A CRITICAL ANALYSIS OF PROTECTION AND INDEMNITY INSURANCE IN SHIPWRECK AND DERELICT REMOVAL

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Abstract

This article examines the persistence of shipwrecks and derelict vessels in Nigerian waters through a critical analysis of Protection and Indemnity insurance as a mechanism for enforcing maritime liability. It moves beyond conventional explanations centred on cost and administrative inefficiency and instead interrogates the structural relationship between legal responsibility and financial security within Nigeria's maritime legal framework. Drawing on a doctrinal methodology supported by comparative and policy analysis, the paper evaluates relevant statutes, case law, and international instruments, particularly the Nairobi International Convention on the Removal of Wrecks 2007. The findings reveal that although Nigerian law formally assigns responsibility for wreck removal, it lacks the financial architecture necessary to ensure effective enforcement. Institutional fragmentation, weak insurance enforcement, and partial domestication of international obligations combine to produce a regime in which liability is uncertain and frequently ineffective in practice. The article argues that this structural deficiency significantly contributes to the continued presence of wrecks and derelict vessels in Nigeria's marine environment. In light of this, it advocates the establishment of a Nigerian Protection and Indemnity Club structured as a company limited by guarantee, with the capacity to provide mutual insurance and indemnity services tailored to the needs of shippers and cargo interests, as a necessary step toward aligning legal obligations with practical enforcement and strengthening maritime governance.

Keywords: Shipwrecks, Derelicts, Protection and Indemnity club, Marine and Coastal environment.

1. Introduction

Shipwrecks and derelict vessels continue to pose a persistent challenge in maritime jurisdictions, particularly in coastal states with significant shipping activity. Historically, such vessels were treated as navigational hazards whose removal was necessary to ensure the safety of maritime traffic. That narrow understanding has shifted in important ways. Contemporary maritime regulation increasingly recognises shipwrecks as sources of environmental risk capable of causing pollution, ecological degradation, and economic disruption to coastal communities.[237] This shift reflects a broader movement from reactive removal practices toward regimes that emphasise liability allocation and financial preparedness. Within this evolving framework, the effectiveness of wreck removal is no longer determined by the mere existence of legal obligations, but by the availability of mechanisms that can translate those obligations into practical outcomes.

Against this backdrop, the persistence of shipwrecks and derelict vessels in Nigerian waters raises a more complex legal problem than is often acknowledged. Conventional explanations tend to focus on the high financial cost of wreck removal. While cost remains relevant, such an explanation is incomplete. It diverts attention from a more fundamental issue concerning the structure and enforceability of liability. Existing scholarship indicates that the central difficulty lies not simply in the scale of financial burden, but in the absence of a reliable system for allocating and securing that burden in advance.[238] In jurisdictions where liability is reinforced by compulsory insurance, wreck removal operates within a predictable system of risk distribution rather than depending on state intervention or the solvency of individual shipowners.[239] The Nigerian framework, by contrast, reveals a weak alignment between legal responsibility and financial capacity. This misalignment points to a structural deficiency that requires closer doctrinal attention.

This structural concern becomes more apparent when considered within the framework of international maritime law. The Nairobi International Convention on the Removal of Wrecks 2007

[237] X Wu and X Lu, 'Implementation of the international convention on the removal of wrecks: Legal obligations, model selections, and perspectives from China' *Marine Policy* (2024) 170. 106368; AO Michael, 'Assessment of environmental effects of abandoned shipwrecks in Nigeria' *Journal Name* (2024)
[238] RO Iyinbo, 'Wreck removal: assessing Nigeria's compliance with the Nairobi wreck removal convention 2007' *Journal Name* (2025)
[239] JM Kern *Wreck Law: A Systematisation of Legal Interests and Conflicts* (2021)<http://hdl.handle.net/2077/67059>

establishes a regime grounded in strict liability and compulsory insurance, ensuring that shipowners are both legally responsible and financially equipped to remove hazardous wrecks.[240] This model represents a deliberate shift from earlier approaches focused primarily on navigational safety toward one that prioritises environmental protection and cost internalisation.[241] Its effectiveness, however, depends on domestic implementation. Evidence from Nigeria reveals only partial alignment with these requirements, particularly in relation to compulsory insurance and enforceable financial security.[242] The result is a fragmented legal system in which liability is formally recognised but remains difficult to enforce in practice. This gap between obligation and enforcement exposes a critical weakness in the existing framework.

Within this context, Protection and Indemnity insurance assumes a central role. Such insurance covers third party liabilities, including wreck removal and environmental damage, through a system of mutual risk pooling among shipowners.[243] Comparative scholarship shows that these arrangements are not merely supportive but foundational to the operation of modern maritime liability regimes.[244] Yet, much of the Nigerian literature continues to approach wreck removal from regulatory and institutional perspectives, often treating insurance as incidental rather than structural.[245] This reveals a clear analytical gap. There is limited sustained examination of how liability insurance frameworks shape compliance with wreck removal obligations and influence enforcement outcomes. This article addresses that gap by arguing that the absence of a domestic Protection and Indemnity framework is a central factor contributing to the persistence of shipwrecks and derelict vessels in Nigerian waters.

[240] Wu, X. and Lu, X (note 1)
[241] I Parlov, 'The 2007 Nairobi International Convention on the Removal of Wrecks: The Implications for the Law of the Sea' *Ocean Yearbook Online* (2022) 36(1) 659-679
[242] RO Iyinbo (note 2); AO Michael, 'Assessment of environmental effects of abandoned shipwrecks in Nigeria' *Journal Name* (2024)
[243] I Ibrahim, 'Marine Insurance in Global Logistics: Principles, Policies, and Contemporary Challenges' *International Journal of Business & Law Research* (2025) 13(4) 461-469 <https://www.seahipublications.org/wp-content/uploads/2025/10/IJBLR-D-39-2025.pdf> accessed 24 May 2024
[244] C De La Rue and C Anderson and J Hare, *Shipping and the Environment: Law and Practice* (2nd edn, Informa Law from Routledge 2022)
[245] P Obiora, 'Wreck Removal: An Analysis of Third-Party Rights Against Ship Owners and the Receiver of Wrecks in Nigeria' (2021) <https://www.academia.edu/45272256/Wreck_Removal_An_Analysis_of_Third_Party_Rights_Against_Ship_Owners_and_the_Receiver_of_Wrecks_in_Nigeria> accessed 24 May 2024

From a doctrinal perspective, the implications of this gap are significant. Nigerian law assigns responsibility for wreck removal to shipowners and empowers regulatory authorities to intervene where necessary. In practice, however, enforcement remains constrained by the absence of compulsory insurance and limited mechanisms for cost recovery.[246] By contrast, international regimes that incorporate mandatory insurance provide not only a basis for liability but also a means of securing its realisation through access to dedicated funds and, in some cases, direct recourse against insurers.[247] The Nigerian framework therefore exhibits a structural imbalance in which legal responsibility is articulated but insufficiently secured. The issue is not merely one of regulatory weakness, but of a deeper misalignment between liability rules and the financial architecture required to sustain them.

