



# Fire Ahoy!

•by

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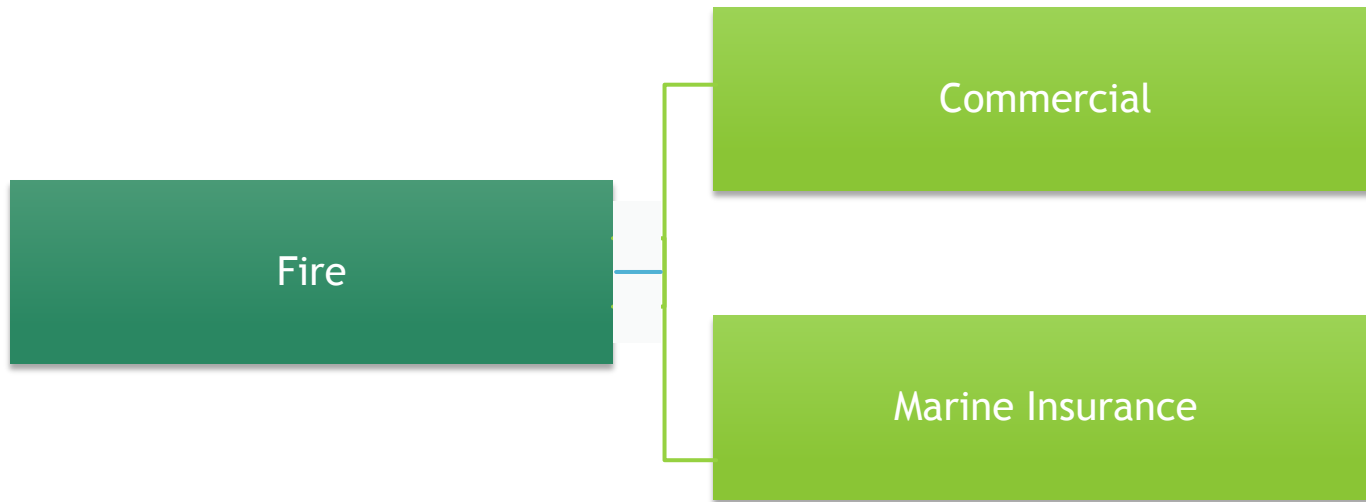


