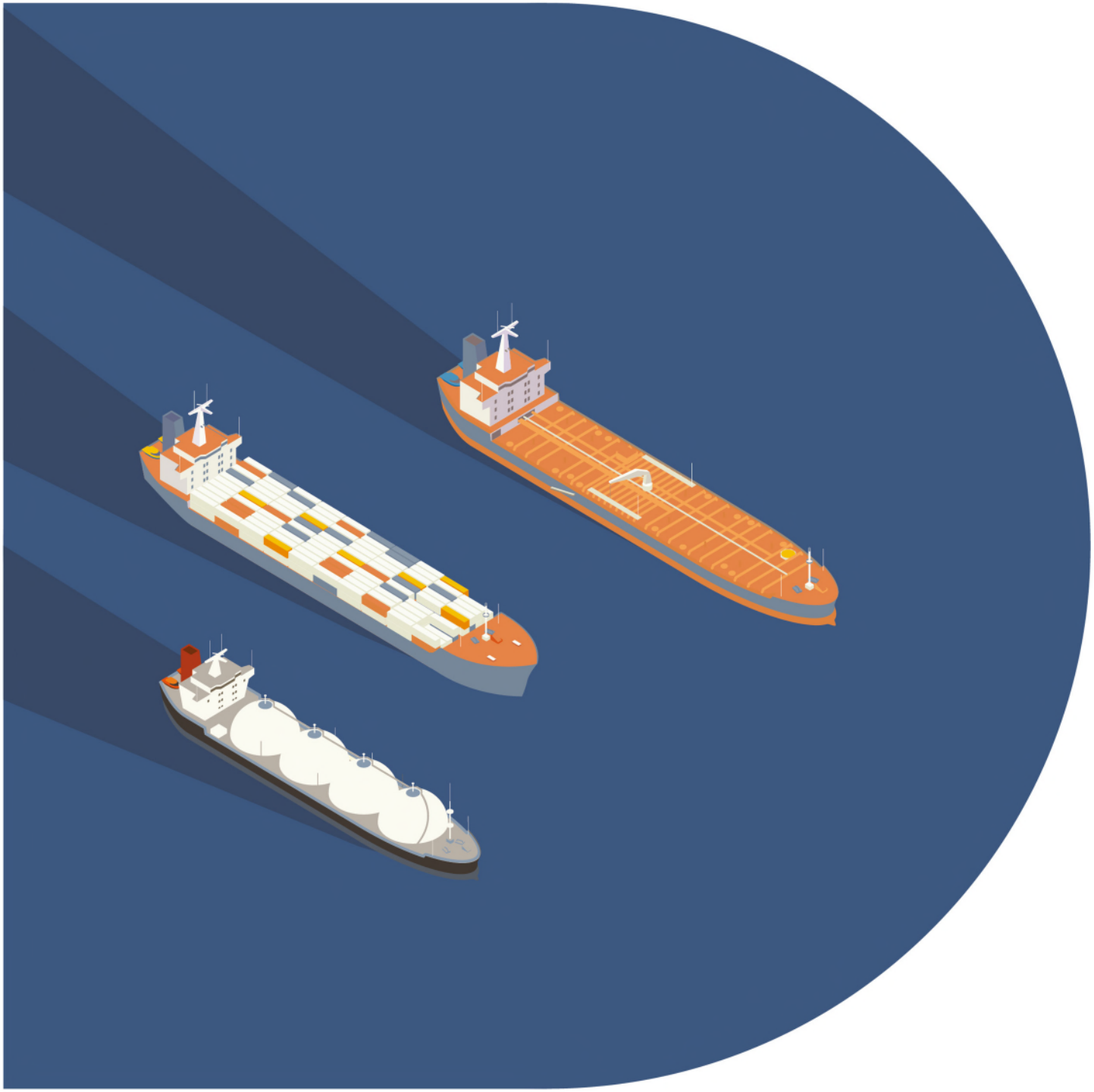
The Nordic Marine Insurance Plan of 2013

Version 2027



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Preface

The Nordic Marine Insurance Plan of 2013, Version 2027

The basis for the Nordic Marine Insurance Plan of 2013 is the Nordic Plan Agreement (hereinafter "the Agreement") of 3 November 2010 (last amended 8 May 2024) between:

The Nordic Association of Marine Insurers (Cefor)
and
Danish Shipping,
the Finnish Shipowners' Association,
the Norwegian Shipowners' Association, and
the Swedish Shipowners' Association.

The Agreement states that the name of this document shall be "The Nordic Marine Insurance Plan of 2013" (hereinafter "the Plan").

The Agreement mandates a permanent Standing Revision Committee (SRC) the task of drafting the Plan. The Parties to the Agreement may propose changes to the Plan. If the members agree that changes should be made, the SRC shall draft amendments to the Plan text and Commentary in English.

The following members of the SRC have been working on the 2027 Version of the Plan:

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Jörgen Sköld, Chairman of the Board, Svenska Orientlinjen – replaced by Örjan Karlsson, Marine Insurance Manager, Stena Rederi
Mikael Livijn, Head of Legal, Environment & Business Management, Wallenius Marine AB
Suvi Niemivuo, Head of Legal, Insurance and Claims, Finnlines

Nordic Average Adjusters
Bjørn Slaatten, Average Adjuster

In addition, Eivind Killengreen, deputy member of SRC for the Shipowners' Associations, participated in the revision.

A focus in this revision has been on sustainability. Both the Nordic Association of Marine Insurers (Cefor) and the Shipowners' Associations in the Nordic countries support the UN Sustainable Development Goals.

The 2027 Version builds on this development by introducing amendments aimed at giving practical effect to this objective within the framework of marine insurance and average adjusting.

Without altering the fundamental allocation of risk between the insurer and the assured under the Plan, the amendments allow Environmental, Social and Governance (ESG) considerations to be

specifically taken into account in specified situations. The intention is that the Plan should continue to encourage solutions which are commercially reasonable and legally robust while also taking environmental considerations and social responsibility into account. This has resulted in adopting the following ESG-related amendments for incorporation into the Plan Version 2027: Clause 5-19, Clause 12-1, Clause 12-12/18-29, Clause 12-13/18-30, Clause 12-14, Clause 16-9 and Clause 16-12.

The Plan remains under constant review, and it is the intention of the Parties to the Nordic Plan Agreement to find further ways to contribute to a more sustainable future.

It shall be considered the spirit of the Plan that the parties to the insurance contract strive to find more ESG-friendly ways to operate and adjust claims under this Plan.

The SRC decided that amendments to the text of the Plan and the Commentary in relation to the Nordic Marine Insurance Plan of 2013, Version 2023, should be highlighted in the preface.

The SRC has adopted the following amendments for incorporation into the Plan Version 2027:

(1) Clause 1-1: A new sub-clause 1 was added to Clause 1-1 to explain the relationship between the Plan and the Commentary, emphasizing that the Commentary to the clauses shall be considered as an integrated part of the insurance contract.

(2) Clause 1-4A: The Clause was amended to only regulate governing law. Choice of courts as a dispute resolution mechanism is now regulated in a new Clause 1-4C. The heading of Clause 1-4A was amended accordingly. Sub-clause 1 regulates governing law for an insurance contract effected on the Plan and with a Nordic claims leader. In sub-clause 2, an addition was made to the choice of law rule for insurance effected by a non-Nordic claims leader. For situations where the parties have agreed on arbitration or court proceedings in another Nordic country, the law of that country applies. The amendments to Clause 1-4A were further explained in the Commentary. In addition, explanations to the relationship between the Nordic Plan and the applicable background law and methodology was elaborated in the Commentary, hereunder the application of the Nordic Insurance Contract Acts (ICAs).

(3) Clause 1-4B: Amendment was made to make NOMA arbitration the agreed default dispute resolution mechanism in the Plan. Choice of law rules was removed and is now regulated in Clause 1-4A. The reference to NOMA Best Practice Guidelines was removed as recent amendments in the NOMA Arbitration Rules regulate the use of the Best Practice Guidelines. No material amendment was intended. A new sub-clause 4

sets out that the default language of the arbitration proceedings is English. A new sub-clause 5 was added to regulate consolidation into one arbitration.

(4) New Clause 1-4C: A new Clause 1-4C was added for choice of courts as a dispute resolution mechanism. The parties may agree in writing that disputes shall be referred to the courts as per Clause 1-4C or tailor specific solutions for the specific insurance contract, instead of arbitration as per Clause 1-4B. A new sub-clause 3 regulates the venue of the dispute where there is a non-Nordic claims leader. In addition, certain linguistic amendments were made.

(5) Clause 1-5: The reference to Clause 5-4 in sub-clause 4 was removed due to amendments in Clause 5-4.

(6) Clause 2-17: The heading was amended to better fit the wording of the Clause. In sub-clause 1 “the risk of” any sanction was added to the limitation in Clause 2-17 to correspond to reinsurance terms. Further, amendments were made to sub-clause 2 to make the termination effective immediately after giving notice in writing. The amendment was made to be in line with the sanctions regimes applicable to the parties. A new sub-clause 3 was added to give also the assured a right to terminate the insurance contract, where an insurer is “designated, listed or otherwise made subject to asset freeze or similar restrictive measures” under applicable sanctions regimes. Explanations to the amendments were added in the Commentary. Further, a general revision was conducted to clarify the Commentary.

(7) New Clause 2-18: A new “Know Your Customer” Clause was included as Clause 2-18 in response to the continuously increased requirements on insurers to carry out due diligence measures relating to anti-money laundering, counter-financing of terrorism, and sanctions laws and regulations applicable to the insurer and/or its reinsurers.

(8) Clause 3-19: Clause 3-19 was deleted. The provision was antiquarian and was likely meant to cover interventions similar to requisition where the seizure from the outset was intended to be temporary, i.e. the vessel was seized for use by a State Power. The Plan does not use the concept of “seizure” in its description of perils set out in Clauses 2-8 and 2-9.

(9) Clause 4-21: The heading was revised to better reflect the contents of the Clause. The wording “by payment of the sum insured” was deleted. The Commentary was extended for clarification purposes.

(10) Clauses 5-4, 5-7, 17-2 (2), 20-2 and 21-2: “one month” was amended to “30 days” for clarification purposes.

(11) Clause 5-4: In sub-clause 1, clarifications were made in respect of unrepaired damage situations. In sub-clause 3, amendments were made to the calculation of interest. The calculation will now be “fixed” only for a year which require a review each calendar year.

(12) Clause 5-5: An amendment was made to sub-clause 1 following the amendment in Clause 1-4B on arbitration as default dispute resolution mechanism. Corresponding amendments were made in the Commentary. The exception for Finnish and Swedish disputes in sub-clause 4 was deleted due to changes in the Finnish legislation in respect of the Finnish Average Adjuster, but also because the reference to average adjuster under Swedish law and jurisdiction was considered incorrect and misplaced.

(13) Clause 5-19: A new sub-clause 3 was inserted to address the situation where the insurer takes over the object insured and intends to recycle or otherwise dispose of it. The amendment clarifies that the insurer must ensure compliance with applicable mandatory legislation on recycling and disposal, including the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, the Basel Convention and, where applicable, the EU Ship Recycling Regulation. The assured shall, upon request and at the insurer’s reasonable cost, provide available recycling-relevant documentation and cooperation, including the Inventory of Hazardous Materials and relevant certificates.

(14) Clause 5-24: The heading was revised to better reflect the contents of the Clause, and the word “limitation” was replaced with the word “time-bar”. Sub-clause 2 was amended to clarify time-bar in liability insurance, and the Commentary was restructured to improve clarity. Sub-clause 3 was re-written for clarity, but not with any material changes.

(15) Clause 5-25: Clause 5-25 was deleted primarily due to amendments to Finnish legislation concerning the Finnish Average Adjuster, as explained in the Commentary to sub-clause 4 of Clause 5-5. In addition, the provisions on the limitation period and the procedure for handling the final adjustment (the insurance decision) were removed from the Plan. These rules are set out in the Finnish Insurance Contract Act (543/1994) which applies as background law when the insurance contract is governed by Finnish law and nothing else is agreed in the insurance contract. Consequently, there is no need to include the rules highlighted in Clause 5-25 of the Plan.

(16) Clause 7-2: The headline of the Clause was changed from “cancellation” to “termination” for consistency and express reference to Clause 2-17 (Sanctions limitation and termination). Amendments were made to sub-clause 1, second sentence, to clarify that the position of the mortgagee is not better than that of the person effecting the insurance itself in respect of termination of war risks insurance, as well as other circumstances whereby there is an automatic termination or suspension of the insurance, cf. Clauses 2-17, 3-14, 3-15 or 15-9, 3-17, 3-21 and Chapter 15 Section 2.

(17) New Clause 7-5: Regulation of independent co-insurance of mortgagees was moved from Clause 8-7 to a new Clause 7-5. The purpose of the amendment is to compile all rights related to insurance of the mortgagee in Chapter 7, and no material changes from the previous position were intended.

(18) Clause 8-7: The Clause was amended whereby the independent co-insurance of the mortgagee was moved into the new Clause 7-5. The purpose of the amendment is to compile the rights of insurance of the mortgagee in Chapter 7, and no material changes from the previous position were intended. The heading was updated to correspond with the amendment. Certain logical modifications were also made in the text itself.

(19) Clause 9-1: In sub-clause 2, the term “other” in the definition of “co-insurers” was deleted to clarify that the legal position of the claims leader, defined in paragraph 1, is the same.

(20) Clause 9-2: In sub-clause 3, “its” co-insurers was amended to “the” co-insurers.

(21) Clause 9-7: A new sub-clause 4 was included to regulate a right for the claims leader to request countersecurity from the co-insurer for its proportionate share of the liability. The amendment was elaborated in the Commentary. Further, a general update of the Commentary to this provision was made.

(22) Clause 11-3: A third sentence was added to sub-clause 2 to provide that the vessel may in any event be condemned if the cost of repairing the vessel amounts to at least 100% of the insurable value. The amendment was made to mitigate the risk that fluctuating vessel values may lead to situations where repair costs exceed 80% of the insurable value, but the vessel still does not qualify for condemnation according to sub-clause 2, first sentence.

(23) Clause 11-9: Sub-clause 2 was amended to replace the term “settled”. The purpose of the amendment was to clarify the effective date of the insurer’s liability. The term

"settled" in sub-clause 2 was replaced, and the insurer's liability as per Chapter 13 is now effective until "due date following issuance of the total loss adjustment" or latest two years from expiry of the insurance period. The Commentary was amended accordingly. In addition, minor adjustments were made in the Commentary.

(24) Clause 12-12: The Clause was amended by increasing the additional allowance available where the assured's choice of repair yard reduces fuel consumption and corresponding CO_2 emissions during removal. The amendment builds on the incentive introduced in the 2023 Version and raises the maximum amount available from USD 40 to USD 90 per ton CO_2 emissions saved.

(25) Clause 12-14: A new sub-clause 2 was introduced for voluntary ESG-related work carried out during a casualty repair period. Such work shall not be included in the basis for apportioning common expenses, provided that the work is voluntary and measurable, or otherwise demonstrable, and goes beyond statutory or classification requirements in force at the commencement of the repair period. In addition, the work must not, at that time, be reasonably expected to become compulsory within the next twelve months. Costs arising exclusively from such ESG-related work shall remain for the assured's account.

(26) Clause 14-3: A sentence was added to sub-clause 1 to reference Chapter 11. General revision of the Commentary was also made with minor amendments.

(27) Chapter 15, Section 1: The heading of Section 1 was amended to "General rules relating to the scope of the insurance".

(28) Chapter 15, Section 5/Chapter 18, Section 5-5: Section 5/Section 5-5 were deleted as there are no special provisions for damage under Chapter 15/Chapter 18 Section 5. Damage is thus fully regulated by Chapter 12/Chapter 18 Section 2-3.

(29) Clauses 15-1/18-59: Sub-clause 2 was deleted due to deletion of Clause 3-19.

(30) Clauses 15-2/18-60: Amendment was made due to the deletion of Chapter 15, Section 5/Chapter 18, Section 5-5.

(31) Clauses 15-8/18-66: The Clauses were amended to better align with the approach in the English war risks market. First, by including a notice period of 72 hours if the circumstances involve one of the States in Clause 15-5 (War between major powers). Second, by amending the commencement of the notice period, and third by

automatically reinstating the war risks insurance if it was cancelled for the sole purpose of amending the listed areas in Clauses 15-9/18-67.

(32) Clauses 15-9/18-67: The Clauses were amended to the effect that they replace Clause 3-15 instead of providing an addition to Clause 3-15. A material amendment is that the default position is changed to the effect that listed areas are considered excluded areas unless explicitly designated as a conditional area. In addition, the previous maximum deduction of USD 200,000 on a claim occurring in a conditional area, without the trade being notified to the insurer, has been deleted.

(33) Clauses 15-11/18-69: The wording is made consistent by connecting the total loss claim to the assured being “deprived of the use of the vessel”. Further, the covered perils in the total loss section were clarified and broadened by connecting the total loss cover to the relevant individual letters in Clause 2-9, sub-clause 1, particularly the reference to letter (c).

(34) Clauses 15-12/18-70: The wording now clarifies that the blocking and trapping clause applies to all war perils pursuant to Clause 2-9, and that the vessel must be prevented from leaving for a “continuous period” of twelve months. The Commentary was rewritten inter alia to better explain what constitutes blocking, i.e. hindrances of a physical nature as well as non-physical hindrances where the threat level to the vessel is of a character that prevents the vessel from leaving. The expression “port or similar limited area” has also been better explained.

(35) Clauses 15-13/18-71: The heading and sub-clause 1 were editorially amended to be consistent with Clause 15-4 and Clause 15-18. The word “restriction” in the heading was changed to “instruction”.

(36) Clauses 15-14/18-72: The Clauses were deleted. The special provisions governing the relationship between the hull insurance and damage shall now be governed by the general provisions in Chapter 12 and Chapter 16.

(37) Clauses 15-15/18-73: The Clauses were deleted. The provision was antiquarian and likely connected to the situations covered by Clause 3-19, despite Clauses 15-15/18-73 lacking the express requirement that the seizure should be “temporarily”.

(38) Clauses 15-16/18-74: Sub-clause 2 was deleted. This sub-clause is now encompassed by the new Clause 15-17, sub-clause 3, letter (e).

(39) Clauses 15-17/18-75: The previous Clauses were deleted as antiquarian and replaced by Clauses similar to Clause 16-1, now redrafted to reference war perils specifically. A new sub-clause 3, letter (e) has been drafted to clarify the scope of cover of the loss of hire insurance where the vessel is prevented from leaving a port or similar limited area without a physical obstruction being in place, i.e. the perils listed in Clause 2-9, sub-clause 1, letters (a) and (b). As a starting point, the Commentary refers to the similar provision in Clause 16-1 but now includes comments on the war specific issues.

(40) Clauses 15-18/18-76: The heading and sub-clause 1 were editorially amended to be consistent with Clauses 15-4 and 15-13. A material amendment is made by deleting sub-clause 2.

(41) Clauses 15-19/18-77: The Clauses were deleted as a consequence of the amendment in Clauses 15-14/18-72. Choice of repair yard/repairer shall be governed by the general provision in Clauses 16-9/18-51.

(42) Clause 16-12: The Clause was amended to ensure consistency with the new treatment of ESG-related work under Clause 12-14. Voluntary ESG-related work, as explained in Clause 12-14, sub-clause 2, is excluded from the categories of owner's work that would otherwise form part of the basis for apportioning common repair time under the loss of hire insurance. The purpose is to ensure that voluntary ESG-related improvements are treated consistently in relation to both apportionment of common expenses and apportionment of common repair time.

(43) Clause 16-14: The heading was amended from "Repairs carried out ..." to "Loss of time ..." to connect the headline with the wording of the Clause.

(44) Clause 17-1 and Clause 20-1: These clauses were amended following the amendment of the language of arbitration in Clause 1-4B. It was found more convenient that the starting point for a dispute under Chapters 17 and 20 is the official language at the place of arbitration.

(45) Clause 18-1, sub-clause (e), no (2): The provision was editorially amended to be consistent with the Commentary already stating that "prior to move, the assured must prepare a move plan, which shall be approved by the claims leader".

(46) Clause 18-3, letter (a) no (3): The wording was amended in letter (a) no (3) from "constitutes" to "shall not exceed".

(47) Clause 18-29, sub-clause 2: The term “repair yard” was replaced with “repairer”. The reason is that for MOUs there are normally various contractors sourced for repairs which cannot easily be defined as a yard. In addition, the maximum amount available was raised from USD 40 to USD 90 per ton CO_2 emissions saved in conformity with Clause 12-12.

(48) Clause 19-9: Listing "components, equipment, and materials" was found unnecessary and was replaced by "items".

(49) Clause 19-14: In line with the amendment in Clause 19-9, “components etc.” was replaced by the wording “items manufactured or procured for the subject-matter insured as per Cl. 19-9”.

(50) Clause 21-11: The Clause was amended to make the wording more in line with the wordings used by the International Group of P&I Clubs. Further, the Commentary was amended by elaborating on the effect of the Nairobi International Convention on the Removal of Wrecks. A part of the Commentary limiting the wreck removal of lost cargo was also deleted.

In connection with the above-mentioned amendments, changes have also been made in the Commentary to the respective clauses. Changes have similarly been made in the Commentary to other clauses in which matters regulated in the amended clauses are mentioned.

Furthermore, changes have been made in several places in the Commentary to clauses that have not been amended, and where the SRC has found that the former Commentary was impractical, misleading or could be misunderstood. This applies to the following provisions:

(1) Part One, Chapter One, General: The history was deleted as the amendments follow from both the Commentary and the Preface to the 2027 Version.

(2) Clause 2-8: The Commentary was updated to highlight the cover provided by Clause 2-9, sub-clause 1, letter (c) and letter (d), cf. also the amendment made to Clause 15-11. In addition, some of the history was deleted.

(3) Clause 2-9: The Commentary was updated to reflect the Heroic Idun Arbitration Award of 5 August 2025, and highlight the cover provided by Clause 2-9, letter (c), cf. also the amendment made to Clause 15-11. Further, the Commentary to Clause 2-9, sub-clause 1, letter (e) that was deleted by an oversight in 2019 has been reinstated. Some of the history in the Commentary was also deleted.

(4) Clause 2-11: A new example 5 was included in the Commentary. This example adds guidance on allocating coating and paint system damage between policy years, focusing on when the peril strikes and how to identify the relevant "part". It clarifies that, where spot repairs would have been sufficient at an earlier policy expiry, only those estimated costs should be allocated to that year, while later deterioration requiring further repair or full recoating should be allocated to the later policy year. The example also links this approach to Clause 2-11 and Clauses 12-3 and 12-4, supporting a consistent and technically grounded allocation method.

(5) Clause 3-15: A paragraph in the Commentary to Clause 3-15 regarding Clause 2-11 was removed due to previous amendments to Clause 2-11. Questions of causation are now left with the new wording of Clause 2-11 and its Commentaries.

(6) Clause 4-5, sub-clause 2: Amendments were made to the Commentary to clarify the definition of the assured's surveyor to also include superintendent. Further, certain linguistic amendments were made.