In light of this, the article addresses a focused legal question. It examines whether the absence of a domestic Protection and Indemnity framework contributes to the persistence of shipwrecks and derelict vessels in Nigerian waters. While existing studies have explored environmental impacts, institutional limitations, and regulatory deficiencies, limited attention has been paid to the role of liability insurance in shaping enforcement effectiveness.[248] The article therefore interrogates the relationship between liability and financial security within the Nigerian legal system and evaluates how deficiencies in that relationship affect wreck removal outcomes.

The study adopts a doctrinal legal methodology. It draws on statutory provisions, including the Nigerian Merchant Shipping Act 2007, relevant case law, and international instruments such as the Nairobi Convention. This analysis is supported by contemporary scholarship and a limited comparative perspective drawn from jurisdictions that have more effectively integrated compulsory insurance into their wreck removal regimes.

The discussion proceeds in a structured manner. Section one introduces the article. Section two clarifies the key concepts of shipwrecks, derelict vessels, and abandonment. Section three examines Protection and Indemnity insurance within maritime law. Section four considers the nature and prevalence of shipwrecks and derelict vessels in Nigeria. Section five analyses the legal

[246] Ibid
[247] Wu, X. and Lu, X (note 1)
[248] I Ibrahim, (note 7)

framework on wreck removal. Section six evaluates the institutional and legal challenges that undermine enforcement. Section seven advances the case for establishing a Nigerian Protection and Indemnity Club. Section eight concludes the paper.

2. Conceptual Clarification

2.1 Shipwreck

The concept of shipwreck within Nigerian maritime law is framed through an expansive and functional statutory approach. Nigerian Merchant Shipping Act extends the meaning of wreck beyond vessels that are already sunken or stranded to include those at risk of becoming wrecks due to collision, grounding, or similar incidents.[249] This formulation reflects a regulatory concern with prevention rather than mere classification after loss. By anticipating the transformation of a vessel into a hazard, the law enables earlier legal intervention and reduces the delay between incident and response. The definition therefore operates as a proactive legal tool rather than a passive descriptive label. Its significance lies in strengthening the legal basis for regulatory action before risks fully materialise.

This approach aligns closely with the Nairobi International Convention on the Removal of Wrecks 2007, which adopts a similarly broad definition. The Convention includes not only sunken vessels but also ships that are adrift or otherwise disabled, thereby capturing situations where a vessel has not yet deteriorated into a traditional wreck.[250] Scholars argue that this breadth is deliberate, ensuring that intervention is triggered by risk rather than final physical condition.[251] The inclusion of incapacitated vessels reflects a wider shift toward proactive risk management in maritime law. Both domestic and international frameworks therefore prioritise the functional consequences of a vessel's condition, particularly its potential to endanger navigation or the marine environment. This convergence reinforces the view that the concept of wreck is inherently dynamic and prevention oriented.

[249] Section 361 of Nigerian Merchant Shipping Act, (2007).
[250] I Parlov (note 5)
[251] RO Iyinbo (note 2)

2.2 Derelict Vessels

In contrast, the concept of derelict vessels remains underdeveloped within Nigerian statutory law. The Merchant Shipping Act provides no explicit definition, leaving a significant conceptual gap. This absence is not merely technical. It affects how abandoned vessels are identified, classified, and regulated in practice. Without statutory clarity, reliance shifts to judicial interpretation and general maritime principles, which often lack consistency. The result is a fragmented legal landscape in which similar situations may attract different regulatory responses. Such uncertainty is particularly problematic where classification determines the scope of intervention and liability. The absence of definition therefore contributes to doctrinal ambiguity and weakens the coherence of the legal framework.

The term derelict can be defined as deserted, neglected or abandoned property.[252]Judicial authority offers some guidance, though it remains limited. In *Humboldt v The Escort*, a derelict is defined as property abandoned at sea without intention of recovery and without hope of return.[253] This introduces a subjective element that distinguishes derelicts from wrecks. The focus shifts from physical condition to the intention and conduct of the owner. While this distinction is conceptually clear, it is often difficult to apply in practice, especially where intention must be inferred from surrounding facts. The result is a concept that appears precise in theory but uncertain in operation. This tension becomes more pronounced when derelict vessels are considered alongside the broader and more flexible definition of wreck under both domestic and international law.

2.3 Overlap Between Wreck and Derelict

Although the Nairobi Convention does not expressly refer to derelict vessels, doctrinal analysis reveals a significant overlap between the two concepts. The first point of convergence lies in definitional scope. By including drifting and disabled vessels within the meaning of wreck, the Convention captures situations often associated with abandonment.[254] Scholarly commentary confirms that this definition is sufficiently broad to encompass vessels affected by neglect or

[252] Abandoned Barge Act, 48 U.S.C (1992), 4701
[253] The Humboldt v The Escort (No 2) (1914),21 Ex.c
[254] Ibid

structural failure.[255] Historical practice also supports this interpretation, as earlier maritime laws treated derelict property as part of the wider category of wreck.[256] This overlap reflects continuity in legal reasoning rather than an isolated development.

A second point of convergence arises at the level of regulatory trigger. Under the Convention, intervention is justified by the presence of hazard rather than by formal classification. Hazard is defined broadly to include both immediate and foreseeable risks.[257] Empirical studies show that abandoned vessels often deteriorate into such hazards over time, particularly where maintenance ceases.[258] This creates a functional equivalence between derelict vessels and wrecks. A vessel initially regarded as derelict may, upon reaching a threshold of risk, be treated as a wreck for regulatory purposes. The distinction therefore becomes secondary to the practical consequences of the vessel's condition.

The most significant convergence, however, lies in liability allocation. The Convention imposes strict liability on the registered shipowner for wreck removal and reinforces this obligation through compulsory insurance.[259] This liability operates independently of abandonment, preventing owners from escaping responsibility by relinquishing control. In effect, derelict vessels fall within the legal and financial regime governing wreck removal once they pose a hazard. The absence of a statutory definition of derelict vessels in Nigerian law leaves this transition unclear, creating uncertainty in enforcement and cost recovery. This conceptual gap weakens doctrinal coherence and complicates the practical application of maritime regulation.

