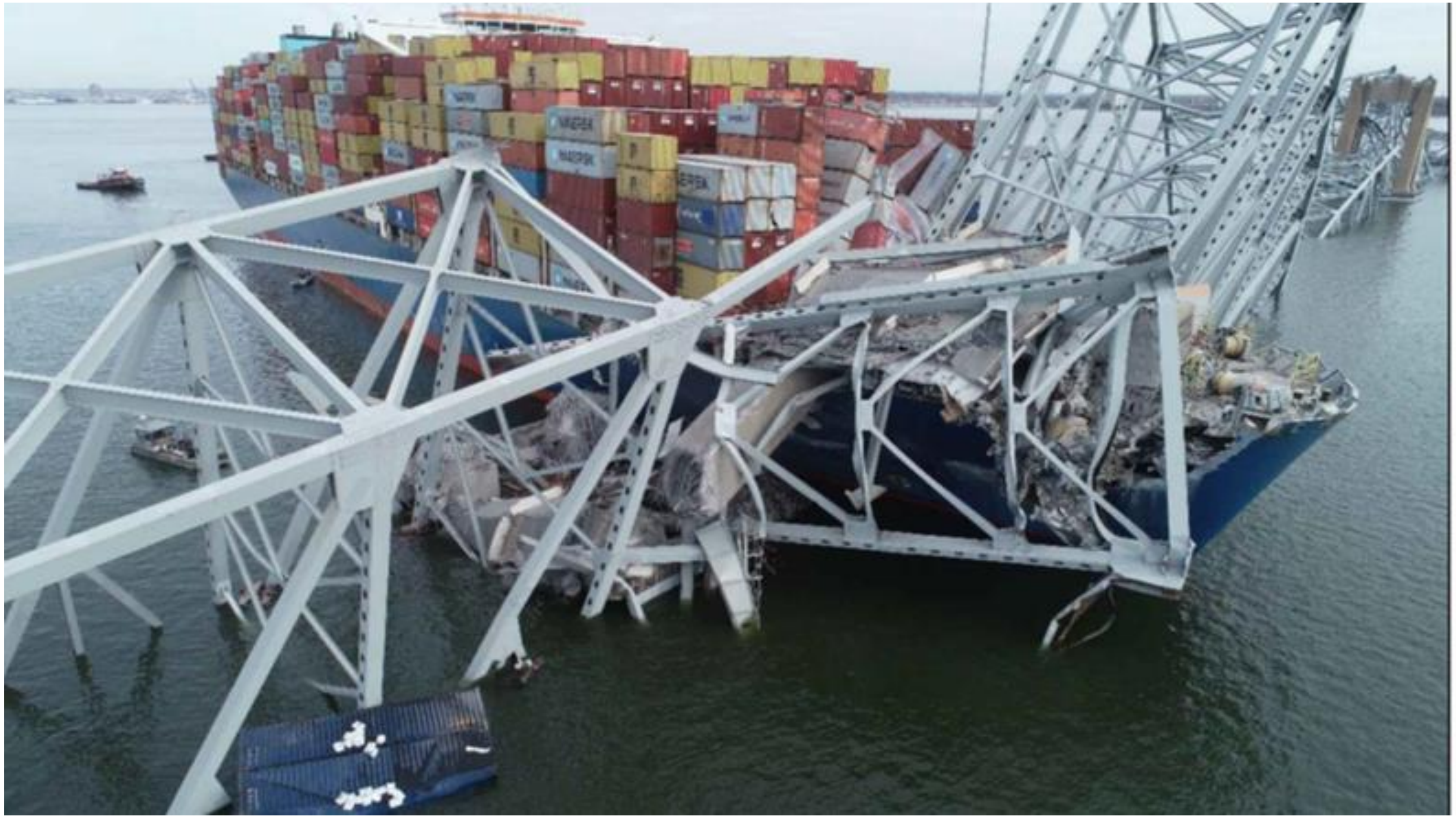
Causes Coverage and Cautionary Tales

26 March 2024

- At approximately 1.29am the containership *MV DALI* struck the Francis Scott Key Bridge.

- A portion of the bridge subsequently collapsed into the river and portions of the deck and truss spans collapsed onto the vessels forward deck.