(7) Clause 8-2, sub-clause 2: An amendment was made to correct an erroneous citation of the Plan wording of Clause 8-2, sub-clause 2.

(8) Clause 9-9: The Commentary was amended due to the amendments in Clauses 1-4B and 1-4C.

(9) Clause 10-1: Amendments were made to attachment of insurance for new equipment and new spare parts. New equipment or new spare parts will be included in the vessel's hull insurance from the commencement of the final operations to load the item onto the ship. This is an extension from the previous point of attachment being "swung over the railing".

(10) Clause 11-7: The Commentary was editorially amended as a part of the clarifications made in Clauses 4-21 and 11-9.

(11) Chapter 12: The introduction to Chapter 12 was deleted as it was considered to be misleading and referred to the amendments made in 2013.

(12) Clause 12-1: The Commentary was amended to clarify that coverage for the removal of marine growth can be considered as part of the repair costs if it was necessitated by the average repairs. These costs are considered as common expenses to be apportioned over the cost of works in accordance with Clause 12-14.

(13) Clause 12-3: The Commentary was amended to clarify coating as a “part”. The amendments were made because damage to tank coating and paint systems raises questions about whether coating should be regarded as a separate “part” or as part of the underlying steel. Under Clauses 2-11, 12-3 and 12-4, the definition of a “part” shall be based on a technical and economic consideration, including identification of the “natural unit of repair”. The Commentary was amended to clarify that the coating is considered a “natural unit of repair”, and thereby a separate “part” from the underlying steel. This also conforms with adjusting practice.

(14) Clause 12-5: Minor editorial amendments to the Commentary to sub-clause (a) were made. Furthermore, the Commentary to sub-clause (e) was amended to achieve greater clarity.

(15) Clause 12-13: The Commentary was amended by introducing an increase for coverage of the removal expenses. Additional environmental or regulatory costs triggered by removal to a repair yard may be recoverable as removal expenses where they are necessary for the vessel to resume employment. Such costs shall be included in the tender amount under Clause 12-12, but costs falling under Clause 12-3 remain excluded. In exceptional cases, the claims leader may depart from the normal apportionment of removal expenses under Clause 12-14 where strict application would be clearly disproportionate.

(16) Clause 13-1: The Commentary to Clause 13-1 was updated to clarify certain aspects of the hull insurer’s collision liability. It is now expressly stated that liability may be covered where the vessel strikes property belonging to the assured, such as a quay or wharf, as if the property belonged to a third party. The Commentary further clarifies that the hull insurer’s liability after a casualty giving rise to total loss compensation ceases once compensation has been paid or the insurer has notified the assured under Clause 4-21 that it will pay the sum insured. Finally, new guidance has been added on sub-clause 2, letter (h), reflecting the APL Changi arbitration.

(17) Chapter 15: A general introduction to the amendments made to Chapter 15 was added to the Commentary.

(18) Clause 16-1: The Commentary was amended to clarify that if the hull insurance has been effected on conditions other than those of the Plan, Clause 12-18 (Deductible) still applies.

(19) Clause 16-9: The Commentary was amended so that the calculation in sub-clause 3 would be consistent with the calculation for saved CO2 emissions in Clause 12-12.

(20) Clause 19-12: The Commentary contained outdated references and were replaced by a reference to the new standard form Shipbuilding contract “SHIP25”, adopted on 9 October 2025.

When the amendments in the Commentary were made, the explanation of the historical development of the clauses previously contained in the Commentary was also deleted to facilitate the reading and understanding of the Commentary.

However, for Clauses where no amendments are made in the Commentary, this historical development is not deleted. In the Commentaries to these Clauses, references are made to both the Plan in use before the Nordic Marine Insurance Plan of 2013, i.e. the Norwegian Marine Insurance Plan of 1996, the previous Norwegian Marine Insurance Plan of 1964 (the 1964 Plan), and various insurance conditions and practices in use under the 1964 Plan. The insurance conditions referred to are the Conditions for Hull Insurance issued by the Central Union of Marine Underwriters (Cefor) and the Mutual Marine Insurers Committee’s Premium and Insurance Conditions (PIC). The abbreviation Cefor stands for Cefor Form 246 A October 1995, while PIC means the Mutual Marine Insurers Committee’s Premium and Insurance Conditions 1 January 1995.

The language of the Plan and Commentary is English. The Plan will be translated into four of the Nordic languages.

Cefor is the copyright holder and responsible for the publication of the Plan and Commentary. The Internet address is nordicplan.org. The Plan is also available as an App for smartphones and tablets.

Finally, the Standing Revision Committee wishes to state that the Plan is a set of standard policy conditions and thus purely illustrative. The Plan is not binding to the parties of the Agreement. Parties negotiating an insurance contract are completely free to agree upon other insurance conditions or modify any part of the Plan and its clauses.

Oslo, 1 July 2026

Trine-Lise Wilhelmsen, Chair

Birgitte Hagland, Co-Chair

Maria Linn Riis, Secretary

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Part one
Rules common to all types of insurance

Chapter 1
Introductory provisions

Clause 1-1. Application and definitions

The rules in this Plan apply whenever the parties have agreed that the insurance contract shall be based on the Nordic Marine Insurance Plan of 2013. The Commentary to the clauses shall be considered as an integrated part of the insurance contract.

For the purposes of this Plan

(a) the insurer means the party who under the terms of the contract has undertaken to grant insurance,

(b) the person effecting the insurance means the party who has entered into the insurance contract with the insurer,

(c) the assured means the party who is entitled under the insurance contract to compensation or the sum insured. In liability insurance, the assured is the party whose liability for damages is covered,

(d) the broker means the entity that is instructed by the person effecting the insurance to act as an intermediary between the person effecting the insurance and the insurer.

Clause 1-2. Policy

When the contract is concluded, the person effecting the insurance may demand that a policy be issued. The policy shall confirm that a contract has been entered into and shall refer to the conditions. If the insurer wishes to invoke conditions which are not set out in the policy or incorporated in it by reference, the insurer has the burden of proving that the person effecting the insurance was aware of the relevant condition and that it was applicable.

The person effecting the insurance must raise any objections to the content of the policy without undue delay. If the person effecting the insurance fails to do so, the policy shall be considered approved.

Clause 1-3. Contracts entered into through a broker

The broker acts on behalf of the person effecting the insurance in all cases except those where the insurer has given written authority to the broker to perform a specific function on behalf of the insurer.

If the person effecting the insurance demands that a policy be issued in accordance with Cl. 1-2 above, the broker shall assist in the issuing of such a policy. If the broker issues a policy on behalf of the insurer, the policy shall explicitly state that it has been issued by the broker on the authority of the insurer.

The broker is authorised to receive any return of premium or settlements of claim on behalf of the person effecting the insurance and/or the assured. The person effecting the insurance and/or the assured may at any time change or withdraw this authorisation by giving notice to the insurer.

The person effecting the insurance may pay the premium due to the insurer through a broker, but in accordance with sub-clause 1 the premium shall not be deemed paid until actually received by the insurer.

Clause 1-4A. Governing law

If insurance is effected with a Nordic claims leader, this insurance contract shall be governed by and construed in accordance with the law at the place where the head office of the claims leader is located at the time of the conclusion of the contract.

If insurance is effected with a non-Nordic claims leader, Norwegian law applies unless the parties have agreed on arbitration or court proceedings in another Nordic country. In that case, the law of that country applies.

Clause 1-4B. Arbitration Clause

Any dispute arising out of or in connection with this insurance contract, including any disputes regarding the existence, breach, termination or validity hereof, shall be finally settled by arbitration under the Nordic Offshore and Maritime Arbitration Association's ("NOMA") Arbitration Rules and in force at the time when such arbitration proceedings are commenced. The Tribunal shall be composed of three arbitrators unless otherwise agreed.

If insurance based on this Plan is effected with a Nordic claims leader, the place of arbitration shall be the place where the head office of the claims leader is located at the time of the conclusion of the contract.

If insurance based on this Plan is effected with a non-Nordic claims leader, the place of arbitration shall be Oslo.

The language of the arbitration shall be English unless otherwise agreed after the commencement of the arbitration.

By agreeing to follow a claims leader, each of the co-insurers agree to consolidate an arbitration case against the assured in the same arbitration as an arbitration between the claims leader and the assured. The assured agrees to such consolidation. Regarding the appointment of arbitrators on the part of the co-insurers and the claims leader, Article 8 of the NOMA Rules applies.

Clause 1-4C. Dispute resolution in the courts

If the parties have agreed in writing that disputes shall be referred to the courts, the following applies:

If the insurance is effected with a Nordic claims leader, legal proceedings which in any way concerns the insurance contract may only be instituted before the courts in the venue where the head office of the claims leader is located.

If the insurance is effected with a non-Nordic claims leader, legal proceedings which in any way concerns the insurance contract may only be instituted before Oslo District Court.

The co-insurer(s) may be sued in the venue of the claims leader.

Clause 1-5. Insurance period

Unless otherwise agreed, the insurer's liability attaches when the person effecting the insurance or the insurer has approved the conditions stipulated by the other party.

If the insurer's liability under the agreement attaches on a certain day without any indication of time, liability commences at 00:00 hours. If an insurance remains in effect until a certain day without any indication of time, liability ceases at 23:59:59 hours. The time shall be based on UTC.

The insurance terminates on expiry of the agreed insurance period, unless the parties agree to renew it. In the event of renewal, the conditions then agreed shall apply. The provision in Cl. 1-2 above shall apply correspondingly.

If it has been agreed that the insurance shall attach for a period longer than one year, the insurance period shall nevertheless be deemed to be one year in relation to Cl. 2-2, Cl. 2-11, Cl. 5-3, last sub-clause, Cl. 6-3, sub-clause 1, Cl. 12-2, Cl. 16-1, sub-clauses 3 and 4, and Cl. 16-14.

Chapter 2
General rules relating to the scope of the insurance

Section 1
Insurable interest and insurable value

Clause 2-1. Insurance unrelated to any interest

A contract concerning insurance which does not relate to any interest is void.

Clause 2-2. Insurable value

The insurable value is the full value of the interest at the inception of the insurance. The parties may by agreement fix the insurable value at a certain amount, hereinafter called agreed insurable value, cf. Cl. 2-3.

The sum or sums insured in the insurance contract shall be deemed to constitute the agreed insurable value(s) unless the circumstances clearly indicate otherwise.

Clause 2-3. Agreed insurable value

The insurer may demand to have the agreed insurable value set aside only if the person effecting the insurance has given misleading information about characteristics of the subject-matter insured that are relevant for the agreement.

If there has been a significant change in the value of the interest insured due to changes in the circumstances which formed the basis of the parties' agreement of the insurable value, either party may require that the agreed insurable value be changed by giving fourteen days' notice.

If the parties disagree as to whether the conditions for changing the agreed insurable value according to sub-clause 2 are fulfilled, the question shall be submitted for final decision to a Nordic adjuster to be chosen by the assured.

Clause 2-4. Under-insurance

If the sum insured is lower than the insurable value, the insurer shall only compensate a portion of the loss corresponding to the proportion that the sum insured bears to the insurable value. If a valuation has been set aside in accordance with Cl. 2-3, sub-clause 1, above, it shall nevertheless be regarded as the insurable value when the rule in this sub-clause is applied.

Clause 2-5. Over-insurance

If the sum insured exceeds the insurable value, the insurer shall only compensate the loss up to the insurable value.

If the interest is over-insured with fraudulent intent, the contract is not binding on the insurer.

Clause 2-6. Liability of the insurer when the interest is also insured with another insurer

If the interest is insured against the same perils with two or more insurers, each of them is liable to the assured in accordance with their respective contracts until the assured has received the full compensation to which the assured is entitled.

If one of the insurers has disclaimed liability where the interest is also insured with another insurer, it shall only be liable to the extent that the assured has not obtained cover with other insurers.

If all of the insurers have disclaimed liability where the interest is also insured with another insurer, the rules contained in sub-clause 1 shall apply.

Clause 2-7. Recourse between the insurers where the interest is insured with two or more insurers

If the interest is insured against the same perils with two or more insurers, the total amount of compensation shall, in the recourse settlement, be apportioned on the basis of the amounts for which each insurer was liable.

If all of the insurers have disclaimed liability where the interest is also insured with another insurer and the assured has received settlement under the rules contained in Cl. 2-6, sub-clause 3, the rule concerning recourse in sub-clause 1 shall apply correspondingly.

If the assured is entitled to recover costs incurred to prevent or minimise loss from an insurer, that insurer shall, to the extent of its liability, bear the full amount of such costs in the recourse

settlement. This applies even if all the insurers have disclaimed liability where the interest is also insured with another insurer.

Section 2
Perils insured against, causation and loss

Clause 2-8. Perils covered by an insurance against marine perils

An insurance against marine perils covers all perils to which the interest may be exposed, with the exception of:

(a) perils covered by an insurance against war perils in accordance with Cl. 2-9,

(b) capture at sea, confiscation, expropriation and other similar interventions by own State power provided any such intervention is made for the furtherance of an overriding national political objective. Own State power is understood to mean the State power in the vessel's State of registration or in the State where the major ownership interests are located. Own State power does not include individuals or organisations exercising supranational authority,

(c) requisition by State power,

(d) insolvency or lack of liquidity of the assured or the operation of ordinary legal process to enforce payment of any fine, penalty, debt or right to security unrelated to a claim or liability covered by the insurance,

(e) perils covered by the RACE II Clause:

(1) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel,

(2) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof,

(3) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter,

(4) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes,

(5) any chemical, biological, bio-chemical, or electromagnetic weapon.

Clause 2-9. Perils covered by an insurance against war perils

An insurance against war perils covers:

(a) war or war-like conditions, including civil war or the use of arms or other implements of war in the course of military exercises in peacetime or in guarding against infringements of neutrality,
(b) capture at sea, confiscation, expropriation and other similar interventions by a foreign State power, provided any such intervention is made for the furtherance of an overriding national or supranational political objective. Foreign State power is understood to mean any State power other than own State power as defined in Cl. 2-8 (b), second sentence, as well as organisations and individuals exercising supranational authority or who unlawfully purport to exercise public or supranational authority,
(c) riots, sabotage, acts of terrorism or other social, religious or politically motivated use of violence or threats of the use of violence, strikes or lockouts,
(d) piracy and mutiny,
(e) measures taken by a State power to avert or limit damage, provided that the risk of such damage is caused by a peril referred to in sub-clause 1 (a) - (d).

The insurance does not cover:
(a) insolvency or lack of liquidity of the assured or the operation of ordinary legal process to enforce payment of any fine, penalty, debt or right to security unrelated to a claim or liability covered by the insurance,
(b) perils covered by the RACE II Clause:
    (1) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel,
    (2) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof,
    (3) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter,
    (4) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter,
    (5) any chemical, biological, bio-chemical, or electromagnetic weapon,
(c) requisition by State power.

Clause 2-10. Perils insured against when no agreement has been made as to what perils are covered by the insurance

Unless otherwise agreed, the insurance covers only marine perils.

Clause 2-11 Causation. Incidence of loss

The insurer is liable for loss incurred when the interest insured is struck by an insured peril during the insurance period.

If an unknown defect results in damage to the insured vessel, the defect shall be deemed to be a marine peril that strikes the interest insured at the time the damage starts to develop.

If unknown damage in one part of the vessel results in damage to another part or parts of the vessel, the original damage shall be deemed to be a marine peril that strikes the interest insured at the time the damage to the other part or parts starts to develop.

Where a defect or damage existing at the inception of the insurance, which is known to the assured but not to the insurer, gives rise to damage (in the case of defects) or new damage to other parts (in the case of existing damage), the liability of the insurer shall not exceed the amount the assured would have been able to recover under the insurance on risk at the time the assured first acquired knowledge of the relevant defect or damage.

Clause 2-12. Main rule relating to the burden of proof

The assured has the burden of proving that it has suffered a loss of the kind covered by the insurance and of proving the extent of the loss.

The insurer has the burden of proving that the loss has been caused by a peril that is not covered by the insurance, unless other provisions of the Plan provide to the contrary.

The assured has the burden of proving that the loss has not been caused by such perils as are mentioned in Cl. 2-8 (e) and Cl. 2-9, sub-clause 2 (b).

Clause 2-13. Combination of perils

If the loss has been caused by a combination of different perils, and one or more of these perils are not covered by the insurance, the loss shall be apportioned over the individual perils according to the influence each of them must be assumed to have had on the occurrence and extent of the loss, and the insurer shall only be liable for that part of the loss which is attributable to the perils covered by the insurance.

If a peril that is excluded from cover in Cl. 2-8 (e) and Cl. 2-9, sub-clause 2 (b), has directly or indirectly caused or contributed to the loss, the entire loss shall be attributed to that peril.

Clause 2-14. Combination of marine and war perils

If the loss has been caused by a combination of marine perils, cf. Cl. 2-8, and war perils, cf. Cl. 2-9, the whole loss shall be deemed to have been caused by the class of perils which was the dominant

cause. If neither of the classes of perils is considered dominant, both shall be deemed to have had equal influence on the occurrence and extent of the loss.

Clause 2-15. Losses deemed to be caused entirely by war perils

War perils shall always be deemed to be the dominant cause of:

(a) loss arising when the vessel is damaged through the use of arms or other implements of war for war purposes, or in the course of military manoeuvres in peacetime or in guarding against infringements of neutrality,

(b) loss attributable to the vessel, in consequence of war or war-like conditions, having a foreign crew placed on board which, wholly or partly, deprives the master of free command of the vessel,

(c) loss of or damage to a life-boat caused by it having been swung out due to war perils, and damage to the vessel caused by such a boat.

Clause 2-16. Loss attributable either to marine or war perils

If it is evident that a loss has been caused either by marine perils, cf. Cl. 2-8, or by war perils, cf. Cl. 2-9, without it being possible to identify one or the other class as the more probable cause, the rule contained in Cl. 2-14, second sentence, shall apply correspondingly.

Clause 2-17. Sanctions limitation and termination

This Clause shall be paramount and shall override any other clauses inconsistent therewith.

No insurer shall be deemed to provide cover and no insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit may expose that insurer and/or its reinsurers to the risk of any sanction (whether primary or secondary), prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, the United Kingdom, the United States of America or any State where the insurer or its reinsurers have their registered office or permanent place of business.

In the event that the provision of insurance cover has exposed or may expose the insurer or its reinsurers to the risk of any sanction prohibition or restriction as set out in sub-clause 1 above, the insurer shall be entitled to terminate the insurance with immediate effect by giving notice in writing. Termination also applies to the rights of the mortgagee. The insurer shall immediately notify the mortgagee of the termination.

In the event that an insurer is designated, listed or otherwise made subject to asset freeze or similar restrictive measures under sanction regimes by the United Nations, European Union, United

Kingdom, United States of America or any State where the assured has its registered office or permanent place of business, the assured shall have the right to terminate the insurance with this insurer with immediate effect by written notice.

Clause 2-18. Know Your Customer (KYC)

The insurance cover is subject to satisfactory identification and assessment of the customer and/or assured(s) as per the insurer's customer due diligence measures relating to anti-money laundering, counter-financing of terrorism, and sanctions laws and regulations applicable to the insurer and/or its reinsurers and/or the law governing the insurance contract.

Prior to inception of the insurance contract, the customer and/or assured(s) is under an obligation to provide the insurer with all relevant information to allow the insurer to conduct its own customer due diligence measures. To the extent the insurer receives personal data as part of its due diligence measures, the insurer shall comply with all applicable laws relating to the protection of personal data.

During the insurance period, the customer and/or assured(s) is under a continuous obligation to promptly provide the insurer with all information relevant to the insurer's customer due diligence measures, and to disclose any changes to the information already provided to the insurer.

If the insurer determines that the information received is not satisfactory or the requested information is not provided, the insurer shall notify the customer and/or assured and request additional information. If the customer and/or assured does not provide such additional information within fourteen days, the insurer may terminate the insurance contract by giving fourteen days' notice, or by a shorter notice period if required by law.

Chapter 3
Duties of the person effecting the insurance and of the assured

Section 1
Duty of disclosure of the person effecting the insurance

Clause 3-1. Scope of the duty of disclosure

The person effecting the insurance shall, at the time the contract is concluded, make full and correct disclosure of all circumstances that are material to the insurer when deciding whether and on what conditions it is prepared to accept the insurance.

If the person effecting the insurance subsequently becomes aware that it has given incorrect or incomplete information regarding the risk, it shall without undue delay notify the insurer.

Clause 3-2. Fraudulent misrepresentation

If the person effecting the insurance has fraudulently failed to fulfil its duty of disclosure, the contract is not binding on the insurer.

The insurer may also cancel other insurance contracts it has with the person effecting the insurance by giving fourteen days' notice.

Clause 3-3. Other failure to fulfil the duty of disclosure

If the person effecting the insurance has, at the time the contract is concluded, in any other way failed to fulfil its duty of disclosure, and it must be assumed that the insurer would not have accepted the insurance if the person effecting the insurance had made such disclosure as it was its duty to make, the contract is not binding on the insurer.

If it must be assumed that the insurer would have accepted the insurance, but on other conditions, it shall only be liable to the extent that it is proved that the loss is not attributable to such circumstances as the person effecting the insurance should have disclosed. Liability is limited in the same manner if the person effecting the insurance has been in breach of the duty of disclosure

after the contract was concluded, unless it is proved that the loss occurred before the person effecting the insurance was able to correct the information supplied by it.

In the cases referred to in sub-clause 2, the insurer may cancel the insurance by giving fourteen days' notice.

Clause 3-4. Innocent breach of the duty of disclosure

If the person effecting the insurance has given incorrect or incomplete information without any blame attaching to it, the insurer is liable as if correct information had been given, but it may cancel the insurance by giving fourteen days' notice.

Clause 3-5. Cases where the insurer may not invoke breach of the duty of disclosure

The insurer may not plead that incorrect or incomplete information has been given if, at the time when the information should have been given, it knew or ought to have known of the matter. Nor may the insurer invoke Cl. 3-3 and Cl. 3-4 if the circumstances about which incorrect or incomplete information was given have ceased to be material to it.

Clause 3-6. Duty of the insurer to give notice

If the insurer becomes aware of the fact that incorrect or incomplete information has been given, the insurer shall, without undue delay and in writing, notify the person effecting the insurance of the extent to which it intends to invoke Cl. 3-2, Cl. 3-3 and Cl. 3-4. If the insurer fails to do so, it forfeits its right to invoke those provisions.

Clause 3-7. Right of the insurer to obtain particulars from the vessel's classification society, etc.

The person effecting the insurance shall, at the insurer's request, provide it with all available particulars from the classification society concerning the condition of the vessel before and during the insurance period.

If the person effecting the insurance fails to fulfil its duty under sub-clause 1, the insurer may cancel the insurance by giving fourteen days' notice, but with effect no earlier than on arrival of the vessel at the nearest safe port, in accordance with the insurer's instructions.

The insurer is authorised to obtain information referred to in sub-clause 1 directly from the classification society and from the relevant authorities in the country where the vessel is registered

or has been through port-State control. The person effecting the insurance shall be notified no later than the time when the insurer seeks to obtain such information.

