

“DALI” – Baltimore Bridge Allision

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“DALI”



“DALAI LAMA”



“DALI” Allision

“DALI”

Purpose-built modern container vessel of 95,128 GRT, constructed in 2015

Built in Korea by Hyundai Heavy Industries

Capacity of 10,000 TEU

Approximately 300 metres long and 48 metres wide



The Allision

Allision with the bridge occurred in the early hours of the morning of March 26, 2024

Two blackouts on board, the first at 1:25 a.m.

Pilot reported blackouts and bridge was closed to traffic

The impact with the bridge occurred at 1:28 a.m.

Six workers on the bridge lost their lives



BALTIMORE

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FRANCIS SCOTT KEY BRIDGE COLLAPSE

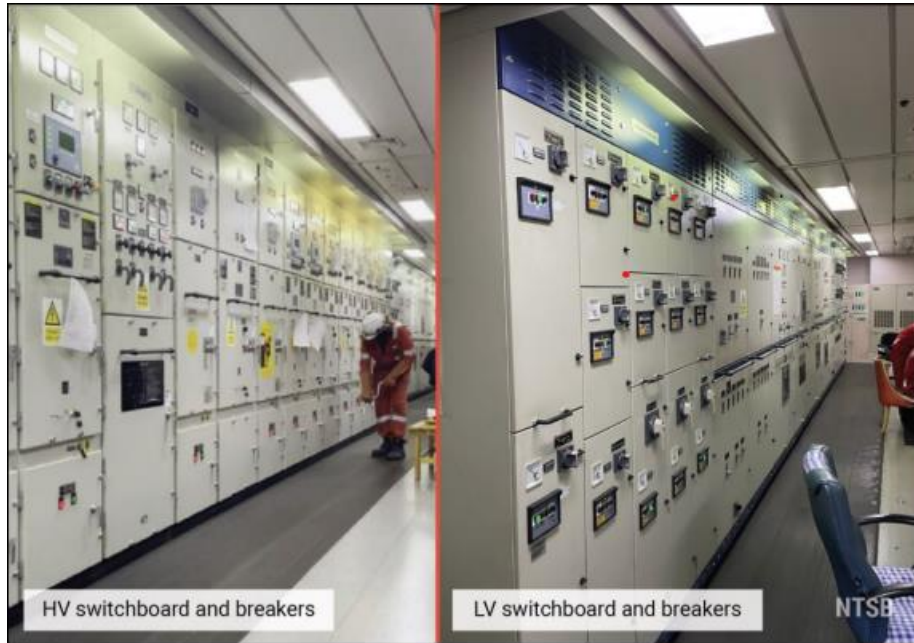
Cause of the Casualty

The blackout occurred when two breakers tripped

The crew manually reset them

They tripped again

NTSB is investigating



“DALI”

Since 2016, “DALI” is owned by Grace Ocean Private Ltd (“Grace Ocean”)

Grace Ocean is registered in Singapore and “DALI” flies the Singaporean flag

Grace Ocean have a relatively modern fleet of 55 vessels

Normally, shipowners place ships in “one ship owning companies” to try to ring-fence liabilities

Unusually, all the 55 vessels appear to be owned by the same company, Grace Ocean



The Limitation Action

- Limitation Action was filed on April 1, 2024 in the U.S. District Court for the District of Maryland (Baltimore)
- *In the Matter of the Petition of GRACE OCEAN PRIVATE LIMITED, et al, for Exoneration from or Limitation of Liability*, No. 1:24-cv-00941-JKB
- All claims against the ship, its owner and its manager must be filed in this action
- Claims were due to be filed by September 24, 2024
- An extension for some claims was given to November 22, 2024
- All claims are now filed in the limitation action

Claims Against Shipowners in the Limitation Action

Forty-six claims were made by September 24, 2024

- a) The owners of the bridge for loss of the bridge, toll revenue, and debris removal
- b) The port, especially for BI, by Baltimore County
- c) Owners of the ships trapped in port
- d) Cargo interests whose cargo was damaged
- e) The United States claimed a loss of \$103 million, for damages under
 - i. General Maritime Law
 - ii. Rivers and Harbors Act
 - iii. Oil Pollution Act
 - iv. punitive damages

