

Insurance Issues for the Baltimore Key Bridge Allision & Collapse

This morning brought the shocking news of the allision (ship striking a fixed object) between the containership MV Dali and the Francis Scott Key Bridge over the Patapsco River and Baltimore Harbor causing total collapse of the bridge. Tragically, as of the writing of this piece, 6 people remain missing with one injured. I thought I would offer some comments on insurance and other issues that might be implicated in this tragedy.

All reputable ship owners (which includes charterers and others) carry Protection & Indemnity or P & I insurance which covers the ship owner and others at risk for damage to the ship and cover the owner and others against claims caused by the operation of the ship and “hazards of the sea”. This marine insurance is usually written by P & I clubs. Most of the P & I clubs are headquartered overseas but there is at least one American P & I club for the American merchant shipping industry. The P & I clubs in turn use reinsurance primarily through the International Group of P & I Clubs to reinsure and spread the risk so this disaster is likely to ripple throughout the marine insurance and reinsurance industry. The Clubs usually have the ability to assess their members for adverse loss experience.

The ship MV Dali is 9 years old, carries nearly 10,000 TEUs (twenty foot equivalent [container] units), has a gross tonnage of 95,000 (a measure of ships volume), and is 930 feet long. The ship sails under the flag (is registered) in Singapore. Its owner is Grace Ocean Pte Ltd of Singapore which would match up with its flag registry. There were also reports it was chartered (rented) by Maersk, a Danish multinational ship owner and shipper. The ship was bound for Colombo, Sri Lanka and was 30 minutes into a 27 day voyage.

Claims are likely to come from:

- Owner or charterer of the ship for the damage to the ship;
- those injured and the families of those missing from the bridge;
- crew members of the ship;
- cargo owners on the ship for damage and/or delay;
- shippers, ship terminal operators and other private waterfront interests for claims due to the closing of the Port of Baltimore north of the bridge;
- State of Maryland, City of Baltimore and/or the United States for claims for removal of the bridge debris, pollution remediation (if any) and ultimately, replacement of the bridge.
- Other claims

As for the cause of the disaster, early indications are that the ship lost power perhaps more than once. The fact that it had two port of Baltimore pilots could not prevent what appears

to be an engineering casualty and allision. Loss of ship's power can arise from many things: loss of lubrication, catastrophic failure of a moving part, break in the fuel lines that leads to a fire, operator error, etc. If a fire occurs, automatic systems might lead to an automatic shutdown of the power plant, which is never convenient and, as in this case, can be extremely dangerous.

The Francis Scott Key Bridge or Key Bridge was completed in 1977 and was a continuous through truss bridge. Its main span of 1,200 feet was the third longest continuous through truss in the world. Most bridge piers are protected by bulkheads, pilings and/or dolphins to prevent ship strikes but if such structures were present, they were inadequate in preventing the MV Dali ship strike and collapse.

Surface transport is likely to be severely impacted in the Baltimore area by the collapse since hazardous cargo cannot travel under the two underwater tunnels but will now be rerouted around Baltimore via the western half of I-695 or other detours. The Port is America's 17th largest port by total tons but ranks 9th for imports and also handles more cars and light trucks than any other US port. Much of the Port of Baltimore will remain closed until enough of the collapsed main span can be removed. A number of agencies including the US Coast Guard, National Transportation Safety Board, the State of Maryland will be investigating the cause of the accident and will likely make recommendations to prevent a recurrence.

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