GRADE 12WORKSHEET:
GENERAL AVERAGE

1. CARGO STOWAGE PLAN: *SEA MASTER*: VOYAGE PORT KEMBLA – MOMBASA

HATCH NUMBER 1	3 000 TONS ANIMAL FEED
HATCH NUMBER 2	5 400 TONS ANIMAL FEED
HATCH NUMBER 3	5 600 TONS ANIMAL FEED
HATCH NUMBER 4	5 400 TONS ANIMAL FEED
HATCH NUMBER 5	5 600 TONS ANIMAL FEED

The value of the cargo is $100 per ton.

On her voyage from Port Kembla (Australia) to Mombasa (Kenya), the bulker *Sea Master* (value $36 million) hits a drifting container that makes a small hole below the waterline in number one hold that becomes flooded. She diverts to Darwin (Australia) where repairs are carried out. The cargo in number one hold is declared unfit for animal consumption and is discharged at Darwin where it will be destroyed. She is ballasted accordingly before resuming her voyage to Mombasa. The entire diversion and repairs cost $2.2 million.
The container was retrieved by a salvage company and investigations reveal that it had been one of 24 containers lost overboard from the containership *Kookaburra* during a severe storm.

1. Refer to the extract above.
1.1. What type of insurance covers
1.1.1. the damage to *Sea Master*?
1.1.2. the cargo that was in the containers that fell overboard from *Kookaburra*?
1.1.3. the containers that sank after falling overboard form *Kookaburra*?

1.2. The damage to *Sea Master* was caused by a floating container. Whose insurance will eventually pay for each of the following :
1.2.1 the damage to *Sea Master*?
1.2.2. the damaged cargo in Number 1 hold aboard *Sea Master*?

2. General average is declared.
2.1. Who declares general average? (Owner or Charterer or Agent)
2.2. Calculate the portion of the costs that would need to be paid by the shipowner. (The value of the cargo is given, and note that the value of the bunkers aboard is $1.25 million.

$$\frac{\text{VALUE OF SHIP***}}{\text{VALUE OF JOINT VENTURE}} \times \frac{\text{TOTAL COSTS OF INCURRED}}{1}$$

$$= \frac{\$36\,000\,000***}{(\$36\,000\,000 + \$2\,500\,000 + \$1\,250\,000)} \times \frac{\$2\,200\,000}{1}$$

$$= \frac{\$36\,000\,000***}{\$39\,750\,000} \times \frac{\$2\,200\,000}{1}$$

$$= \$1\,992\,452.83$$

2.3. Now calculate the portion that the cargo owner would have to pay towards the costs of salvage and repair in terms of General Average.
WE SIMPLY SUBSTITUTE THE VALUE OF THE CARGO WHERE WE HAVE THE VALUE OF SHIP AS THE NUMERATOR IN THE CALCULATION. (i.e. WHERE WE HAVE THE FIGURE MARKED ***)