Section 2
Alteration of the risk

Clause 3-8. Alteration of the risk

An alteration of the risk occurs when there is a change in the circumstances which, according to the contract, are to form the basis of the insurance, and the risk is thereby altered contrary to the implied conditions of the contract.

A change of the State of registration, of the manager of the vessel or of the company which is responsible for the technical/maritime operation of the vessel shall be deemed to be an alteration of the risk as defined by sub-clause 1. The same applies to a change of classification society.

Clause 3-9. Alteration of the risk caused or agreed to by the assured

If, after the conclusion of the contract, the assured has intentionally caused or agreed to an alteration of the risk, the insurer is free from liability, provided that it may be assumed that it would not have accepted the insurance if, at the time the contract was concluded, it had known that the alteration would take place.

If it may be assumed that the insurer would have accepted the insurance, but on other conditions, it is only liable to the extent that the loss is proved not to be attributable to the alteration of the risk.

Clause 3-10. Right of the insurer to cancel the insurance

If an alteration of the risk occurs, the insurer may cancel the insurance by giving fourteen days' notice.

Clause 3-11. Duty of the assured to give notice

If the assured becomes aware that an alteration of the risk will take place or has taken place, it shall, without undue delay, notify the insurer. If the assured, without justifiable reason, fails to do so, the rule in Cl. 3-9 shall apply, even if the alteration was not caused by the assured or took place without its consent, and the insurer may cancel the insurance by giving fourteen days' notice.

Clause 3-12. Cases where the insurer may not invoke alteration of the risk

The insurer may not invoke Cl. 3-9 and Cl. 3-10 after the alteration of the risk has ceased to be material to it.

The same applies if the risk is altered by measures taken for the purpose of saving human life, or by the insured vessel salvaging or attempting to salvage vessels or goods during the voyage.

Clause 3-13. Duty of the insurer to give notice

If the insurer becomes aware that an alteration of the risk has taken place, the insurer shall, without undue delay and in writing, notify the assured of the extent to which the insurer intends to invoke Cl. 3-9 and Cl. 3-10. If the insurer fails to do so, it forfeits its right to invoke those provisions.

Clause 3-14. Loss of the main class

When the insurance commences the vessel shall be classed with a classification society approved by the insurer.

The insurance terminates in the event of loss of the main class, unless the insurer explicitly consents to a continuation of the insurance contract. If the vessel is under way when the main class is lost, the insurance cover shall nevertheless continue until the vessel arrives at the nearest safe port in accordance with the insurer's instructions.

Loss of the main class occurs where the assured, or someone on the assured's behalf, requests that the main class be cancelled, or where the main class is suspended or withdrawn for reasons other than a casualty.

Cl. 3-8, sub-clause 2, second sentence, shall apply to a change of classification society.

Clause 3-15. Trading areas

The ordinary trading area under the insurance comprises all waters, subject to the limitations laid down in the Appendix to the Plan as regards conditional and excluded areas. The person effecting the insurance shall notify the insurer before the vessel proceeds beyond the ordinary trading area.

The insurer may consent to trade outside the ordinary trading area and may require an additional premium. The insurer may also stipulate other conditions which shall constitute safety regulations, cf. Cl. 3-22 and Cl. 3-25, sub-clause 1.

The vessel is held covered for trade in the conditional trading areas, but if damage occurs while the vessel is in a conditional area with the consent of the assured and without notice having been given, the claim shall be settled subject to a deduction of one fourth, maximum USD 200,000. The provision in Cl. 12-19 shall apply correspondingly. If claims arising out of ice damage are a result of the assured's failure to exercise due care and diligence, further reduction of the claim may be made based on the degree of the assured's fault and the circumstances generally.

If the insurer has been duly notified in accordance with sub-clause 1 of trade within the conditional trading areas, the insurance remains in full force and effect, subject to compliance with conditions, if any, stipulated by the insurer.

If the vessel proceeds into an excluded trading area, the insurance ceases to be in effect, unless the insurer has given its consent in advance, or the infringement was not the result of an intentional act by the master of the vessel. If the vessel, prior to expiry of the insurance period, leaves the excluded area, the insurance shall again come into effect. The provision in Cl. 3-12, sub-clause 2, shall apply correspondingly.

Clause 3-16. Illegal undertakings

The insurer is not liable for loss which results from the vessel being used for illegal purposes, unless the assured neither knew nor ought to have known of the facts at such a time that it would have been possible for it to intervene.

If the assured fails to intervene without undue delay after becoming aware of the facts, the insurer may cancel the insurance by giving fourteen days' notice.

The insurance terminates if the vessel, with the consent of the assured, is used primarily for the furtherance of illegal purposes.

Clause 3-17. Suspension of the insurance in the event of requisition

If the vessel is requisitioned by a State power, the insurance against both marine perils and war perils is suspended. If the requisition ceases before expiry of the insurance period, the insurance comes into force again. If the vessel proves to be in substantially worse condition than it was prior to the requisition, the insurer may cancel the insurance by giving fourteen days' notice, to take effect at the earliest on arrival of the vessel at the nearest safe port in accordance with the insurer's instructions.

Clause 3-18. Notification of requisition

If the assured is informed that the vessel has been or will be requisitioned, or that it has been or will be returned after the requisition, it shall notify the insurer without undue delay.

The insurer may demand that the assured have the vessel surveyed in a dock for its own account immediately after the vessel is returned. The insurer shall be notified well in advance of the survey.

If the assured has failed to fulfil its duties according to sub-clause 1 or 2, the assured has the burden of proving that any loss is not attributable to casualties or other similar circumstances that occurred whilst the vessel was requisitioned.

Clause 3-19. (deleted)

Clause 3-20. Removal of the vessel to a repair yard

If there is reason to believe that the removal of a damaged vessel to a repair yard will result in an increase of the risk, the assured shall notify the insurer of the removal in advance.

If the removal will result in a substantial increase of the risk, the insurer may, before the removal commences, notify the assured that it therefore objects to the removal. If such notice has been given, or if the assured has neglected to notify the insurer in accordance with sub-clause 1, the insurer will not be liable for any loss that occurs during or as a consequence of the removal.

Clause 3-21. Change of ownership

The insurance terminates if the ownership of the vessel changes by sale or in any other manner.

Section 3
Safety regulations

Clause 3-22. Safety regulations

A safety regulation is a rule concerning measures for the prevention of loss, issued by public authorities, stipulated in the insurance contract, prescribed by the insurer pursuant to the insurance contract, or issued by the classification society.

Periodic surveys required by public authorities or the classification society constitute a safety regulation under sub-clause 1. Such surveys shall be carried out before expiry of the prescribed time-limit.

When establishing the Safety Management System that is necessary to fulfil the assured's obligation to comply with the International Safety Management Code as adopted by IMO, the assured shall ensure that the system includes instructions and procedures for the use and monitoring of lubricating oil, cooling water and boiler feed water. Cl. 3-25, sub-clause 2, shall not be applied.

Clause 3-23. Right of the insurer to demand a survey of the vessel

The insurer has the right at any time during the insurance period to verify that the vessel meets the technical and operational safety requirements that are prescribed by public authorities or by the classification society. If necessary for the purpose of such verification, the insurer may demand a complete or partial discharge of the cargo.

If the assured refuses to let the insurer undertake the necessary investigation, the insurer shall subsequently only be liable to the extent that the assured proves that the loss is not attributable to defects in the vessel which the investigation would have revealed.

If the investigation is not occasioned by a casualty or similar circumstances covered by the insurance, the insurer shall indemnify the assured for its costs as well as for the loss it suffers as a result of the investigation, unless it becomes apparent that the technical and operational safety requirements have not been met.

Clause 3-24. (deleted)

Clause 3-25. Breach of safety regulations

If a safety regulation has been breached, the insurer shall only be liable to the extent that the loss is not a consequence of the breach, or that the assured has not breached the safety regulation through negligence. However, the insurer may not invoke this rule where the assured is the master of the vessel or a member of the crew and the breach is committed in connection with its service as a seafarer.

If the breach relates to a special safety regulation laid down in the insurance contract, negligence by anyone whose duty it is on behalf of the assured to comply with the regulation or to ensure that it is complied with shall be deemed equivalent to negligence by the assured itself.

The insurer has the burden of proving that a safety regulation has been breached, unless the vessel springs a leak whilst afloat. The assured has the burden of proving that it did not breach the safety regulation through negligence, and that there is no causal connection between the breach of safety regulation and the casualty.

Clause 3-26. Vessels laid up

For vessels which are to be laid up, a lay-up plan shall be drawn up which shall be submitted to the insurer for approval. If this has not been done, or the lay-up plan has not been followed while the vessel is laid up, Cl. 3-25, sub-clause 1, shall apply correspondingly.

Clause 3-27. Right of the insurer to cancel the insurance

The insurer may cancel the insurance by giving fourteen days' notice, but with effect at the earliest on arrival of the vessel at the nearest safe port, in accordance with the insurer's instructions, if:

(a) the vessel, by reason of unsuitable construction, a defect, a casualty or similar circumstances, is not in compliance with a technical or operational safety regulation,

(b) a safety regulation of material significance has been infringed, intentionally or through gross negligence, by the assured or by someone whose duty it is on its behalf to comply with the regulation or ensure that it is complied with.

Clause 3-28. Terms of contract

The insurer may require that certain terms shall be included in contracts concerning the operation of the insured vessel, or that certain terms of contract shall not be included in such contracts. The requirement may be made in respect of contracts in general or in respect of contracts for a specific port or trade.

Section 4
Measures to avert or minimise loss, etc.

Clause 3-29. Duty of the assured to notify the insurer of a casualty

If a casualty threatens to occur or has occurred, the assured shall, without undue delay, notify the insurer and keep it informed about further developments.

The assured and the master are required to notify the insurer of maritime inquiries and surveys which are to be held in connection with the casualty.

Clause 3-30. Duty of the assured to avert and minimise loss

If a casualty threatens to occur or has occurred, the assured shall do what may reasonably be expected of it in order to avert or minimise the loss. If possible, the assured shall consult the insurer before taking any action.

Clause 3-31. Consequences of the assured neglecting its duties

If the assured, intentionally or through gross negligence, fails to fulfil its duties under Cl. 3-29 or Cl. 3-30, the insurer shall not be liable for a greater loss than that for which it would have been liable if the duty had been fulfilled.

The same applies if the master neglects its duties under Cl. 3-29.

Section 5
Casualties caused intentionally or negligently by the assured

Clause 3-32. Intent

If the assured has intentionally brought about the casualty, it has no claim against the insurer.

Clause 3-33. Gross negligence

If the assured has brought about the casualty through gross negligence, any liability of the insurer shall be determined based on the degree of fault and circumstances generally.

Clause 3-34. Right of the insurer to cancel the insurance

If the assured has intentionally brought about or tried to bring about a casualty, the insurer may cancel the insurance without notice. If the assured has caused a casualty through gross negligence, the insurer may cancel the insurance by giving fourteen days' notice.

If the assured has intentionally brought about the casualty, the insurer may cancel other insurances with the assured by giving fourteen days' notice.

Clause 3-35. Circumstances precluding the application of Clauses 3-32 to 3-34

The rules contained in Cl. 3-32 to Cl. 3-34 shall not apply:

(a) if the assured on account of a mental disorder or other abnormal state of mind - self-induced intoxication excepted - was unable to judge its own actions,

(b) if the assured has caused the casualty under circumstances referred to in Cl. 3-12, sub-clause 2, provided that its actions under the prevailing circumstances must be considered expedient and justifiable.

Section 6
Identification

Clause 3-36. Identification of the assured with its servants

The insurer may not invoke against the assured faults or negligence committed by the vessel's master or crew in connection with their service as seafarers.

The insurer may invoke against the assured faults and negligence committed by any organisation or individual to whom the assured has delegated decision making authority concerning functions of material significance for the insurance, provided that the fault or negligence occurs in connection with the performance of those functions.

Clause 3-37. Identification of two or more assureds with each other and of the assured with a co-owner

The insurer may not invoke against the assured faults or negligence committed by another assured or a co-owner of the insured vessel, or anyone with whom they may be identified under Cl. 3-36, sub-clause 2, unless the relevant assured or co-owner has overall decision-making authority for the operation of the vessel.

Clause 3-38. Identification of the assured with the person effecting the insurance

The insurer may invoke against the assured faults or negligence committed by the person effecting the insurance.

Chapter 4
Liability of the insurer

Section 1
General rules relating to the liability of the insurer

Clause 4-1. Total loss

In the event of a total loss, the assured may claim payment of the sum insured, but not in excess of the insurable value.

Clause 4-2. General financial loss and loss resulting from delay

Unless otherwise provided in this Plan or specially agreed, the insurer is not liable for general financial loss, or for loss of time, loss due to unfavourable trade conditions, loss of markets and similar losses resulting from delays.

Clause 4-3. Costs of providing security, etc.

If the assured, as a result of a casualty, has had to raise funds or provide security, it may claim a refund from the insurer for reasonable expenses so incurred. However, this shall not apply if the assured has, without good reason, failed to exercise its right to demand a payment on account from the insurer under Cl. 5-7.

Clause 4-4. Costs of litigation

If a claim is made against the assured in respect of liability covered by the insurance, or if the assured makes a claim against a third party for damages in connection with a loss covered by the insurance, the insurer shall be liable for the costs incurred, provided that the steps taken are approved by the insurer or must be considered justifiable.

Clause 4-5. Costs in connection with a claim

Upon the occurrence of a casualty that might give rise to a claim under the insurance, the insurer shall also pay the necessary costs of establishing whether any recoverable loss has occurred and the extent of the loss.

If the assured has reasonable grounds for employing its own surveyor, the insurer is liable for necessary costs in this connection.

The insurer shall also pay the costs of handling the claim and calculating the compensation.

Clause 4-6. Costs in connection with measures relating to several interests

If costs mentioned in Cl. 4-3 to Cl. 4-5 have been incurred in connection with measures relating to several interests, the insurer is only liable for that proportion of the costs which may reasonably be attributed to the interest insured.

Section 2
Costs of measures to avert or minimise the loss, including salvage awards and general average

Clause 4-7. Compensation of the costs of measures to avert or minimise loss

If a casualty threatens to occur or has occurred, the insurer is liable in accordance with the rules in Cl. 4-8 to Cl. 4-12 for the costs of measures taken on account of a peril insured against, provided that the measures were of an extraordinary nature and must be regarded as reasonable.

Clause 4-8. General average

The insurer is liable for any general average contribution apportioned on the interest insured. The hull insurer is also liable for general average contributions apportioned on freight or charterparty hire, provided that the assured is also the owner of this interest. The contribution is recoverable in accordance with a general average adjustment, duly drawn up according to applicable rules of law or such terms of contract as must be considered customary in the trade in question. The contribution is recoverable in accordance with the adjustment, even if the contributory value exceeds the insurable value of the interest. The insurer is similarly liable for salvage awards, insofar as they are not recovered in general average. However, the insurer is not liable for interest payable after the due date under Cl. 5-6 if it is recovered in the general average adjustment.

If the assured, as a result of a breach of the contract of affreightment, is precluded from claiming contributions from the other participants in the general average, the insurer shall cover the amount which, according to the rules of general average, falls on the interest insured.

If the assured chooses not to claim contributions from the other interests in the general average, the insurer is, at the assured's option, liable either:

(a) for any loss, damage, liability or costs which would have been recoverable in the general average up to the amount stipulated in the insurance contract, or

(b) for the vessel's general average contributions.

The adjustment in accordance with the preceding sentence shall be based on the 2016 York-Antwerp Rules, but Cl. 4-11, sub-clause 2, second sentence, shall apply correspondingly.

Clause 4-9. General average apportionment where the interests belong to the same person

If vessel, freight and cargo belong to the same person, but the conditions for a general average apportionment are otherwise met, the insurer is liable as if the contributing interests had belonged to different persons.

Clause 4-10. Damage to and loss of the object insured

If the object insured has been damaged or lost as a result of a general average act, the assured has the right to claim compensation for such damage or loss in accordance with the rules relating to particular average, without first enforcing their right of contribution from other parties.

Clause 4-11. Assumed general average

The insurer is liable for loss incurred for the purpose of saving a vessel in ballast or completing a voyage in ballast, provided that it would have been liable for the vessel's proportion of such costs in accordance with a general average adjustment under the 2016 York-Antwerp Rules. Cl. 4-10 shall apply correspondingly.

However, crew's wages and maintenance in accordance with Rule XI (b) of the 2016 York-Antwerp Rules are not recoverable for the time spent on permanent repairs. Commission costs, etc. and interest are recoverable under Cl. 4-3 and Cl. 5-4.

Clause 4-12. Costs of particular measures taken to avert or minimise loss

If measures to avert or minimise loss under Cl. 4-7 have been taken without the rules in Cl. 4-8 to 4-11 being applicable, the insurer is liable for loss of or damage to the assured's property, and for liability and costs incurred by the assured. Loss referred to in Cl. 4-2 is nevertheless not recoverable under this provision.

If loss, damage, liability or costs referred to in the preceding sub-clause are caused by measures taken for the benefit of several interests, the insurer is only liable for such proportion of the loss as may reasonably be attributed to the interest insured.

Section 3
Liability of the assured to third parties

Clause 4-13. Main rule

The insurer is not liable for the assured's liability to third parties, unless otherwise provided in this Plan or specially agreed.

Clause 4-14. Cross liabilities

If the assured has incurred liability, and it is entitled to make a claim against the injured party for a loss which the assured itself has suffered on the same occasion, the settlement of the claim between the assured and the insurer shall be based on the calculated gross liabilities before any set-off is effected. This applies even if one or both of the liabilities are limited in the settlement between the assured and the injured party. If the limitation is applied to the balance between the liabilities of the assured and the injured party, the largest calculated gross liability shall in the settlement of the claim between the assured and the insurer be reduced by the same amount by which the balance has been reduced.

Clause 4-15. Unusual or prohibited terms of contract

The insurer is in no case liable for liability incurred because the assured or someone on its behalf:

(a) has entered into a contract that results in stricter liability than that which follows from the ordinary rules of maritime law, unless such terms must be considered customary in the trade concerned,

(b) has used or failed to use terms of contract which the insurer in accordance with Cl. 3-28 has prohibited or prescribed.

Clause 4-16. Objects belonging to the assured

The insurer is liable for loss sustained by the assured when an object belonging to the assured is damaged or lost under such circumstances that the assured itself would have become liable for the loss if the object had belonged to a third party and the insurer would have had to indemnify the assured for such liability. This does not, however, apply to loss of or damage to the insured vessel, its supplies and equipment.

Clause 4-17. Determination of the liability of the assured

If the insurance covers the assured's liability to third parties, an injured third party does not have any direct claim against the insurer.

The insurer will indemnify the assured's loss as a result of liability if it has been established by:

(a) a final and unappealable judgment or order by a competent court,
(b) an arbitration award, if an agreement for a decision by arbitration had been entered into before the dispute arose or was entered into later with the insurer's consent,
(c) an amicable settlement approved by the insurer.

If the assured has in other cases accepted or settled a claim, the insurer shall only cover the loss if the assured proves that the claim was justified and the amount of any settlement was reasonable.

Section 4
The sum insured as the limit of the liability of the insurer

Clause 4-18. Main rule

The insurer is liable up to the sum insured for loss caused by any one casualty. The insurer is also liable up to an equivalent amount for the costs of measures taken to avert or minimise loss arising in connection with the casualty. If the costs of such measures exceed that amount, the hull insurer is also liable to the extent that the sum insured has not been exhausted by compensation paid for loss of or damage to the vessel.

The insurer has a separate liability in accordance with the rules contained in Cl. 13-3 and Cl. 14-1 for liability to third parties which is a result of collision or striking.

Clause 4-19. Liability in excess of the sum insured

Even if the sum insured is exceeded, the insurer is liable for:

(a) loss as mentioned in Cl. 4-3 to Cl. 4-5, and Cl. 5-21, first sentence,
(b) interest on the compensation.

Clause 4-20. Limit of liability where loss is caused by a combination of perils

If the insurer, in accordance with Cl. 2-13, Cl. 2-14 or Cl. 2-16, becomes liable for part of the damage, the insurer's liability is limited to a corresponding proportion of the amounts mentioned in Cl. 4-18 and Cl. 4-19.

Clause 4-21. Right of the insurer to avoid further liability

When a casualty has occurred, the insurer may avoid further liability by informing the assured that it will pay the sum insured.

Loss referred to in Cl. 4-3 to Cl. 4-5, Cl. 4-7 to Cl. 4-12 and Cl. 5-21, first sentence, is recoverable in excess of the sum insured according to the rules contained in Cl. 4-18 and Cl. 4-19, provided that it is attributable to measures implemented before the assured was notified of the insurer's decision.

In such case the insurer has no right to the object insured under Cl. 5-19.

Chapter 5
Settlement of claims

Section 1
Claims adjustment, interest, payments on account, etc.

Clause 5-1. Duty of the assured to provide particulars and documents

The assured shall provide the insurer with such information and documents as are available to it and are required by the insurer for the purpose of settling the claim.

If the assured, intentionally or through gross negligence, fails to fulfil its duties according to sub-clause 1, the insurer is only liable to the extent it would have been liable if the assured had fulfilled its duty.

If the assured has acted fraudulently, the insurer is free from liability. In such case, the insurer may also cancel any insurance contract it has with the assured by giving fourteen days' notice. Notice of cancellation must be given without undue delay after the insurer has become aware of the fraudulent act.

Clause 5-2. Claims adjustment

The insurer shall issue the claims adjustment as promptly as possible. The insurer may give responsibility for drafting the adjustment to an average adjuster.

Clause 5-3. Rates of exchange

If the assured has made disbursements in a currency other than that of the sum insured, conversion shall be based on the rate of exchange on the date of disbursement. If disbursements become payable at a certain time and the assured without due reason fails to pay them when due, the assured may not claim compensation at a higher rate of exchange than the rate effective on the due date. If the assured has, in consultation with the insurer, purchased foreign currency in advance, the rate of exchange on the date of such purchase shall be applied.

If the insurer is liable for costs that have not been paid when the adjustment is issued, conversion shall be based on the rate of exchange on the date that the adjustment is issued.

If the sum insured is stipulated in a currency different from the currency stipulated for the deductible or other amounts stated in the insurance contract, conversion to the currency for the sum insured shall be made on the banks' last sales rate before the insurance attaches.

Clause 5-4. Interest on the compensation

The assured may claim interest as from 30 days after the date on which notice of the casualty was sent to the insurer. If the insurer has to refund the assured's disbursements, interest accrues from the date of the disbursement. In respect of claims for unrepaired damage, interest accrues from expiry of the insurance period, or from the time when the assured claims for unrepaired damage, whichever is the later in time. If the insurer is to indemnify the assured for loss of time, interest accrues as from 30 days after expiry of the period for which the insurer is liable.

If the assured fails to provide information and documents as mentioned in Cl. 5-1, and the settlement as a result thereof is delayed, it may not claim interest for the resulting loss of time. The same applies if the assured unjustifiably rejects full or part settlement.

The rate of interest accruing during each calendar year shall be the United States Prime Rate applicable on 1 January of that calendar year.

After the due date, cf. Cl. 5-6, interest on overdue payments accrues according to the rate stated in sub-clause 3 + 2 percentage points.