# OUTLINE

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# DEFINITIONS



# FIRE CASUALTIES

Maersk Honam

APL Vancouver

KMTC Hong Kong





## Maersk Honam



## APL Vancouver

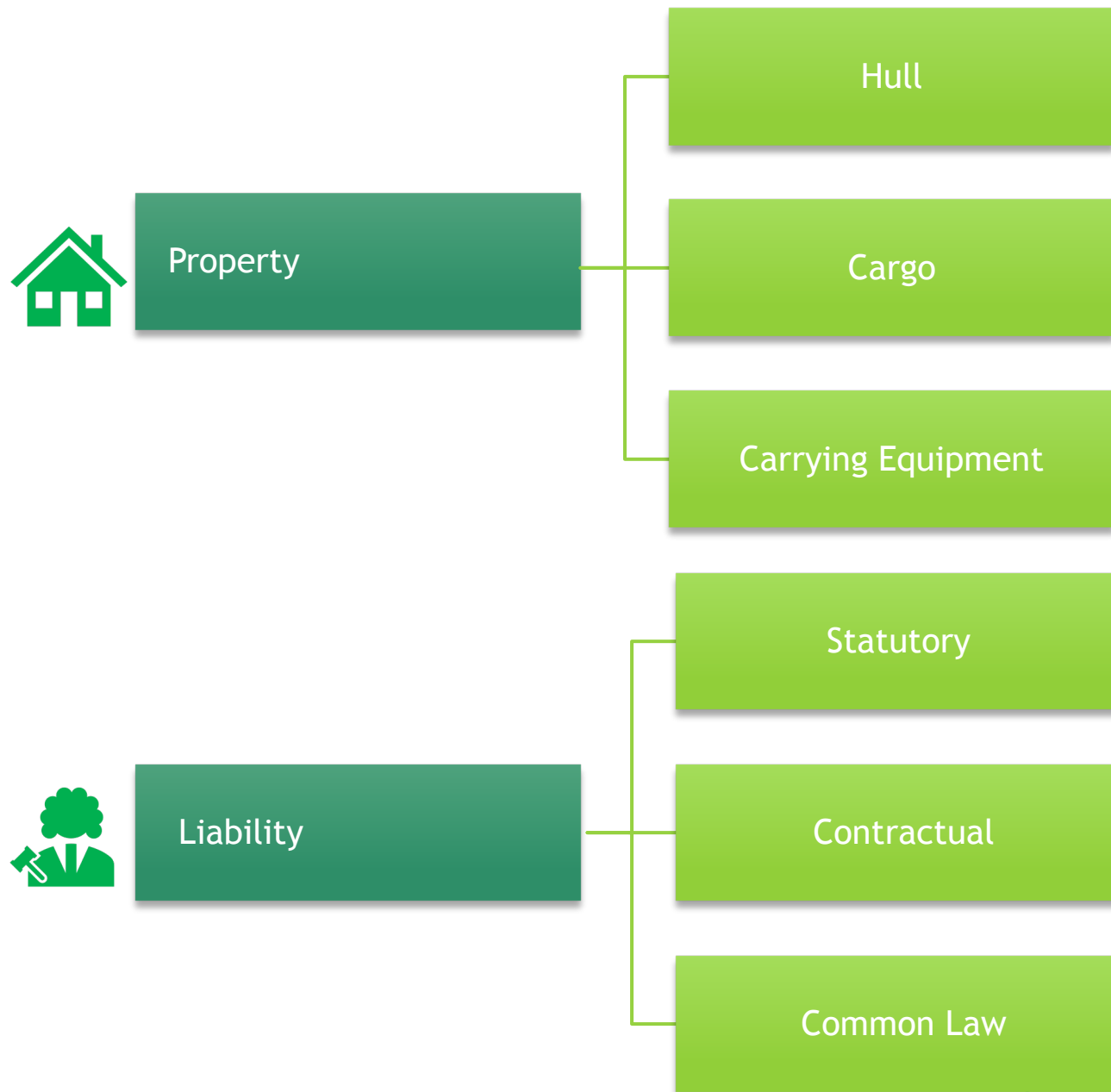


## KMTC Hong Kong





# EXPOSURES



# WHAT?



Loss / Damage to Property  
(Hull / Cargo)



Salvage



General Average

- Sacrifice
- Expenditure



# WHO?



Owners



Intermediaries

- Charterers / Operators
- NVOCC's / Freight Forwarders
- Ship Agents



Cargo Interests



Insurers





- ▶ Father of the voyage
- ▶ Duty to complete the voyage
  - ▶ Frustration?
    - ▶ Costs to complete exceeds the value of the hull
    - ▶ Time to conduct repairs is so long to frustrate the commercial object of the voyage
- ▶ Salvage
- ▶ General Average
  - ▶ Collection of Securities prior to release of cargo
  - ▶ Provide an adjustment



- ▶ Carriage Conventions
  - ▶ Hague / Hague Visby Rules
  - ▶ The Rotterdam Rules
- ▶ Fire Statue
- ▶ Potential Recovery from 3<sup>rd</sup> parties
- ▶ Limitation of Liability (Carriage Conventions / Global Limitation Convention)
- ▶ Insurance coverages



- ▶ Charterers / Operators
  - ▶ Owners defenses against underlying parties (CMA Djakarta)
  - ▶ Contractual Liability to Owners
- ▶ NVOCC's / Freight Forwarders
  - ▶ Depends on Role
  - ▶ Penalties imposed by Overlying parties?
  - ▶ Criminal liability?
- ▶ Ship Agents
  - ▶ Liability for negligent performance
  - ▶ Contractual defences
  - ▶ 3<sup>rd</sup> parties?





- ▶ Want delivery of cargo
- ▶ Provision of Security for Salvage / GA
  - ▶ When necessary
  - ▶ Insured
  - ▶ Uninsured
- ▶ Potential for denying Salvage / GA Claims?
- ▶ DG Cargo
  - ▶ Declared
  - ▶ Undeclared  
(HV Rules - Art IV Rule 6 - “Goods of an inflammable, explosive or dangerous nature to the shipment whereof the carrier, master or agent of the carrier has not consented with knowledge of their nature and character, ...”  
See The Giannis NK



- ▶ Liability
  - ▶ Shipper
  - ▶ Consignee
    - ▶ COGSA 1992
    - ▶ Bill of Lading Act 1855
    - ▶ Brandt v Liverpool Contract



- ▶ Owners
  - ▶ Hull & Machinery
    - ▶ Property
    - ▶ Liability exposures
      - ▶ RDC
      - ▶ GA & Salvage
  - ▶ P&I
    - ▶ Unrecoverable GA contributions from Cargo Interests
- ▶ Intermediaries
  - ▶ Property Cover (Bunkers / Equipment)
  - ▶ Liability





- ▶ Cargo Insurance
  - ▶ Property
  - ▶ Liability Exposures
    - ▶ GA & Salvage
  - ▶ No other cover for liability (Cargo Owner's Liability)



# INSURANCE 3

- Deductible and limits under the policy
- Exclusions
  - Reckless behavior (mis-declaration of cargo, not having proper procedures to deal with risks, etc)
  - Criminal activities
- Claims handling



# CONCLUSION



Fire has potential to create chaos



Know

- what you are doing
- Whom you are contracting with (“KYC”)
- Procedures to deal with issues when they arise



Risk Transfer say by Insurance



QUESTIONS?

Q&A



# THANK YOU!

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