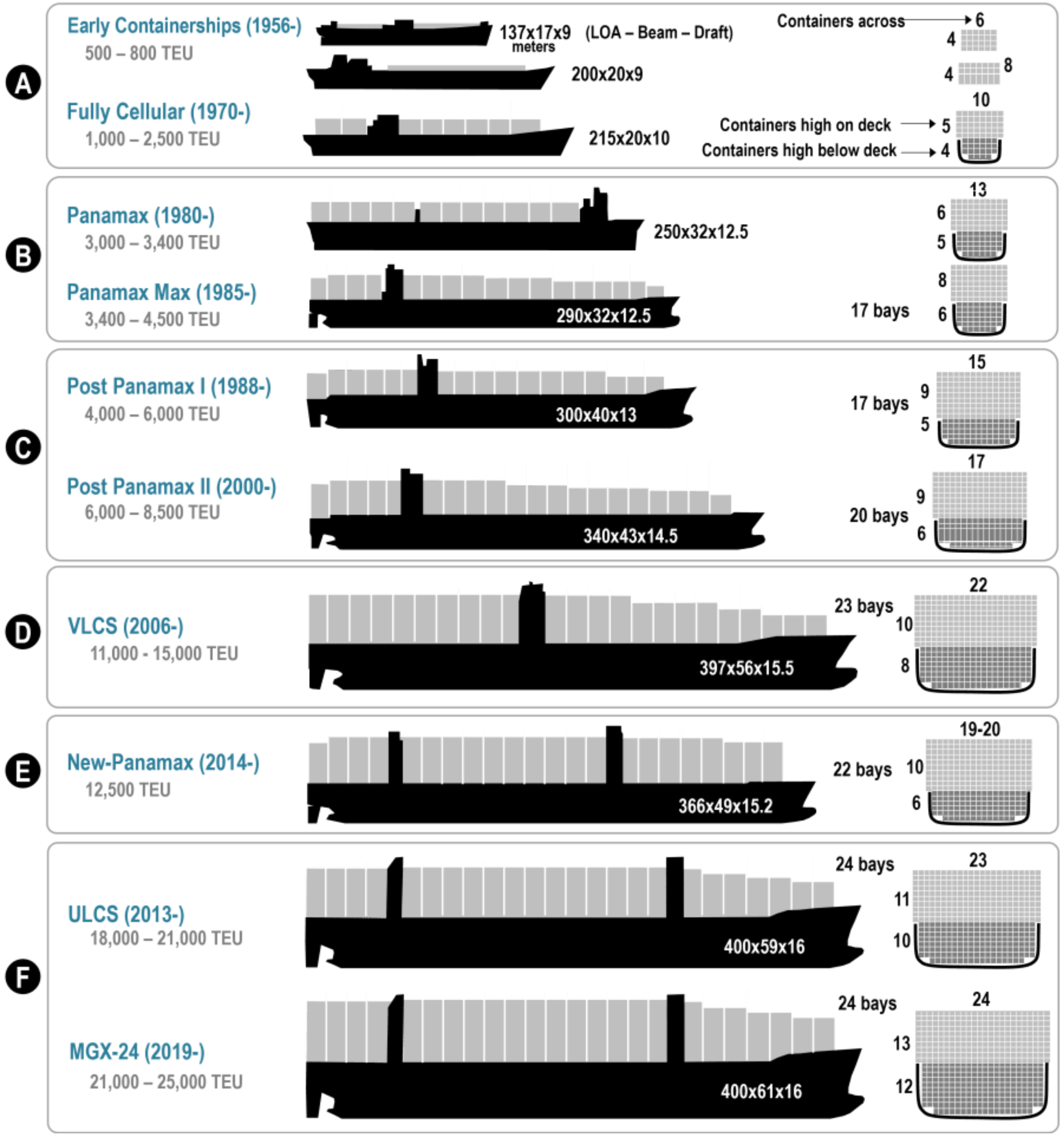
- 8 injuries, including 6 fatalities



Evolution

MV DALI is a Neo-Panamax

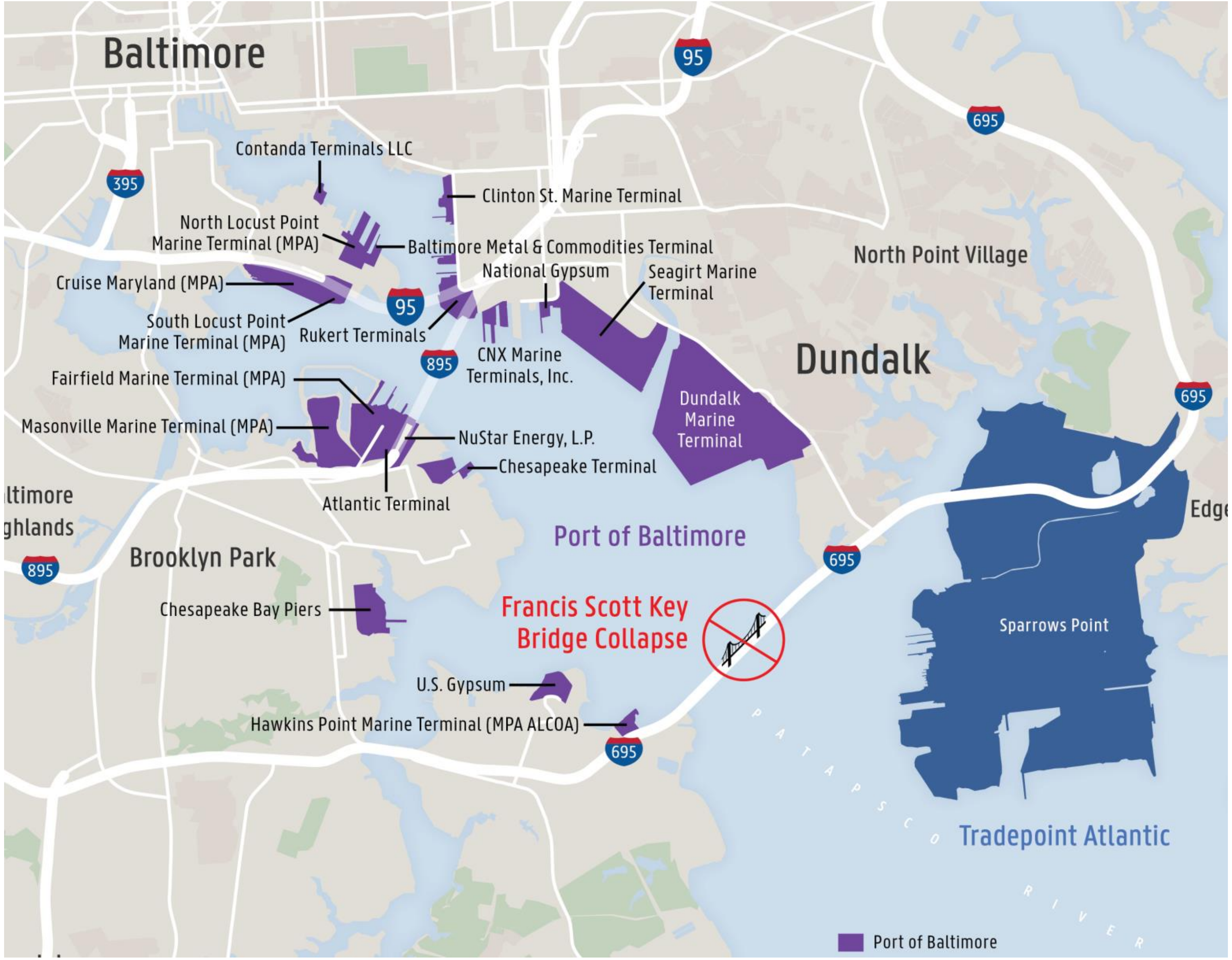
- Length between 17 and 22 bays
- Width of 19 or 20 Containers across
- Capacity 12,500 TEU
- Ships able to Service the Americas or Caribbean either from Europe or Asia



Trading Canals (28 Days)

Baltimore Port

- Francis Scott Key Bridge - spans the Patapsco River at the entryway to the Port of Baltimore.
- The Patapsco flows into Chesapeake Bay and the Atlantic Ocean
- 9th largest US port by trade volumes



Source: Bureau of Transportation Statistics & WSJ

Francis Scott Key Bridge

- Key Bridge was built out of Steel – Opened in 1977
- Truss Arc Bridge design
- 1.6 miles long – 185 ft clearance at center
- Bridge is Part of I 695 – one of the main highway’s forming the “Beltway” of Baltimore
- Carried 12.4 million passenger vehicle in 2023
- On the evening of 26 March Bridge was undergoing maintenance (still open to traffic)

MV DALI

Owner:	Grace Ocean Pvt Ltd
Operator:	Synergy Marine Group
Flag:	Singapore
Builder:	HHI
Build Yr:	2015
Type:	Neo Panamax Containership
Length:	947 ft

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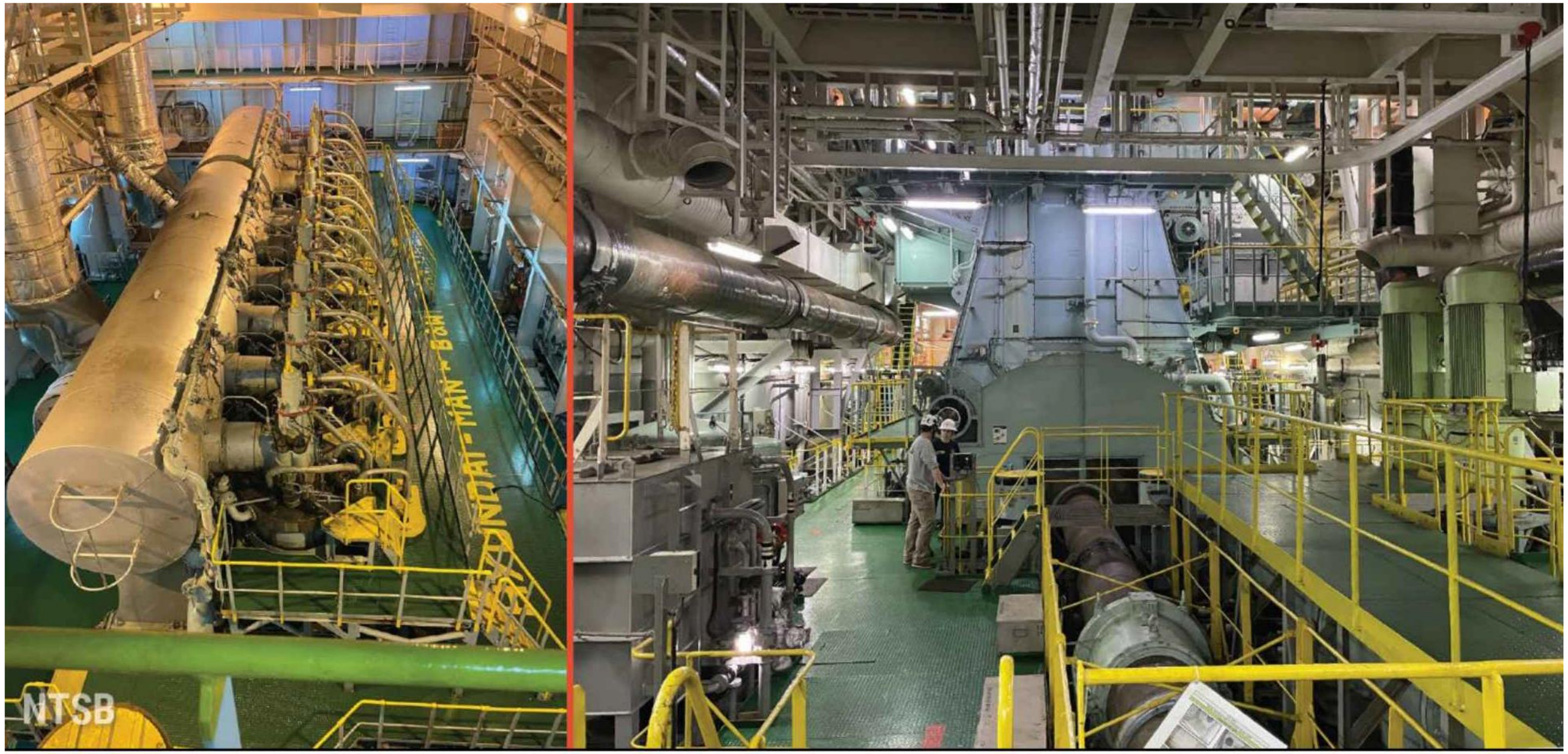
Propulsion System