Clause 5-5. Disputes concerning the adjustment of the claim

If the assured does not accept the insurer's adjustment, the assured as well as the insurer may demand that the adjustment be submitted to a Nordic average adjuster for its opinion before the dispute is brought before the courts or to arbitration. The average adjuster shall be chosen by the assured. If the assured fails to appoint an adjuster, the insurer may appoint the adjuster.

The costs of submitting the case to an average adjuster shall be borne by the insurer, unless the assured's demand to have the insurer's adjustment reversed is clearly unfounded.

The rules in sub-clauses 1 and 2 shall apply correspondingly when the insurer has rejected the assured's claim for compensation.

Clause 5-6. Due date

Compensation is payable four weeks after the date when the claim adjustment is or should have been issued.

Clause 5-7. Duty of the insurer to make a payment on account

If the assured, before the adjustment can be issued, proves that it has incurred, or will in the near future incur, major expenses or losses which are covered by the insurance, it is entitled to an appropriate payment on account. If the payment on account concerns expenses which the assured has not yet paid, the insurer has the right to pay the amount directly to the third party concerned.

The rules contained in the preceding sub-clause do not apply if the insurer has reasonable doubts as regards its liability. A payment on account by the insurer in no way affects the question of its liability to the assured.

The insurer may claim interest at the same rate as under Cl. 5-4, sub-clause 3. If the insurer makes a payment on account in respect of an amount allowed in general average, he may claim interest at the rate adopted in the general average adjustment. In loss of hire insurance, the insurer may demand interest on advance payments from 30 days after expiry of the period for which it is liable.

Clause 5-8. Payment on account when there is a dispute as to which insurer is liable for the loss

If one or more insurers are involved in a dispute as to which of them is liable for the loss, each of them shall, on demand, make a proportionate payment on account in respect of the claim. This duty is conditional upon none of the insurers having raised other objections to the claim. If their contingent liability for the loss differs, the payment on account shall be based upon the lowest liability.

Section 2
Liability of the assured to third parties

Clause 5-9. Duties of the assured when a claim for damages covered by the insurance is brought against the assured

If a claim in respect of which liability is covered by the insurance is brought against the assured, the insurer shall be notified by the assured forthwith. The assured shall safeguard the insurer's interests in the best manner possible, and, if necessary, make use of expert technical and legal assistance. The insurer is entitled to immediate access to all documents and other evidence.

If the assured, intentionally or through gross negligence, fails to fulfil the assured's duties under the preceding sub-clause, the insurer shall only cover such losses as would have fallen on the insurer if these duties had been fulfilled.

Clause 5-10. Right of the insurer to take over the handling of the claim

The insurer may, subject to the consent of the assured, take over the handling of a claim brought against the assured and, if appropriate, institute legal proceedings in this respect in the name of the assured. This does not constitute an acknowledgement by the insurer of any obligation to cover any liability that might be imposed upon the assured.

Clause 5-11. Decisions concerning legal proceedings or appeals

If there is disagreement between the insurer and the assured concerning the institution of legal proceedings or the lodging of appeals, the matter shall be finally decided by an umpire appointed jointly by the Nordic average adjusters.

The umpire shall choose the solution which, in its discretion, is likely to result in the smallest overall loss for the assured and its insurers. The umpire shall not take into account any advantage that the assured or an insurer may retain or obtain by the assured accepting, or attempting to have awarded against it, a higher degree of blame in a collision case.

If the assured does not comply with the umpire's decision, the insurer whose standpoint has been upheld by the umpire shall in no case have to cover any liability beyond what he had agreed to accept when the dispute was submitted to the umpire. If the assured institutes legal proceedings or appeals against a judgment contrary to the umpire's decision, and if the proceedings or the appeal result in the insurer's liability being less than what it had agreed to accept, the insurer shall, within the limit of what has been saved, pay its proportionate share of the litigation costs.

Clause 5-12. Provision of security

The insurer has no obligation to provide security for the assured's liability to third parties.

The provision of such security by the insurer in no way affects the question of its liability to the assured.

If the insurer has provided security for a liability which is proved not to concern it, the assured shall refund the insurer its expenses in connection with the provision of such security.

Section 3
Claims by the assured for damages against third parties

Clause 5-13. Right of subrogation of the insurer to claims by the assured for damages against third parties

If the assured has a claim against a third party for compensation of a loss, the insurer is, upon payment of compensation to the assured for the loss, subrogated to the rights of the assured against the third party concerned. The rule in Cl. 4-14 shall apply correspondingly.

If the insurer is only partly liable for the loss, the claim for damages shall be divided proportionately between the insurer and the assured. The same applies if compensation for the full loss would be a higher amount if paid by a third party than by the insurer, but the third party is only liable for part of the loss, or the entire amount of loss is not recoverable.

If the insurer's claim produces a higher net amount than it has paid to the assured with the addition of interest, the excess amount shall accrue to the assured.

Clause 5-14. Waiver of claim for damages

The insurer's liability shall be reduced by an amount equal to that which it is prevented from collecting because the assured has waived its right to claim damages from a third party, unless the waiver may be considered customary in the trade in question, or was given in accordance with directions issued by the insurer on the basis of Cl. 3-28.

Clause 5-15. Duty of the assured to assist the insurer with information and documents

The assured shall, when requested, provide the insurer with any information and documents available to it which are of relevance for the pursuit of the insurer's claim.

The insurer also has the right to familiarise itself with all documents and other evidence before it takes over the claim.

Clause 5-16. Duty of the assured to maintain and safeguard the claim

The assured shall take the necessary steps to maintain and secure the claim until the insurer is able to protect its own interests. If necessary, the assured shall avail itself of expert technical and legal assistance.

If the assured, intentionally or through gross negligence, fails to fulfil its duties under the preceding sub-clause, it is liable for the loss incurred by the insurer due to such failure.

Clause 5-17. Decisions concerning legal proceedings or appeals

If there is a disagreement between the insurer and the assured concerning the institution of legal proceedings or the lodging of appeals concerning claims for damages against third parties, Cl. 5-11 shall apply correspondingly.

Clause 5-18. Salvage award which entails compensation for loss covered by the insurer

If the assured has sustained a loss in connection with a salvage operation and receives a salvage award or a proportion of such an award, it shall, out of the amount thus received, reimburse the insurer the amount that the latter has paid as compensation for the loss.

Cl. 5-13 to Cl. 5-17 shall apply correspondingly.

Section 4
Right of the insurer to the object insured upon payment of a claim

Clause 5-19. Right of the insurer to take over the object insured

Upon payment of compensation for damage or total loss, the insurer is subrogated to the assured's rights in the object insured or such parts of the object insured as it has indemnified, unless it, no later than the time of payment, waives this right. Cl. 2-4 shall apply correspondingly.

In the event of a total loss, the assured shall furnish the insurer with title to the object insured and hand over all documents that are material to it as owner. Costs incurred in this connection shall be borne by the insurer.

If the insurer takes over the object insured and intends to recycle or otherwise dispose of it, the insurer shall ensure compliance with: (i) the Hong Kong International Convention for the Safe and

Environmentally Sound Recycling of Ships (HKC); (ii) the Basel Convention, including the Basel Ban Amendment, and (iii) for vessels within scope, Regulation (EU) No. 1257/2013 (EU SRR) and its implementing measures, and any other mandatory legislation applicable to the recycling or disposal. The assured shall, upon request and at the insurer's reasonable cost, provide available recycling relevant documentation and cooperation, including the Inventory of Hazardous Materials (IHM) and certificates.

In the event of damage, Cl. 5-13, sub-clause 2, first sentence, shall apply correspondingly.

Clause 5-20. Charges on the object insured

If the insurer, after having taken over all or part of the object insured pursuant to Cl. 5-19, becomes liable for the costs of its removal, the assured shall reimburse the insurer the costs which exceed the value of what is removed.

If there is a charge on the object insured in respect of liability not covered by the insurance, the assured shall indemnify the insurer to the extent thereof.

If the assured, for the purpose of limiting its liability to third parties, has to abandon the vessel, this may be done irrespective of the insurer's rights under Cl. 5-19.

Clause 5-21. Preservation of the object insured

The insurer is liable for costs of necessary measures to preserve the object insured incurred after a casualty that entitles the assured to compensation for total loss. The assured shall also implement such measures after the object insured has been taken over by the insurer, if the latter is unable to protect its own interest in that object.

Clause 5-22. Right of subrogation of the insurer in respect of damage to the object insured

The insurer is subrogated to the assured's claim against third parties who are liable to pay compensation for damage to the object insured that has been covered by the insurer. However, this does not apply to claims under insurance contracts.

Section 5
Limitation, etc.

Clause 5-23. Time-limit for notification of a casualty

The assured loses its right to claim compensation if notice of the casualty is not given to the insurer within twelve months of the assured becoming aware of it.

In any event the assured loses its right to claim compensation other than for hull damage below the light waterline if notice of the casualty is not given to the insurer within 24 months of the date of the casualty.

Clause 5-24. Time-bar of the assured's claim for compensation

The assured's claim for compensation becomes time-barred after three years. The time-bar period commences at the end of the calendar year in which the assured acquired the necessary knowledge of the facts on which the claim is based. In any event, the claim is time-barred no later than ten years after the end of the calendar year in which the casualty occurred.

Under liability insurance, the assured's claim for compensation is not time-barred before the expiry of the period set out in the rules governing the assured's liability for damages. In any event, the claim for compensation is time-barred one year after the date of settlement or final and unappealable court judgment or arbitration award concerning the third-party liability claim, at the latest.

Claims that are notified to the insurer before the expiry of the time-bar period will not be time-barred before six months after the date on which the assured has received written notification that time-bar will be invoked. The notification shall explain how the time-bar period is interrupted. The time-bar period cannot be extended under this provision if more than ten years have passed since the claim was notified to the insurer.

Clause 5-25. (deleted)

Chapter 6
Premium

Clause 6-1. Payment of premium

The person effecting the insurance is liable to pay the premium. Unless otherwise agreed, the premium falls due on demand.

If the premium is not paid when due, interest on overdue payments accrues at the same rate as provided for in Cl. 5-4, sub-clause 4.

Clause 6-2. Right of the insurer to cancel the insurance in case of non-payment of premium

If a premium is not paid at the proper time, the insurer may cancel the insurance by giving fourteen days' notice.

If the premium is paid before expiry of the time-limit, the notice of cancellation no longer applies.

Clause 6-3. Premium in the event of total loss

If the insurer pays compensation for total loss, or pays the sum insured pursuant to Cl. 4-21, it is entitled to the entire agreed premium.

If the total loss is attributable, wholly or in part, to a peril which is not covered by the insurance, the person effecting the insurance may, for the proportion of the sum insured that is not paid, demand a reduction of premium corresponding to the period of time during which the insurer has not borne the risk.

Clause 6-4. Additional premium when the insurance is extended

In the cases referred to in Cl. 10-10 the insurer may demand an additional premium in proportion to the time by which the insurance has been extended.

If, at the expiry of the insurance period, it is uncertain whether a claim for total loss will be brought under Cl. 11-2, sub-clause 2, Cl. 11-7 or Cl. 15-11, and the vessel is subsequently salvaged or reported safe, an additional premium may only be demanded from the time the assured, or someone acting on its behalf, gained control of the vessel.

Clause 6-5. Reduction of premium

If the insurance period is shorter than agreed, or the insurance has not been in effect for a period of time, the person effecting the insurance may demand a reduction of premium which corresponds to the reduction of the insurance period.

Clause 6-6. Reduction of premium when the vessel is laid up or in similar situations

If the vessel, during the insurance period, lies at one location for an uninterrupted period of at least 30 days, with no cargo on board, the assured may demand negotiations for a reduction of premium (return of premium).

The insurer is entitled to full premium during a stay provided that:

(a) the vessel is insured on terms as referred to in Cl. 10-5 to Cl. 10-6,

(b) the insurer subsequently becomes entitled to the entire agreed premium under Cl. 6-3.

Clause 6-7. Claim for a reduction of premium

A claim for a reduction or return of premium according to the rules contained in this Chapter shall be brought within six months of expiry of the insurance year or the insurance period, if this is shorter than one year. If the claim depends on the way in which the vessel has been used, the person effecting the insurance must produce particulars of the vessel's employment.

Chapter 7
Co-insurance of mortgagees

Clause 7-1. Rights of a mortgagee against the insurer

If the interest covered by the insurance is mortgaged, the insurance also covers the mortgagee's interest, but the insurer may invoke the rules relating to identification in Cl. 3-36 to Cl. 3-38.

If the insurer has been notified of the mortgage, the rules contained in Cl. 7-2 to Cl. 7-4 shall apply. If the co-insurers are represented by a claims leader, it is sufficient that such notice is submitted to the claims leader, cf. Cl. 9-2, sub-clause 3 (a). The notice takes effect from the time it reaches the insurer or the claims leader.

The insurer shall inform the mortgagee that it has been notified about the mortgage as per sub-clause 2 above. If the co-insurers are represented by a claims leader and the claims leader was provided such notification, the claims leader shall convey such information to the mortgagee.

Any special requirements of the mortgagee to be included in the insurance contract other than the rules contained in Cl. 7-2 to Cl. 7-4 shall not take effect unless and until they are specifically agreed by the insurer. If the co-insurers are represented by a claims leader, the claims leader is authorized to accept such special requirements on behalf of the co-insurers, provided that the special requirements are within customary market practice according to Cl. 9-2, sub-clause 3 (b).

If a vessel is insured as part of a fleet, each of the vessels thereunder shall be deemed to be separately insured in respect of: (i) amendment or cancellation (cf. Cl. 7-2), and (ii) set-off (cf. Cl. 7-4, sub-clause 6).

Clause 7-2. Amendments and termination of the insurance

If the insurance contract has been amended or terminated, the rights of the mortgagee shall not be affected unless the insurer has given the mortgagee specific notice of not less than fourteen days. However, this shall not apply to

- termination due to the risk of sanctions exposure cf. Cl. 2-17, or
- termination in the event of loss of the main class cf. Cl. 3-14, or
- if the insurance ceases to be in effect as per Cl. 3-15 and Cl. 15-9, or
- suspension due to requisition cf. Cl. 3-17, or
- termination due to change of ownership cf. Cl. 3-21, and
- war risks insurance, cf. Chapter 15, Section 2.

Clause 7-3. Handling of claims, claims adjustments, etc.

Decisions required in respect of casualties, adjustments, claims against third parties or provision of security for loss or liability covered under the insurance may be made without the participation of the mortgagee.

The right to compensation for a total loss may not be waived, wholly or in part, to the detriment of the mortgagee.

Clause 7-4. Payment of compensation

In the event of a total loss, the mortgagee's interests take priority.

Compensation for loss from a single casualty exceeding 5 % of the sum insured, or as otherwise agreed, shall, in the absence of consent from the mortgagee, only be paid by the insurer upon presentation of a receipted invoice for repairs carried out. If the vessel is insured with two or more insurers against the same perils, this restriction applies to the combined payments from the insurers.

Compensation under Cl. 12-1, sub-clause 4, and Cl. 12-2, may not be paid without the consent of the mortgagee.

Compensation for loss of time may not be paid without the consent of the mortgagee who has a mortgage on the vessel's freight income.

Liability to a third party covered by the insurance may only be settled upon presentation of a receipt from the third party. If the claims leader has provided security as per Cl. 7-3, sub-clause 1, Cl. 9-7, sub-clause 2 applies.

In the absence of the mortgagee's consent, the insurer may only set off claims which have arisen out of the insurance contract relating to the vessel in question and which have fallen due in the course of the last two years prior to the settlement of a claim.

Clause 7-5. Independent co-insurance of mortgagees

If it has been explicitly agreed that the interest of a mortgagee shall be independently co-insured, the insurer may not plead that it has no liability due to an act or omission from the person effecting the insurance or another assured under the rules contained in Chapter 3 and Cl. 5-1.

Chapter 8
Co-insurance of third parties

Clause 8-1. Rights of third parties against the insurer

If the insurance is explicitly effected for the benefit of a third party, the insurance also covers this party's interests within the scope and overall limits of the insurance.

Clause 8-2. Protection of third parties against subrogation claims from the insurer

The insurer does not have any right of subrogation against the co-insured third party unless and to the extent that such right is specified in the insurance contract or the co-insured third party has undertaken an express contractual obligation to an assured to remain liable for losses of the kind otherwise covered by the insurance.

The liability of the assured and co-insured third parties to each other shall not be excluded nor discharged by reason of co-insurance. Any payment to the assured or co-insured third party in respect of any liabilities, losses, costs and expenses shall operate only as satisfaction of the assured's claim against the insurer but not exclusion or discharge of the liability of such person to the assured or co-insured third party.

Clause 8-3. Application of the rules in Chapter 3 and Clause 5-1

The rules contained in Chapter 3, Section 1, shall apply correspondingly to the co-insured third party, provided that the co-insured third party is aware of the fact that it is named in the policy.

The insurer may invoke the rules in Chapter 3, Sections 2 - 5, or Cl. 5-1 against a co-insured third party.

The insurer may invoke the rules relating to identification in Cl. 3-36 to Cl. 3-38 against a co-insured third party.

Clause 8-4. Amendments and cancellation of the insurance contract

If the insurance contract has been amended or cancelled, this shall also apply in relation to the co-insured third party.

Clause 8-5. Handling of claims, claims adjustment, etc.

Decisions required in respect of casualties, adjustments or claims against third parties may be made without the participation of any co-insured third party.

Clause 8-6. Other insurance

If the co-insured third party's claim for compensation under the insurance is also covered by other insurance it has effected, cover under this Chapter is subsidiary to that other insurance.

Clause 8-7. Independent co-insurance of named third parties

If it has been explicitly agreed that the interest of a named third party shall be independently co-insured, the insurer may not plead that it has no liability due to an act or omission from the person effecting the insurance or another assured under the rules contained in Chapter 3 and Cl. 5-1.

Chapter 9
Relations between the claims leader and co-insurers

Clause 9-1. Definitions

"Claims leader" means the insurer who, at the time the insurance contract is entered into, is identified as claims leader.

"Co-insurers" means insurers who have accepted a proportion of the insurance of the interest against the same perils and who are directly liable to the assured.

Clause 9-2. The right of the claims leader to act on behalf of co-insurers

Unless otherwise agreed, the claims leader is entitled to take the steps referred to in Cl. 9-3 to Cl. 9-9 with binding effect on the co-insurers. In all such cases the claims leader shall, as far as possible, take into consideration the interests of all the insurers.

Notwithstanding that the claims leader has acted contrary to agreements with the co-insurers, or otherwise disregarded their interests, steps taken by the claims leader in matters governed by Cl. 9-3 to Cl. 9-8 shall be binding on the co-insurers in relation to the assured, unless the assured knew or ought to have known of the facts.

Unless otherwise agreed, the claims leader is authorized on behalf of the co-insurers to:

(a) receive notice of mortgage triggering the additional rights of the mortgagee as set out in Cl. 7-1, sub-clause 2;

(b) agree to special requirements of the mortgagee, provided that the special requirements are within customary market practice. Cl. 9-2, sub-clause 2 applies accordingly.

The claims leader shall confirm to the mortgagee receipt of notice of mortgage under sub-clause 3 (a) above.

Clause 9-3. Lay-up plan

The claims leader may approve lay-up plans as required by Cl. 3-26.

Clause 9-4. Notification of a casualty

Notifications in connection with a casualty may be given to the claims leader.

The claims leader shall, as soon as possible, pass on such notifications to the co-insurers concerned, including claims advice with estimated costs.

Clause 9-5. Salvage

The claims leader may take measures with a view to salvage. The claims leader may inform the assured that the salvage operation has been abandoned or that the insurers will limit their liability for the costs in accordance with Cl. 4-21.

Clause 9-6. Removal and repairs

The claims leader takes decisions pursuant to Cl. 3-20 and Cl. 12-10 to Cl. 12-13. If the assured has requested a condemnation of the vessel, the claims leader will also decide whether the vessel shall be moved in accordance with Cl. 11-6.

Clause 9-7. Provision of security

If the claims leader has provided security on behalf of the co-insurers for loss or liability covered under the insurance, the claims leader may claim a commission of 1 % of the provided security amount. If an open guarantee is provided, the commission shall be calculated on the basis of the effective gross loss or gross liability.

If a co-insurer has been notified that the claims leader has provided a security in accordance with sub-clause 1, the co-insurer is liable for its proportionate share of the liability directly to the claims leader and cannot discharge its liability by paying directly to the assured or any co-insured parties.

The co-insurer may not set off against the claims leader counterclaims against the assured, unless the co-insurer has made a special reservation to that effect prior to the provision of security.

If requested by the claims leader, the co-insurer shall provide countersecurity for its proportionate share of the liability.

Clause 9-8. Disputes with third parties

If a third party makes a claim against the assured which is covered by the insurance, or if the assured has a claim for damages to which the insurers are subrogated, the claims leader shall decide questions concerning the institution of legal proceedings, appeals and amicable settlements.

Clause 9-9. Claims adjustment

The claims leader shall see to it that a claims adjustment is drawn up. The adjustment is binding on co-insurers, provided that it is in accordance with the insurance conditions.

Clause 9-10. Insolvency of a co-insurer

If a co-insurer is insolvent, the assured shall cover its proportion of expenses incurred by the claims leader on behalf of the assured. The insolvent co-insurer's share of expenses incurred by the claims leader on behalf of all of the insurers shall be shared pro rata by the claims leader and the other co-insurers.

Clause 9-11. Interest on the disbursements of the claims leader

The claims leader is entitled to charge interest on disbursements it has made on behalf of all of the insurers or the assured. Cl. 5-4 shall apply correspondingly.

Part two
Hull insurance

Chapter 10
General rules relating to the scope of the hull insurance

Clause 10-1. Objects insured

The insurance covers:

(a) the vessel,
(b) equipment on board and spare parts for the vessel and its equipment, provided that the equipment or spare parts belong to the assured or have been borrowed, leased or purchased with a vendor's lien or similar encumbrance,
(c) bunkers and lubricating oil on board.

The insurance does not cover:

(a) provisions, engine and deck accessories and other articles intended for consumption,
(b) boats and equipment used for fishing, whaling, sealing and similar activities,
(c) loose objects exclusively intended for securing or protecting the cargo,
(d) loose containers intended for the carriage of cargo.

Clause 10-2. Objects, etc. temporarily removed from the vessel

The insurance also covers objects referred to in Cl. 10-1, sub-clause 1, which are temporarily removed from the vessel as part of its operation or on account of repairs, reconstruction or similar work, provided that the objects are intended to be put back on board before departure. In the case of objects sent ashore to be repaired, cover remains in place until 3 months after the repair has been completed.

Clause 10-3. Loss due to ordinary use

The insurer is not liable for loss that is a normal consequence of the use of the vessel and its equipment.

Clause 10-4. Insurance "on full conditions"

Unless otherwise agreed, the hull insurer is liable for total loss, damage and collision liability in accordance with Chapters 11 to 13.

Clause 10-5. Insurance "against total loss only" (T.L.O.)

If the insurance is effected "against total loss only", the insurer is liable for total loss in accordance with the rules in Chapter 11.

