

GENERAL AVERAGE DISBURSEMENTS INSURANCE

A general average act will give rise to extraordinary expenditure, which is, more often than not, incurred by the Shipowners.

There is no claim on the hull policy as such, and Shipowners must turn to the general average fund to recover their loss. Contributions to the fund are assessed on values of ship, cargo and other contributing interests, on termination of the adventure or completion of the voyage.

In the unfortunate circumstance of the vessel and/or her cargo being totally lost during the passage from port of refuge to destination, there would be nothing left value-wise to contribute to the general average fund and Shipowners could suffer a substantial loss of the general average expenditure incurred at the port of refuge.

It follows, that any expenditure incurred by the Shipowners (e.g. towage costs, port entry, fuel, stores, wages, discharge etc.) is at risk until the voyage is terminated.

Insurance on average disbursements will protect all those concerned in the general average, against these possibilities and will:

- pay 100% of the general average expenses if the ship becomes a total loss before the voyage is terminated
- cover any short fall in contributory values if the ship, cargo or other contributing interests suffer an incident before the voyage is terminated, which has the effect of reducing one or more of the respective values.

The general average adjuster will calculate the sum to be insured and the hull and machinery broker will normally place the insurance.

Should your broker not be able to undertake this task for any reason, please contact us as we can direct you to brokers very experienced in this type of insurance.

Although the premium for this insurance is initially borne by the Shipowners, it is a general average disbursement and will be recoverable as part of the general average claim.