- Propelled by a single slow speed 55,626 hp (41,48-kW) diesel engine
- Connected to a single, right-turning propeller
- To <u>run the main engine, one of vessels four diesel generators must be operating</u>
- The emergency generator alone <u>cannot be used to restart or run the main engine</u>
- *MV DALI's* main engine requires compressed air directed into its main cylinders to start and change direction
- To move (Ahead or Astern) the engine would need to be stopped and restarted in the opposite direction

Source: NTSB Marine Investigation Preliminary Report 14 May 2024

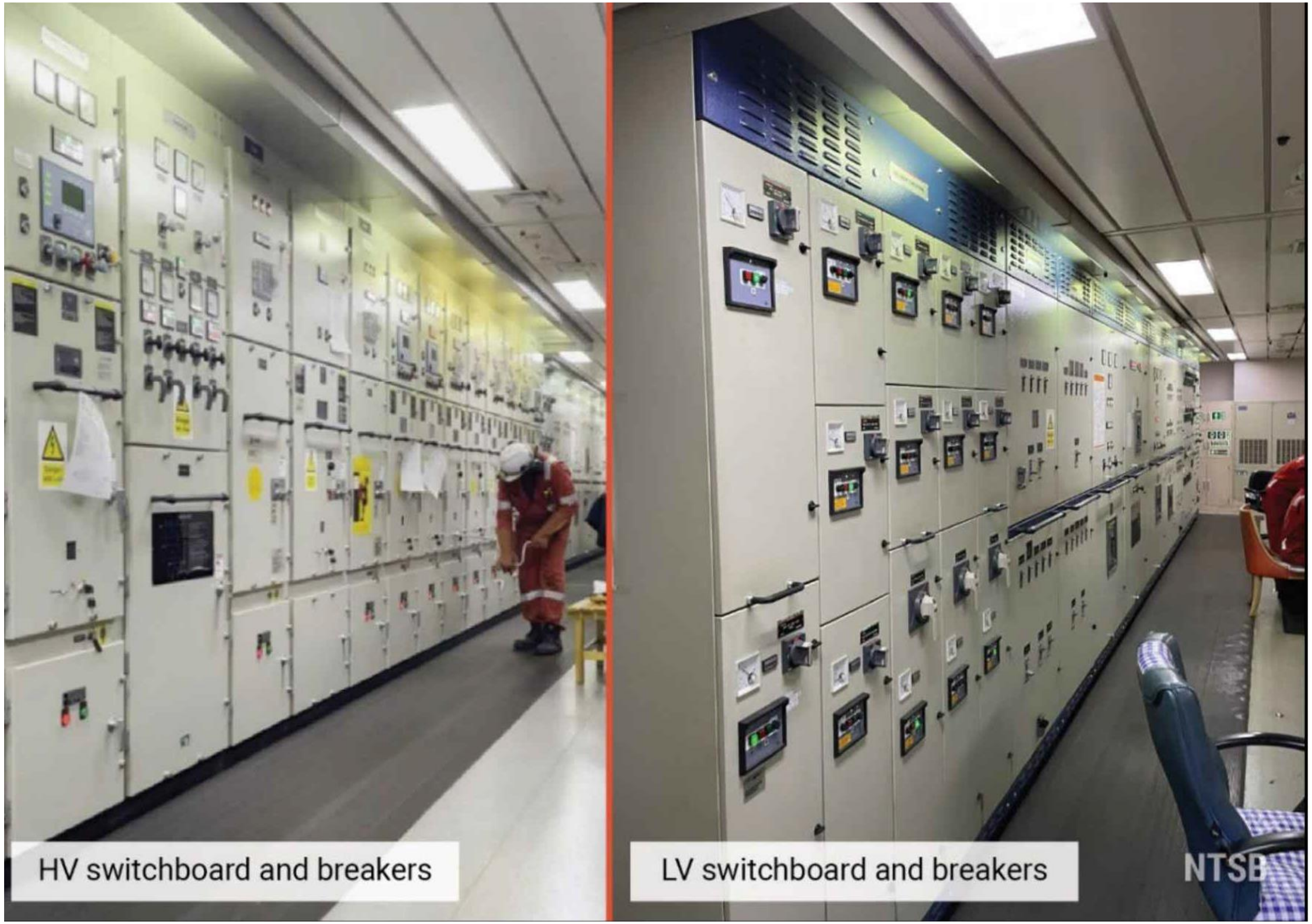
Left: MV DALI's main engine room looking aft, showing the vessels engine. **Right:** The lower level of the vessel's engine room looking forward



The engine was also fitted with alarms and automatic shutdown features to prevent damage to the engine if supporting systems required for its operation are lost such as the lubricating oil or cooling water pumps.

Electrical Power

- Provide by one of four AC generators
  - 1 & 4 rated for 4,400 kW
  - 2 & 3 rated for 4,000 kW
- Generators connected to 6,600 volt (HV) electrical busbar
  - Lubricating Oil pump
  - Bow thruster
  - Reefer containers
- A 440volt (LV) busbar is connected to the (HV) bus
  - 2 redundant step-down transformers TR1 & TR2
- (LV) bus powers equipment
  - Lighting,
  - steering gear pumps
  - Cooling water pumps
- Breakers are located on either side of the transformers
  - HR1 & HR2 on (HV) side
  - LR1 and LR2 on the (LV) side



Source: NTSB Marine Investigation Preliminary Report 14 May 2024

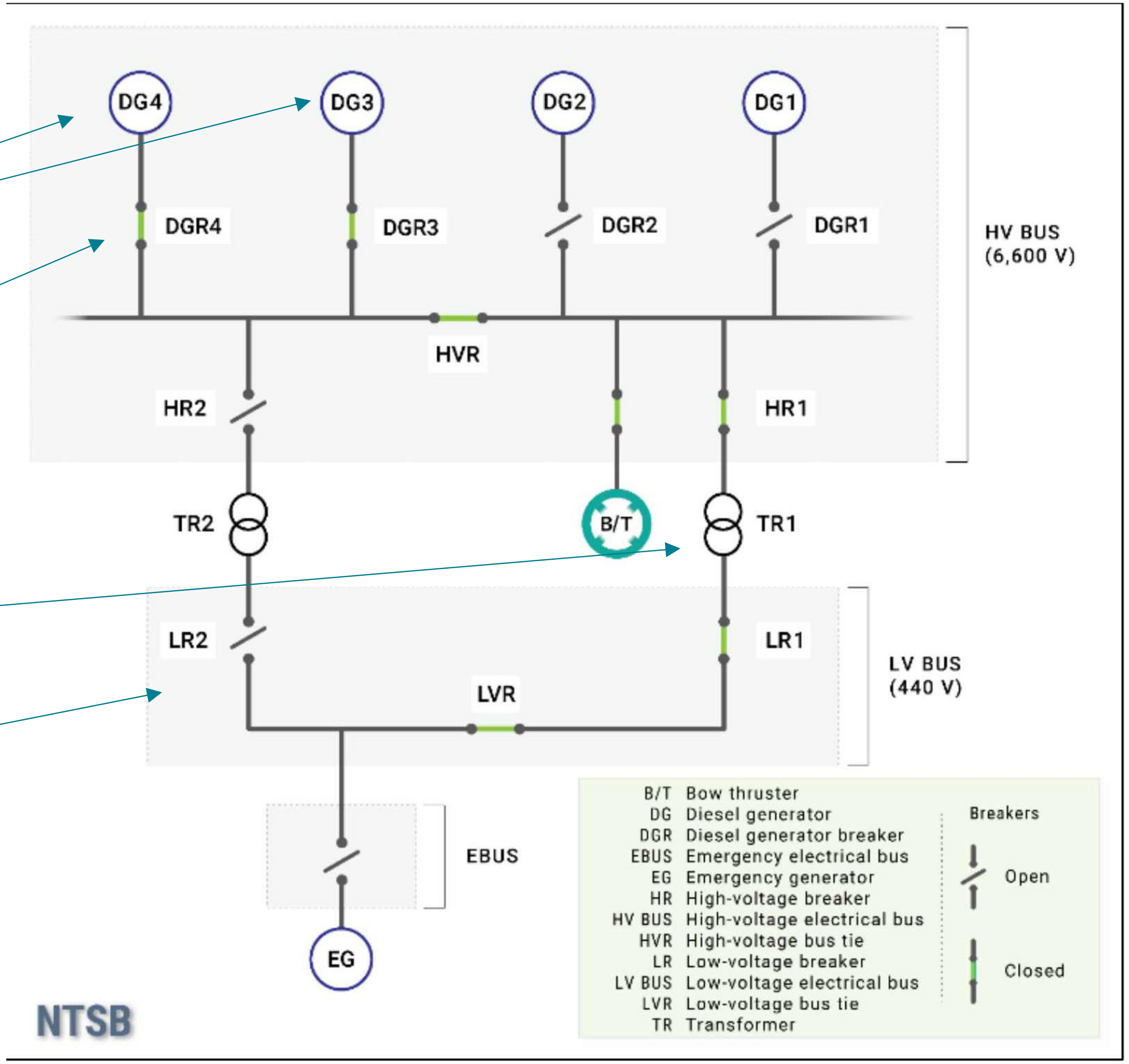
Electrical System
(Redundancy)

