



Module 7

TOWAGE, SALVAGE, GENERAL AVERAGE AND WRECK REMOVAL

Module 7 Sample questions - answers

The UK is a contracting state to both the 1976 Limitation Convention as amended and the 2007 Convention on Wreck Removal and has incorporated both into its domestic legislation. What right has the UK exercised under the 1976 Convention and incorporated into English law which affects wreck removal claims?

- Excluded such claims from the right to limit liability ✓
- Lowered the limits of liability
- Changed the time bar to 10 years after the incident
- Changed the parties against whom a claim can be made and who can limit their liability
- Made limitation applicable up to 750 miles off the coast

What term is used to describe the situation when a tug is pulled over and sinks as a result of forces on it whilst towing?

- Drafting
- Girting ✓
- Skirting
- Bracing

A salvor is trying to pump out the bunker tanks of a vessel under salvage when an equipment failure results in a pollution incident.

If claims are made against the salvors, what level of pollution liability cover is available from International Group clubs for salvors whilst working away from their own vessel?

- USD 100M ✓
- USD 375M
- USD 50M
- USD 1bn



The "CHESTNUT" is involved in a casualty requiring salvage services. When the claims for salvage are made on the hull policy, those insurers successfully raise an under-insurance argument and only a proportion of the ship's share of the salvage award is paid by those insurers.

What, if any, impact does that have on the coverage available under the Club rules for salvage costs?

- Club cover is limited to the sum insured under the hull policy
- P & I claims caused by hull under-insurance have to be referred to the Board of Directors ✓
- No impact at all
- Only SCOPIIC is payable

A parcel tanker owner contacts their Club because they have lost patience waiting for the cargo interests to pay their GA contributions, and the guarantors no longer exist. No defences of unseaworthiness or similar have been raised.

What help will their P & I insurers be able to give them, if any?

- After a wait of 6 months the P & I insurers will advance a proportion of the unpaid contributions
- Subject to receiving a countersecurity the Club will advance the amount owed
- The Club will put commercial pressure on the cargo interests and their insurers if possible
- As this is just a bad debt, the P & I club will not generally be able to assist ✓

What will be used as the basis to calculate the parties' contributions in GA?

- The value at the time and place of the actual casualty
- The insured value
- The value at the time and place the adventure started
- The value at the time and place the adventure ended ✓

Decide which statements are true and which are false about GA claims

	True	False
The shipowner may request General Average security from cargo at destination	<input checked="" type="radio"/> ✓	<input type="radio"/>
The average adjuster is just a professional adviser with no legal status in any jurisdiction	<input type="radio"/>	<input checked="" type="radio"/> ✓
Surveyors will often be used to decide what hull damage might be Particular Average and what might be General Average	<input checked="" type="radio"/> ✓	<input type="radio"/>
Salvage security and General Average security are provided using different documents	<input checked="" type="radio"/> ✓	<input type="radio"/>



The "LUCKY STAR" is sailing in ballast when she suffers a casualty. Salvors attend and manage to pump out the bunker tanks however the vessel sinks in shallow water close to a tourist area. The hull insurers declare the vessel a total loss. The local authorities are quite relaxed about the wreck remaining in position as they see the potential for it to become a dive site however the local tourist board thinks that it should be removed.

If the owners decide to remove the vessel, what might the Club's response be when asked to indemnify any claim?

- If the hull insurers have paid a total loss then they automatically own the wreck so not a P&I claim
- Potential damage to a tourist area is not a hazard to trigger liability under the WRC
- There is no automatic coverage if the wreck removal was not compulsory by law
- They will not pay for the costs of marking any wreck if the vessel is later removed

A vessel is involved in a major casualty. Whose decision will determine whether the vessel is a CTL so that further costs will not be considered salvage work but wreck removal?

- Vessel owner
- Hull insurers
- P & I
- Salvors

Why should a contractor using Wreckhire always plan the project timetable carefully?

- If the contract overruns the agreed number of days, penalty clauses apply
- If the contract overruns the agreed number of days, the contract is automatically terminated
- If the contract overruns the agreed number of days, the payments stop
- If the contract overruns the agreed number of days, the effective day rate goes down