**This claim was settled by the Ship's P&I Club (Brittania)
for \$101 million.**



Additional Claims Against Shipowners

- f) Cargo interests and owners of ships for additional costs in routing cargo/ships by alternative ports at additional cost
- g) Loss of life/injury
- h) Local businesses (BI)
- i) Late filed claims under the extension



Claims for Pure Economic Loss

The claims against Owners will be brought in tort

Longstanding principle under US law that claims for pure economic loss are not recoverable in tort unless the claimant has suffered physical loss or damage. *Robins Dry Dock & Repair Co. v. Flint*, 275 U.S. 303 (1927)

This should exclude liability for claims from;

Owners of ships trapped in port

Claims for BI from the port and businesses

Claims from commuters



Physical loss/damage claims

Largest remaining claims are the cost of rebuilding the bridge and loss of life

Possible quantum issue as the reconstructed bridge is unlikely to be exactly the same as the old bridge

Personal injury claims are subject to their own limitation fund



Cargo claims

Cargo on board also affected by delay/re-routing costs

Delay may impact seasonal or perishable goods

Re-routing after discharge may give rise to claims for additional freight

“DALI” declared General Average



General Average or Salvage?

- Although GA and Salvage are often both involved in the same casualty, they are completely separate
- GA security is completely separate to Salvage security
- Claim against cargo may include salvage costs for removal of bridge section trapping the ship



Limitation of Liability for Ship

Total estimated losses estimated in the billions

Shipowners have claimed a right to limit liability to the value of the ship after the casualty: \$44 million

Right to limit exists as a policy because of a desire to promote trade and encourage people to take the risk of operating ships

Right to limit that is quantifiable also helps Owners insure the liabilities

Under International Convention the limit is based on the GRT of the vessel



Limitation of Liability Act of 1851

(a) In general. -- Except as provided in section 30524 of this title, the liability of the owner of a vessel for any claim, debt, or liability described in subsection (b) shall not exceed the value of the vessel and pending freight. If the vessel has more than one owner, the proportionate share of the liability of any one owner shall not exceed that owner's proportionate interest in the vessel and pending freight.

(b) Claims subject to limitation.--Unless otherwise excluded by law, claims, debts, and liabilities subject to limitation under subsection (a) are those arising from any embezzlement, loss, or destruction of any property, goods, or merchandise shipped or put on board the vessel, any loss, damage, or injury by collision, or any act, matter, or thing, loss, damage, or forfeiture, done, occasioned, or incurred, **without the privity or knowledge of the owner.**

Limit of Liability for Personal Injury or Death

(a) Application. –

This section applies only to seagoing vessels, but does not apply to pleasure yachts, tugs, towboats, towing vessels, tank vessels, fishing vessels, fish tender vessels, canal boats, scows, car floats, barges, lighters, or nondescript vessels.

(b) Minimum Liability. –

If the amount of the vessel owner's liability determined under section 30523 of this title is insufficient to pay all losses in full, and the portion available to pay claims for personal injury or death is less than \$420 times the tonnage of the vessel, that portion shall be increased to \$420 times the tonnage of the vessel. That portion may be used only to pay claims for personal injury or death.

Limitation of Liability for Ship

In the US, limit is based on the value of the vessel (accounting for damage) plus pending freight

Sound value of ship \$80-90m

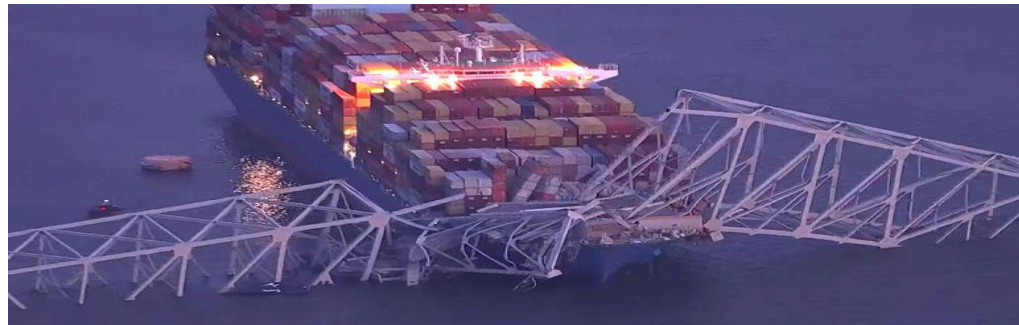
Limitation proceedings in the US seeking to limit at \$44m (taking account of the cost of repairs)

Personal injury limit (fund) is: $\$420 \times 95,128 \text{ GRT} = \$39,953,760$

US limit “breakable”

If limit is broken Owners are liable for all the losses (except for the “pure economic loss” claims)

Potential liability \$1bn???