Four Generators provide power to the HV Bus

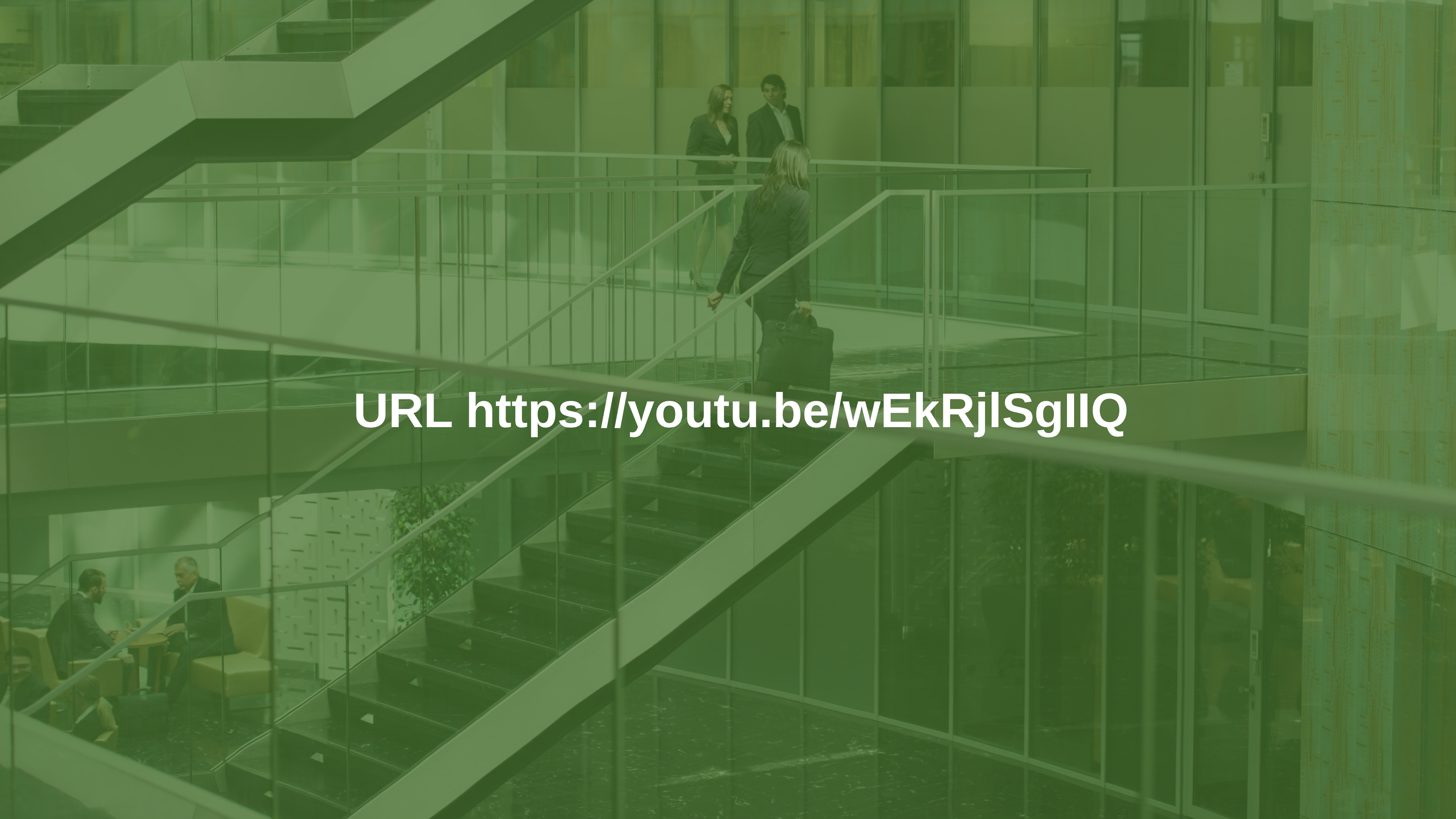
Each Generator has a Breaker

Power from the HV bus passes through a transformer with HR and LR side breakers on either side

Provides 440v for the LV Bus



Source: NTSB Marine Investigation Preliminary Report 14 May 2024



URL https://youtu.be/wEkRjlSgIIQ

Timeline: 26 March 2024

Source: NTSB Marine Investigation Preliminary Report 14 May 2024

Background

- At approximately Midnight on 26 March 7 road maintenance workers and one inspector were working on the southbound lanes of the Key Bridge (Closed to traffic). Police were alternating traffic on the northbound lanes to protect the crew
- At 5 minutes after midnight Maryland Pilot (Senior and Apprentice) boarded DALI which was about to depart form Seagirt Marine Terminal for Columbo Sri Lanka. with a Cargo of 4,680 Containers or 56,675 metric tons of cargo.

Start Video 1.23am & 33 seconds URL https://youtu.be/wEkRjlSgIIQ

- (Note the MV DALI is entering the left-hand edge of the screen prior to this)
- 12.28 am - MV DALI unmoors and at approximately 12.36am assisted by two tugboats *Bridgett McAllister* and *Eric McAllister* the DALI pulls away from the docks
- 12.45 am Pilot ordered the main propulsion engine to “dead slow ahead”
- At approximately 1.07am the DALI entered the Fort McHenry Chanel – Generator No’s 3 & 4 were supplying electrical power to the vessel – all three steering pumps which turned the ships single rudder were online. Once in the channel the Pilot gave orders for the tugboats to be let go per normal practice and at 1.09am speed was increased to slow ahead, course was ordered to 141degrees to transit under the bridge. (Indicate to watch the screen)
- At approximately 01.24.am and 30seconds the DALI was 0.6 miles or three ship lengths from the bridge when the electrical breakers HR1 and HR2 unexpectedly tripped – Causing the first Black out to all shipboard lighting and most electrical equipment including the main engine cooling water pumps and steering gear pumps

Timeline: 26 March 2024

1.24 am & 30 seconds

- Remember the main propulsion diesel engine is independent of the vessels four diesel driven electric generators – however the loss of power to the pumps that are required for its safe operation, resulted in the main engine being automatically shut-down and the DALI lost main propulsion meaning its propellor stopped.
- In addition - The loss of electrical power to all three steering pumps meant that the rudder could not be moved
- According to the crew the emergency generator started providing emergency lighting, navigation and radio equipment – and the designated emergency steering pump (No.3) designed to run at lower speed (turning the rudder at a lower rate than with all 3 pumps)
- At the time the electrical power was lost the ship was on a heading of 141.7 degrees – at a speed of 9 knots – with the rudder amidships
- At 0126:13 seconds the Senior Pilot (who had regained control) ordered 20 degrees of port rudder
- The Crew manually closed breakers HR1 and LR1, reconnecting generator Nos 3 & 4 and restoring electrical power to the LV bus , supplying electrical power again to the whole vessel.