3. Protection and Indemnity (P&I) Insurance in Maritime Law

3.1 Nature and Evolution of Protection and Indemnity (P&I) Insurance

The emergence of Protection and Indemnity (P&I) insurance should be understood as a structural response to the growing scope of shipowners' liability rather than a mere historical development within marine insurance. Traditional insurance frameworks proved insufficient as courts and

[255] RO Iyinbo (note 2)
[256] Wu, X. and Lu, X (note 1)
[257] I Parlov (note 5)
[258] AO Michael, (note 1)
[259] RO Iyinbo (note 2)

legislation increasingly imposed liability for cargo damage, personal injury, and environmental harm. This exposure prompted the creation of mutual associations, beginning with the Shipowners Mutual Protection Society in 1855, through which shipowners collectively assumed and distributed liability risks.[260] P&I insurance thus originated as a mechanism to manage liabilities that individual shipowners could not absorb alone. Its institutional design as a mutual, non-profit structure reflects the legal reality that maritime liabilities, particularly in casualty situations, often exceed the financial capacity of a single shipowner. The implication for wreck removal is direct: without adequate financial capacity, legal obligations risk becoming unenforceable. The historical evolution of P&I insurance therefore provides essential context for understanding its contemporary function in ensuring that liabilities such as wreck removal are not merely theoretical but practically enforceable.

The mutual nature of P&I insurance further strengthens its operational relevance in modern maritime law. By pooling risks among members, P&I Clubs create collective financial reserves capable of responding to large-scale liabilities arising from maritime casualties.[261] Mutuality allows risks that would otherwise be externalised to be internalised, promoting both financial resilience and proactive risk management among shipowners.[262] This arrangement is particularly important for wreck removal, where costs are often substantial and immediate. A system that guarantees the availability of funds for liability discharge reduces the likelihood that wrecks remain unremoved due to insolvency or abandonment, directly linking institutional design with operational effectiveness.

3.2 Legal Function of Protection and Indemnity (P&I) Insurance

P&I insurance plays a central legal role by translating maritime liability into enforceable financial responsibility. Unlike hull and machinery or cargo insurance, which protect proprietary interests,

[260] F Firinciogullari *Maritime Insurance and the Law: Legal Action Against Protection and Indemnity Club* (Taylor & Francis 2025)
[261] DR Thomas (ed), *The Modern Law of Marine Insurance: Volume Five* (Taylor & Francis 2023); R Thomas, 'Protection and indemnity insurance: is it truly insurance?' in *Research Handbook on Marine Insurance Law* (Edward Elgar Publishing 2024), 26-40
[262] P Bennett, 'Mutual risk: P&I insurance clubs and maritime safety and environmental performance' *Marine Policy* (2001) 25(1) 13-21

P&I insurance addresses third-party liabilities arising from ship operations.[263] Its focus is on liability enforcement rather than asset protection. The coverage is broad, encompassing pollution, wreck removal, and other obligations that underpin modern maritime regulatory regimes.[264] International legal regimes, including the Nairobi Wreck Removal Convention, impose strict liability on shipowners while requiring compulsory insurance to guarantee financial security. P&I insurance thus functions as the financial mechanism that ensures these obligations are met in practice.

A critical feature is the indemnity structure, particularly the "pay to be paid" principle. Under this rule, shipowners must first discharge their liability before seeking reimbursement from the Club.[265] This preserves the primary responsibility of shipowners while providing a mechanism for financial recovery. However, this principle creates tension in jurisdictions where direct access to funds is necessary for affected parties. International conventions increasingly modify or supplement this structure by permitting direct claims against insurers. This evolution is particularly relevant for wreck removal, as it strengthens the enforceability of liability. In the absence of such mechanisms, liability regimes risk ineffectiveness, particularly where shipowners are unwilling or unable to meet their obligations, underscoring the importance of integrating P&I frameworks within domestic legal systems.

3.3 Limitations of Traditional Marine Insurance and the Imperative of P&I

The limitations of traditional marine insurance underscore the necessity of P&I insurance. Hull and machinery policies protect vessels, and cargo insurance protects cargo owners, but neither addresses third-party liabilities such as pollution or wreck removal costs.[266] Traditional frameworks focus on property rather than legal responsibility, creating structural gaps in modern liability regimes. This shortfall is particularly critical in wreck removal, where the primary concern

[263] Ö Gürses *Marine Insurance Law* (Routledge 2023)
[264] I Ibrahim, (note 7)
[265] R Merkin, 'Protection & indemnity clubs and arbitration clauses' in Research Handbook on Marine Insurance Law (Edward Elgar Publishing 2024), 183-203; P Myburgh, 'Taxonomizing third-party rights of direct action against marine liability insurers' in *Research Handbook on Marine Insurance Law* (Edward Elgar Publishing 2024), 204-222
[266] SK Pandey, 'A Thorough Analysis Of The Issues And Solutions Facing Maritime Security And Marine Insurance Laws In The Twenty-First Century' *Russian Law Journal* (2023) 11(5) 209-218

is the presence of the vessel in navigable waters and its environmental impact. Without liability insurance, obligations lack a financial foundation, increasing the likelihood of non-compliance.

Historical practice illustrates these gaps. Early hull policies excluded significant third-party liabilities, leaving shipowners personally exposed to substantial financial risks.[267] The development of P&I insurance directly addressed these deficiencies by creating mechanisms capable of covering liabilities that traditional insurance could not. This evolution reflects a broader legal imperative: courts and regulatory frameworks imposed increasingly stringent liabilities, making P&I insurance essential rather than optional.

In contemporary maritime law, the distinction between traditional marine insurance and P&I highlights the structural link between liability and financial capacity. Liability without financial backing is ineffective. P&I Clubs provide comprehensive coverage for critical obligations, including locating, marking, and removing wrecks.[268] In Nigeria, the absence of a domestic P&I framework or compulsory insurance regime leaves shipowners unable to reliably discharge wreck removal obligations. This structural enforcement gap contributes directly to the persistence of shipwrecks and derelict vessels, demonstrating the centrality of P&I insurance to modern maritime governance.

4. Shipwrecks and Derelict Vessels in Nigeria

4.1 Nature and Scale of the Problem

The persistence of shipwrecks and derelict vessels in Nigerian waters is not merely an environmental concern but a reflection of deeper structural deficiencies in maritime risk allocation. Available studies estimate that thousands of wrecks are scattered across Nigeria's coastal and port environments, particularly in high traffic zones, indicating a systemic accumulation rather than isolated maritime accidents.[269] This concentration raises an important legal question as to why these wrecks remain uncleared despite the existence of liability rules. Environmental degradation

[267] GE Libby, 'Some aspects of protection and indemnity insurance' *Ins. LJ* (1952) 684; CS Eastham, 'Hull Policy: The Running Down Clause: General Coverage, Sisterships, Cross Liabilities, Legal Non-Contractual Liabilities: Exclusion of Cargo' *Tul. L. Rev.* (1966) 41 399
[268] K Eivindstad and C Petrie, 'Safer Ships and Cleaner Seas: The Insurer's Role' in *The Regulation of International Shipping: International and Comparative Perspectives* (Brill Nijhoff 2012), 325-341
[269] RO Iyinbo (note 2)

provides part of the answer, as abandoned vessels release oil residues and hazardous substances that disrupt marine ecosystems and reduce biodiversity.[270] Yet, the more critical issue lies in the failure to translate environmental harm into enforceable financial responsibility.

