

# **JUR5450 - Marine Insurance**

## **Spring 2008**

1. The insurance cover of collision liability.

2. Bliss Shipping Company ordered a product chemical tanker from a shipyard in China. The order was for a double hull tanker, made mostly in high strength steel and normal steel. The frames of the ship were built of aluminium alloy (a mixture of different metals). The tanks consisted of steel plates. These plates were welded to the hull and together with each other and thus put together to tanks. All parts were approved by the classification society DNV. The ship was delivered to Bliss Shipping Company in August 2007. Bliss effected H & M Insurance at the same time, running from August 2007.

Less than nine months after delivery some defects were discovered.

a) Corrosion was discovered on the frames in the ballast tank. Inspections showed that the aluminium alloy used for the frames was not as resistant to corrosion as expected. It was also clear that the aluminium alloy was preferred instead of steel in order to obtain better performance of the ship. Therefore, this new alloy was evolved in order to replace the ordinary steel frames. The inspections and tests further showed that the alloy as such was made in accordance with the specifications. No signs of bad quality were found in the material. Bliss Shipping Company claims compensation from the insurer for the cost of replacing the frames.

b) A leakage from the cargo tanks to the ballast tank was observed. Several cracks were found in the welds of all tanks. The material and weld inspections showed that there was no evidence of fatigue cracking mechanism. Rather, the cracks in the welds could be explained by faulty workmanship at the yard. The Bliss Shipping Company claims compensation for the cost of renewing the cracked welds.

Illuminate the question whether the different claims are covered under the NMIP.