

# UiO : Det juridiske fakultet

## Universitetet i Oslo

### EXAM

#### JUS5402 - Maritime Law - Liability and Insurance- Autumn 2016

Date: 14 December

Time: 10:00

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The Norwegian flagged cruise ship Northern Grace, of 4000 tons and licensed to take 100 passengers, was owned by Northern Cruise Holding (NCH) and let out on bareboat charter (leasing agreement) to Northern Cruise Lines (NCL) who was responsible for manning and operating the ship.

The ship was on its way into one of Norway's beautiful fjords but could not proceed all the way into the destination port because the anchorage there was temporarily occupied by another cruise ship. To make use of the waiting time the master decided to enter a narrow side-fjord, not ordinarily visited by cruise ships, to offer unannounced and beautiful scenery to the passengers. However, the officers onboard negligently failed to notice a high voltage electric wire which hung low between the mountain sides of the fjord, forming part of the electricity supply in the area. The wire hung too low for the ship to pass underneath and the top of the ship was hit by the wire, causing - apart from a terrible noise - damage to its superstructure. Moreover, the electric wire was torn apart and fell onto the area of an outdoor deck, hitting and injuring four passengers and two crew members.

At the time of the incident the ship was about to make a 180 degree turn in the narrow fjord. The confusion which arose from the incident distracted the officer in charge so that he failed to make commands for completing the ship's turn. This caused the ship to proceed along its pre-incident plotted course, heading towards the shore side. The mistake was discovered only too late and the ship collided with the shore side, where it hit an underwater obstacle which pierced a hole in the hull in the area of a bunker tank, causing emission of fuel oil. All of this happened within a couple of minutes from when the electric wire was hit. Apart from the stated hole in the hull the ship was essentially undamaged and remained afloat.

The following claims were made against **both** NCH **and** NCL. The amounts were not in dispute (1 SDR=10 NOK):



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- personal injury by the four passengers, NOK 1 mill each, in total NOK 4 mill,
- personal injury by the two crew members, NOK 500.000 mill each, in total NOK 1 mill,
- property damage to the cable and costs of restoring it, suffered by the electric supply company; NOK 5 mill,
- clean up costs of oil spill, incurred by the local municipality; NOK 5 mill
- lost income by a nearby tourist hotel, caused by lack of electricity for 5 days; NOK 1 mill,
- lost long term income by the same hotel, due to negative market reputation caused by the oil spill; NOK 10 mill

Disputes arose inter alia in respect of whether the damages were caused by one or two incidents; whether one or both of the companies were liable and for what claims; how the claims were to be limited.

**Question 1:** For which of the stated claims are NCH **and/or** NCL liable, and in what amounts?

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**Question 2** – to be answered only briefly: What do we understand by the principle “no cure no pay” in salvage law?