Power restored

- 1.26am & 39 seconds the pilots called for tug assistance (however Erik McAllister despite immediately responding was 3 miles away so was unable to make it back in time.
- 1,27am:01 the Senior Pilot ordered the anchor dropped and the crew began the process to drop the anchor
- Pilots dispatcher called the MDTA Police duty officer and relayed that the ship had lost power the dispatcher then notified the Coast Guard about the DALI's loss of power

Second Failure 1.27am

- 1.27am when the vessel was 0.2miles from the bridge, a second electrical blackout occurred because DGR3 and DGR4, the Breakers that connected generators 3 & 4 to the HV Bus opened/tripped causing a total loss of vessel electrical power. (HV bus and LV bus)
- Having connected to the emergency bus by this time the , the emergency generator provided electrical power to the emergency equipment continuously through the second electrical blackout
- Generator No. 2, which had previously started automatically because it was in standby mode, connected and restored power to the HV bus via DGR2

Timeline: 26 March 2024

- At 1.27.am:23 seconds the Pilot ordered the rudder hard to port 35 degrees – at this point the main engine remained shut down and there was no propulsion to assist the steering
- At 1.27.:32 about 31 seconds after the second black out the crew manually closed breakers HR2 and LR2 , restoring power to the LV bus which was powered by generator 2
- The crew regained electrical power at this time - but were unable to regain propulsion
- At 1.27:53 the MDTA duty officer ordered the units stationed at the end of the bridge to close the bridge to traffic – Only the maintenance crew and inspector remained onboard
- Must remember that vessels this size require propulsion and rudder to turn

IMPACT

- At 01.29:10 the DALI's starboard bow struck Pier No. 17 of the key bridge at 6.5 knots
  - Six Spans of the bridge (The main Spans {17, 18 19} and spans 20, 21, 22) subsequently collapsed into the water and across the ships Bow.
  - As the debris hit the vessel one of the crew members sustained a minor injury while escaping the debris
  - The road maintenance inspector had been walking the length of the bridge when the ship struck it – he ran north and made it to the nearest surviving span before the rest of the bridge collapsed
  - The other 7 workers were in their vehicles and fell with the bridge. One worker was able to free himself from his truck and was rescued by an MDTA Police boat at 01.55am (25 minutes in the water)
  - The first Coast Guard boats were on the scene at 01.51am – multiple agencies searched for survivors throughout March 26, the coast Guard suspended active search that evening and efforts transitioned to recovery
  - 6 victims were later recovered by divers

INVESTIGATION

- US Coast Guard classified the accident as a major marine casualty.

- National Transportation Safety Board (NTSB) is the lead federal agency for the safety investigation

- NTSB invites Qualified Parties to assist

  - *Synergy Marine Group*
  - *Grace Ocean Private Ltd*
  - *Maryland Transportation Authority (MDTA)*
  - *Federal Highway Administration*
  - *Association of Maryland Pilots*
  - *Nippon Kaiji Kyokai (ClassNK)*
  - *HD Hyundai Heavy Industries Co., Ltd*
  - *Maritime & Port Authorities of Singapore*

Source: NTSB Marine Investigation Preliminary Report 14 May 2024

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Victim Recovery

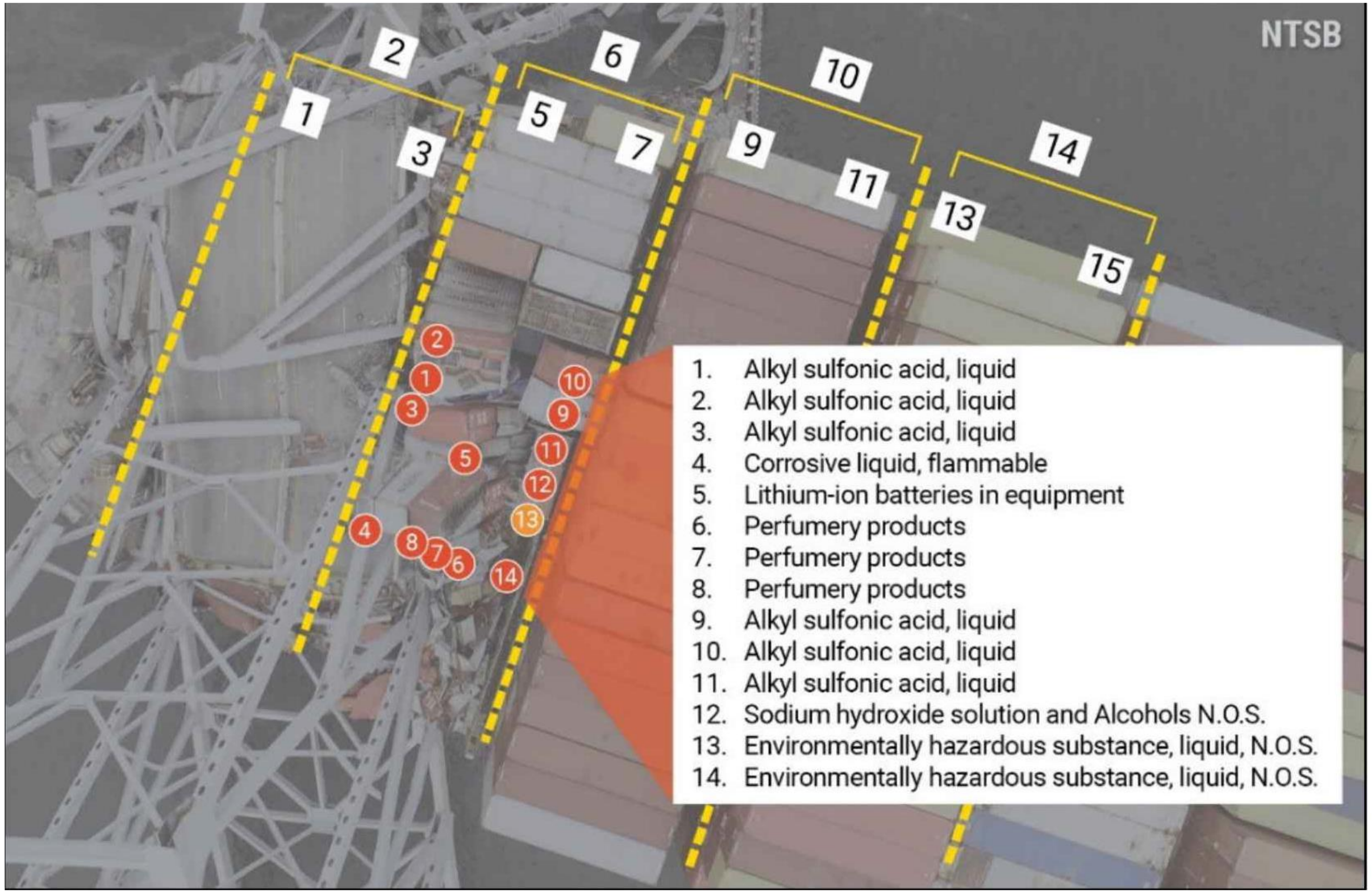
All 6 victims' bodies were Recovered (43 Days)

- 27 March 2024 (2 men)
- 5 April 2024 (3rd man)
- 15 April 2024 (4th Man)
- 2 May 2024 (5th Man)
- 7 May 2024 (6th Man)

Source: 31 March 2024 The Baltimore Sun acdavis@baltsun.com - Memorial to bridge workers

Emergency Response

- Shore based Crisis & Emergency Management Firm Witt O'Brien
- Resolve Marine responded as Salvor
- Marine Spill Response Corp responded as the Oil spill response organization
- Coast Guard deployed its Atlantic Strike Team and its Salvage Engineering Response Team
- The US Army Corps of Engineers & The US Navy supervisor of Salvage & Diving
- Containment boom deployed around the ship, plugged the deck scuppers and conducted monitoring
- No Hazardous material from containers reached the water
- Salvors transferred the Bulk liquid acid to tanks and moving containers ashore



56 Containers were identified as containing hazardous material, located throughout the ship. 14 were located forward of the Superstructure inboard in bays 5,6 & 7

Source: NTSB Marine Investigation Preliminary Report 14 May 2024

Salvage

- 30th March first piece of bridge removed from the river
- 1st April, temporary passage opened
- 7 April, salvage crews began removing Containers
- 16 April, >1000 tons of steel removed from the waterway.
- 19th April, 120 containers removed
- 26 April 3,000 of a total 50,000 tons of wreckage pulled from the river.
- Salvage flotilla grown to:
  - 36 Barges
  - 27 tug boats
  - 22 Floating Cranes
  - 10 excavators
  - 1 dredger
  - 1 Skimmer
  - 3 Coast Guard Cutters

Source: Maryland GovPics Lt Governor Miller Tours the DALI site - Chesapeake 1000 largest floating crane on eastern seaboard

Salvage (cont.)

