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M/V DALI Allision:

Legal, Insurance, and Risk Management Issues Flowing from the Largest P&I Claim in History

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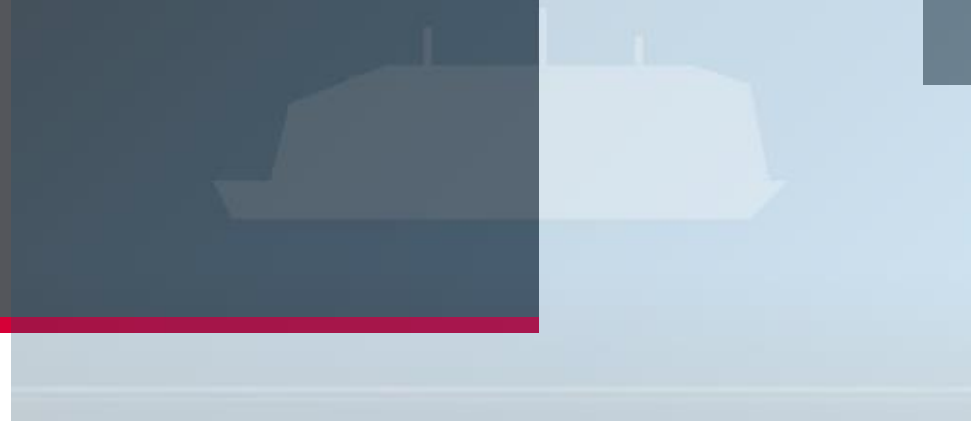
Overview



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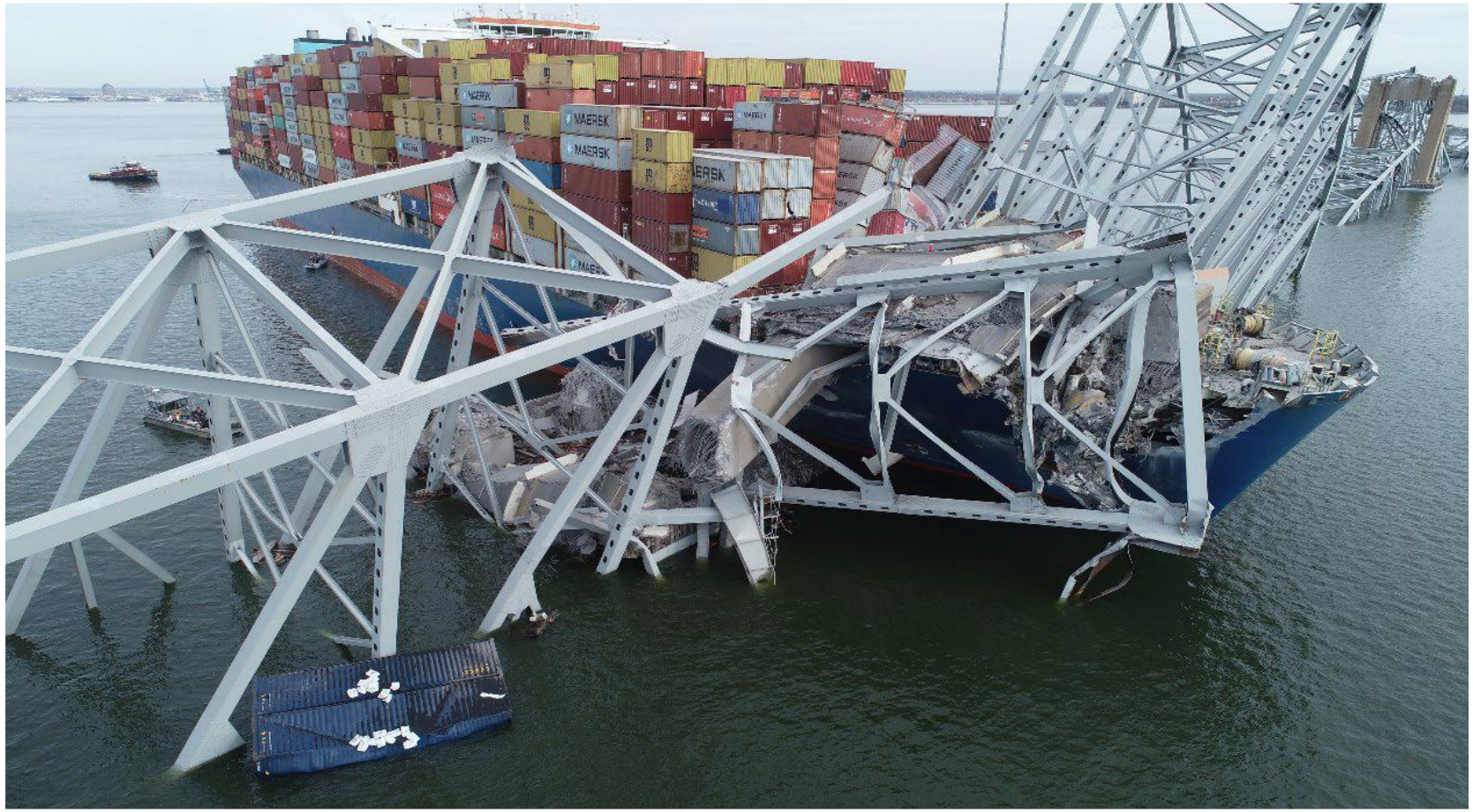
The Allision



