

Insurance Business: Fallout from Baltimore bridge collapse continues

The March 2024 Baltimore bridge collapse, involving the cargo ship Dali, has triggered a tangled web of legal and insurance disputes, with multiple parties and escalating claims now in play.

Last month, the U.S. Department of Justice filed a \$100 million lawsuit against the ship's owner and operator, adding yet another layer of litigation to an already costly crisis.

Additionally, , the bridge's insurer, has filed a \$350 million claim to cover reconstruction costs, while the ship's owners are pushing to limit their liability to roughly . To complicate matters further, a surge of additional claims from cargo customers, insurers, transportation companies, and injured plaintiffs have flooded in. The incident is poised to become the costliest maritime insurance payout in history.

Marc Ladd, partner at Cohen Ziffer Frenchman & McKenna, offered his expert insights to Insurance Business, shedding light on what to anticipate as the aftermath of the disaster continues to evolve.

Tapping into protection and indemnity insurance

Discussing the staggering financial implications, Ladd emphasized that owners of large vessels typically hold protection and indemnity (P&I) insurance, a specialized type of coverage designed to address liabilities not included in standard hull insurance. This can encompass claims related to:

- Injury or Death of Crew Members: Compensation for injuries or fatalities occurring onboard the ship.

- Damage to Cargo: Liability for damage to goods being transported.
- Environmental Damage: Costs associated with pollution and oil spills.
- Collision Liabilities: Damages resulting from collisions with other vessels or property.

"In the case of the Dali, there are approximately a dozen insurers involved in the P&I program, and they are now waiting to see what their potential exposure is going to be," he noted.

The outcome hinges on whether the shipowner can successfully limit their liability to \$43 million.

"The losses stemming from wrongful death and property damage are likely to exceed that amount. Consequently, the insurance companies are adopting a wait-and-see approach," Ladd said. "If the shipowners are found liable for more than \$43 million, they will have to rely heavily on their P&I coverage to address the additional claims."

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