- 13 May 2024, explosives utilized to remove part of the bridge span resting on the *DALI's* bow.
- 20 May 2024, the *DALI* is disentangled from wreckage
- DALI Returned to the Seagirt Marine Terminal
- 24 June 2024, DALI moved to Norfolk Virginia – 1,500 containers removed
- 10 members of the DALI crew cleared to leave the USA. (11 to stay indefinitely)
- 19 September DALI departs Norfolk Virginia – bound for Ningbo, Zhoushan China
- Scheduled to arrive 4th of November

Source: DALI at Seagirt Marine Terminal - The Baltimore Sun jerryj@baltimoresun.com updated 20 May 2024

Channel Opened

- 20th April 2024, 3 temporary channels opened enabling roughly 15% or pre-collapse shipping to pass.
- 25th April 2024, salvage crews opened the 4th and deepest temporary channel (35ft deep). Port Authority advising it could serve a half of the ships (Coast Guard Determined)
- 29 April 2024, 4 of the 11 ships trapped in the Port used the 4th channel to depart the port.
- Chanel closed again to allow removal of debris to resume.
- 10 June 2024, Fort McHenry Chanel reopened 700 ft wide by 50 ft deep (78 days / 11 weeks)

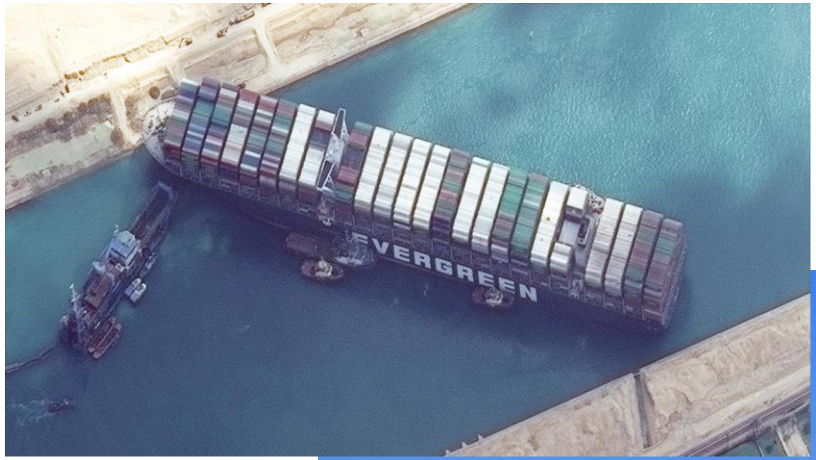
Source: The Office of Governor Wes Moore – Published 12 June 2024

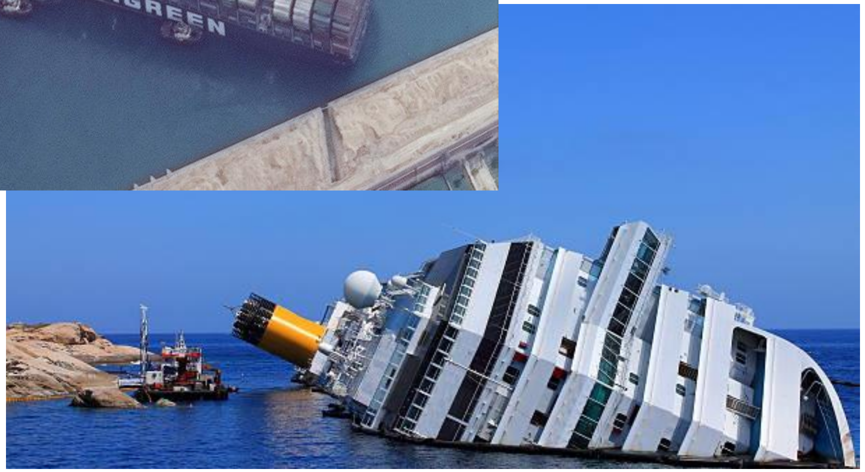
Economic Consequences

Economic Consequences

- Potentially the largest Marine Casualty of all time
- The true financial consequences will not be determined for years to come.

- Overall cost of the incident, Variously estimated at between US$2B and US$4B.
    - At US$2B (Exceed the *MV Costa Concordia* or the *MV Ever Given)*

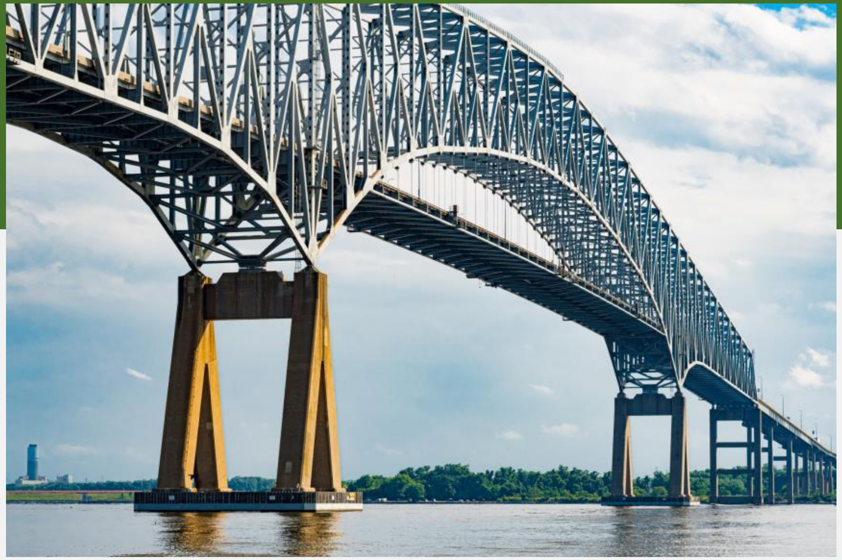




Source: iStock – MV Cost Concordia 515655596 Source : CNBC MV Ever Given Suez Canal – Maxar Technologies Satelite

Bridge Repair

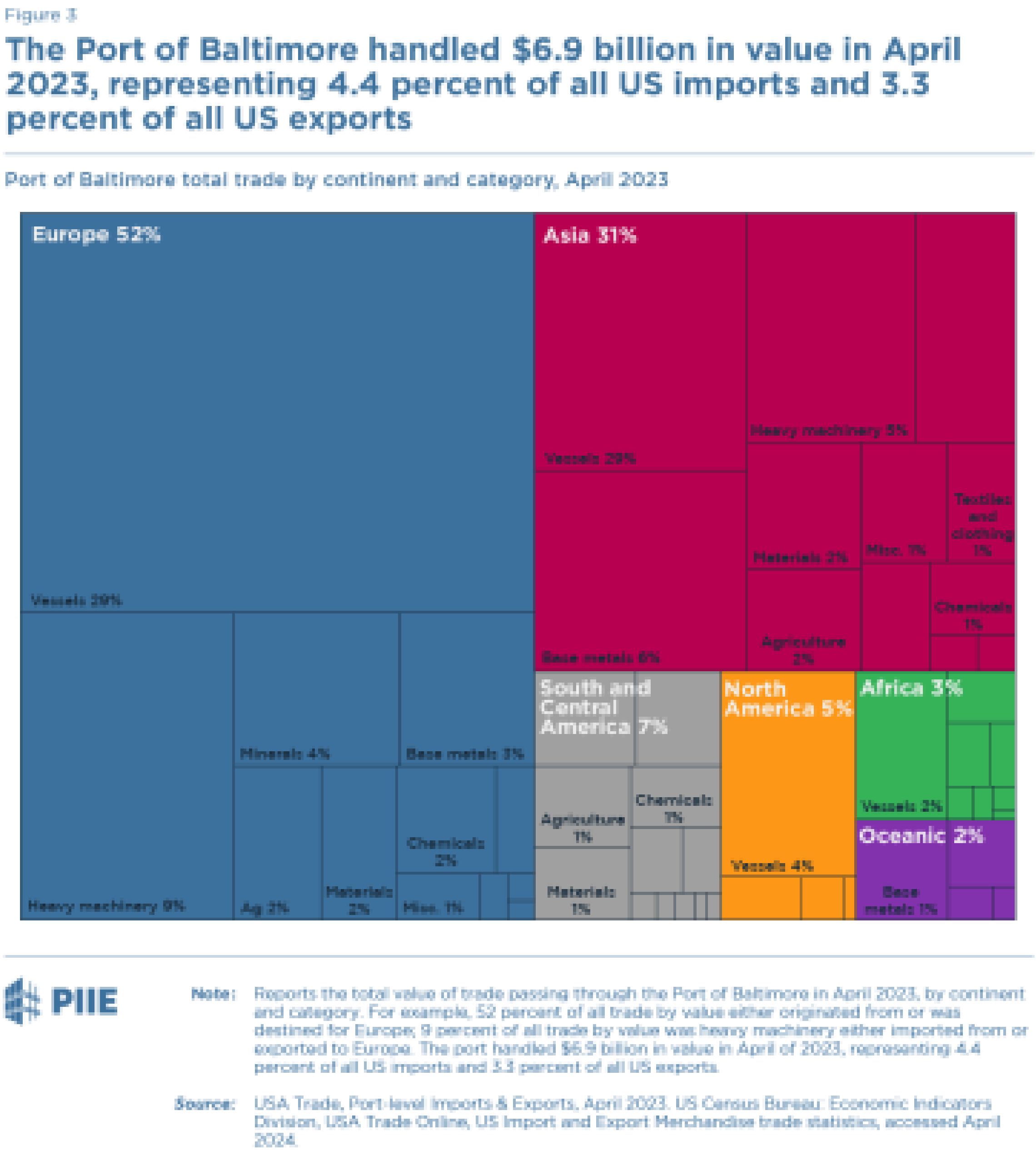
Contract for Phase 1 of the Bridge rebuild was signed in September 2024 between Maryland Transportation Authourity (MDTA) and Kiewit Infrastructure for US$73M (>10%)