The economic dimension further exposes the inadequacy of the existing framework. Coastal communities bear the immediate burden through damaged fishing equipment, restricted navigation, and declining livelihoods, while the broader maritime economy suffers from increased operational risks and inefficiencies.[271] Empirical evidence shows that wrecks obstruct shipping lanes and create hazards that elevate the cost of maritime operations, yet these costs are rarely recovered from responsible parties. This disconnect suggests that liability exists more in theory than in practice. Moreover, recurring causes of shipwrecks, including vessel overloading, instability, piracy, and even deliberate destruction of vessels in anti-oil theft operations, demonstrate that the problem is both operational and regulatory.[272] What emerges is a pattern where risks are externalised, reinforcing the argument that without a functional insurance framework, particularly P&I coverage, the financial burden of wreck removal shifts away from shipowners and onto the state.

4.2 Legal Responsibility for Removal

The legal framework governing wreck removal in Nigeria ostensibly aligns with international standards by placing primary responsibility on the shipowner, yet this formal allocation conceals significant practical limitations. Under the Merchant Shipping Act 2007, read alongside the Nairobi Wreck Removal Convention, the shipowner bears the obligation to locate, mark, and remove wrecks, failing which the state may intervene through designated authorities such as NIMASA.[273] While this structure appears coherent on paper, its effectiveness depends on the ability to enforce financial responsibility, which is frequently absent in practice. Shipowners are

[270] AO Michael, (note 1)
[271] EP Ikem-Nwosu et al, 'MANAGEMENT OF SHIPWRECKS IN RIVERS AND ONNE PORT COMPLEXES OF RIVERS STATE' *INTERNATIONAL JOURNAL OF MARITIME AND INTERDISCIPLINARY REASEARCH (IJMIR)* (2025) 7(3) 493-508
[272] OO Adepoju, 'Excess load on ships and its effects on stability performance in Nigerian waterways' *Journal of Sustainable Development of Transport and Logistics* (2022) 7(1) 62-72; OJ Oyedele and MC Stoddart, 'When elephants fight, it is the grass underneath that suffers: a socio-cultural perspective on oceans and oil in Nigeria's Niger delta' *Maritime Studies* (2025) 24(3) 44
[273] I Parlov (note 5).

often untraceable, insolvent, or shielded by complex ownership arrangements, thereby rendering statutory obligations ineffective.

Institutional arrangements further complicate the enforcement landscape. NIMASA, the Nigerian Ports Authority, and other agencies operate within overlapping jurisdictions, leading to regulatory fragmentation and delays in response.[274] These overlaps are not merely administrative inconveniences but structural weaknesses that dilute accountability. More importantly, the framework does not adequately mandate or enforce compulsory insurance to guarantee the availability of funds for wreck removal. This subsection critically examining the limitations of legal instruments and highlighting the absence of enforceable P&I insurance as a central weakness. Without such financial security, liability regimes lose their coercive force, and the burden of removal shifts to public authorities that often lack the necessary resources.

4.3 Enforcement Gaps

The persistence of shipwrecks in Nigerian waters ultimately reflects a failure of enforcement rather than a lack of legal provisions. Although statutory frameworks clearly define responsibility, their practical implementation is undermined by difficulties in identifying shipowners and recovering removal costs, particularly in cases involving abandoned or derelict vessels.[275] This enforcement deficit is compounded by institutional fragmentation, where overlapping mandates among maritime agencies create uncertainty and delay decisive action.[276] Such structural inefficiencies weaken regulatory oversight and reduce the likelihood of timely intervention.

A closer examination, however, reveals that the core issue extends beyond administrative challenges to the absence of reliable financial backing mechanisms. In jurisdictions where P&I insurance is effectively integrated into maritime regulation, shipowners are required to maintain financial security that can be accessed for wreck removal. In contrast, the Nigerian framework

[274] A Foye, 'Fundamentals of Maritime Law in Nigeria: A Comprehensive Analysis' (2025) <https://www.researchgate.net/publication/397065276_Fundamentals_of_Maritime_Law_in_Nigeria_A_Comprehensive_Analysis> accessed 24 March 2026

[275] P Obiora, (note 9)

[276] KM Bayode, 'Appraisal of Marine Governance and Sustainability Approaches in Nigeria' (BSc Thesis, Novia University of Applied Sciences 2024) <https://www.theseus.fi/bitstream/handle/10024/864360/Bayode_Kemisola%20Mary.pdf?sequence=2> accessed 24 March 2026

lacks stringent enforcement of such requirements, allowing operators to evade responsibility without immediate financial consequences. This creates a moral hazard, where the cost of non-compliance is lower than the cost of compliance.

The consequence is a self-perpetuating cycle in which wrecks remain uncleared, environmental damage accumulates, and economic losses are borne by third parties. The legal framework, while comprehensive in form, fails in function because it does not ensure that liability is backed by accessible financial resources. This reinforces the central argument of the article that the absence of a robust domestic Protection and Indemnity insurance framework significantly contributes to the persistence of shipwrecks and derelict vessels in Nigerian waters.

5. Legal Framework on Wreck Removal

5.1 International Framework

The international legal regime on wreck removal is often presented as coherent and effective, yet its operation reveals a more conditional reality. The Nairobi International Convention on the Removal of Wrecks 2007 establishes a liability system grounded in strict responsibility and reinforced by compulsory insurance, thereby shifting the financial burden of wreck removal from coastal states to shipowners.[277] This design reflects a deliberate policy choice to internalise maritime risk within private actors. However, its effectiveness depends on the existence of functioning insurance markets and regulatory oversight capable of enforcing compliance. In many developing jurisdictions, these conditions remain weak or uneven. Scholars therefore argue that while the Convention aspires to uniformity, its reliance on domestic implementation produces fragmented outcomes that dilute its normative force.[278] The implication is significant. The Convention does not fail in design but exposes systemic vulnerabilities where legal and financial infrastructures are underdeveloped.

This conditional effectiveness becomes clearer when examined alongside the broader framework of the United Nations Convention on the Law of the Sea 1982. UNCLOS provides jurisdictional

[277] Wu, X. and Lu, X (note 1)
[278] JM Kern *Wreck Law: A Systematisation of Legal Interests and Conflicts* (2021)<http://hdl.handle.net/2077/67059>; I Parlov (note 5)

foundations by balancing coastal state rights with flag state responsibilities, yet it remains largely silent on the financial and procedural mechanics of wreck removal.[279] This silence reflects its historical emphasis on navigational freedoms rather than environmental accountability. The Nairobi Convention attempts to fill this gap by introducing obligations relating to reporting, marking, and removal, supported by cost recovery mechanisms.[280] Even so, tensions persist regarding the scope of coastal intervention and proportionality in removal decisions, particularly where environmental or cultural considerations arise.[281] What emerges from this analysis is a consistent principle. International law embeds a financial responsibility model through compulsory insurance. This reinforces the argument that the persistence of wrecks in Nigeria cannot be understood without examining the absence of an equivalent domestic insurance framework.

