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WORKSHOP 1 – SCOPE OF COVER

Introduction

The *MV Amber Nectar* is to load steel coils, bagged sugar and drums of chemicals at a Mediterranean port. The ship is operating under a time charter.

- What are the potential liabilities?
- Are they covered by P&I?
- Are they covered by another insurer?



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WORKSHOP 1 – SCOPE OF COVER

- 1 Whilst manoeuvring to pick up the pilot at the load port the *Amber Nectar* has a collision with the pilot boat. The pilot is thrown into the water and injured. Whilst there is only minor damage to the *Amber Nectar* the pilot boat is badly damaged.



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WORKSHOP 1 – SCOPE OF COVER

- 2 After berthing the ship's holds are inspected by the charterer's surveyor who claims that the holds are dirty, wet and in an unsatisfactory condition. As a result the charterers put the ship off-hire for three days for further hold cleaning.



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WORKSHOP 1 – SCOPE OF COVER

- 3 On inspecting the steel coils prior to loading the master notices that many are already damaged and rusty.



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WORKSHOP 1 – SCOPE OF COVER

- 4 The ship's officer on cargo watch reports to the master that loading of the bagged sugar has begun but some of the bags are torn and spilling sugar.



6

WORKSHOP 1 – SCOPE OF COVER

- 5 Later that day whilst loading some of the drums of chemicals a ship's crane wire breaks and four drums fall onto the already loaded bagged sugar in the hold below. There is extensive spillage of the chemicals over the bagged sugar.



7

WORKSHOP 1 – SCOPE OF COVER

- 6 At midday on the second day of loading it starts raining heavily. Loading is stopped and the hatch covers are closed. The rain lasts for 24 hours and when the stevedores return the hatch covers are opened so that loading can resume.

On entering one of the holds some of the stevedores are seen to collapse and the foreman on deck raises the alarm with the officer of cargo watch who immediately informs the master.



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- 7 That afternoon the local police arrive at the ship to investigate what happened to the stevedores. They park their police car alongside the ship and unfortunately it is hit by a steel coil being loaded on board with a ship's crane. The police car suffers extensive damage.



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- 8 Cargo work is completed and the Amber Nectar is leaving the berth. Whilst swinging in the harbour the bow of the ship swings towards a container gantry crane on another berth and the pilot orders the engines to be put full astern. The emergency full astern fails to prevent the bow of Amber Nectar from making contact with and damaging the gantry crane.



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WORKSHOP 1 – SCOPE OF COVER

- 9 The wash from the propeller causes damage to a number of yachts in a marina



11

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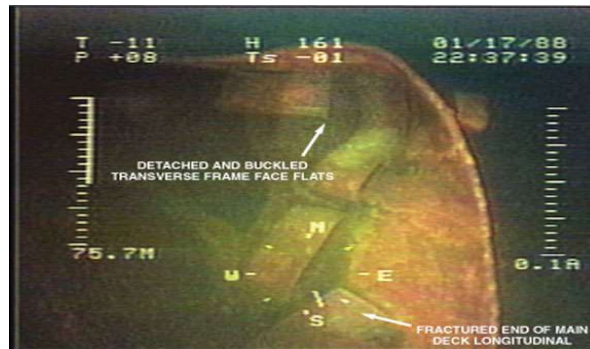
- 10 The pilot fails to recover control of the ship and the *Amber Nectar* goes aground on a mud bank. The ship is re-floated with the assistance of tugs on the next high tide.



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- 11 After re-floating the ship is taken to a lay-by berth. In order to establish whether there is any damage a diver's inspection of the underwater hull and propellers is arranged.



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- 12 At this stage it appears to be all too much for the master and he suffers a nervous breakdown. The P&I correspondent arranges for him to be admitted to a local hospital.