- In early May an MDTA spokesperson said it expected the total rebuild cost to amount to between $1.6bn and $1.9bn and to take four years. These details were said to be preliminary, with detailed engineering specifics having not been confirmed.
- In June the Tender for Construction was released requesting design and build teams to submit proposals to rebuild the bridge and reconnect the I-695 Baltimore Beltway, with completion expected by Autumn 2028
- Tender uses a Progressive Design-Build process
- Tender states that it expects the contract for Phase 1 (design of the new build) to cost US$67M
- Phase 2 of the Project (The Build) to cost US$1B
- Opening of all lanes of vehicle traffic by no later than 15 October 2028

Trade Disruption

- 52% of all trade by value through the port of Baltimore either originated from or was destined for Europe and 31% to and from Asia
- 8% of US Metal in value terms - 80% of all Tin, 50% of all zinc, 38% of all Nickel imports entered the United States via the Port of Baltimore
- Exports 64% of the value of all tractors (Semi- truck tractor and agricultural) from the United States
- 2023 Economic Impact
  - 20,193 Direct jobs
  - 51,365 Total Jobs
  - Related jobs in state 346,137
  - Business Revenue US$3.879B



Source: Economic Impact report prepared by Martin Associates for the Maryland Port Administration

Insurance Coverages

- Insured losses Property / Employers Liability / Cargo / TDI / (all potentially subrogated). H&M / Loss of Hire / P&I
- Uninsured losses may be brought directly through litigation and class actions
- General Average

*(Source Federal Highway Administration)

- Property
  - Bridge insured by Chubb have already advanced US$350M.*
  - Uninsured Losses US$1.4B +
- Hull & Machinery
- Cargo
  - Damaged / Sacrificed / Delayed
- Freight Demurrage & Defense (FD&D) Expenses Cover
- Trade Disruption (TDI)
- Business Interruption / CBI
- Employers Liability
- Vessel
  - Hull Repairs Circa US$30M*
  - Crew Injury
  - Loss of Hire
- Salvage Expenses
- General Average
  - May cover ship or Cargo's Proportion

Who Pays

Depends on whether the limitation petition can be sustained or broken

($43.6M Estimated Value of Ship and Cargo after damages and losses incurred)

If the Shipowner Limitation value is sustained, then this will limit the P&I Club

If the limitation is overturned the International Group (of P&I Clubs) will face the largest P&I Claim in history

- Grace Ocean and Synergy:
  - Filed a Petition on 1 April in Maryland Federal Court Asserting "No privity of knowledge of faults with the vessel"
  - Petitioned that any liability be limited to US$43.6M under the 1851 limitation of liability Act – "Titanic Act"
- October 2024 US DOJ reached a US$102 million settlement

  " This resolution ensures that the costs of the federal government's cleanup efforts in the Fort McHenry Chanel are borne by Grace Ocean and Synergy and not the American Taxpayer"
- At least 45 other parties have filed timely claims against Grace Ocean and Synergy – including the State of Maryland – Family's of the 6 victims - 2 Survivors – City & County of Baltimore – Brawner Builders – impacted businesses (Class Action) - Baltimore Gas & Electric – Cargo owners and Insurers
- All the claimants seeking damages in the Bridge Collapse agree Grace Ocean and Synergy

  "are not entitled to exoneration or limitation of liability" according to a Joint Status Report filed 29 October "*the Claimants have self ordered and are ready to litigate co-operatively to that end"*

P&I Coverages / Third Party Liability

- Personal injury and death related medical expenses, lost wages and other damages resulting from the incident.
- Pollution clean-up costs as well as mitigation / prevention expenses.
- Discretionary cover for fines and penalties levied by government authorities.
- Unrecoverable General Average contributions (Cargo, H&M etc.).
- Liabilities from damage or delayed delivery / non-delivery of cargo onboard the vessel.
- Delay claims from impacted third party vessels (stationary vessels awaiting transit) where there is a breach of duty of care and legal liability to indemnify for those losses.
- Lost revenue resulting from port closure (potential claimants include port authority and other government agencies, private port and terminal operators, vessel operators doing business in and around the port and local businesses whose revenue has been impacted as a result of the port closure). Under US law, however, a claimant must typically prove physical damage to property in order to recover lost revenue.
- Lost revenue resulting from closure of the Francis Scott Key Bridge, to potentially include bridge owner's loss of use of the bridge and others whose business has been impacted by closure of the bridge, if the vessel owner is ultimately determined legally liable for lost revenue (i.e. claimants can demonstrate physical damage to property).
- Cost of demolition and repair/rebuilding of the Francis Scott Key bridge via cover for Fixed & Floating Objects (FFO), where not recoverable under H&M.

International Group

Mission

- Give shipowners a unified and collective voice on liability and insurance related issues
- Providing, where appropriate, the best compensation for people, communities and the restoration of the marine environment
- Sharing collective expertise on marine liability issues to assist Club Members on P&I related matters

- 12 Separate and Independent principal clubs in the group
  - The American Club
  - Britania P&I*
  - Gard
  - Japan P&I Club
  - The London P&I Club
  - NorthStandard
  - Shipowners
  - Skuld
  - Steamship Mutual
  - The Swedish Club
  - UKP&I
  - WEST

*Britania P&I is MV DALI’s P&I Insurer

International Group (P&I)

Cumulative	Layer 2023-25	
8,500M	Uninsured Overspill: Reverts to Pooling Approx US$5.4M	
3,100M	Collective Overspill Layer US$1B – One Reinstatement	*
2,100M	3rd Excess Layer USD600M xs US1.5B	
1,500M	2nd Excess layer 750M xs $750M	
750M	1st Excess 650M xs 100M – USD107,1M AAD (Hydra) in respect of 75% order	25% private placement US$162.5M 1st Excess US$380.4M
100M	Upper Pool US$ 50M Reinsured by Hydra	7.5% ICR – 3.8M of the 50M
50M	Lower Pool (B) US$ 20M	Reinsured by Hydra
30M	Lower Pool (A) US$20M	
10M	Individual Club Retention (ICR)	

*Assuming US$2.2B claim costs (without limitation) burn US$100M of the Collective Overspill Layer US$207.1M of which is born by the International Group balance by Reinsurers (led by Axa)

General Average

- Principle of Maritime Law
- York-Antwerp Rules 1890 (updated 2016)

    “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 adventure.”

- On 12th April 2024, General Average (GA) was declared , with Richard's Hogg Lindley appointed as Average Adjuster
- Effect of GA – Shifts a greater share of the costs of the casualty onto the Cargo Interests
- Included Expenditures
    - All damage, including expenses deliberately inflicted on the vessel, fuel or cargo, by order of the Captain in order to save all three from the common peril.
- The Adjuster’s initial job is to ensure a deposit is received from all cargo owners
    - In proportion that is roughly estimated to cover the cargo owners’ part of the GA
- A GA Bond - Form A must be completed by the cargo owner (Promise to participate)
- A GA Guarantee Form B must be completed by the Cargo Owner’s Insurance Company
    - If the cargo owner does not have doesn’t have Insurance they must place a Cash deposit

Bill of Lading (Limitation)

Hague Rules 1924 or Hague-Visby Rules 1968

The burden of proof lies solely on and is the responsibility of the merchant / shipper to establish damage