5.2 Nigerian Legal Framework

Nigeria's domestic legal framework reflects an attempt to align with international standards, yet its internal design limits its effectiveness. The Merchant Shipping Act 2007 assigns responsibility for wreck removal to shipowners and empowers the Nigerian Maritime Administration and Safety Agency to intervene where necessary.[282] On its face, this aligns with the liability principles of the Nairobi Convention. In practice, however, the framework lacks the financial safeguards required to give effect to these obligations, particularly in the absence of compulsory insurance. As a result, the statutory power to remove wrecks and recover costs is constrained by fiscal limitations and administrative capacity, often leading to delayed or incomplete enforcement.[283] This disconnect between legal obligation and financial enforceability lies at the core of the regulatory challenge.

The complexity of the Nigerian regime is further intensified by overlapping institutional mandates. The combined operation of the Nigerian Maritime Administration and Safety Agency (NIMASA)

[279] MJ Aznar and O Varmer, 'Potentially polluting wrecks and the legal duty to protect our ocean heritage' in [Editor Names] (eds), *Threats to our ocean heritage: Potentially polluting wrecks* (Springer Nature Switzerland 2024), 11-23
[280] A Omelchenko, 'Underwater Cultural Heritage and Shipwreck Salvage and Removal: The Synergy of Legal Regimes' *Lex Portus* (2023) 9 7
[281] N Shirley, 'Wrecks, threats, and jewels at the bottom of the sea: Potential conflict between the UNESCO convention on the protection of underwater cultural heritage and the Nairobi Wreck Removal Convention' (PhD Thesis, University of Southampton 2023)
[282] P Obiora, (note 9)
[283] AO Michael, (note 1)

Act, the Admiralty Jurisdiction Act, and the Nigerian Ports Authority creates a layered but fragmented system in which responsibility is dispersed rather than coordinated.[284] Judicial enforcement under the Admiralty Jurisdiction Act remains limited by provisions that do not fully reflect contemporary wreck removal claims, thereby restricting access to effective remedies.[285] In addition, Nigeria's ratification of the Nairobi Convention has not been matched by comprehensive domestication, leaving key provisions only partially implemented.[286] The cumulative effect is a framework that appears aligned in principle but remains structurally misaligned in operation, particularly in its failure to integrate insurance as a central enforcement mechanism.

5.3 Gaps and Limitations

The limitations of Nigeria's legal framework extend beyond institutional fragmentation and reflect a deeper structural weakness. Although existing laws recognise shipowner responsibility, they do not impose the strict liability and compulsory insurance requirements that define the Nairobi Convention's model.[287] This omission removes the financial foundation of the liability regime and shifts the burden of enforcement back onto the state. Empirical evidence indicates that, in the absence of mandatory insurance, the cost of wreck removal is frequently externalised to public authorities, undermining both efficiency and environmental protection.[288] The issue is therefore not peripheral but systemic. Without financial security, liability becomes contingent and often ineffective.

Weak enforcement further illustrates this structural problem. The coexistence of multiple regulatory bodies creates coordination challenges that delay decision making and dilute accountability.[289] At the same time, incomplete domestication of international obligations means that key provisions relating to insurance and procedural compliance lack binding force within the

[284] AB Abdulkadir and AA Mashood, 'An Evaluation of the Role of the Nigerian Ports Authority in the Protection of Nigeria's Marine Environment' *Nnamdi Azikiwe UJ Int'l L. & Juris.* (2021) 12 63
[285] B Fajemirokun, 'Addressing Issues in the Definition of Admiralty Subjects in Nigeria' SSRN (2025) 5512898 https://ssrn.com/abstract=5512898 accessed 24 March 2026
[286] BF Anyatang and BE Kooffreh, 'Abandonment/decommissioning under Nigerian legal regimes: A comparative analysis' *Environmental Law Review* (2021) 23(2) 110-127
[287] RO Iyinbo (note 2)
[288] Wu, X. and Lu, X (note 1)
[289] AO Michael, 'Assessment of environmental effects of abandoned shipwrecks in Nigeria' *Journal Name* (2024)

domestic legal system.[290] This produces a condition in which legal frameworks exist but fail to generate practical outcomes. The persistence of wrecks is therefore not simply a product of administrative inefficiency but a predictable consequence of legal design. Meaningful reform must address this structural gap by integrating financial and institutional mechanisms capable of supporting liability enforcement.

5.4 Comparative Analysis

A comparative perspective highlights the importance of structural coherence in wreck removal regimes. In the United Kingdom, the Wreck Removal Convention Act 2011 operationalises the Nairobi framework by mandating insurance coverage and enabling direct cost recovery from shipowners.[291] This integration ensures that liability is not only assigned but also enforceable. The system reduces reliance on public funds and creates predictable incentives for compliance. Its effectiveness lies in the alignment of legal rules, financial mechanisms, and institutional responsibilities.

More importantly, the UK model demonstrates the central role of Protection and Indemnity insurance within an effective regulatory framework. Mandatory insurance ensures that shipowners maintain financial capacity, while clear institutional arrangements enable prompt enforcement.[292] Comparative studies consistently show that jurisdictions which integrate these elements achieve more efficient wreck removal outcomes.[293] The implication for Nigeria is direct. The persistence of wrecks is not inevitable but reflects the absence of an insurance driven liability system. Where legal responsibility is not supported by financial capacity, enforcement remains uncertain. The conclusion is difficult to avoid. Laws that cannot secure payment are unlikely to secure compliance.

[290] BF Anyatang and BE Kooffreh, 'Abandonment/decommissioning under Nigerian legal regimes: A comparative analysis' *Environmental Law Review* (2021) 23(2) 110-127
[291] RO Iyinbo (note 2); N Gaskell and C Forrest, *The law of wreck* (Informa Law from Routledge 2019)
[292] C Moore and I Clodagh, 'The practicalities of managing and mapping potentially polluting shipwrecks in the UK: Legal, social and ethical considerations' (PhD Thesis, University of Southampton 2021); I Parlov, 'The 2007 Nairobi International Convention on the Removal of Wrecks: The Implications for the Law of the Sea' *Ocean Yearbook Online* (2022) 36(1) 659-679
[293] Wu, X. and Lu, X (note 1)

6. Institutional and Legal Constraints in Wreck Removal Governance

The persistence of shipwrecks and derelict vessels in Nigerian waters cannot be explained solely by operational inefficiencies or administrative delay. It reflects a deeper structural weakness within the legal and institutional framework that governs maritime liability and enforcement. Existing scholarship has consistently identified fragmentation, weak enforcement, and incomplete domestication of international standards as defining features of Nigeria's maritime governance system.[294] What remains under examined, however, is how these deficiencies directly undermine the functioning of Protection and Indemnity insurance as a mechanism for allocating and enforcing liability in wreck removal cases. The absence of a coherent domestic framework does not merely create regulatory gaps. It disrupts the fundamental logic of risk distribution by allowing shipowners to externalise the financial consequences of maritime casualties. This produces a system in which liability is uncertain, enforcement is inconsistent, and compliance is often optional in practice. The resulting governance deficit provides a compelling explanation for the continued presence of wrecks in Nigerian waters despite the existence of formal legal instruments.