Clause 10-6. Insurance "against total loss and general average contribution only"

If the insurance is effected "against total loss and general average contribution only", the insurer is liable for:

(a) total loss in accordance with the rules in Chapter 11,
(b) general average contributions and loss arising from assumed general average, cf. Cl. 4-7, Cl. 4-8, Cl. 4-9 and Cl. 4-11.

Clause 10-7. Insurance "against total loss, general average contribution and collision liability only"

If the insurance is effected "against total loss, general average contribution and collision liability only", the insurer is liable for:

(a) total loss in accordance with the rules in Chapter 11,
(b) general average contribution and loss arising from assumed general average, cf. Cl. 4-7, Cl. 4-8, Cl. 4-9 and Cl. 4-11,
(c) liability to third parties in accordance with the rules in Chapter 13.

Clause 10-8. Insurance "on stranding terms"

If the insurance is effected "on stranding terms", the insurer is liable for:

(a) total loss in accordance with the rules in Chapter 11,
(b) general average contribution and loss arising from assumed general average, cf. Cl. 4-7, Cl. 4-8, Cl. 4-9 and Cl. 4-11,
(c) liability to third parties in accordance with the rules in Chapter 13,
(d) damage to the vessel which is a result of:
    - the vessel having run aground under such circumstances that it has to be refloated whether by assistance or its own power;
    - the vessel having capsized in such a manner that the masts are in the water or it is bottom up;
    - the vessel having collided with another vessel or with an iceberg;
    - a fire or an explosion, with the exception of damage caused in spaces containing machinery or battery packs by a fire or explosion originating there.

Clause 10-9. Duration of voyage insurance

A voyage insurance attaches from the moment the vessel starts loading cargo or ballast. If the vessel is neither to load cargo nor ballast, the insurance attaches from the moment the vessel weighs anchor or slips its moorings in order to sail.

The insurance remains in effect until the vessel has discharged its cargo or ballast at the appointed destination. If the assured fails to arrange for the discharge to proceed with reasonable speed, the insurance terminates at the time when the discharge operation should have been completed. If the vessel is not to discharge either cargo or ballast, the insurance terminates when the vessel has dropped anchor or is moored at a customary anchorage or mooring place.

If the vessel, at the destination, starts loading cargo or ballast for a new voyage before discharging of the old cargo or ballast has been completed, the insurance terminates when the vessel starts loading cargo or ballast.

If the voyage is abandoned after the insurance has attached, the place where the voyage ends shall be regarded as the destination.

Clause 10-10. Extension of the insurance

If, upon expiry of the insurance period, the vessel has sustained damage for which the insurer is liable, and which is of such a nature that repairs are necessary to make the vessel compliant with technical and operational safety requirements, the insurance is extended until the vessel has dropped anchor or has been moored at the first place where permanent repairs can be effected. If repairs are carried out at that place, the insurance is extended until the repairs are completed.

If it has been agreed that the new insurance shall attach from the moment the old one should have terminated, the time of attachment of the new insurance shall be adjusted correspondingly. If the vessel leaves the port of repairs before the old insurance should have expired pursuant to Cl. 1-5, liability is transferred to the new insurer at the time of sailing.

Clause 10-11. Liability of the insurer if the vessel is salvaged by the assured

If the vessel is salvaged by another vessel belonging to the assured, the insurer is liable as if the salvage operation had been carried out by a third party.

Clause 10-12. Reduction of liability in consequence of an interest insurance

If the assured receives compensation under a hull interest insurance or a freight interest insurance, and the amount paid under the respective insurances exceeds 25 % of the agreed

insurable value applicable to the hull insurance against the same perils, the hull insurer's liability is reduced correspondingly.

Chapter 11
Total loss

Clause 11-1. Total loss

The assured may claim compensation for a total loss if the vessel is lost without there being any prospect of it being recovered or if the vessel is so badly damaged that it cannot be repaired.

No deductions shall be made in the claims adjustment for unrepaired damage sustained by the vessel in connection with an earlier casualty.

Clause 11-2. Salvage attempts

The insurer is entitled to attempt to salvage the vessel at its own expense and risk. The assured shall in that event do its utmost to enable the insurer to carry out the salvage operation.

If the salvage operation has not been completed within six months from the date the insurer was notified of the casualty, the assured is entitled to claim compensation for a total loss. If the salvage operation is delayed due to difficult ice conditions, the time-limit shall be extended correspondingly, but not by more than six months.

Clause 11-3. Condemnation

The assured may claim compensation for a total loss if the conditions for condemnation of the vessel are met.

The conditions for condemnation are met when casualty damage is so extensive that the cost of repairing the vessel will amount to at least 80 % of the insurable value, or of the value of the vessel after repairs if the latter is higher than the insurable value. If two or more insurances have been effected against the same perils but with different valuations, the highest valuation shall form the basis of the calculation. The conditions for condemnation are in any event met when casualty damage is so extensive that the cost of repairing the vessel will amount to at least 100 % of the insurable value.

The value of the vessel after repairs shall be determined on the basis of the market value at the time when the assured makes its request for a condemnation.

Casualty damage shall be deemed to include only such damage as has been reported to the insurer concerned and surveyed by it in the course of the last three years prior to the casualty that gives rise to the request for condemnation. Costs of repairs are deemed to include all costs of removal and repairs which, at the time when the request for condemnation is submitted, must be anticipated if the vessel is to be repaired except, however, salvage awards or compensation for depreciation in value under Cl. 12-1, sub-clause 4.

Clause 11-4. Condemnation in the event of a combination of perils

If the casualty which gives rise to the condemnation is also caused by perils not covered by the insurance, the compensation shall be reduced correspondingly, cf. Cl. 2-13, Cl. 2-14 and Cl. 2-16.

If the casualty is caused by such combination of marine and war perils as referred to in Cl. 2-14, second sentence, cf. Cl. 2-16, the decision whether the conditions for a condemnation are met shall be based on the valuation applicable to the insurance against marine perils.

Clause 11-5. Request for condemnation

If the assured wishes the vessel to be condemned, it must submit a request to the insurer without undue delay after the vessel has been salvaged and it has had an opportunity to survey the damage. This request may be withdrawn as long as it has not been accepted by the insurer.

Whether the assured or the insurer salvages or fails to salvage the vessel shall not imply an approval or waiver respectively of the right to condemnation.

Clause 11-6. Removal of the vessel

If the assured has requested a condemnation of the vessel, the insurer may demand its removal to a place where the damage may be properly surveyed. The demand must be made without undue delay after the vessel has been salvaged.

The insurer shall bear the costs of the removal and liability for any loss arising during or as a consequence of the removal which is not covered by other insurers.

Clause 11-7. Missing or abandoned vessel

If the vessel is reported missing, the assured may claim for a total loss when three months have elapsed from the date on which the vessel was, at the latest, expected to arrive at a port. If the vessel is reported missing under circumstances that give reason to assume that it is icebound and will subsequently be recovered, the time-limit is twelve months.

If the vessel has been abandoned by the crew at sea without its subsequent fate being known, the assured may claim for a total loss when three months have elapsed from the day when the vessel was abandoned. If it was abandoned because it was icebound, the time-limit is twelve months. If the vessel has been seen after being abandoned, the time-limit runs from the day on which it was last seen.

If, before expiry of the time-limit mentioned in sub-clauses 1 and 2, it is clear that the assured will not recover the vessel, the assured may at once claim for a total loss.

If the time-limit has expired and the assured has submitted a claim for a total loss, the insurer may not reject the claim because the vessel is subsequently recovered.

Clause 11-8. Extension of the insurance when the vessel is missing or abandoned

If, upon expiry of the insurance period, a situation exists as referred to in Cl. 11-7, and the vessel is subsequently recovered without the assured being entitled to claim for a total loss, the insurance is extended until the vessel has dropped anchor or has been moored in the first port. If the vessel is damaged, the rules contained in Cl. 10-10 shall thereafter apply.

However, the insurance shall under no circumstances be extended beyond two years after the expiry of the insurance period.

Clause 11-9. Liability of the insurer during the period of clarification

If the assured is entitled to claim for a total loss in accordance with Cl. 11-2, sub-clause 2, Cl. 11-3 and Cl. 11-7, an insurer who is not liable for the total loss shall not be liable for new casualties occurring after the casualty that resulted in a total loss.

The insurer who is liable for the total loss shall cover the assured’s liability in accordance with the rules contained in Chapter 13, regardless of whether such liability has arisen as a result of marine perils or war perils, provided that the liability has arisen subsequent to the casualty that resulted in the total loss, but before the due date following issuance of the total loss adjustment and, at the latest, within two years of the expiry of the insurance period.

Chapter 12
Damage

Clause 12-1. Main rule concerning liability of the insurer

If the vessel has been damaged without the rules relating to total loss being applicable, the insurer is liable for the costs of repairing the damage in such a manner that the vessel is restored to the condition it was in prior to the occurrence of the damage.

Liability arises as and when the repair costs are incurred.

If the repairs have resulted in special advantages for the assured because the vessel has been strengthened or the equipment improved, a deduction from the compensation shall be made limited to the additional costs caused by the strengthening or the improvement.

If complete repairs of the damage are impossible, but the vessel meets technical and operational safety requirements and may be made fit for its intended use by less extensive repairs, the insurer is, in addition to the repair costs, liable for the depreciation in value. If complete repairs of the damage will result in unreasonable costs, the insurer may demand that its liability be limited to the costs of the less extensive repairs, plus the depreciation in value.

Clause 12-2. Compensation for unrepaired damage

Even if repairs have not been carried out, the assured may claim compensation for the damage when the insurance period expires.

Compensation is calculated on the basis of the estimated reduction in the market value of the vessel due to the damage at the time of expiry but shall not exceed the estimated costs of repairs. Estimated common expenses are not recoverable, except for 50 % of estimated dock and quay hire.

The insurer is not liable for unrepaired damage if the vessel becomes a total loss or qualifies for condemnation under Cl. 11-3 before the insurance terminates. This also applies if the total loss is not covered under this insurance.

In the event of a transfer of ownership of the vessel, the assured may transfer claims for known damage to the new owner.

Clause 12-3. Inadequate maintenance, etc.

The insurer is not liable for costs incurred in renewing or repairing a part or parts of the hull, machinery or equipment which were in a defective condition as a result of wear and tear, corrosion, rot, inadequate maintenance and the like.

Clause 12-4. Error in design, etc.

If the damage is a result of error in design or faulty material, the insurer is not liable for the costs of renewing or repairing the part or parts of the hull, machinery or equipment which were not in proper condition, unless the part or parts in question had been approved by the classification society.

Clause 12-5. Losses that are not recoverable

The insurer is not liable for:

(a) crew's wages and maintenance and other ordinary expenses connected with the running of the vessel during the period of repair, unless this is specially agreed,
(b) expenses of shifting, storing and removal of cargo,
(c) accommodation of passengers,
(d) objects which must normally be replaced several times during the expected life of the vessel and which are and have been used for mooring, towing and the like, unless the loss is a consequence of the vessel having sunk, or is attributable to collision, fire or theft. The same applies to tarpaulins,
(e) zinc slabs, magnesium slabs and the like fitted for protection against corrosion.

Clause 12-6. Deferred repairs

If the repairs have not been carried out within five years after the damage was discovered, the insurer is not liable for any increase in the cost of the work that is incurred later.

Clause 12-7. Temporary repairs

The insurer is liable for the costs of necessary temporary repairs when permanent repairs cannot be carried out at the place where the vessel is located.

If temporary repairs of the damaged object are carried out in other cases, the insurer is liable for costs up to the amount it saves through the postponement of the permanent repairs, or up to 20 % p.a. of the agreed insurable hull value for the time the assured saves, if the latter amount is higher.

Clause 12-8. Costs incurred in expediting repairs

If the assured, in order to limit its loss of time, expedites repairs of the damaged object by extraordinary measures, the insurer's liability for the costs thereby incurred is limited to 20 % p.a. of the agreed insurable hull value for the time saved by the assured. The time saved for the assured and the liability of the insurer are to be calculated collectively in relation to all repairs that are carried out concurrently.

Clause 12-9. Repairs of a vessel that is condemnable

If a vessel is repaired despite the fact that the conditions for condemnation are met, the insurer's liability is limited to the sum insured plus additional costs under Cl. 4-19, if applicable, but with the deduction of the value of the wreck.

Clause 12-10. Survey of damage

Before any damage is repaired, it shall be surveyed by a representative of the assured and a representative of the insurer.

The representatives shall submit survey reports, in which they describe the damage and state their opinions as regards the probable cause of each individual item of damage, the time of its occurrence and the costs of repair.

If one of the parties so requires, the representatives shall, before the damage is repaired, submit preliminary reports in which they give an approximate estimate of the costs of repairs.

If there is disagreement between the representative of the assured and the representative of the insurer, the parties may appoint an umpire who shall give a reasoned opinion of the questions submitted to it. If the parties cannot agree on the choice of an umpire, the umpire shall be appointed by a Nordic average adjuster.

Neither the assured nor the insurer may petition for a judicial valuation of the damage, unless this is required by the laws of the relevant country.

If the assured, without compelling reasons, has the vessel repaired without any survey being held or without notifying the insurer of such survey, the assured has, in addition to the burden of proof under Cl. 2-12, the burden of proving that the damage is not attributable to causes not covered by the insurance.

Clause 12-11. Invitations to tender

The insurer may demand that tenders be obtained from the repair yards of its choice. If the assured does not obtain such tenders, the insurer may do so.

If the time taken to obtain tenders exceeds ten days as from the date the invitation to submit tenders is sent out, the insurer is liable to compensate the loss of time at the rate of 20 % p.a. of the agreed insurable hull value during the excess period.

Clause 12-12. Choice of repair yard

The tenders received shall, for the purpose of comparison, be adjusted by the costs of removal being added to the tender amount.

The assured decides which yard shall be used, but the insurer's liability for the costs of repairs and removal is limited to an amount corresponding to the amount that would have been recoverable if the lowest adjusted tender had been accepted, plus 20 % p.a. of the agreed insurable hull value for the time the assured saves by not choosing that tender. In case the fuel consumption for removal is reduced by not choosing the lowest adjusted tender, the insurer's maximum liability is further increased with up to USD 90 (or equivalent in the currency of the policy) per ton CO_2 emissions saved.

If the assured, because of special circumstances, has justifiable reason to object to the repairs being carried out at one of the yards that have submitted tenders, the assured may demand that the tender from that yard be disregarded.

Clause 12-13. Removal of the vessel

Subject to the limitation that follows from Cl. 12-12, the insurer is liable for the costs of moving the vessel to the repair yard, including wages and maintenance for necessary crew, bunkers and similar direct expenses in connection with the running of the vessel during the period of time involved. If the removal results in costs savings for the assured, a corresponding amount shall be deducted.

If another insurer has expressly disclaimed liability during the removal in accordance with Cl. 3-20, the insurer who is liable for the damage to the vessel shall also be liable for any loss that arises during or in consequence of the removal, and which would otherwise have been recoverable from the other insurer.

The insurer may disclaim any liability during the removal in accordance with Cl. 3-20.

Clause 12-14. Apportionment of common expenses

If expenses have been incurred which are common to repair work for which the insurer is liable and work which is not covered by the insurance, these expenses shall be apportioned on the basis of the cost of each category of work. However, dry dock charges and quay rental shall be apportioned on the basis of the time that the recoverable and the non-recoverable work would have required if each category of work had been carried out separately.

If the assured carries out work to improve the vessel's Environmental, Social or Governance ("ESG") performance, such work shall not be included in the basis for apportioning common expenses, provided that the work is voluntary and measurable, or otherwise demonstrable, improvements beyond statutory or classification requirements in force at the commencement of the repair period, and is not reasonably expected at that time to become compulsory within the next twelve months. However, all costs that arise exclusively from ESG-related work shall be borne by the assured.

Clause 12-15. Ice damage deductions

Damage due to striking against or contact with ice - excluding collision with icebergs on the open sea - is recoverable subject to a deduction stated in the insurance contract. To this shall be added the deductible referred to in Cl. 12-18, sub-clause 1.

Clause 12-16. Machinery damage deductions

Damage to machinery and accessories concerning the propulsion or operations of the vessel is recoverable subject to deductions as set out in the insurance contract. To this shall be added the deductible referred to in Cl. 12-18, sub-clause 1.

However, no such machinery damage deduction shall be made if the damage is a consequence of:

(a) the vessel having been involved in a grounding, collision or striking,
(b) water ingress and flooding of the space in which the damaged machinery or accessories is installed, or
(c) fire or explosion, unless originating in the space containing the damaged machinery.

Clause 12-17. Compensation without deductions

The following are recoverable without deductions according to Cl. 12-15 and Cl. 12-16:

(a) loss recoverable under Cl. 12-1, sub-clause 4, Cl. 12-11, sub-clause 2, and Cl. 12-13,
(b) unused spare parts that are damaged or lost,
(c) temporary repairs.

Clause 12-18. Deductible

For each casualty the amount stated in the insurance contract shall be deducted.

Damage caused by heavy weather or navigating in ice which has occurred during the period between departure from one port and arrival at the next one shall be regarded as a single casualty.

Costs in connection with the claims settlement, cf. Cl. 4-5, and loss arising from measures to avert or minimise the loss, see Cl. 4-7 to Cl. 4-12, are recoverable without any deductible.

Clause 12-19. Basis for calculation of deductions according to Clauses 12-15 to 12-18 and Clause 3-15

Deductions under Cl. 3-15, sub-clause 2, Cl. 12-15, Cl. 12-16 and Cl. 12-18 are calculated on the basis of the full amount of compensation according to the Plan and the insurance conditions before deductions under any of these sections are made.

Deductions are also made if damage to the vessel is recoverable under Cl. 4-7, cf. Cl. 4-12, sub-clause 1.

Chapter 13
Liability of the assured arising from collision or striking

Clause 13-1. Scope of liability of the insurer

The insurer will indemnify the assured for loss which is a result of liability imposed on the assured due to collision or striking by the vessel, its accessories, equipment or cargo, or by a tug used by the vessel.

However, the insurer will not cover:

(a) liability arising while the vessel is engaged in towing, or caused by the towage, unless this takes place in connection with a salvage operation referred to in Cl. 3-12, sub-clause 2,
(b) liability for personal injury or loss of life,
(c) other loss suffered by passengers or crew on the insured vessel,
(d) liability for damage to or loss of cargo, other effects on board the insured vessel, or equipment which the vessel uses,
(e) liability to charterers or others who have an interest in the insured vessel,
(f) liability for pollution damage and damage resulting from fire or explosion caused by oil or other liquid or volatile substances, contamination damage caused by radioactive substances and damage to coral reefs and other environmental damage. The insurer is nevertheless liable if, in the event of a collision with another vessel, liability is imposed on the assured for such damage to the other vessel with equipment and cargo,
(g) liability for loss caused by cargo or bunkers after grounding or striking against ice,
(h) liability for loss caused by the vessel's use of anchor, mooring and towing gear, loading and discharging appliances, gangways and the like, and liability for damage to or loss of these objects,
(i) liability for removal of the wreck of the insured vessel and for obstructions to traffic created by the insured vessel,
(j) refund of amounts which a third party has paid by way of compensation for loss as mentioned under sub-clauses (a) to (i) above.

Clause 13-2. Limitation of liability based on tonnage or value of more than one vessel

If the assured's liability is limited on the basis of the tonnage or value of more than one vessel, and these vessels are insured with different insurers, each individual insurer is liable for such proportion of the liability as corresponds to the tonnage or value of the vessel in question.

Clause 13-3. Maximum liability of the insurer in respect of any one casualty

The insurer is liable up to an amount equivalent to the sum insured in respect of liability for damages arising from any one casualty.

Clause 13-4. Deductible

For each casualty the amount stated in the insurance contract shall be deducted.

Litigation costs, cf. Cl. 4-4, costs in connection with the claims settlement, cf. Cl. 4-5, and loss arising from measures to avert or minimise the loss, cf. Cl. 4-7 to Cl. 4-12, are recoverable without any deductible.

Part three
Other insurances for ocean-going vessels

Chapter 14
Separate insurances against total loss

Clause 14-1. Insurance against total loss and excess collision liability (hull interest insurance)

If an insurance has been effected against total loss and excess collision liability (hull interest insurance), the insurer is liable for the amount stated in the insurance contract:

(a) for total loss in accordance with the rules contained in Chapter 11, and Cl. 15-10, and

(b) separately for the assured's liability for collision or striking in accordance with the rules in Cl. 13-1 to Cl. 13-3, where the hull insurer does not cover the liability because it exceeds a sum insured equivalent to the full agreed insurable hull value.

Clause 14-2. Insurance against loss of long-term freight income (freight interest insurance)

If an insurance has been effected against loss of long-term freight income (freight interest insurance), the insurer is liable for total loss in accordance with the rules contained in Chapter 11 for the amount stated in the insurance contract.

Clause 14-3. Common rules for separate insurances against total loss

The insurer's liability is subject to the condition that the assured claims for a total loss against the hull insurer. If the hull insurer has paid the sum insured in accordance with Cl. 4-21, and the assured is entitled to claim for total loss as per Chapter 11, the assured may claim compensation from the insurer provided that it is prepared to transfer the wreck to the insurer. If both hull interest insurance and freight interest insurance have been effected, the hull interest insurer has first right to the wreck.

The insurer is not liable for any loss arising from measures to avert or minimise the loss, cf. Cl. 4-7 to Cl. 4-12.

The rules contained in Chapters 10 and 11 apply correspondingly.

The rules contained in Cl. 1-4A, Cl. 9-4, Cl. 9-5, first sentence, Cl. 9-6 and Cl. 9-8, cf. Cl. 9-2, apply correspondingly to the relationship between the insurers for the special insurances against total loss, etc., and the claims leader under the hull insurance.

Clause 14-4. Limitations on the right to effect separate insurances against total loss

If hull interest insurance has been effected for more than 25 % of the agreed insurable value under the hull insurance which covers the same perils, the excess part of the hull interest insurance is void. The same applies to a freight interest insurance.

If more than one hull interest insurance or freight interest insurance have been effected, the insurer's liability is reduced proportionately.

The rules in sub-clause 1 do not prevent the assured from effecting, in addition to hull interest insurance and freight interest insurance, insurance with an open insurable value against loss of an existing time charterparty or a contract for a series of voyages. If the assured receives compensation under such an insurance, the liability of the freight interest insurer under Cl. 14-2 is reduced correspondingly.

Chapter 15
War risks insurance

Section 1
General rules relating to the scope of the insurance

Clause 15-1. Perils covered

The insurance covers war perils, cf. Cl. 2-9.

Clause 15-2. Interests insured

Subject to Cl. 15-3 the insurance covers:

(a) total loss and damage, cf. Chapter 10-12 and Section 4 below,
(b) collision liability, cf. Chapter 13,
(c) hull interest/freight interest, cf. Chapter 14,
(d) loss of hire, cf. Chapter 16 and Section 6 below,
(e) owner's liability (P&I), cf. Section 7 below including occupational injuries etc. cf. Section 8 below.