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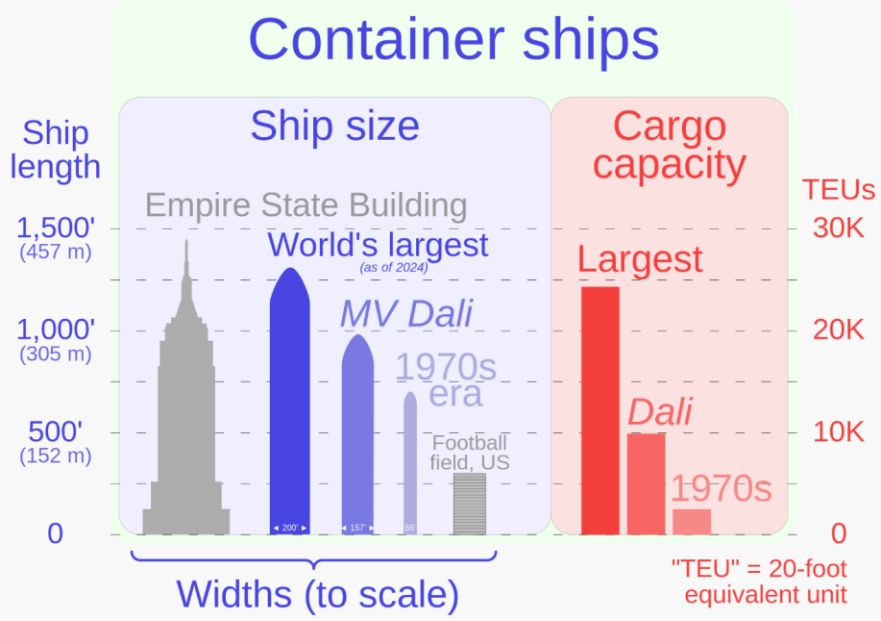
The M/V DALI



- M/V DALI is a 984-foot-long Singapore-flagged containership
- DALI is significantly smaller than the largest containerships
- Entered with Britannia

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The Largest P&I Claim in History

- Initial estimates were about $1.5bn loss
- Current reserves reported to be about $2.85bn
- Payout is over $1bn higher than COSTA CONCORDIA sinking in 2012, which was the prior record payout at just under $1.5bn (not including hull losses)

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Overview of Presentation

- **Summary of Legal Actions Flowing from the DALI Allision**
  - Focus on Limitation Action → largest claims; covered by P&I
- **Impact of Settlements on the P&I and Reinsurance World**
- **Potential Legal and Insurance Impacts on the Horizon**
- ***Disclaimer***

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Legal Actions Flowing from the M/V DALI Allision

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Legal Proceedings & Investigations