P&I Coverage



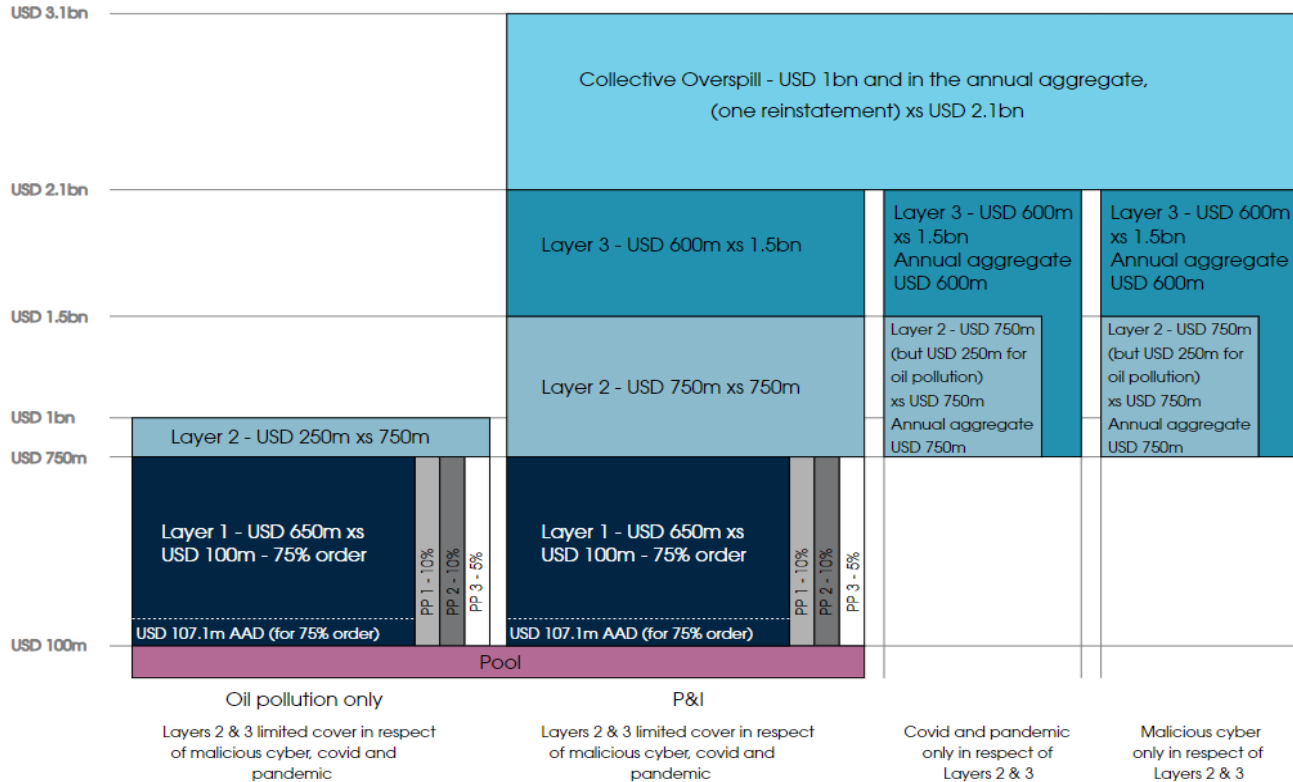
“DALI” is entered with Britannia P&I, one of the 12 P&I Clubs in the International Group of P&I Clubs

The IG is not an insurer, rather it is a trade body which performs various functions which are of common interest to the twelve P&I Clubs

12 members of the IG insure the liabilities of around 95% of the tonnage of the global fleet

The Clubs have a retention of \$10m per claim and then above that the claims are pooled. This means that the Clubs all share every loss above \$10m. The Clubs pool the losses up to \$100m and then there is a reinsurance programme

P&I reinsurance



Conclusions



Complex claims arising from the casualty, but fewer in number than anticipated

Limitation of liability will be a major issue

Claimants will attempt to break limitation

Robust P&I system with extensive reinsurance programme

Trial in 2026??

Thank you. Any questions?

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