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Hoegh Osaka insurers will examine possible ship defects

12th January 2015

The insurers of Hoegh Osaka, will be focusing on whether the vessel had any defects that could cause it to list so disastrously quickly, said an insurance arbitrator.

Hoegh Osaka, which ran aground in the Solent last week, has been refloated and is heading for Portsmouth harbour, however high winds are effecting the salvage.

High winds last week caused the vessel to drag anchor for approximately 100 metres, so the ship has been anchored in a bid to control its movement.

Marine insurer, Gard is facing claims from the deliberate grounding of the 51,000 tonne car carrier Hoegh Osaka in the Solent on England's south coast.

While the crew was safely evacuated, the vessel itself is currently listing at a 52 degree angle.

Gard is both the vessel's protection and indemnity (P&I) insurer and the provider of its hull coverage.

"The key focus for insurers will be on what caused the ship to list so disastrously and so quickly after setting sail," Charles Gordon, insurance arbitrator and mediator at JAMS International, told Reactions.

"Insurers will want to know whether there was defect which was known or should have been known. Recent survey reports and any communications about the state of the vessel will need to be inspected.

"If there was any material non-disclosure of material information to insurers, and there is no suggestion of that at this stage, insurers might have grounds for repudiating cover. I would stress that there has been no suggestion of this to date," added Gordon.

The deliberate beaching of the vessel is not likely to cause a problem from an insurance perspective as it has prevent a more costly accident.

"If the [ship] master has taken reasonable action to protect the ship, its crew, and its cargo, no insurer will use that as a ground for refusing cover," said Gordon.

"Indeed, there is a duty on an insured to take whatever reasonable action they can to avoid or limit damage.

"There will likely be multiple insurers of both hull and cargo but it will be the programme leaders who will take charge of the salvage operation and negotiations as to settlement of claims.

Hoegh Osaka is a 51,000 tonne car carrier which had a cargo of 1,400 cars and 80 pieces of construction equipment, when it sailed from Southampton, England, on January 3.

The amount of damage to the cargo will depend on how it is secured on the carrier.

"I very much doubt if insurers will entertain a claim for loss in respect of the high end autos cargo unless there is actual physical damage to the vehicles," said



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