- **Limitation of Liability Action**

- **NTSB and USCG Investigations**
  - NTSB Final Report – November 2025
  - USCG – convened MBI but NTSB was designated lead agency

- **Criminal Investigation**
  - Indictment unsealed – May 2026

- **Litigation Against HHI**
  - Suit by owner & manager; Britannia has subrogation rights
  - Potential suits by State of Maryland and wrongful death & injury claimants

- **Potential General Average Claims**

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The Limitation Action

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Parties to the Limitation Action

- **Owner & manager petitioned for exoneration or limitation of liability**

- **Claimants included:**
  - Maryland
  - ACE – insurer of bridge
  - DOJ Civil o/b/o USACE and USCG
  - Bridge Workers – 6 wrongful death claimants and 2 injury claimants
  - City and County
  - Cargo Interests
  - Economic Loss claimants
  - Class Action claimants

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Key Legal Issues in Limitation Action

- **Challenge to Manager's Ability to Limit**
  - MSJ denied, no final decision
- **Whether Economic Loss Claims Were Barred by *Robins Dry Dock***
  - Following stay of proceedings and slew of settlements
  - Motion for judgment on the pleadings
  - Court dismissed most economic loss claims except discrete claims by City and County → allowing discovery on damage
  - Appeals filed last week
- **Confirming that Class Actions Are Not Permitted in Limitation**

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Settlement with State of Maryland

- **Final settlement of $2.25 billion**
- **Resolves claims relating to bridge, as well as minor economic and environmental claims**
- **Owner and manager have a right to share in recovery if/when Maryland pursues claims against HHI**

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Impact of M/V DALI Settlements on the P&I and Reinsurance World

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P&I Cover Generally and the International Group

- **Protection & Indemnity or "P&I" Clubs cover open-ended liability risks for entered vessels**
  - People risks
  - Cargo and trading risks
  - Casualties and environmental risks
- **Separate from Hull & Machinery insurance that covers the physical ship**
- **Collectively owned and funded by members**
- **International Group or "IG"**
  - Association of 12 Clubs
  - Provides collective reinsurance
  - Other benefits: advocacy with regulators, information sharing, etc.