Clause 15-3. Sum insured

Cover in respect of each of the interests listed in Cl. 15-2 is conditional upon the parties having agreed a separate sum insured for each interest. In the case of loss of hire insurance, the insurance contract must also state the amount of the daily indemnity, cf. Cl. 16-5 and Cl. 16-6, the deductible period cf. Cl. 16-7, and number of days of indemnity per casualty and altogether, cf. Cl. 16-1, sub-clause 3.

Unless otherwise agreed, the following sums insured shall apply:

(a) The sum insured for Cl. 15-2 (e) P&I and occupational injury insurance is the total of the sums insured under Cl. 15-2 (a) and (c). Within this combined sum, costs incurred to prevent loss under Section 7 and 8 shall be covered. Cl. 4-18 shall not apply.
(b) The sum insured for 15-2 (b) collision liability shall be equal to the sum insured for Cl. 15-2 (a) with addition of the sum insured for Cl. 15-2 (c) hull interest, cf. Cl. 14-1 (b).

Clause 15-4. Safety regulations

During the insurance period the insurer may, by means of special safety regulations, cf. Cl. 3-22, issue instructions that inter alia:

(a) the vessel shall not embark on a planned voyage or complete a voyage in progress,
(b) the vessel shall or shall not follow a specific itinerary,
(c) the vessel shall deviate, be moved from one port to another, or remain in a specific port,
(d) the vessel shall not carry cargo of a specific nature, or certain passengers,
(e) the vessel shall or shall not comply with orders issued by a foreign State power,
(f) the assured shall without undue delay give information about the vessel's position, about voyages which the vessel is making or is going to make, about times of departure and arrival, the nature of the cargo, the itinerary, the charter arrangement, etc., and of any changes as regards previously given information about such facts.

In the event of a breach of a stipulated safety regulation, Cl. 3-25, sub-clause 2, shall apply correspondingly.

Section 2
Termination of the insurance

Clause 15-5. War between the major powers

In the event of war or war-like conditions breaking out between any of the following States:
The United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China, the insurance against war perils shall automatically terminate.

Clause 15-6. Use of nuclear arms for war purposes

In the event of any use of nuclear arms for war purposes, the insurance shall automatically terminate.

Clause 15-7. Bareboat chartering

If the vessel is bareboat chartered, the insurance shall automatically terminate.

Clause 15-8. Cancellation

In the event of a change of risk, the person effecting the insurance as well as the insurer is entitled to cancel the insurance of war risks by giving seven days' notice, but where the circumstances involve one of the States in Cl. 15-5, the notice shall be 72 hours.

The notice period shall commence one workday, at the place of the head office of the claims leader, from midnight on the day of issue. The insurer shall immediately notify the mortgagee of the cancellation.

If the notice of cancellation is given for the sole purpose of amending the Listed areas in Cl. 15-9, the war risks insurance will be automatically reinstated upon expiry of the notice period with the Listed areas being amended in line with the changes outlined in the notice.

Section 3
Trading areas

Clause 15-9. Trading areas

The provision in Cl. 3-15 shall not apply.

The ordinary trading area under the insurance comprises all waters, except areas listed in the insurance contract ("Listed areas"). The Listed areas shall be designated as excluded areas unless explicitly designated as conditional areas.

The insurer may at any time designate new or change existing Listed areas, as per Cl. 15-8.

The person effecting the insurance shall notify the insurer before the vessel proceeds beyond the ordinary trading area. The insurer may consent to trade outside the ordinary trading area and may require an additional premium. The insurer may also stipulate other conditions which shall constitute safety regulations, cf. Cl. 3-22 and Cl. 3-25, sub-clause 1.

The vessel is held covered for trade in a conditional area, but if damage occurs while the vessel is in a conditional area with the consent of the assured and without notice having been given to the insurer, the claim shall be settled subject to a deduction of one fourth. The provision in Cl. 12-19 shall apply correspondingly.

If the insurer has been duly notified in accordance with sub-clause 4 of trade within the conditional area, the insurance remains in full force and effect, subject to compliance with conditions, if any, stipulated by the insurer.

If the vessel proceeds into an excluded area, the insurance ceases to be in effect, unless the insurer has given its consent in advance, or the infringement was not the result of an intentional act by the master of the vessel. If the vessel, prior to expiry of the insurance period, leaves the excluded area, the insurance shall again come into effect. The provision in Cl. 3-12, sub-clause 2, shall apply correspondingly.

Section 4
Total loss

Clause 15-10. Relationship to Chapter 11

The provisions in this Section shall apply in addition to the provisions contained in Chapter 11.

Clause 15-11. Deprivation of the use of the vessel

If the assured has been deprived of the use of the vessel by an intervention by a foreign State power, for which the insurer is liable under Cl. 2-9, sub-clause 1 (a) or (b), the assured may claim compensation for total loss if the vessel has not been recovered within twelve months from the day the intervention took place.

If the assured has been deprived of the use of the vessel by acts for which the insurer is liable under Cl. 2-9, sub-clause 1 (c), the assured may claim compensation for total loss if the vessel has not been recovered within twelve months from the day when such act deprived the assured of the use of the vessel.

If the assured has been deprived of the use of the vessel by an act of piracy or by similar unlawful interventions for which the insurer is liable under Cl. 2-9, sub-clause 1 (d), the assured may claim compensation for total loss if the vessel has not been recovered within twelve months from the day when such acts deprived the assured of the use of the vessel.

If it has been established before expiry of the time-limits in sub-clauses 1, 2 and 3 that the assured will not recover the vessel, the assured may immediately claim compensation for total loss.

If the assured has brought a claim for a total loss and the time-limits stipulated have expired, it is irrelevant for the assured’s claim that the vessel is recovered at a later time.

Cl. 11-8 and Cl. 11-9 shall apply correspondingly.

Clause 15-12. Blocking and trapping

If the vessel is prevented from leaving a port or a similar limited area due to blocking by a war peril pursuant to Cl. 2-9 for a continuous period of twelve months, the assured may claim compensation for total loss.

The provisions in Cl. 15-11, sub-clauses 4, 5 and 6, shall apply correspondingly.

Clause 15-13. Instructions imposed by the insurer

If the vessel has been wholly deprived of income for more than six months as a result of instructions issued by the insurer, cf. Cl. 15-4, the assured may claim for a total loss.

Section 5
(deleted)

Clause 15-14. (deleted)

Clause 15-15. (deleted)

Section 6
Loss of hire

Clause 15-16. Relationship to Chapter 16

The provisions contained in this Section shall apply in addition to the provisions in Chapter 16.

Clause 15-17. Main rules regarding the liability of the insurer

Instead of Cl. 16-1 the following shall apply:

The insurance covers the assured's loss of income due to the vessel being wholly or partially deprived of income-earning activity as a consequence of damage caused by a war peril pursuant to Cl. 2-9 and which is otherwise recoverable under the conditions of the Plan, or which would have been recoverable if no deductible had been agreed, see Cl. 12-18.

The insurance also covers the assured's loss of income due to the vessel being wholly or partly deprived of income-earning activity:

(a) because the vessel has stranded as a result of a war peril under Cl. 2-9, or
(b) because the vessel is prevented by physical obstruction (other than ice), caused by a war peril, from leaving a port or similar limited area, or
(c) as a consequence of measures taken to salvage or remove cargo which has been damaged by a war peril, or
(d) as a consequence of an event that is allowed in general average pursuant to the 2016 York-Antwerp Rules and which is a result of a war peril, or
(e) because the vessel is prevented from leaving a port or a similar limited area, without a physical obstruction in place, due to a peril covered by Cl. 2-9, letters (a) or (b).

The insurer's liability resulting from any one casualty, and from all casualties occurring during the insurance period, shall be limited to the sum insured per day multiplied by the number(s) of days insured respectively as stated in the insurance contract.

Following a casualty, the insurance contract shall be automatically reinstated back to the original limits of liability. The premium payable for such reinstatement shall be 100 % of the agreed premium pertaining to the vessel involved, calculated pro rata on the amount reinstated irrespective of time of the remaining period of insurance.

Clause 15-18. Loss caused by instructions issued by the insurer

The insurer is also liable for loss of time resulting from instructions issued by the insurer, cf. Cl. 15-4. However, this does not apply to instructions given by the insurer in connection with the outbreak of war.

Clause 15-19. (deleted)

Section 7
Owner's liability, etc. (P&I)

Clause 15-20. Scope of cover

The insurer covers liability and expenses which are covered by the vessel's P&I insurance if the liability/expenses have been caused by a war peril as defined in:

(a) Cl. 2-9, or

(b) Appendix IV to the Pooling Agreement of the International Group of P&I Clubs, as it read at the time this insurance contract was entered into.

If no P&I insurance against marine perils has been effected for the vessel with one of the associations party to the Pooling Agreement of the International Group of P&I Clubs, the insurer's liability under sub-clause 1 shall be determined as if the P&I insurance had been effected with Assuranceforeningen Gard (Gjensidige).

Clause 15-21. (deleted)

Clause 15-22. Limitations to the cover

If liability and expenses as mentioned in Cl. 15-20 are covered by another insurance which the assured has effected, the cover under this Section is subsidiary in relation to that insurance. This shall not apply to liability and expenses that are recoverable under the vessel's P&I insurance and that are also covered under Cl. 15-20, if the P&I insurance has been effected with a P&I association that is a party to the Pooling Agreement of the International Group of P&I Clubs.

Section 8
Occupational injury insurance, etc.

Clause 15-23. Scope of cover

If, pursuant to law or collective agreements, the assured is required to effect insurance against death and disablement for the vessel's crew, the insurer covers the claims of the crew in this connection.

If claims as mentioned in sub-clause 1 are covered by another insurance which the assured has effected, the cover under this provision is subsidiary to the latter insurance.

Chapter 16
Loss of hire insurance

Clause 16-1. Main rules regarding the liability of the insurer

The insurance covers the assured's loss of income due to the vessel being wholly or partially deprived of income-earning activity as a consequence of damage to the vessel which is recoverable under the conditions of the Plan, or which would have been recoverable if no deductible had been agreed, see Cl. 12-18. If the hull insurance has been effected on conditions other than those of the Plan, and these conditions have been accepted in writing by the insurer, the rules in Chapters 10 - 12 of the Plan shall be replaced by the corresponding conditions of the insurance concerned when assessing whether the damage is recoverable.

The insurance also covers the assured's loss of income due to the vessel being wholly or partially deprived of income-earning activity:

(a) because the vessel has stranded,
(b) because the vessel is prevented by physical obstruction (other than ice) from leaving a port or a similar limited area, or
(c) as a consequence of measures taken to salvage or remove damaged cargo, or
(d) as a consequence of an event that is allowed in general average pursuant to the 2016 York-Antwerp Rules.

The insurer's liability resulting from any one casualty, and from all casualties occurring during the insurance period, shall be limited to the sum insured per day multiplied by the number(s) of days insured respectively as stated in the insurance contract.

Following a casualty, the insurance contract shall be automatically reinstated back to the original limits of liability. The premium payable for such reinstatement shall be 100 % of the agreed premium pertaining to the vessel involved calculated pro rata on the amount reinstated irrespective of time of the remaining period of insurance.

Clause 16-2. Total loss

The insurer shall not be liable for loss of income resulting from a casualty which entitles the assured to compensation for total loss under the hull insurance in effect. If no hull insurance is in effect the assessment shall be based on Chapter 11 of the Plan.

Clause 16-3. Main rule for calculating compensation

Compensation shall be determined on the basis of the time during which the vessel has been deprived of income-earning activity (loss of time) and the loss of income per day (the daily amount). Loss of time that occurred prior to the events described in Cl. 16-1 shall not be recoverable.

Clause 16-4. Calculation of the loss of time

Loss of time shall be stipulated in days, hours and minutes. A period of time during which the assured has only partially been deprived of income shall be converted into a corresponding period of total loss of income.

Clause 16-5. The daily amount

The daily amount shall be determined on the basis of the amount of freight per day under the current contract of affreightment less such expenses as the assured saves or ought to have saved due to the vessel being out of regular employment.

If the vessel is unchartered, the daily amount shall be calculated on the basis of average freight rates for vessels of the type and size concerned during the period in which the vessel is deprived of income.

Clause 16-6. Agreed daily amount

The daily sum insured stated in the insurance contract, cf. Cl. 16-1, sub-clause 3, shall be deemed to constitute an agreed daily amount (insurable value) unless the circumstances clearly indicate otherwise.

Clause 16-7. Deductible period

Each casualty shall be subject to a deductible period which shall run from the commencement of the loss of time and last until the time lost is equivalent to the deductible period stated in the insurance contract, calculated in accordance with the rule in Cl. 16-4. Loss of time in the deductible period is not recoverable.

Damage caused by heavy weather or navigating in ice which has occurred during the period between departure from one port and arrival at the next one shall be regarded as one casualty.

If a separate deductible period for damage to machinery has been agreed, Cl. 12-16 shall apply correspondingly.

Clause 16-8. Survey of damage

The provisions of Cl. 12-10 shall apply correspondingly.

Clause 16-9. Choice of repair yard

The insurer may demand that tenders for repairs be obtained from repair yards of the insurer's choice. If the assured does not obtain such tenders the insurer may do so.

For the purpose of comparison, the repair time for tenders received, converted into monetary expense using the applicable daily amount, shall be adjusted by adding any:

- estimated additional recoverable time under Cl. 16-10 and/or Cl. 16-13 after conversion as above.
- repair costs not recoverable under the hull insurance solely due to the repair alternative being more expensive than the cheapest alternative.

The assured shall decide which yard shall be used. However, the liability of the insurer shall be limited to the lowest adjusted tender. If the assured chooses this repair yard, the claim shall be settled on the basis of the actual time lost, even if this is greater than that specified in the tender.

If the assured, because of special circumstances, has justifiable reason to object to the repairs being carried out by one of the repair yards that has submitted a tender, the assured may demand that the tender from that yard be disregarded.

Clause 16-10. Removal to the repair yard, etc.

Loss of time during removal to the repair yard shall be attributed to the category of repairs that necessitated the removal.

If removal to the repair yard was necessary for more than one category of repairs, the removal time shall be apportioned in accordance with the time that each category of work would have required if carried out separately. Removal time that falls within the deductible period shall not be apportioned.

The rules of sub-clauses 1 and 2 shall also apply to loss of time during surveys, while obtaining tenders, during tank cleaning, while waiting to commence repairs or due to other similar measures that were necessary in order to carry out the repairs.

Clause 16-11. Extra costs incurred in order to avert or minimise loss

The insurer shall be liable for extra costs incurred in connection with temporary repairs and in connection with extraordinary measures taken in order to avert or minimise loss covered by the insurance, insofar as such extra costs are not recoverable under the hull insurance in effect. Chapter 4, Section 2, shall not apply.

The liability for such costs is limited to the amount the insurer would have had to pay if the measures had not been taken.

If loss is averted or minimised for the benefit of several interests, the insurer is only liable for such proportion of the extra costs attributed to the interest insured.

Clause 16-12. Simultaneous repairs

If repair work resulting from a casualty covered under this loss of hire insurance is carried out simultaneously with:

(1) repair work resulting from any other casualty covered under this or another loss of hire insurance, and/or

(2) work which is not covered under any loss of hire insurance, but which is:

  (a) carried out to fulfil classification requirements, or

  (b) necessary to enable the vessel to meet technical and operational safety requirements or perform its contractual obligations, or

  (c) related to the reconstruction of the vessel,

however, always excluding work to improve the vessel's Environmental, Social or Governance performance ("ESG") as explained in Cl. 12-14, sub-clause 2, first sentence, the common time which falls outside the deductible period shall be apportioned as follows:

(i) Where common time falls outside the deductible period for all casualties, and no work referred to in sub-clause1, item 2, is effected simultaneously, the common time shall be apportioned equally between all casualties.

(ii) Where common time falls outside the deductible period for all casualties, but the repair work is effected simultaneously with work referred to in sub-clause 1, item 2, half of such common time shall be apportioned equally between the casualties.

(iii) Where common time falls within the deductible period for one or more casualties, but outside the deductible period for other casualties, half of such common time shall be apportioned equally between the casualties where the deductible period has expired, whether or not work referred to in sub-clause 1, item 2, has been effected simultaneously.

When applying the rules set out in sub-clause 1, each category of work shall be deemed to have lasted for the number of days the work would have required if each category of work had been

carried out separately, reckoned from the time the work started. Unless the circumstances clearly indicate another point in time, all categories of work shall be deemed to have started on the vessel's arrival at the yard. Any delay which might occur due to several categories of work being carried out simultaneously shall be attributed to all categories in proportion to the number of days each category would have required if carried out separately, reckoned from the time the work started. However, the insurer's liability shall not exceed the amount that would have been payable if the category of work for which the insurer is liable had been carried out separately.

Clause 16-13. Loss of time after completion of repairs

The insurer is not liable for loss of time after completion of repairs, except for loss of time:

(a) until the vessel can resume employment under the contract that was in force at the time of the casualty,

(b) until the vessel employed in liner trade that follows a fixed route or operates in a defined geographical area can resume its activity,

(c) while the vessel sails to the first port of loading under a contract that was entered into with binding effect prior to the casualty,

(d) until passenger vessels can resume their activity, limited to fourteen days.

Cl. 16-10 shall apply correspondingly to loss of time after completion of repairs.

Clause 16-14. Loss of time after expiry of the insurance period

Loss of time that commences after expiry of the insurance period shall be recoverable in accordance with the rules of Cl. 16-5, even if the daily amount is an agreed amount pursuant to Cl. 16-6, if this results in lower compensation.

The insurer shall not be liable for loss of time that commences more than two years after expiry of the insurance period.

Clause 16-15. Liability of the insurer when the vessel is transferred to a new owner

Where a transfer of ownership has been postponed as a consequence of a damage or an event recoverable under Cl. 16-1, the insurer shall be liable for the assured's loss of interest on the sales amount based on the interest rate in Cl. 5-4, sub-clause 3, as well as for wages and maintenance of the crew, even though the vessel would not have earned income during the postponement. However, the insurer shall not be liable for time that would in any event have been lost in connection with transfer of ownership.

The insurer's liability pursuant to sub-clause 1 shall not exceed the compensation calculated on the basis of the sum insured per day and the time by which the transfer was postponed less the

agreed deductible period. The deductible period is calculated in consecutive days even if the loss of interest differs from the sum insured per day. No compensation may be claimed for loss of time after completion of repairs, except for loss of time during removal after repairs. If the removal results in time savings for the assured a corresponding time shall be deducted.

The assured's claim against the insurer may not be transferred to a new owner.

Clause 16-16. Relationship to other insurances and general average

The rules as to subrogation in Cl. 5-13 of the Plan shall apply correspondingly to:

(a) the assured's right to claim compensation for loss of time and operating costs during removal to a repair yard under Cl. 12-11 or Cl. 12-13 of the Plan, or equivalent provisions in other conditions applicable to the vessel's hull insurance, and

(b) any right the assured might otherwise have to claim compensation for the loss from another insurer or in general average.

Part four
Other insurances

Chapter 17
Insurance for fishing vessels

Section 1
General provisions

Clause 17-1. Scope of application and applicable rules

The rules in this Chapter shall only apply to the extent that this follows from the insurance contract.

The rules in Part One shall apply with the following amendments:

(a) Arbitration/Ref. Cl. 1-4B
The language of the arbitration shall be the official language at the place of arbitration, unless otherwise agreed after the commencement of the arbitration.

Clause 17-2. Renewal of the insurance/Ref. Clause 1-5

Upon expiry of the insurance period, the insurance is automatically renewed for twelve months at the same premium and on the same conditions.

If the insurer does not wish to renew the insurance, or if it only wishes to renew it at a different rate or on different conditions, the insurer must notify the person effecting the insurance of this no later than 30 days prior to expiry of the insurance period.

If the person effecting the insurance wishes to cancel the insurance or if it does not wish to accept renewal at a new rate or on new conditions, it must notify the insurer of this no later than 14 days prior to expiry of the insurance period.

Clause 17-3. Trading areas for fishing vessels/Ref. Clause 3-15

Unless otherwise provided in the insurance contract, insurance of fishing vessels shall be subject to the limitations that follow from Point III of the Appendix to the Plan, Trading areas applicable to insurance of fishing vessels pursuant to Chapter 17.

If a vessel proceeds beyond the trading areas pursuant to sub-clause 1, Cl. 3-15, sub-clause 5, shall apply correspondingly.

Clause 17-4. Classification and vessel inspection/Ref. Clause 3-14 and Clause 3-8

If the vessel at the start of the insurance period is classified with a classification society approved by the insurer, Cl. 3-14 and Cl. 3-8, sub-clause 2, shall apply.

Vessels not ascribed to any class shall at the start of the insurance period have a valid certificate in accordance with the rules of the vessel´s flag state. Expiry of a valid certificate is considered equivalent to loss of class, cf. Cl. 3-14.

Clause 17-5. Safety regulations/Ref. Clause 3-22 and Clause 3-25

The following special safety regulations shall apply, cf. Cl. 3-25, sub-clause 2:

(a) The vessel shall not force ice.

(b) If the vessel has a trading certificate, the provisions in the certificate shall constitute special safety regulations.

(c) When the vessel is at quay or laid up, the assured shall secure the vessel and equipment and arrange for daily supervision of the vessel and its moorings. Accessories, equipment, catch or cargo shall be locked away, or fixed or bolted to the vessel so that they cannot be removed without the use of tools.

Clause 17-6. Savings to the assured

If the assured as a result of a casualty or liability covered by the insurance has received additional income, saved expenses or averted liability which the assured would otherwise have incurred and which would not have been covered by the insurer, the latter may deduct from the compensation an amount equivalent to the advantage gained.

Section 2
Hull insurance

Clause 17-7. The relationship to Chapters 10-13

The rules in Chapters 10-13 shall apply together with the amendments that follow from Cl. 17-7A and Cl. 17-10 to Cl. 17-17.

Clause 17-7A. Fixed equipment temporarily removed from the vessel

Where fixed equipment for fishing vessels is temporarily taken ashore, it shall be stored in a locked storage building or room. The insurer is liable for loss resulting from fire and burglary through forced entry into a locked storage building or room.

In the event of a total loss of the vessel, cf. Chapter 11, deductions shall be made from the total-loss compensation for the value of equipment covered in accordance with sub-clause 1.

Clause 17-8. Change of the open or agreed insurable value/Ref. Clause 2-2 and Clause 2-3

In addition to Cl. 2-2 and Cl. 2-3 the following shall apply:
The assured shall notify the insurer of any changes in conditions prescribed by public authorities relating to the vessel's fishing rights, or if the assured accepts an offer for a public destruction subsidy which is lower than the open or agreed insurable value. The insurer may in such cases demand that the open or agreed insurable value be reduced.

Clause 17-9. Damage to lifeboats, fishing, whaling and sealing tackle and catch/Ref. Clause 4-7 to Clause 4-12 and Clause 4-16

The insurer's liability for costs of measures to avert or minimise loss, cf. Cl. 4-7 to Cl. 4-12, does not cover loss of or damage to the fishing vessel's lifeboats, fishing, whaling and sealing tackle or catch which occurs while these objects are outside the vessel.