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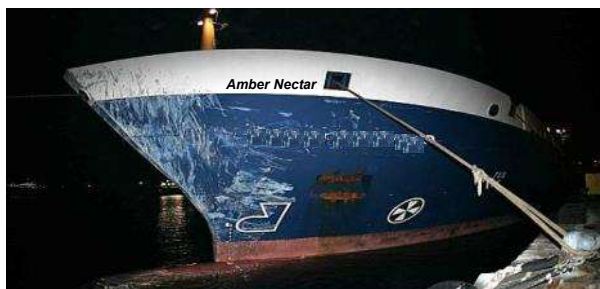
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- 1 Whilst manoeuvring to pick up the pilot at the load port the *Amber Nectar* has a collision with the pilot boat. The pilot is thrown into the water and injured. Whilst there is only minor damage to the *Amber Nectar* the pilot boat is badly damaged.

Event	Liability	Potential liability	P&I	P&I Rule Number	H&M	FD&D	Remarks
1	1	Damage to pilot vessel	¼	19(10)(a) 19(16)	¾		Damage to the pilot vessel ¼ P&I and ¾ H&M May be 4/4 P&I if contract or statute in place
	2	Pilot's injury		19(10)(b)(iv) 19(4)(c)			4/4 P&I collision cover. Personal injury to third party – duty of care
	3	Pollution		19(10)(b)(v) 19(13)			4/4 P&I collision cover. Fines (discretionary)
	4	Damage to own ship					4/4 H&M
Notes: Wreck removal? Loss of hire?							

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Event	Liability	Potential liability	P&I	P&I Rule Number	H&M	FD&D	Remarks
2	5	Dirty holds					Possible FD&D involvement in any dispute over terms of charterparty



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3	6	Pre-loading cargo damage		19(17)(D)(vi)			A P&I matter only if receiver makes claim against shipowner under bill of lading. Obligation under rule 19(17)(D)(vi) to clause the bill of lading.
Notes: Cargo insurance? Steel pre-load survey?							

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4 - SUGAR CARGO

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Event	Liability	Potential liability	P&I	P&I Rule Number	H&M	FD&D	Remarks
4	7	Handling damage by stevedores		19(17)(a)			A P&I matter only if receiver makes claim against shipowner under bill of lading. Charterer may be ultimately responsible under charterparty.

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Event	Liability	Potential liability	P&I	P&I Rule Number	H&M	FD&D	Remarks
5	8	Damage loading with ship's gear		19(17)(a) 19(17)(b)			
	9	Broken crane wire					Possibly H&M if over deductible.

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Event	Liability	Potential liability	P&I	P&I Rule Number	H&M	FD&D	Remarks
6	10	Personal injury – stevedore		19(4) 19((4)(A)			Personal injury to third party
	11	Rain delay					Possible FD&D involvement in any dispute over terms of charterparty
	Notes: Accident investigation – delay? Rain not laytime?						

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Event	Liability	Potential liability	P&I	P&I Rule Number	H&M	FD&D	Remarks
7	12	Damage to police car		19(12)(a)			Car likely to be insured by police vehicle insurance.
	13	Damage to steel coil		19(17)(a) 19(17)(b)			Cargo insurance?

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Event	Liability	Potential liability	P&I	P&I Rule Number	H&M	FD&D	Remarks
8	14	Damage to shore crane		19(12)(a) 19(12)(c)			Includes consequential losses

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9	15	Damage to yachts		19(11)(a)			Non contact damage

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Event	Liability	Potential liability	P&I	P&I Rule Number	H&M	FD&D	Remarks
10	16	Towage					Unlikely to be salvage or general average.
		Notes: Safe port?					

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Event	Liability	Potential liability	P&I	P&I Rule Number	H&M	FD&D	Remarks
11	17	Hull damage					
	18	Diver's inspection					

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12	19	Crew illness – master		19(1)(a)			
	20	Substitution costs		19(1)(d)			Substitution if manning levels require.
	Notes: Master sues employer – FD&D?						

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