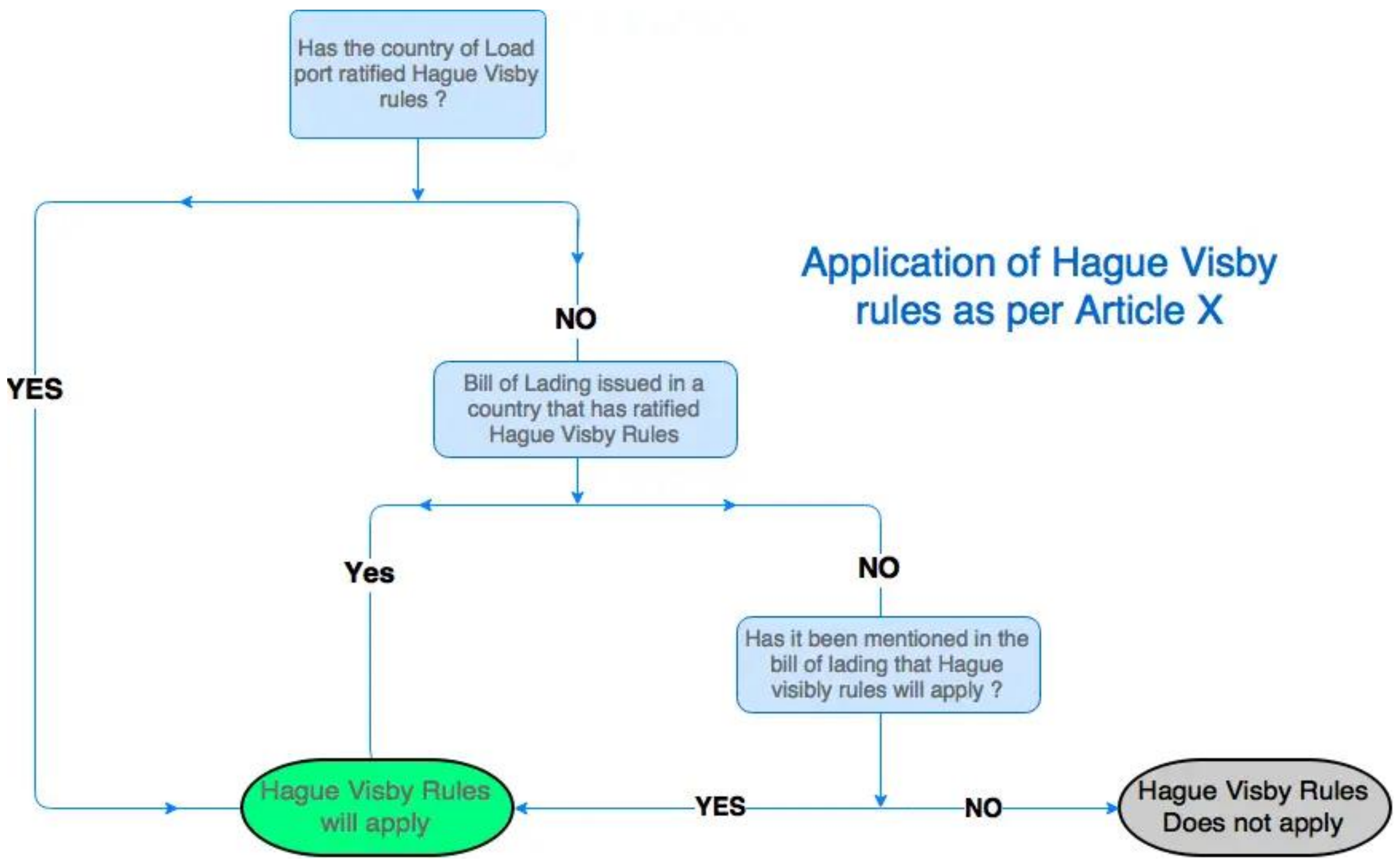
VS

Hamburg Rules 1978

Transferred the burden of proof - Carrier is responsible for the loss or of goods unless they can prove otherwise

5 major liner companies based on TEU capacity all use Hague or Hague Visby rules

(Maersk / Mediterranean / CMA-CGM /Evergreen / Hapag Lloyd)



Limitations

Top 3 Carriers apply the 1924 Hague Rules:

“Neither the carrier nor the ship, shall be responsible for Loss or Damage arising or resulting from:

(a) act, neglect, or default of the master, mariner, pilot or the servants of the carrier in the navigation or in the management of the ship”

Under the Hague Visby Rules

- The limited amount of damage claims does not exceed SDR666.67 per package or SDR2 per KG

- **Note:**
  - Maximum Cargo wait for a 40ft Container is 26,730kg
  - 26,730 x 2 SDR = SDR53,460
  - SDR53,460 x 1.33 = US71,000

- **Get the Right Cargo Insurance**

Institute Cargo Clauses A, B, C

Clause A

- Widest coverage "All Risks" Cargo Insurance so most expensive you can purchase

Clause B

- More restrictive / moderate premium

Clause C

- Covers limited risks and most of the situations covered must happen during the carriage

Loss or Damage Covered under	A	B	C
Fire & Explosion	Y	Y	Y
Stranding, grounding, sinking, capsizing	Y	Y	Y
Overturning or derailment of land conveyance	Y	Y	Y
Collision	Y	Y	Y
Discharge at Port of Distress	Y	Y	Y
Total loss of vessel	Y	Y	Y
GA Sacrifice	Y	Y	Y
Jettison of Cargo	Y	Y	Y
Earthquake, volcanic eruption or lightning	Y	Y	N
Washing Overboard	Y	Y	N
Entry of Sea, lake, river water	Y	Y	N
Total loss of package loading / unloading	Y	Y	N
Rainwater	Y	N	N
Malicious Damage	Y	N	N
Breakage	Y	N	N
Shortage	Y	N	N
Pilferage	Y	N	N
Theft	Y	N	N
Willful misconduct of the Assured, Ordinary leakage or loss of in weight or volume, Ordinary wear and tear, Insufficient / unsuitable packaging or preparation, Inherent vice, Delay, Insolvency or financial default of Shipowners, Unseaworthiness or unfitness of vessel / container, War, Capture or Seizure (see Institute War cl.), Strikes, riots or terrorism (see Institute Strikes cl.)	N	N	N

Cargo Insurance

You may nor ever own or charter a vessel however:

Based on global Supply chains and the volume of International Trade most of the Risk Managers in this room have the potential to become involved in a Marine Casualty or Cargo claim at some point in their career whether or not GA is declared

Source: morethanshipping.com

- Recovery directly from carriers is a difficult and time consuming process and the odds are not in your favour.
- If General average is declared, you will be assessed for General Average contributions regardless of whether you have insurance or not.
- Most but not all Cargo Insurance wordings include General Average Contribution whether Clause A, B or C - ensure yours do!
- If your Cargo insurance includes GA it will cover the GA Bond to have your cargo released – and you don’t have to post a cash deposit $

Things to Consider

There are very few differences between the terms and conditions of a client side or Owners open cargo policy and a shipper interest policy for a freight forwarder with the following exceptions

Source: alylogistics.com

1. As a rule of thumb you will get better pricing from having an Owner controlled policy than a Freight Forwarder (FF) policy if you have $2M or more in values to be insured per year
2. An owners policy will allow better control of a claim should one arise and often faster payment of the claim indemnity
3. You can only purchase DSU cover if you have an owners full Cargo policy (or contingent) cover in place.
4. The Named insured clause will vary as the Owners policy will be in the name of the owner and the FF Policy will be in the name of the Freight Forwarder itself.

Broker vs Carrier Wordings

Are largely similar form my experience based on centuries of Marine law / precedent & and insurance practice.

However: (Come talk to us)

Source: arviem.com

- Broker wordings will often provide longer duration periods of discovery for 2 Key Clauses including :
  - Delayed Opening Clause &
  - 50/50 Clause

NFP
An Aon Company

Excluded Costs and Expenses

- Demurrage expenses arising from delays or bottlenecks in the shipping process for cargo that is not damaged is not covered
- All financial losses incurred to cargo that does not suffer physical loss or damage is not covered including delay

Source: puertoricomarine.com

- Demurrage is a fee that must be paid when cargo remains at a port or terminal for longer than the agreed free time period specified in a shipping contract.
- Typically ranges from between $75 and $300 per day per container.

Trigger for DSU

If involved in a large construction project with significant high value, long lead items or components it is a good idea to purchase Delay in Start-Up Coverage

Source: modeltransshipping.com

- To trigger a DSU there must be a covered claim under the Cargo section of the policy + perils of the sea
  - Ex. Theft, washing overboard, fire, lightening etc.
- Or a General Average is declared.

Contingent Business Interruption

- Like Business Interruption insurance - Contingent Business Interruption is an extension of your property coverage
- You still need a covered event (That would be covered under your own property policy wording if you were the owner of the property in question) in order to trigger a successful CBI claim regardless of wether you have a scheduled CBI location.

“EXCLUSIONS This policy does not apply to: 1. (a) With respect to insuring agreements 1, 2a and 2c, all Watercraft, including the hull and any Watercraft Equipment in, on or attached to the Watercraft.”

Ex. If your Policy exclude bridges, roadways, water crossings you may not have a CBI claim even if the Pot of Baltimore was a scheduled location?


Thank You

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