

ASSESSMENT

Consequences and effects of the general average of the Ever Given in the Suez Canal

It was probably the most explosive headline of the day yesterday – the Ever Given is towed free. Traffic is resuming and the congestion that has formed on both sides of the canal within the last few days is very likely to clear promptly – even if "promptly" in this case means a few days or weeks. For this reason, further significant delays are to be expected. These are exacerbated, among other things, by the current tense situation of global container shortages in Asia on the routes to North America and Europe. Also, it is not clear whether the captain of the Ever Given declared the general average.

What are the consequences of incident for companies?

General average exists when the master of a ship incurs extraordinary expenses (e.g. for salvage) or sacrifices (e.g. jettisoning part of the cargo, stranding of the ship, flooding of holds in the event of fire) in order to rescue the ship from imminent, common danger to the ship and its cargo. **All parties involved in the sea transport are liable for the damages and costs incurred in proportion to the values of the salvaged goods. Thus, claims up to the amount of the actual value of your goods can be made against the partners involved.**

What solutions does transport insurance offer in all these cases, even if the goods are not directly on the Ever Given but are in a traffic jam?

- First, all direct damage caused to the goods that were on board by the ship running aground are insured.
- In addition, any general average contributions that may have to be made are also covered. In the case of general average, the shipowner may claim a lien on the goods and retain them until the owner has paid their share of the costs. If the goods are not insured, this is usually done in cash through a cash deposit. If you have a transport insurance policy, you will receive a General Average Bond or a General Average Guarantee from it. Against this guarantee of the insurer to take over your share of the general average, you receive your goods from the shipowner and can dispose of them freely.
- Special cases represent further effects, such as the delay of the voyage or also financial losses. The expected pecuniary losses due to a delayed delivery in particular cannot be evaluated yet. In addition, standard market conditions such as the [DTV Cargo 2000/2011 – Full Cover] often do not offer insurance protection.

SUDVERS recommendation for action

In principle, however, delays of the journey are also insured in the SUDVERS transport insurance, as well as financial losses, if according to the German applicable law a party involved in the transport would have to be liable for this. If the goods are on the Ever Given or on one of the blocked ships, we recommend contacting SUDVERS or your own transport insurer immediately:

- We will check which subsequent steps must be taken with regard to the insurance of your goods or impending property damage.
- At the same time, we will inform your transport insurer so that you do not suffer any disadvantages due to a rerouting of the ship and e.g. traveling through pirate areas in case of a substitute route around South Africa or a significantly longer voyage to be expected.

At the moment, nothing can be said about possible recourse claims against the shipowner or other parties involved. This example shows once again how important it is in a globalized world to be aware of the risks for your flow of goods and to find and implement the appropriate insurance solutions for this together with SUDVERS.

If you have any further questions about the current situation surrounding the Ever Given incident or other transport risks, please do not hesitate to contact us!

For more information, visit: www.suedvers.de/en/attainment/

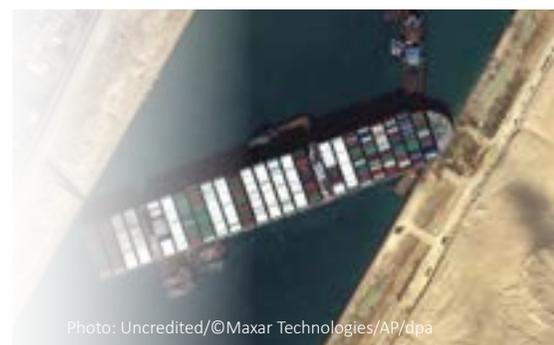


Photo: Uncredited/©Maxar Technologies/AP/dpa