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Baltimore Bridge Loss Could Hit \$5B Reconstruction Cost

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The projected cost of rebuilding Baltimore's Francis Scott Key Bridge — destroyed in the March 2024 allision involving the container ship *Dali* — has become more than a casualty headline. It is increasingly a case study in how inflation, design upgrades and extended construction timelines can reshape the severity of large marine liability losses. Media reporting has also drawn attention to the International Group's reinsurance structure and the potential for overspill calls in extreme loss scenarios.

Maryland authorities have warned that reconstruction costs have more than doubled, with estimates now ranging from \$4.3bn to \$5.2bn, and with the bridge not expected to reopen before 2030. The state has also reiterated its intention to pursue damages from the vessel's owner and manager, seeking recovery of the full rebuild cost and related losses.

While the incident itself drew immediate attention from the P&I market, it is the post-casualty escalation — not just the original loss event — that now stands out. Maryland's revised estimate reflects sharply rising construction costs and a redesigned structure intended to provide greater resilience against impacts from ever-larger container ships operating in key trade corridors.

The Baltimore bridge loss also sits within a broader pattern seen in several high-profile P&I events, where the final cost is shaped as much by engineering complexity, inflation and extended timelines as by the initial casualty. Illustrative examples include the *Ever Given* grounding in the Suez Canal, where salvage and canal authority claims extended well beyond the immediate incident, and major wreck-removal cases such as *Costa Concordia* and *Rena*, where long-duration, regulation-driven removal programmes became multi-year projects with material cost escalation.

A modern loss environment: the bridge may cost more than the ship

Marine casualty claims have historically been dominated by wreck removal, cargo liabilities, pollution risks and personal injury. However, the Baltimore case underlines a growing trend: critical infrastructure damage can now dwarf traditional vessel-led exposures, particularly where reconstruction requires upgrades rather than like-for-like replacement.

Large infrastructure claims are often subject to:

- construction-cost inflation and procurement volatility
- extended timelines (and associated cost drift)
- enhanced design and resilience requirements
- greater political and public-interest scrutiny

These factors can rapidly turn what appears to be a “large” claim into a mega-loss with long tail uncertainty.

Insurance implications: a stress test for pooling and reinsurance

The potential scale of the Baltimore claim has brought renewed focus to how the International Group of P&I Clubs structures protection against major liabilities.

Under the existing arrangements, the P&I clubs and their members retain the first \$100m, after which the collective reinsurance programme responds up to a market-wide limit that has expanded in recent years to \$3.35bn. Losses above the top of this protection would revert to the mutual system, ultimately funded across the wider membership.

Media news reports have highlighted the potential exposure to members of the International Group system should the final loss exceed the current collective reinsurance limit, a scenario that could trigger additional overspill calls across the mutual structure.

While such outcomes remain highly dependent on litigation, settlement outcomes and final quantification, the discussion underscores the growing scale of modern infrastructure-linked liabilities.

The broader lesson: ports and bridges are becoming “severity multipliers”

Baltimore is significant not only because of its scale, but because it illustrates how marine risk is evolving as trade volumes concentrate into fewer, larger hubs — and ships continue to grow in size.

For shipowners, charterers and operators, the case reinforces the need to think beyond traditional operational exposures and consider:

- port and infrastructure concentration risk
- contractual allocation of liabilities
- how limitation regimes may be tested in high-profile infrastructure cases
- The upward drift in total loss severity in a high-inflation construction environment

Looking ahead

The *Dali* incident will continue to develop through litigation and claims resolution, but its broader significance is already clear: marine liabilities are increasingly shaped by the economic reality of rebuilding essential infrastructure, not simply by the casualty event itself.

For the P&I market and the International Group system, Baltimore is a test case for how mutual pooling and reinsurance respond in an era where the largest losses may be driven by shore-side assets — and where the cost to rebuild them can quickly outpace historic assumptions.