6.1 Regulatory Fragmentation and Enforcement Deficits

A critical obstacle to effective wreck removal lies in the fragmented regulatory structure that distributes authority across multiple maritime institutions without clear coordination mechanisms. The Nigerian Maritime Administration and Safety Agency, the Nigerian Ports Authority, and the National Inland Waterways Authority all exercise overlapping responsibilities in relation to wreck identification, management, and removal. This overlap is not simply a matter of administrative design but a source of persistent jurisdictional conflict that weakens enforcement outcomes.[295] Where responsibility is shared, accountability is often avoided, and enforcement becomes contingent on inter agency cooperation that is frequently absent.

[294] U Abdulrahman, 'Enhancing nigeria's compliance with international maritime anti-corruption framework' (MSc Dissertation, World Maritime University 2025) <https://commons.wmu.se/all_dissertations/2611/> accessed 24 March 2026

[295] RO Iyinbo (note 2); A Foye, 'Fundamentals of Maritime Law in Nigeria: A Comprehensive Analysis' (2025) <https://www.researchgate.net/publication/397065276_Fundamentals_of_Maritime_Law_in_Nigeria_A_Comprehensive_Analysis> accessed 24 March 2026

Empirical studies confirm that such fragmentation generates bureaucratic bottlenecks, delays in decision making, and duplication of functions, all of which reduce regulatory effectiveness.[296] In practice, this means that wrecks remain unaddressed not because they are unknown, but because no single authority can act decisively without institutional friction. The enforcement of insurance requirements suffers in the same way, as no agency consistently verifies compliance or pursues defaulting shipowners. The regulatory system therefore fails at the precise point where Protection and Indemnity insurance is meant to operate as a compulsory safeguard.

The consequences of this fragmentation extend beyond administrative inefficiency into the realm of regulatory legitimacy. When enforcement appears inconsistent or selective, regulated actors adjust their behaviour accordingly, often prioritising cost avoidance over compliance. Abdulrahman's analysis of maritime governance highlights a compliance paradox in which stakeholders acknowledge the existence of regulatory frameworks yet do not experience their effective application in practice.[297]

This disconnect erodes the deterrent effect of legal rules and creates an environment in which insurance obligations are treated as negotiable rather than mandatory. The problem is further compounded by political interference and institutional competition, which distort enforcement priorities and undermine professional regulatory judgment. In such a context, even well drafted laws cannot achieve their intended outcomes because the institutional conditions necessary for their enforcement are absent. The result is a regulatory system that appears robust in form but remains weak in substance. This structural weakness directly limits the ability of Protection and Indemnity insurance to function as an effective risk management tool in Nigeria's maritime sector.

[296] IA Badamasi, 'Strengthening maritime administration via blue economy in Nigeria: for sustainable shipping and ocean governance' (MSc Dissertation, World Maritime University 2025) <https://commons.wmu.se/all_dissertations/2659/> accessed 24 March 2026; KM Bayode, 'Appraisal of Marine Governance and Sustainability Approaches in Nigeria' (BSc Thesis, Novia University of Applied Sciences 2024) <https://www.theseus.fi/bitstream/handle/10024/864360/Bayode_Kemisola%20Mary.pdf?sequence=2> accessed 24 March 2026

[297] U Abdulrahman, 'Enhancing nigeria's compliance with international maritime anti-corruption framework' (MSc Dissertation, World Maritime University 2025) <https://commons.wmu.se/all_dissertations/2611/> accessed 24 March 2026

6.2 Legal Gaps and the Limits of Liability Regimes

The deficiencies of the institutional framework are mirrored and reinforced by significant gaps within the legal regime governing wreck removal. Although the Merchant Shipping Act 2007 provides a general basis for maritime regulation, it does not establish a comprehensive liability structure consistent with international standards under the Wreck Removal Convention 2007. In particular, the absence of a clearly articulated strict liability regime creates uncertainty regarding the extent and immediacy of shipowners' obligations.[298] This uncertainty is not merely theoretical. It affects the enforceability of removal orders and allows shipowners to delay compliance through legal contestation. In jurisdictions where strict liability is firmly embedded, the obligation to remove wrecks arises automatically and is supported by compulsory insurance mechanisms that guarantee financial coverage. The Nigerian framework, by contrast, lacks this automaticity, thereby weakening both liability enforcement and financial accountability. The result is a system in which the cost of wreck removal is not reliably internalised by those responsible for the risk.

The problem is further exacerbated by the incomplete domestication of international conventions, which limits the direct applicability of global standards within the Nigerian legal system. While Nigeria has ratified the Wreck Removal Convention, its provisions do not have binding force without legislative incorporation, creating a gap between international obligation and domestic enforceability.[299] This gap undermines the effectiveness of key mechanisms such as compulsory insurance and direct action against insurers, which are central to the operation of Protection and Indemnity regimes. Obiora's analysis of third-party rights illustrates how the absence of enforceable insurance obligations leaves affected parties without effective remedies, particularly where shipowners lack the financial capacity to undertake removal.[300] The legal framework therefore fails not only in assigning liability but also in securing its practical enforcement. This dual failure weakens the entire system of maritime risk allocation and contributes directly to the persistence of abandoned wrecks.

[298] RO Iyinbo (note 2)
[299] F Anyogu, IK Oraegbunam and P Ayogu, 'International legal framework for protection of the marine environment: the way forward for Nigeria' *International Review of Law and Jurisprudence* (2021) 3(3) 21
[300] P Obiora, (note 9)

6.3 Financial and Technical Capacity Constraints

The legal and institutional challenges outlined above are compounded by persistent financial and technical limitations that constrain the operational capacity of maritime authorities. Wreck removal is a resource intensive activity that requires specialised equipment, skilled personnel, and sustained financial investment. Nigerian maritime agencies, however, often operate within severe budgetary constraints that limit their ability to respond effectively to maritime casualties.[301] These limitations are not incidental but reflect deeper structural issues within the governance framework, including the failure to enforce insurance-based funding mechanisms. In systems where compulsory Protection and Indemnity insurance is effectively implemented, the financial burden of wreck removal is transferred to private insurers, thereby reducing reliance on public resources. In Nigeria, weak enforcement of insurance obligations disrupts this model and leaves state agencies exposed to costs they are ill equipped to bear. This creates delays, compromises the quality of removal operations, and in some cases results in complete inaction.

