Al Buhaira National Insurance Company v Arab War Risks Insurance Syndicate [2024] DIFC CFI 013

The case concerned a claim by the Claimant (ABNIC) against the Defendant (AWRIS) under a reinsurance contract relating to the disappearance of the tanker m/t BETA, insured under a Marine Hull War Policy with a sum insured of USD 70 million. The central issues included the governing law of the reinsurance contract, the existence of insurable interest, contingent liability, defence costs, and allegations of misrepresentation, non-disclosure, and late notification.

The dispute arose after Horizon Energy LLC and Al Buhaira International Shipping Inc notified ABNIC of a claim under the War Policy. ABNIC sought declarations that it was entitled to indemnity from AWRIS for any liability under the War Policy, as well as reimbursement of legal defence costs incurred in related proceedings.

After reviewing the evidence, H.E. Justice Michael Black KC found that it was an implied term of the reinsurance contract that AWRIS indemnify ABNIC for properly incurred defence costs. However, the Court dismissed the remainder of ABNIC's claims. The Defendant was ordered to pay ABNIC's costs of the proceedings, assessed at AED 4,563,051.74, within 14 days.

This judgment highlights the DIFC Courts' approach to implied terms in reinsurance contracts, particularly regarding defence costs, and reaffirms the Courts' role in resolving complex cross-border insurance disputes.

Read the full judgment here: https://lnkd.in/dGG7JPyQ