



Major Incidents – Cargo Owners and Ship Owners

In the event of a major incident at sea, the captain of the vessel can declare a general average. After such a declaration has been made, all of the parties who have interests onboard, proportionally participate in the costs of sacrifice or salvage that are necessary to save the vessel and the cargo. This means that the cargo owners can end up paying huge amounts to get their goods released.

York-Antwerp Rules, rule A: “There is a general average act when, and only when, any extraordinary sacrifice or expenditure is intentionally and reasonably made or incurred for the common safety for the purpose of preserving from peril the property involved in a common maritime adventure. General average sacrifices and expenditures shall be borne by the different contributing interests on the basis hereinafter provided.”

Some Rules for Sacrifices in the York-Antwerp Rule: Jettison of Cargo, Loss or Damage by Sacrifices for the Common Safety, Extinguishing Fire on Shipboard, Wreck Removal, Voluntary Stranding, Damage to Machinery and Boilers, Cargo or Ship’s Materials and Stores Used for Fuel, Damage to Cargo in Discharging, Loss of Freight.



An example of a General Average (GA) case

- On a voyage from European ports to the Far East.
- A smoke alarm from the engine room was activated south of Sri Lanka.
- A turbo-charger has been severely damaged.
- The captain decided to seek a port of refuge to make the repairs.
- The crew were unable to do the repairs themselves which resulted in the need to engage external specialists.
- The total time spent at anchorage ~20 days after which the vessel continued to its destination.

GA contribution between the parties involved.

		GA contribution		
Port disbursements	USD	The ship	7400000,00	17103,77
Anchorage	3000,00			
Launch hire	700,00	Cargo interest		
Agency fees	1300,00	No 1	7000000,00	16179,25
		No 2	9000000,00	20801,89
Crew and bunkers		No 3	19000000,00	43915,09
Crew expenses	35000,00	Contributory value	42400000,00	98000,00
Bunker consumptions	43500,00	contribution	0,231 %	
Miscellaneous (adjusters)	14500,00	The ship	17%	
Total general average	98000,00	Cargo 1	17%	
		Cargo 2	21%	83%
		Cargo 3	45%	