Technical capacity constraints further exacerbate these challenges by limiting the ability of institutions to monitor, assess, and manage wrecks effectively. Studies on maritime security and governance in Nigeria highlight deficiencies in surveillance infrastructure, training, and technological resources as key barriers to effective enforcement.[302] These deficiencies reduce the ability of authorities to detect noncompliance, enforce liability, and coordinate removal operations in a timely manner. The interaction between financial and technical constraints creates a reinforcing cycle in which weak capacity leads to poor enforcement, which in turn discourages compliance and reduces the availability of insurance backed funding. Over time, this cycle entrenches a reactive approach to wreck management in which intervention occurs only after significant environmental or navigational harm has occurred. The absence of a functional Protection and Indemnity framework therefore has both legal and practical consequences that extend beyond liability into the realm of operational effectiveness.

[301] AO Michael, (note 1)
[302] S Abubakar, 'Law and policy in combatting piracy by maritime enforcement agencies: a Nigerian perspective' (MSc Dissertation, World Maritime University 2023) <https://commons.wmu.se/cgi/viewcontent.cgi?article=3263&context=all_dissertations> accessed 24 March 2026; TN Nwachukwu and OV Nwandem, 'A Legal Examination of the Setbacks in the Nigerian Maritime Industry and Their Possible Solutions' *International Review of Law and Jurisprudence* (2023) 5 163

6.4 Structural Implications for Protection and Indemnity Insurance

When the institutional, legal, and financial dimensions of Nigeria's maritime governance framework are considered together, a clear pattern emerges. The system lacks the coherence necessary to support the effective operation of Protection and Indemnity insurance as a mechanism for managing wreck removal liability. Insurance schemes depend on clear legal obligations, consistent enforcement, and institutional coordination to function properly. Where these conditions are absent, insurance becomes nominal rather than operational, existing in theory but failing in practice. The Nigerian experience illustrates this dynamic with particular clarity. Fragmented regulation obscures responsibility, legal gaps weaken liability, and financial constraints limit enforcement capacity. These factors do not operate independently but reinforce one another in ways that systematically undermine compliance.

The implication is that the persistence of shipwrecks and derelict vessels is not an accidental outcome but a structural consequence of an ineffective liability and insurance regime. Without enforceable liability rules and compulsory insurance mechanisms, shipowners are not adequately incentivised to remove wrecks or to insure against the associated risks. Public authorities, lacking both resources and legal leverage, are unable to fill this gap effectively. The result is a governance system that tolerates the continued existence of hazardous wrecks despite formal legal commitments to their removal. Any meaningful reform must therefore address not only institutional coordination and legal reform but also the integration of a functional Protection and Indemnity framework capable of ensuring that liability is both enforceable and financially secured.

7. The Imperative for Establishing a Nigerian Protection and Indemnity Framework

7.1 Justification for a Domestic Protection and Indemnity Framework

The case for establishing a domestic Protection and Indemnity framework in Nigeria is not merely policy driven. It is grounded in identifiable legal and structural deficiencies that have already been demonstrated in the preceding sections. The absence of a compulsory and enforceable insurance regime for wreck removal has created a system in which liability is neither effectively internalised nor reliably financed. International practice offers a clear contrast, as Protection and Indemnity Clubs have evolved precisely to fill the gaps left by traditional marine insurance, particularly in

relation to third party liabilities such as pollution, personal injury, and wreck removal.[303] These liabilities are not peripheral. They constitute the most complex and financially significant risks in maritime operations, often exceeding the capacity of conventional underwriters. In the Nigerian context, the absence of a domestic framework means that these risks are either inadequately covered or transferred to the state, thereby undermining both legal accountability and financial sustainability. The persistence of wrecks in Nigerian waters can therefore be traced, in part, to this failure of risk allocation.

The necessity of such a framework becomes even more compelling when examined against the requirements of the Wreck Removal Convention 2007. The Convention mandates that vessels above a specified tonnage must maintain compulsory insurance or financial security to cover wreck removal liabilities, a requirement typically satisfied through Protection and Indemnity Club certification.[304] Nigeria's partial compliance with this obligation exposes a critical gap between international commitment and domestic implementation. Without a structured system to enforce compulsory insurance, the Convention's liability regime remains ineffective in practice. This gap has tangible consequences. It shifts the financial burden of wreck removal from shipowners to public institutions and weakens the deterrent effect of liability rules. Semark's analysis of the evolving role of Protection and Indemnity Clubs underscores that modern maritime liability regimes increasingly rely on insurance backed enforcement mechanisms, including rights of direct action against insurers.[305] In the absence of such mechanisms, legal obligations lose their practical force, and compliance becomes contingent rather than mandatory.

A further justification lies in the economic and institutional limitations of Nigeria's existing marine insurance market. Studies indicate that local underwriters face significant capacity constraints, including financial insolvency risks and limited expertise in handling complex maritime liabilities.[306] These limitations not only delay compensation but also encourage reliance on foreign

[303] MK Abdullah and I Rachmawati, 'Advancing Protection and Indemnity Insurance (P&I Clubs): Strengthening Legal Protection For Indonesian Carriers' *LITIGASI* (2023) 24(1) 130-150; I Ibrahim, 'Marine Insurance in Global Logistics: Principles, Policies, and Contemporary Challenges' *International Journal of Business & Law Research* (2025) 13(4) 461-469 <https://www.seahipublications.org/wp-content/uploads/2025/10/IJBLR-D-39-2025.pdf> accessed 24 May 2024
[304] RO Iyinbo (note 2)
[305] D Semark, *P&I Clubs: Law and Practice* (Informa Law from Routledge 2013)
[306] TC Nwokedi, OB Ndikom, KU Nnadi and C Onyemechi, 'Modeling shipping accidents economic loss and the compensation in Nigeria' *Maritime Technology and Research* (2023) 5(2) 260960

Protection and Indemnity Clubs, resulting in premium leakage and reduced domestic capacity building. Ibrahim observes that the global Protection and Indemnity system, particularly through the International Group, covers a substantial proportion of world tonnage by pooling risks and providing specialised services such as claims handling and legal representation.[307] Nigeria's exclusion from this structure, except through indirect participation, represents a missed opportunity to develop a resilient domestic risk management system. The establishment of a national framework would therefore address both legal compliance and economic efficiency by retaining premiums, building expertise, and strengthening institutional capacity.

7.2 Structural Design of a Nigerian Protection and Indemnity Framework

The design of a domestic Protection and Indemnity framework must reflect both international best practice and the specific realities of Nigeria's maritime sector. Comparative scholarship suggests that Protection and Indemnity Clubs typically operate as mutual associations of shipowners, structured as non-profit entities in which members collectively share risks and contribute to a common fund.[308] This mutual model is not incidental. It aligns incentives by ensuring that members have a direct financial interest in risk reduction and regulatory compliance. For Nigeria, adopting a company limited by guarantee structure would provide a legally recognised framework that accommodates mutual risk pooling while ensuring regulatory oversight. Such a structure would also allow for the development of internal governance mechanisms, including member committees and professional management, consistent with international standards.