Clause 17-10. Hull and freight-interest insurance/Ref. Clause 10-12

Instead of Cl. 10-12 the following shall apply:
If the insured receives compensation under an interest insurance, the hull insurer's liability is reduced correspondingly, unless the hull insurer has consented in advance to such insurance being taken out.

Clause 17-11. Condemnation/Ref. Clause 11-3

Instead of Cl. 11-3, sub-clause 2, first sentence, the following shall apply:
The conditions for condemnation are met when casualty damage is so extensive that the costs of repairing the vessel will amount to at least 90 % of the insurable value or of the value of the vessel after repairs if the latter is higher than the insurable value.

Clause 17-12. Damage to the hull of vessels which are not built of steel/ Ref. Clause 12-1

In the event of damage to the hull of vessels which are not built of steel, the insurer is not liable for:

(a) distortion of the keel or damage resulting therefrom. The same applies to a depreciation in value caused by the fact that repairs are not carried out,
(b) damage resulting from striking against or contact with ice,
(c) caulking of hull and deck.

Clause 17-13. Limited cover of damage to machinery

Unless otherwise agreed in the insurance contract, the insurer is only liable for damage to:

(a) machinery with accessories,
(b) plant machinery used for preparing or processing catch, etc.,
(c) seine winch, line hauler, trawl winch or other hauling device for fishing gear, fish pumps, etc.,
(d) pipelines and electric cables outside the machinery, and
(e) electronic equipment

if the damage is a result of collision, striking, an earthquake, an explosion, unless originating in spaces containing machinery or battery packs, fire, or of the vessel having sunk or capsized, or the vessel having been filled with water as a result of a breach of a hose or a pipe onboard the vessel provided the breach was not caused by corrosion or age. Damage to electronic equipment caused by heavy weather shall, however, be covered if damage to hull or superstructure occurred in the same casualty.

Clause 17-14. Costs incurred in saving time/Ref. Clause 12-7, Clause 12-8, Clause 12-11 and Clause 12-12

The insurer is not liable for costs incurred in connection with:

(a) temporary repairs under Cl. 12-7, sub-clause 2, in excess of what the insurer saves by a postponement of the final repairs,
(b) the fact that the assured pursuant to the rules in Cl. 12-8 expedites repairs by extraordinary measures in order to limit its loss of time,
(c) repairs and removal in accordance with the rules in Cl. 12-12, sub-clause 2, in excess of the amount that would have been recoverable if the lowest corrected bid had been accepted,

nor for the loss of time under Cl. 12-11, sub-clause 2.

Clause 17-15. Deductions/Ref. Clause 12-15, Clause 12-16 and Clause 12-18

(a) Ice damage deduction, cf. Cl. 12-15:
Damage resulting from striking against or contact with ice is covered subject to the deductions stated in the insurance contract.

(b) Electronic equipment damage deduction:
Damage to electronic equipment is covered subject to the deductions stated in the insurance contract.

(c) Machinery damage deduction, cf. Cl. 12-16:
Damage to machinery etc. is covered subject to the deductions stated in the insurance contract.

(d) Deductible, cf. Cl. 12-18:
For any one casualty the amount stated in the insurance contract shall be deducted.

Clause 17-16. Collision liability for fishing vessels/Ref. Clause 13-1

In addition to the limitations in Cl. 13-1, sub-clause 2, the following shall apply:

(a) In the event of a collision with or striking against another vessel, the insurer's liability under Cl. 13-1 is limited to damage caused to the vessel with fixed accessories.

(b) The insurer does not cover any liability that might arise in connection with a collision with or striking against fishing, whaling or sealing tackle in the sea.

(c) The insurer does not cover any liability that might arise between the participants in the same fishing teams or between pair trawlers.

Clause 17-17. Collision liability/Ref. Clause 13-1

In addition to the limitations in Cl. 13-1, sub-clause 2, the following shall apply:
The insurer does not cover liability under Cl. 13-1 for damage to or loss of fish or structures for keeping live fish, where the loss or damage occurs in connection with a call at the relevant structure. By a call is meant arrival, anchoring, working, discharging, loading and leaving.

Section 3
Hull insurance - extended cover

Clause 17-18. Extended cover of damage to machinery

The rules in Chapter 12, together with the amendments that follow from Cl. 17-14 and Cl. 17-15, shall apply to the cover of damage to machinery, electronic equipment, etc.

Damage to factory machinery for the preparation or processing of catch, etc. shall, however, not be covered unless the damage is a result of the vessel having been subjected to a collision, striking, an earthquake, an explosion outside the machinery or a fire, or of the vessel having sunk or capsized.

Costs of removal of the vessel in connection with damage to a seine winch, line hauler, trawl winch or other hauling device for fishing gear, fish pumps, etc. shall not be covered if the damage is subject to a deduction under Cl. 17-15 (c).

Section 4
Catch and equipment insurance - standard cover

Clause 17-19. Objects insured

The insurance covers:

(a) catch which is on board the vessel as part of the fishing, whaling or sealing activities of the vessel. If a marketing co-operative has been advised, prior to a casualty, of the arrival of the catch and the catch has been directed to a specific place of discharge, transport surcharge is also covered,

(b) fishing gear with accessories on board belonging to the assured,

(c) stores, engine and deck accessories and other articles intended for consumption on board,

(d) packing material and other equipment for preserving or securing the catch, and other equipment in connection with fishing, which are on board, when the objects or equipment are not covered by the vessel´s hull insurance under Cl. 10-1.

Clause 17-20. Insurable value

Unless otherwise agreed, the insurable value of the catch is market price at the place of loading at the time of loading, with the addition of any transport surcharge as mentioned in Cl. 17-19 (a).

The insurable value of objects mentioned in Cl. 17-19 (b), (c) and (d) represents the replacement cost of the object at the inception of the insurance.

Clause 17-21. Extraordinary handling costs

The insurer covers extraordinary costs in connection with the discharge, removal and destruction of a damaged catch up to an amount equivalent to the sum insured.

Clause 17-22. Excluded perils/Ref. Clause 2-8

In addition to Cl. 2-8 the following shall apply:
The insurer does not cover losses caused by:

(a) the properties or condition of the catch when taken on board,
(b) inadequate packaging or preservation of the catch,
(c) normal shrinkage of the catch,
(d) excessive temperature of refrigerated or frozen catch, unless the vessel's thermo-machinery has been out of service as a result of a casualty,
(e) deterioration or contamination of the catch due to lack of suitable routines to handle the catch on board.

Clause 17-23. Deck cargo

For objects on deck the insurer does not cover losses resulting from:

(a) precipitation or seawater,
(b) dirt or sparks which do not cause a fire,
(c) impact caused by shifting,
(d) the catch being washed overboard,
(e) leakage from other objects on board.

Clause 17-24. Total loss

A total loss has occurred if the objects insured:

(a) have been destroyed,
(b) have been withheld from the assured without any possibility of its recovering them,
(c) stated in Cl. 17-19 (b) are so extensively damaged that the loss constitutes 100 % of their value,
(d) stated in Cl. 17-19 (a), (c) and (d) are so extensively damaged that the loss amounts to at least 90 % of their value.

In the event of a total loss, the insurer covers the sum insured of the objects in question, but not in excess of the insurable value. No deduction shall be made from the compensation for any damage occurring during the insurance period, whether or not such damage is covered by the insurance.

Clause 17-25. Damage to or loss of catch

If a catch, cf. Cl. 17-19 (a), is damaged or lost without the rules in Cl. 17-24 being applicable, the insurer shall cover the percentage of the insurable value which corresponds to the final reduction of the value of the catch (the damage percentage).

Clause 17-26. Damage to other objects

If objects stated in Cl. 17-19 (b), (c) and (d) have been damaged, the insurer may require that the damage be repaired subject to it paying the costs of repairs as and when they are incurred. Repairs may not be required if they result in an unreasonable loss or disadvantage for the assured.

If the insurer does not, or cannot, require that the damage be repaired, or if repairs are not complete, the insurer will cover the percentage of the insurable value of the objects damaged which is equivalent to the final reduction of their value (the damage percentage).

In the event of damage to or loss of an object which consists of several parts, the insurer will only cover the costs of repairing or replacing the part which is damaged or lost. This shall apply even if it is of vital importance that the object is complete.

Clause 17-27. Survey of damage

Cl. 12-10 shall apply correspondingly to insurance in accordance with this Section.

Clause 17-28. Deductible

For any one casualty the amount stated in the insurance contract shall be deducted.

Section 5
Supplementary cover for nets and seines in the sea

Clause 17-29. Objects insured

The insurance covers drift nets and ring nets with necessary accessories which are in the sea and which belong to the assured. The insurance does not, however, cover sensors, etc.

Clause 17-30. Excluded perils/Ref. Clause 2-8

In addition to Cl. 2-8 the following shall apply:
The insurer does not cover loss resulting from:

(a) the object insured getting caught on the seabed, unless this is due to an unknown wreck or wreckage,
(b) defects in the object insured,
(c) the vessel, its accessories or equipment not being in a proper condition due to wear and tear, corrosion, rot, inadequate maintenance or similar causes,
(d) the object insured having been in contact with ice, or

(e) normal use of the object insured.

The assured has the burden of proving that the loss is not attributable to perils as set forth in (a) - (e).

Clause 17-31. Deductible

For any one casualty the amount stated in the insurance contract shall be deducted.

Clause 17-32. Duties of the assured in the event of a casualty/Ref. Clause 3-29

In addition to Cl. 3-29 the following shall apply:
The assured shall send notification of the casualty to the fisheries inspectorate giving particulars of when and where the loss took place, identifying marks and age as well as other information which may be of significance for the purpose of identifying the lost tackle.

Section 6
Loss of hire insurance for fishing vessels

Clause 17-33. Relationship to Chapter 16

The provisions of Chapter 16 apply with the changes prescribed in Cl. 17-34 to Cl. 17-38.

Clause 17-34. Liability of the insurer/applies instead of Clause 16-1

The insurance covers the assured’s loss of income due to the vessel being wholly or partially deprived of income-earning activity on account of damage to the vessel, provided that the damage is recoverable under Chapter 17, Section 2, or would have been recoverable if no deductible had been agreed, see Cl. 12-18. If the hull insurance has been effected on conditions other than those of the Plan, and these conditions have been accepted in writing by the insurer, the rules in Chapter 17, Section 2, shall be replaced by the corresponding conditions of the insurance concerned when assessing whether the damage is recoverable. If the hull insurance provides extended cover under Chapter 17, Section 3, the rules in the first and second sentences shall apply correspondingly in relation to Section 3.

The insurer's liability resulting from any one casualty, and from all casualties occurring during the insurance period, shall be limited to the sum insured per day multiplied by the number(s) of days insured respectively as stated in the insurance contract.

Following a casualty, the insurance contract shall be automatically reinstated back to the original limits of liability. The premium payable for such reinstatement shall be 100 % of the agreed premium pertaining to the vessel involved calculated pro rata on the amount reinstated irrespective of time.

Clause 17-35. Total loss/applies instead of Clause 16-2

The insurer is not liable for loss of income resulting from a casualty which entitles the assured compensation for total loss under the hull insurance in effect. If no hull insurance is in effect, the assessment shall be based on Chapter 11 of the Plan with Cl. 11-3, sub-clause 2, amended pursuant to Cl. 17-11 or under the corresponding conditions in the hull insurance that apply to the vessel pursuant to Cl. 17-34, sub-clause 1, second sentence.

Clause 17-36. Calculation of compensation for fishing vessels/Ref. Clause 16-3

Compensation shall be determined on the basis of the time during which the vessel has been deprived of income-earning activity (loss of time) and the loss of income per day (the daily amount). Loss of time that occurred prior to the events described in Cl. 16-1 shall not be recoverable.

The insurance does not cover loss that is due to the vessel being deprived of income from fishing as a result of regulatory measures introduced by the authorities or the fact that the authorities have stopped fishing activities.

Quotas which are not fished in full during the quota year due to damage to the vessel, cf. Cl. 17-34, and which are allowed by the authorities to be transferred to a new quota year, shall be regarded as quotas fished in the original quota year, if the quota is fished in the new quota year. The same applies to quotas transferred by the vessel to other vessels in the quota year.

The claims adjustment shall be issued as soon as possible after the quota year is over, but in cases where quotas are transferred to a new quota year, the claims adjustment shall be issued as soon as possible after the end of the new quota year, cf. Cl. 5-2 and Cl. 5-6.

Clause 17-37. The daily amount for fishing vessels/applies instead of Clause 16-5

The daily amount shall be determined on the basis of the average income per day from fishing for vessels of the type and size in question and the geographical area in which it is natural for the vessel to deliver fish during the period when the vessel is deprived of income, less such expenses as the assured saves or ought to have saved due to the vessel not being regularly operated.

Clause 17-38. Agreed daily amount for fishing vessels/applies instead of Clause 16-6

If it is stated in the insurance contract that a certain amount per day shall be paid in compensation for loss of income, the said amount is the maximum compensation that may be paid out per day under Cl. 17-37 unless it is clearly evident from the contract that the amount is an agreed daily amount.

Chapter 18
Insurance of mobile offshore units (MOUs)

Section 1
General rules relating to the scope of the insurance

Clause 18-1. Scope of application and applicable rules

The rules in Part One shall apply with the following amendments:

(a) Insurable value/Sum insured/Ref. Cl. 2-2 and Cl. 2-3
MOUs which can disconnect from offshore field equipment may be scheduled in the insurance contract with separate sums insured for the MOU and the disconnectable equipment.

When the MOU is disconnected and away from the offshore field location, the insurance operates as separate insurances for each insured object with separate sums insured as scheduled in the insurance contract.

When the MOU is within the offshore field at which it is to operate or connected to the field equipment, they collectively constitute one insured object with the combined scheduled sums insured as the insurable value.

(b) Perils insured against/Ref. Cl. 2-8 and Cl. 2-9
The insurance does not cover loss resulting from the MOU being used for the drilling of a relief well for the purpose of controlling a fire, a blow-out or cratering associated with another MOU or offshore field installation.

For MOUs under construction or conversion, ref. Section 6 below, the insurance covers perils as defined in Cl. 2-8 and strikes and lockouts.

(c) Alteration of the risk/Ref. Cl. 3-8
The storage and use of explosives or radioactive material on board the MOU in connection with its normal operations shall not be regarded as an alteration of the risk under Cl. 3-8.

(d) Loss of the main class/Ref. Cl. 3-14

When the insurance commences the MOU shall be classed with a classification society approved by the insurer.

The insurance terminates in the event of loss of the MOU's main class, unless the insurer explicitly consents to a continuation of the insurance contract. If the MOU is engaged in its normal operations offshore or under way when the main class is lost, the insurance cover shall nevertheless continue until the MOU terminates the ongoing operations in accordance with applicable regulations and the field operator's consent and arrives at the nearest safe port in accordance with the insurer's instructions.

Loss of main class occurs where the assured, or someone on the assured's behalf, requests that the main class be cancelled, or where the class is suspended or withdrawn for reasons other than a casualty.

Cl. 3-8, sub-clause 2, second sentence, shall apply to a change of classification society.

(e) Safety regulations/Ref. Cl. 3-22 and Cl. 3-25

(1) The well(s) shall be equipped with blow-out preventers (BOPs) or other well pressure control equipment of standard issue, installed and tested in accordance with standard practice.

(2) For MOUs that are to be moved, a separate MOU move plan shall be prepared by the assured for approval by the claims leader when;

(a) the MOU does not move by own main propulsion, or

(b) the MOU moves with its riser and BOP suspended.

The MOU move plan shall be complied with during the move.

(3) For MOUs under construction or conversion, ref. Section 6 below, a surveyor approved by the claims leader shall be appointed to review the project plans and procedures for moves and lifts and, when applicable, offshore installation of components or modules, and prepare an initial risk assessment. On the basis of the initial risk assessment the claims leader shall approve the scope of survey levels required for the identified risk levels.

When required by the claims leader for certain operations as per the scope of survey, the surveyor shall issue a certificate of approval when it is satisfied with the preparations for the operation. The operation at issue can commence upon receipt of the surveyor's signed certificate of approval.

The regulations in (1) and (2) are regarded as special safety regulations in relation to Cl. 3-25, sub-clause 2, and the regulations in (3) are regarded as safety regulations in relation to Cl. 3-25, sub-clause 1.

(f) Measures to avert a blow-out, etc./Ref. Cl. 4-7 to Cl. 4-12
The insurer is not liable for loss caused by measures to avert or minimise blow-outs, cratering or fire in connection with a blow-out.

Loss or damage to the insured MOU caused by such measures is nevertheless covered.

(g) The limit of liability of the insurer/Ref. Cl. 4-18
The Hull & Machinery (H&M) insurer is liable up to the sum insured for loss caused by any one casualty. The H&M insurer is also liable up to an equivalent amount, not exceeding USD 500,000,000 for the costs of measures taken to avert or minimise loss arising in connection with the casualty. If the costs of such measures exceed that amount, the H&M insurer is also liable to the extent that the sum insured has not been exhausted by the compensation paid for loss of or damage to the MOU.

The H&M insurer has a separate liability in accordance with the rules contained in Cl. 18-35 to Cl. 18-37 for liability to third parties which is a result of collision or striking.

(h) The area of operation/Ref. Cl. 3-15
The area of operation is limited in accordance with the ordinary trading area as per Cl. 3-15, sub-clause 1, unless otherwise defined in the insurance contract. Any operation in the excluded or conditional trading areas is subject to Cl. 3-15. The maximum deduction in Cl. 3-15, sub-clause 3, shall be USD 1,000,000. The provision in Cl. 18-34 shall apply correspondingly.

If the MOU is to change the area of operation defined in the insurance contract, the insurer shall be notified promptly. Both parties may in that event demand adjustments of the premium. Notice of any increase in premium shall be given to the person effecting the insurance within fourteen days of receipt of notification.

(i) Waiver of subrogation and co-insurance of third parties/ Ref. Cl. 8-1
The insurer does not have any right of subrogation against a person if it has been granted contractual protection against recourse, provided that such contractual regulation is regarded as customary in the activities in which the MOU is involved.

The insurance is effected for the benefit of anyone who is contractually entitled to be co-insured under the insurance, provided that such contractual regulation is regarded

as customary in the activities in which the MOU is involved. If the co-insured's claim is covered by other insurance it has effected, cover under this provision is subsidiary to that other insurance.

Under no circumstances shall the waiver of subrogation and/or co-insurance granted under this clause exceed the person or parties' rights or indemnities under the contract.

Section 2
Hull insurance

Section 2-1
General rules relating to the scope of the H&M insurance

Clause 18-2. Objects insured

The insurance covers:

(a) the MOU's hull and superstructure,
(b) all its machinery, equipment, plant and spare parts which:
  (1) belong to the assured or have been borrowed, leased or purchased with a vendor's lien or similar encumbrance, and
  (2) are on board, above water, subsea or in the well,
(c) bunkers and lubricating oil on board.

The insurance does not cover:

(a) provisions, engine and deck accessories and other articles intended for consumption,
(b) helicopters,
(c) blueprints, plans, specifications, logs, etc.,
(d) mini-submarines and remote operated vehicles during operation.

Clause 18-3. Objects temporarily removed or separated etc. from the MOU

The insurance covers:

(a) Objects mentioned in Cl. 18-2, sub-clause 1 (b), which:
  (1) are on board a vessel, structure or fixed installation, which is moored to or is in the vicinity of the insured MOU and has been used in connection with that MOU, or

(2) have been temporarily removed from the MOU for repairs, rebuilding, storage or the like,

(3) are in storage, or in transit to/from places of storage without being covered by point (2).

The sum insured for such objects shall not exceed 10 % of the sum insured under H&M insurance of the MOU. Cl. 2-4 does not apply. A separate deductible shall be applied.

(b) The mooring/anchoring system and the like of the insured unit, which has been installed at the place of operation.

(c) Blow-out preventers that are left on the well head or the seabed adjacent to the well because of:

(1) a casualty which is covered by the insurance, or

(2) measures taken to avert such casualty.

(d) Buoys, risers, umbilicals and associated subsea equipment which are installed at the place of operation and are owned by the assured, or which the assured is contractually obliged to insure.

Clause 18-4. Loss due to ordinary use

The insurer is not liable for loss that is a normal consequence of the use of the insured MOU and its equipment.

Clause 18-5. Extension of the insurance

If, upon expiry of the insurance period, the MOU has sustained damage for which the insurer is liable and which is of such a nature that repairs are necessary to make the MOU compliant with technical and operational safety requirements, the insurance is extended until the MOU has arrived at a place where permanent repairs can be effected. If repairs are carried out at that place, the insurance is extended until the repairs are completed.

Clause 18-6. Liability of the insurer if the MOU is salvaged by the assured

If the insured MOU is salvaged by a vessel or another unit belonging to the assured, the insurer is liable as if the salvage operation had been carried out by a third party.

Clause 18-7. Reduction of liability in consequence of an interest insurance

If the assured receives compensation under a hull interest insurance or a freight interest insurance, and the amount paid under the respective insurances exceeds 25 % of the agreed insurable value as per Cl. 18-1 (a) applicable to the H&M insurance against the same perils, the H&M insurer’s liability is reduced correspondingly.

Section 2-2
Total loss

Clause 18-8. Total loss

The assured may claim compensation for a total loss if the MOU is lost without there being any prospect of it being recovered, or if the MOU is so badly damaged that it cannot be repaired.

No deductions shall be made in the claims adjustment for unrepaired damage sustained by the MOU in connection with an earlier casualty.

Clause 18-9. Salvage attempts

The insurer is entitled to attempt to salvage the MOU at its own expense and risk. The assured shall in that event do its utmost to enable the insurer to carry out the salvage operation.

If the salvage operation has not been completed within six months from the date the insurer was notified of the casualty, the assured is entitled to claim compensation for a total loss. If the salvage operation is delayed due to difficult ice conditions, the time-limit shall be extended correspondingly, but not by more than six months.

Clause 18-10. Condemnation

The assured may claim compensation for a total loss if the conditions for condemnation of the MOU are met.

The conditions for condemnation are met when casualty damage is so extensive that the cost of repairing the MOU will amount to at least 80 % of the insurable value or of the value of the MOU after repairs if the latter is higher than the insurable value. If two or more insurances have been effected against the same perils but with different valuations, the highest valuation shall form the basis of the calculation.

The value of the MOU after repairs shall be determined on the basis of the market value at the time when the assured makes its request for a condemnation.

Casualty damage shall be deemed to include only such damage as has been reported to the insurer concerned and surveyed by it in the course of the last three years prior to the casualty that gives rise to the request for condemnation. Costs of repairs are deemed to include all costs of removal

and repairs which, at the time when the request for condemnation is submitted, must be anticipated if the MOU is to be repaired except, however, salvage awards or compensation for depreciation in value under Cl. 18-17, sub-clause 4.

Clause 18-11. Condemnation in the event of a combination of perils

If the casualty which gives rise to the condemnation is also caused by perils not covered by the insurance, the compensation shall be reduced correspondingly, cf. Cl. 2-13, Cl. 2-14 and Cl. 2-16.

If the casualty is caused by such combination of marine and war perils as referred to in Cl. 2-14, second sentence, cf. Cl. 2-16, the decision whether the conditions for a condemnation are met shall be based on the valuation applicable to the insurance against marine perils.

