

**UNRAVELING THE GENERAL AVERAGE PARADOX: ANALYZING  
ITS PRACTICAL IMPLICATIONS IN INTERNATIONAL MARINE  
INSURANCE AND COMPATIBILITY WITH PAKISTAN'S  
MARITIME REGIME**



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**A thesis submitted in fulfilment of the requirements for the award of the degree of  
LLM.**

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It is pertinent to mention that the faults within this research project shall not discredit these enlightened and highly esteemed names, they are solely mine to claim.

I hope and pray that my efforts have produced something worthwhile. (Ameen)

## **DEDICATION**

This work is dedicated to my family and friends, for their continuous hard work and belief in me. I am here today because of their relentless support and care.

## ABSTRACT

The General Average (GA) principle in international maritime law is a cornerstone of risk-sharing in global shipping, compelling all parties to contribute proportionally to shared sacrifices made to preserve voyage and cargo. However, the principle paradoxically incentivizes some to contribute less by sacrificing less valuable portions of their cargo, leaving others to bear a disproportionate burden. This research delves into this "General Average Paradox," analyzing its practical implications for international marine insurance and its compatibility with Pakistan's existing maritime regime. Through a thorough doctrinal research also incorporating descriptive methods of research, the thesis will: Examine the historical and theoretical underpinnings of the GA principle, highlighting its evolution and justifications. Analyze case studies of GA sacrifices identifying instances where the paradox manifested and assessing its impact on insurance claims and legal proceedings. Compare and contrast the GA provisions in Pakistan's national maritime legislation with international conventions and industry practices, evaluating its alignment with global standards and potential areas for reform. Investigate the role of marine insurance in mitigating the GA paradox's effects, exploring how insurance schemes and practices address disproportionate burden-sharing and incentivize optimal sacrifice decisions. Evaluate the effectiveness of alternative risk-sharing mechanisms, such as special average or limited liability regimes, in overcoming the paradoxical disincentives inherent in the traditional GA system. The research findings will be synthesized to draw insightful conclusions about the GA paradox's practical challenges in the context of international marine insurance and Pakistan's maritime regime. Recommendations for legislative and contractual modifications, tailored to address the identified issues, will be proposed, aiming to promote fairer risk-sharing mechanisms and enhance predictability for stakeholders in Pakistan's maritime sector. By unraveling the intricacies of the General Average Paradox and offering practical solutions, this research aspires to contribute to a more equitable and efficient marine insurance environment, fostering a vibrant and resilient maritime industry in Pakistan and beyond.

## LIST OF ABBREVIATIONS

- CMI - Chartered Management Institute
- GA - General Average
- IUMI - The International Union of Marine Insurance
- EEZ - Exclusive Economic Zone
- SCOPIC - Special Compensation P and I Club
- IMO - International Maritime Organization
- UNCITRAL - The United Nations Commission on International Trade Law
- ITCH - Institute Time Clauses (Hulls)



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