The operational logic of the mutual model also addresses some of the deficiencies identified in the existing insurance system. By pooling risks across a broad membership base, a domestic Protection and Indemnity framework can mitigate the financial volatility associated with large scale maritime claims, including wreck removal and environmental damage.[309] This is particularly relevant in a context where individual underwriters may lack the capacity to absorb significant losses. At the same time, the model facilitates the integration of ancillary services such as legal advisory, claims

[307] I Ibrahim, (note 7)
[308] R Thomas, 'Protection and indemnity insurance: is it truly insurance?' in *Research Handbook on Marine Insurance Law* (Edward Elgar Publishing 2024) 26-40; F Firinciogullari, *Maritime Insurance and the Law: Legal Action Against Protection and Indemnity Club* (Taylor & Francis 2025)
[309] S Levantesi and G Piscopo, 'Mutual peer-to-peer insurance: The allocation of risk' *Journal of Co-operative Organization and Management* (2022) 10(1) 100154

management, and compliance monitoring, which are essential for effective risk management.[310] These functions extend beyond indemnification and contribute to the broader regulatory ecosystem by promoting best practices among members. The structure therefore serves not only as an insurance mechanism but also as an instrument of governance.

A critical issue that must be addressed in designing such a framework is the treatment of liability and third-party rights. The traditional "pay to be paid" rule, which requires members to discharge liabilities before seeking indemnity, has been criticised for limiting access to compensation where shipowners are insolvent.[311] Modern legal developments, particularly in jurisdictions such as the United Kingdom, have introduced direct action rights that allow claimants to proceed against insurers in such circumstances. Incorporating similar provisions within a Nigerian framework would strengthen the enforceability of liability and enhance the protection of third parties affected by maritime incidents. This would also align the domestic system with emerging international standards and address one of the key weaknesses identified in Nigeria's current legal regime. The structural design of the framework must therefore balance traditional mutual principles with contemporary demands for accountability and accessibility.

7.3 Policy and Legal Implications

The establishment of a domestic Protection and Indemnity framework carries significant policy and legal implications that extend beyond the maritime sector. One immediate effect would be the reduction of capital flight associated with the current reliance on foreign insurers. Studies on Nigeria's insurance industry indicate that a substantial portion of marine insurance premiums is ceded to international reinsurers, resulting in economic leakage and reduced domestic investment.[312] By retaining these premiums within the local economy, a domestic framework would contribute to capital formation, enhance financial stability, and support the development of

[310] I Ibrahim, (note 7)
[311] D Richmond, 'Third Party Claims against P&I Clubs and the "pay to be paid" Rule' (Master Thesis, Lund University 2010) <https://lup.lub.lu.se/luur/download?func=downloadFile&recordOId=1693254&fileOId=1693257> accessed 24 March 2026
[312] AA Obentey and DO Odeke, 'Marine and Aviation Insurance and its Effect on the Growth of the Nigerian Economy' *African Journal of Management and Business Research* (2025) 18(1) 68-89

related industries. This economic dimension is not secondary. It reinforces the legal objective of ensuring that liability is backed by accessible and reliable financial resources.

From a regulatory perspective, the introduction of a domestic framework would strengthen compliance with international maritime obligations. The integration of compulsory insurance requirements into national law would operationalise the liability regime envisaged under the Wreck Removal Convention and related instruments. Udungeri's analysis of financial security requirements highlights the importance of ensuring that operators demonstrate the capacity to meet environmental and liability obligations before engaging in high-risk activities.[313] A Protection and Indemnity framework provides a practical mechanism for achieving this objective by embedding financial security within the regulatory process. This would not only enhance compliance but also shift the cost of maritime risks from the public to private actors, in line with the polluter pays principle.

The broader legal implications also include the potential to reform liability enforcement and dispute resolution mechanisms within the maritime sector. A functional Protection and Indemnity system would facilitate the provision of security for vessel release, streamline claims processes, and improve access to compensation for affected parties.[314] It would also create incentives for better risk management among shipowners, as membership in the framework would be contingent on adherence to safety and environmental standards. Over time, these changes would contribute to a more coherent and effective maritime governance system in which liability is clearly defined, consistently enforced, and adequately financed. The establishment of a domestic Protection and Indemnity framework is therefore not simply an institutional reform. It is a necessary step towards aligning Nigeria's legal system with the practical realities of modern maritime risk management.

[313] KU Udungeri, 'Corporate Environmental Liability Under the Nigerian Oil and Gas Law: A Critical Appraisal of Environmental Financial Security through the Eye of the Polluter Pays Principle' (PhD Thesis, University of Leeds 2024)

[314] A Foye, 'Fundamentals of Maritime Law in Nigeria: A Comprehensive Analysis' (2025) <https://www.researchgate.net/publication/397065276_Fundamentals_of_Maritime_Law_in_Nigeria_A_Comprehensive_Analysis> accessed 24 March 2026

8. Conclusion

This study has demonstrated that the persistence of shipwrecks and derelict vessels in Nigerian waters is not simply the product of high removal costs or administrative inefficiency. It reflects a deeper structural deficiency within the legal framework, where liability is articulated but not effectively secured. The analysis shows that Nigeria's approach to wreck removal remains incomplete because it separates legal responsibility from the financial mechanisms required to sustain it. In this respect, the article answers its central research question by establishing that the absence of a functional Protection and Indemnity framework is a decisive factor in the continued failure of enforcement.

By situating the Nigerian regime alongside international standards, the article has highlighted a critical divergence in legal design. Contemporary maritime systems integrate strict liability with compulsory insurance to ensure that obligations are not merely declaratory but enforceable in practice. The Nigerian framework, by contrast, reveals a pattern of partial alignment, institutional fragmentation, and weak financial underpinning. This conclusion, however, must be read in light of certain limitations. The study adopts a primarily doctrinal methodology and relies on existing literature and legal materials, with limited empirical engagement on enforcement outcomes or industry behaviour. As a result, while the structural argument is well grounded, further empirical validation would strengthen the causal link between insurance deficiencies and the persistence of wrecks.

These limitations point directly to avenues for future research. There is a need for empirical studies that examine the operational realities of wreck removal, including data on cost recovery, insurance coverage, and institutional performance. Comparative work on other developing maritime jurisdictions would also provide a broader basis for evaluating the feasibility of a domestic Protection and Indemnity framework. In addition, further inquiry into the design of direct action mechanisms and enforcement models within Nigeria would deepen understanding of how liability can be made practically effective. What remains clear is that without integrating financial security into the legal structure, reform efforts will continue to fall short. The challenge is no longer conceptual but institutional, requiring sustained attention to the mechanisms that translate legal responsibility into actual compliance.