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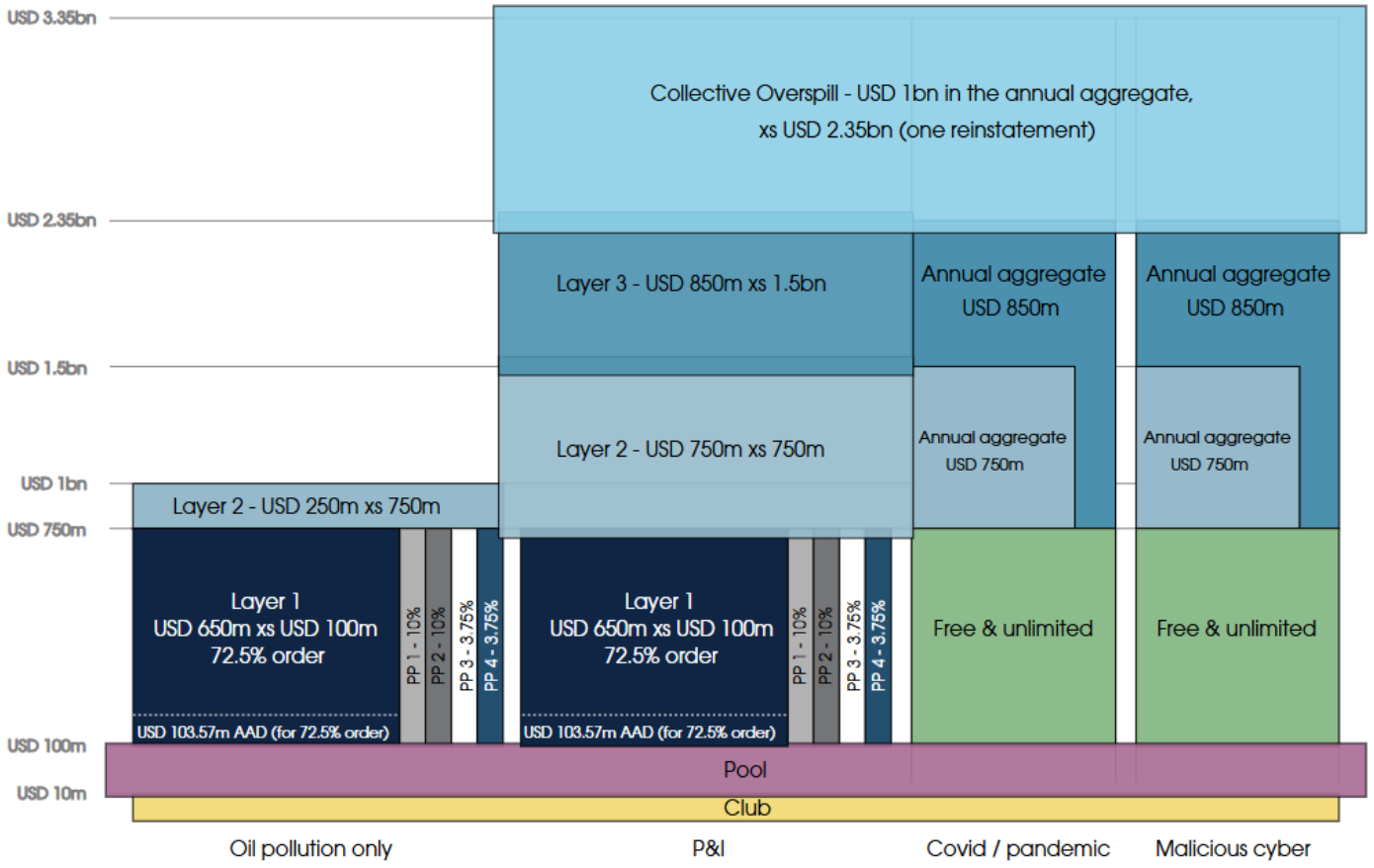
Structure of P&I and Reinsurance Coverage



USD 100m Pool retention shared pro-rata across P&I and Oil Pollution towers; all reinsurance layers excess of applicable underlying cover

Layers 2 & 3 limited cover in respect of malicious cyber, covid and pandemic

- Member Deductible
- Club – up to $10M
- IG Pool – $10M to $100M
- GXL – $100M to $2.35B
- Overspill – additional $1B
- IG Pool – losses otherwise recoverable from GXL are pooled

[2026/27 Pool and GXL Reinsurance contract structure - The International Group of P&I Clubs]

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Losses Due to Settlements in the Limitation Action

- **Settlement with DOJ Civil pushed claims into GXL early in the case**

- **Settlements with the wrongful death claimants were significant, but State of Maryland settlement in the amount of $2.25B resulted in shortfall**
  - June 17 – IG reported that one reinsurance group failed to pay its share
    - Shortfall caused Britannia to seek support from pooling partners
    - IG approved interim solution
  - August 25 – IG reported that the reinsurer ultimately paid the shortfall

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Losses Due to Settlements in the Limitation Action

- **In addition to publicly reported settlements with DOJ Civil, Maryland, and ACE, other settlements are not public**

- **Reports estimate that casualty is now reserved in excess of $2.8B**

  - DALI claims have now reached into the “Overspill” for the first time in history of P&I

- **What does this mean?**
  - About $300M of collective overspill protection remains
  - Predictions floating around about whether there would be an overspill call or levy on owners if losses continue

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Additional Impacts on the Horizon

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On the Horizon

- **Insurance Sector**
  - Premium increases?
  - Impacts only for container vessels?
  - Increases in pool participation to increase threshold for GXL?
    - Program coverage limits were already raised to $3.35B in February 2026

- **Appeals and Potential Legislation**
  - Appeals of suit against HHI and the *Robins Dry Dock* ruling
  - Proposed Legislation to amend the Limitation Act
    - Increase value of vessel from 1x to 5x *only for foreign flag ships*
    - Eliminate the right to limit injury & wrongful death claims for non-crew

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Questions?

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