Clause 18-12. Request for condemnation

If the assured wishes the MOU to be condemned, the assured must submit a request to the insurer without undue delay after the MOU has been salvaged and it has had an opportunity to survey the damage. This request may be withdrawn as long as it has not been accepted by the insurer.

Whether the assured or the insurer salvages or fails to salvage the MOU shall not imply an approval or waiver respectively of the right to condemnation.

Clause 18-13. Removal of the MOU

If the assured has requested a condemnation of the MOU, the insurer may demand its removal to a place where the damage may be properly surveyed. The demand must be made without undue delay after the MOU has been salvaged.

The insurer shall bear the costs of the removal and liability for any loss arising during or as a consequence of the removal which is not covered by other insurers.

Clause 18-14. Missing or abandoned MOU

If the MOU is reported missing, the assured may claim for a total loss when three months have elapsed from the date on which the MOU was last heard of. If the MOU is reported missing under circumstances that give reason to assume that it is icebound and will subsequently be recovered, the time-limit is twelve months.

If the MOU has been abandoned by the crew at sea without its subsequent fate being known, the assured may claim for a total loss when three months have elapsed from the day when the MOU was abandoned. If it was abandoned because it was icebound, the time-limit is twelve months. If

the MOU has been seen after being abandoned, the time-limit runs from the day on which it was last seen.

If, before expiry of the time-limit mentioned in sub-clauses 1 and 2, it is clear that the assured will not recover the MOU, the assured may immediately claim for a total loss. If the time-limit has expired and the assured has submitted a claim for a total loss, the insurer may not reject the claim because the MOU is subsequently recovered.

Clause 18-15. Extension of the insurance when the MOU is missing or abandoned

If upon expiry of the insurance period a situation exists as referred to in Cl. 18-14 and the MOU is subsequently recovered without the assured being entitled to claim for a total loss, the insurance is extended until the MOU has arrived and is secured at a safe location. If the MOU is damaged, the rules contained in Cl. 18-5 shall thereafter apply.

However, the insurance shall under no circumstances be extended beyond two years after the expiry of the insurance period.

Clause 18-16. Liability of the insurer during the period of clarification

If the assured is entitled to claim for a total loss in accordance with Cl. 18-9, sub-clause 2, Cl. 18-10 and Cl. 18-14, an insurer who is not liable for the total loss shall not be liable for new casualties occurring after the casualty that resulted in a total loss.

The insurer who is liable for the total loss shall cover the assured's liability for damages in accordance with Cl. 18-35 to Cl. 18-38 regardless of whether such liability has arisen as a result of marine perils or war perils, provided that the liability has arisen subsequent to the casualty that resulted in the total loss, but before the claim was settled and, at the latest, within two years of the expiry of the insurance period.

Section 2-3
Damage

Clause 18-17. Main rule concerning liability of the insurer

If the MOU has been damaged without the rules relating to total loss being applicable, the insurer is liable for the costs of repairing the damage in such a manner that the MOU is restored to the condition it was in prior to the occurrence of the damage.

Liability arises as and when the repair costs are incurred.

If the repairs have resulted in special advantages for the assured because the MOU has been strengthened or the equipment improved, a deduction from the compensation shall be made limited to the additional costs caused by the strengthening or the improvement.

If complete repairs of the damage are impossible but the MOU meets technical and operational safety requirements and may be made fit for its intended use by less extensive repairs, the insurer is, in addition to the repair costs, liable for the depreciation in value. If complete repairs of the damage will result in unreasonable costs, the insurer may demand that its liability be limited to the costs of the less extensive repairs plus the depreciation in value.

Clause 18-18. Compensation for unrepaired damage

Even if repairs have not been carried out, the assured may claim compensation for the damage when the insurance period expires.

Compensation is calculated on the basis of the estimated reduction in the market value of the MOU due to the damage at the time of expiry, but shall not exceed the estimated costs of repairs. Estimated common expenses are not recoverable, except for 50 % of estimated dock and quay hire.

The insurer is not liable for unrepaired damage if the MOU becomes a total loss or qualifies for condemnation under Cl. 18-10 before the insurance terminates. This also applies if the total loss is not covered under this insurance.

In the event of a transfer of ownership of the MOU, the assured may transfer claims for known damage to the new owner.

Clause 18-19. Inadequate maintenance, etc.

The insurer is not liable for costs incurred in renewing or repairing a part or parts of the hull, machinery, plant or equipment which were in a defective condition as a result of wear and tear, corrosion, rot, inadequate maintenance and the like.

Clause 18-20. Error in design, etc.

If the damage is a result of error in design or faulty material, the insurer is not liable for the costs of renewing or repairing the part or parts of the MOU, machinery, plant or equipment which were not in proper condition, unless the part or parts in question had been approved by the classification society.

Clause 18-21. Losses that are not recoverable

The insurer is not liable for:

(a) crew's wages and maintenance, except for crew who are engaged in repairs,
(b) ordinary expenses connected with the running of the MOU during the period of repair,
(c) expenses of shifting, storing and removal of cargo,
(d) accommodation of third party personnel and visitors.

Clause 18-22. Damage to the drill string

The insurer is not liable for loss of or damage to the drill string:

(a) whilst in the well or in the water, unless the loss or damage is a result of external circumstances, for which the drilling contractor is liable under contractual conditions which are regarded as customary within the relevant area concerned, or
(b) when it has been left in the well for purposes other than drilling.

Clause 18-23. Deferred repairs

If the repairs have not been carried out within five years after the damage was discovered, the insurer is not liable for any increase in the cost of the work that is incurred later.

Clause 18-24. Temporary repairs

The insurer is liable for the costs of necessary temporary repairs when permanent repairs cannot be carried out at the place where the MOU is located.

If temporary repairs of the damaged object are carried out in other cases, the insurer is liable for costs up to the amount it saves through the postponement of the permanent repairs, or up to 20 % p.a. of the insurable H&M value as per Cl. 18-1, (a) for the time the assured saves, if the latter amount is higher.

Clause 18-25. Costs incurred in expediting repairs

If the assured, in order to limit its loss of time, expedites repairs of the damaged object by extraordinary measures, the insurer's liability for the costs thereby incurred is limited to 20 % p.a. of the insurable H&M value as per Cl. 18-1, (a) for the time saved by the assured. The time saved for the assured and the liability of the insurer are to be calculated collectively in relation to all repairs that are carried out concurrently.

Clause 18-26. Repairs of an MOU that is condemnable

If an MOU is repaired despite the fact that the conditions for condemnation are met, the insurer's liability is limited to the sum insured plus additional costs under Cl. 4-19, if applicable, but with the deduction of the value of the wreck.

Clause 18-27. Survey of damage

Before any damage is repaired, it shall be surveyed by a representative of the assured and a representative of the insurer.

The representatives shall submit survey reports, in which they describe the damage and state their opinions as regards the probable cause of each individual item of damage, the time of its occurrence and the costs of repair.

If one of the parties so requires, the representatives shall, before the damage is repaired, submit preliminary reports in which they give an approximate estimate of the costs of repairs.

If there is disagreement between the representative of the assured and the representative of the insurer, the parties may appoint an umpire who shall give a reasoned opinion of the questions submitted to it. If the parties cannot agree on the choice of an umpire, the umpire shall be appointed by a Nordic average adjuster.

Neither the assured nor the insurer may petition for a judicial valuation of the damage, unless this is required by the laws of the relevant country.

If the assured, without compelling reasons, has the MOU repaired without any survey being held or without notifying the insurer of such survey, the assured has, in addition to the burden of proof under Cl. 2-12, the burden of proving that the damage is not attributable to causes not covered by the insurance.

Clause 18-28. Invitations to tender

The insurer may demand that tenders be obtained from repairers of its choice. If the assured does not obtain such tenders, the insurer may do so.

If the time taken to obtain tenders exceeds ten days as from the date the invitation to submit tenders is sent out, the insurer is liable to compensate the loss of time at the rate of 20 % p.a. of the insurable H&M value as per Cl. 18-1, (a) during the excess period.

Clause 18-29. Choice of repairer

The tenders received shall, for the purpose of comparison, be adjusted by the costs of removal being added to the tender amount.

The assured decides which repairer shall be used, but the insurer's liability for the costs of repairs and removal is limited to an amount corresponding to the amount that would have been recoverable if the lowest adjusted tender had been accepted, plus 20 % p.a. of the insurable hull value as per Cl. 18-1, (a) for the time the assured saves by not choosing that tender. In case the fuel consumption for removal is reduced by not choosing the lowest adjusted tender, the insurer's maximum liability is further increased with up to USD 90 (or equivalent in the currency of the policy) per ton CO_2 emissions saved.

If the assured, because of special circumstances, has justifiable reason to object to the repairs being carried out by one of the repairers that have submitted tenders, the assured may demand that the tender from that repairer be disregarded.

Clause 18-30. Removal for repairs

Subject to the limitation that follows from Cl. 18-29, the insurer is liable for the costs of moving the MOU to the repair location, including wages and maintenance for necessary crew, bunkers and similar direct expenses in connection with the running of the MOU during the period of time involved. If the removal results in costs savings for the assured, a corresponding amount shall be deducted.

If another insurer has expressly disclaimed liability during the removal in accordance with Cl. 3-20, the insurer who is liable for the damage to the MOU shall also be liable for any loss that arises during or in consequence of the removal, and which would otherwise have been recoverable from the other insurer.

The insurer may disclaim any liability during the removal in accordance with Cl. 3-20.

Clause 18-31. Apportionment of common expenses

Expenses incurred which are common to repair work for which the insurer is liable and other work which is not covered by the insurance, shall be apportioned on the basis of the cost of each category of work. However, common expenses which depend on the length of the period of repairs shall be apportioned on the basis of the time that the recoverable and the non-recoverable work would have required if each category of work had been carried out separately.

Clause 18-32. Ice damage deductions

Damage due to striking against or contact with ice, excluding collision with icebergs on the open sea, is recoverable subject to any deduction stated in the insurance contract. To this shall be added the deductible referred to in Cl. 18-33, sub-clause 1.

The following are recoverable without deductions:

(a) loss recoverable under Cl. 18-17, sub-clause 4, Cl. 18-28, sub-clause 2, and Cl. 18-30,
(b) unused spare parts that are damaged or lost,
(c) temporary repairs.

Clause 18-33. Deductible

For each casualty the amount stated in the insurance contract shall be deducted.

Damage caused by heavy weather occurring as a result of the same atmospheric disturbance shall be regarded as a single casualty.

Costs in connection with the claims settlement, cf. Cl. 4-5, and loss arising from measures to avert or minimise the loss, see Cl. 4-7 to Cl. 4-12, are recoverable without any deductible.

Clause 18-34. Basis for calculation of deductions according to Clauses 18-32, 18-33 and 3-15

Deductions under Cl. 3-15, sub-clause 3, Cl. 18-32 and Cl. 18-33 are calculated on the basis of the full amount of compensation according to the Plan and the insurance conditions before deductions under any of these Sections are made.

Deductions are also made if damage to the MOU is recoverable under Cl. 4-7, cf. Cl. 4-12, sub-clause 1.

Section 2-4
Liability of the assured arising from collision or striking

Clause 18-35. Scope of liability of the insurer

The insurer will indemnify the assured loss which is a result of liability imposed on the assured due to collision or striking by the MOU, its accessories, equipment or cargo, or by a tug used by the MOU.

However, the insurer will not cover:

(a) liability arising while the MOU is engaged in towing or caused by the towage, unless this occurs in connection with a salvage operation referred to in Cl. 3-12, sub-clause 2,
(b) liability for personal injury or loss of life,
(c) other loss suffered by third party personnel, visitors or crew on the insured MOU,
(d) liability for damage to or loss of cargo, third party equipment, supplies or other effects on board the insured MOU, or equipment which the MOU uses,
(e) liability to charterers or others who have an interest in the insured MOU,
(f) liability for pollution damage and damage resulting from fire or explosion caused by oil or other liquid or volatile substances, contamination damage caused by radioactive substances and damage to coral reefs and other environmental damage. The insurer is nevertheless liable if, in the event of a collision with another MOU, vessel or other navigable unit, liability is imposed on the assured for such damage to the other MOU, vessel or unit with equipment and cargo,
(g) liability for loss caused by cargo or bunkers after grounding or striking against ice,
(h) liability for loss caused by the use of anchor, subsea equipment, mooring and towing gear, loading and discharging appliances, gangways and the like, and liability for damage to or loss of these objects,
(i) liability for removal of the wreck of the insured MOU and for obstructions to traffic created by the insured MOU,
(j) refund of amounts which a third party has paid by way of compensation for loss as mentioned under sub-clauses (a) to (i) above.

Clause 18-36. Limitation of liability based on tonnage or value of more than one MOU

If the assured's liability is limited on the basis of the tonnage or value of more than one MOU, and these MOUs are insured with different insurers, each individual insurer is liable for such proportion of the liability as corresponds to the tonnage or value of the MOU in question.

Clause 18-37. Maximum liability of the insurer in respect of any one casualty

The insurer is liable up to an amount equivalent to the sum insured, not exceeding USD 500,000,000 or 50 % of the sum insured, whichever is the higher, in respect of liability for damages arising from any one casualty.

Clause 18-38. Deductible

For each casualty the amount stated in the insurance contract shall be deducted. Litigation costs, cf. Cl. 4-4, costs in connection with the claims settlement, cf. Cl. 4-5, and loss arising from measures to avert or minimise the loss, cf. Cl. 4-7 to Cl. 4-12, are recoverable without any deductible.

Section 3
Separate insurances against total loss

Clause 18-39. Insurance against total loss and excess collision liability (hull interest insurance)

If insurance has been effected against total loss and excess collision liability (hull interest insurance), the insurer is liable for the amount stated in the insurance contract:

(a) for total loss in accordance with the rules contained in Cl. 18-8 to Cl. 18-16, and

(b) separately for the assured's liability for collision or striking in accordance with the rules in Cl. 18-35 to Cl. 18-37, when the H&M insurer does not cover the liability because it exceeds its maximum liability as per Cl. 18-37.

Clause 18-40. Insurance against loss of long-term freight income (freight interest insurance)

If insurance has been effected against loss of long-term freight income (freight interest insurance), the insurer is liable for total loss in accordance with the rules contained in Cl. 18-8 to Cl. 18-16 for the amount stated in the insurance contract.

Clause 18-41. Common rules for separate insurances against total loss

The insurer's liability is subject to the condition that the assured claims for a total loss against the H&M insurer. If the H&M insurer has paid the sum insured in accordance with Cl. 4-21, the assured may claim compensation from the insurer provided that it is prepared to transfer the wreck to the insurer. If both hull interest insurance and freight interest insurance have been effected, the hull interest insurer has first right to the wreck.

The insurer is not liable for any loss arising from measures to avert or minimise the loss, cf. Cl. 4-7 to Cl. 4-12.

The rules contained in Cl. 18-2 to Cl. 18-16 apply correspondingly.

The rules contained in Cl. 1-4A, Cl. 9-4, Cl. 9-5, first sentence, Cl. 9-6 and Cl. 9-8, cf. Cl. 9-2, apply correspondingly to the relationship between the insurers for the special insurances against total loss, etc., and the claims leader under the H&M insurance.

Clause 18-42. Limitations on the right to insure separately against total loss

If hull interest insurance has been effected for more than 25 % of the agreed insurable value under the hull insurance which covers the same perils, the excess part of the hull interest insurance is void. The same applies to freight interest insurance.

If more than one hull interest insurance or freight interest insurance have been effected, the insurer's liability is reduced proportionately.

The rules in sub-clause 1 do not prevent the assured from effecting, in addition to hull interest insurance and freight interest insurance, insurance with an open insurable value against loss of an existing time charterparty or a contract for a series of operations. If the assured receives compensation under such an insurance, the liability of the freight interest insurer under Cl. 18-40 is reduced correspondingly.

Section 4
Loss of hire insurance

Clause 18-43. Main rules regarding the liability of the insurer

The insurance covers the assured's loss of income due to the MOU being wholly or partially deprived of income-earning activity as a consequence of damage to the MOU which is recoverable under the conditions of the Plan, or which would have been recoverable if no deductible had been agreed, see Cl. 18-33. If the hull insurance has been effected on conditions other than those of the Plan, and these conditions have been accepted in writing by the insurer, the rules in Chapter 18, Section 2, of the Plan shall be replaced by the corresponding conditions of the insurance concerned when assessing whether the damage is recoverable.

The insurance also covers the assured's loss of income due to the MOU being wholly or partially deprived of income-earning activity:

(a) because the MOU has stranded,
(b) because the MOU is prevented by physical obstruction (other than ice) from leaving a port or a similar limited area, or
(c) as a consequence of measures taken to salvage or remove damaged cargo, or
(d) as a consequence of an event that is allowed in general average pursuant to the 2016 York-Antwerp Rules.

The insurer's liability resulting from any one casualty, and from all casualties occurring during the insurance period, shall be limited to the sum insured per day multiplied by the number(s) of days insured respectively as stated in the insurance contract.

Following a casualty, the insurance contract shall be automatically reinstated back to the original limits of liability. The premium payable for such reinstatement shall be 100 % of the agreed premium pertaining to the MOU involved calculated pro rata on the amount reinstated irrespective of time of the remaining period of insurance.

Clause 18-44. Total loss

The insurer shall not be liable for loss of income resulting from a casualty which entitles the assured t compensation for total loss under the hull insurance in effect. If no hull insurance is in effect the assessment shall be based on Chapter 18, Section 2-2 of the Plan.

Clause 18-45. Main rule for calculating compensation

Compensation shall be determined on the basis of the time during which the MOU has been deprived of income-earning activity (loss of time) and the loss of income per day (the daily amount). Loss of time that occurred prior to the events described in Cl. 18-43 shall not be recoverable.

Clause 18-46. Calculation of the loss of time

Loss of time shall be stipulated in days, hours and minutes. A period of time during which the assured has only partially been deprived of income shall be converted into a corresponding period of total loss of income.

Clause 18-47. The daily amount

The daily amount shall be determined on the basis of the amount of hire per day under the current contract of employment, less such expenses as the assured saves or ought to have saved due to the MOU being out of regular employment.

If the MOU is unchartered, the daily amount shall be calculated on the basis of average rates of hire for MOUs of the type, size and area of operation concerned during the period in which the MOU is deprived of income.

Clause 18-48. Agreed daily amount

The daily sum insured stated in the insurance contract, cf. Cl. 18-43, sub-clause 3, shall be deemed to constitute an agreed daily amount (insurable value) unless the circumstances clearly indicate otherwise.

Clause 18-49. Deductible period

Each casualty shall be subject to a deductible period which shall run from the commencement of the loss of time and last until the time lost is equivalent to the deductible period stated in the insurance contract, calculated in accordance with the rule in Cl. 18-46. Loss of time in the deductible period is not recoverable.

Damage caused by heavy weather or navigating in ice which has occurred during the period between departure from one port or location and arrival at the next port or location shall be regarded as one casualty.

Damage caused by heavy weather occurring as a result of the same atmospheric disturbance whilst the MOU is stationary at one location shall be regarded as a single casualty.

Clause 18-50. Survey of damage

The provision of Cl. 18-27 shall apply correspondingly.

Clause 18-51. Choice of repairer

The insurer may demand that tenders for repairs be obtained from repairers of the insurer's choice. If the assured does not obtain such tenders, the insurer may do so.

For the purpose of comparison, the repair time for tenders received, converted into monetary expense using the applicable daily amount, shall be adjusted by adding any

- estimated additional recoverable time under Cl. 18-52 and/or Cl. 18-55 after conversion as above.
- repair costs not recoverable under the hull insurance solely due to the repair alternative being more expensive than the cheapest alternative.

The assured shall decide which repairer shall be used. However, the liability of the insurer shall be limited to the lowest adjusted tender. If the assured chooses this repairer, the claim shall be settled on the basis of the actual time lost, even if this is greater than that specified in the tender.

If the assured, because of special circumstances, has justifiable reason to object to the repairs being carried out by one of the repairers that has submitted a tender, the assured may demand that the tender from that repairer be disregarded.

Clause 18-52. Move to the repair location, etc.

Loss of time during move to the repair location shall be attributed to the category of work that necessitated the move.

If move to the repair location was necessary for more than one category of work, the time of the move shall be apportioned in accordance with the time that each category of work would have required if carried out separately. Time of move that falls within the deductible period shall not be apportioned.

The rules of sub-clauses 1 and 2 shall also apply to loss of time during surveys, while obtaining tenders, during tank cleaning, while waiting to commence repairs or due to other similar measures that were necessary in order to carry out the repairs.

Clause 18-53. Extra costs incurred in order to avert or minimise loss

The insurer shall be liable for extra costs incurred in connection with temporary repairs and in connection with extraordinary measures taken in order to avert or minimise loss covered by the insurance, insofar as such extra costs are not recoverable under the hull insurance in effect. Chapter 4, Section 2, shall not apply.

The liability for such costs is limited to the amount the insurer would have had to pay if the measures had not been taken.

If loss is averted or minimised for the benefit of several interests, the insurer is only liable for such proportion of the extra costs attributed to the interest insured.

Clause 18-54. Simultaneous works

If repair work resulting from a casualty covered under this loss of hire insurance is carried out simultaneously with:

(1) repair work resulting from any other casualty covered under this or another loss of hire insurance, and/or

(2) work which is not covered under any loss of hire insurance, but which is:

  (a) carried out to fulfil classification requirements, or

  (b) necessary to enable the MOU to meet technical and operational safety requirements or perform its contractual obligations, or

  (c) related to the reconstruction of the MOU,

the common time which falls outside the deductible period shall be apportioned as follows:

(i) Where common time falls outside the deductible period for all casualties, and no work referred to in sub- clause 1, item 2, is effected simultaneously, the common time shall be apportioned equally between all casualties.

(ii) Where common time falls outside the deductible for all casualties, but the repair work is effected simultaneously with work referred to in sub-clause 1, item 2, half of such common time shall be apportioned equally between the casualties.

(iii) Where common time falls within the deductible period for one or more casualties, but outside the deductible period for other casualties, half of such common time shall be apportioned equally between the casualties where the deductible has expired, whether or not work referred to in sub-clause 1, item 2, has been effected simultaneously.

Works under sub-clause 1, item 2, letters (a) - (c), which would not have deprived the MOU from income if carried out separately and which have not delayed the casualty repairs, shall not be taken into account. If casualty damage is discovered or occurs during the period the MOU would have been deprived of income if the work under sub-clause 1, item 2, letters (a) - (c), had been carried out separately, time for repairs carried out simultaneously with scheduled works under letters (a) - (c) shall not be compensated.

When applying the rules set out in sub-clause 1, each category of work shall be deemed to have lasted for the number of days the work would have required if the two categories of work had been carried out separately, reckoned from the time the work started. Unless the circumstances clearly indicate another point in time, all categories of work shall be deemed to have started on the MOU's arrival at the repair location. Any delay which might occur due to several categories of work being carried out simultaneously shall be attributed to all categories in proportion to the number of days each category would have required if carried out separately, reckoned from the time the work started.

Clause 18-55. Loss of time after completion of repairs

The insurer is not liable for loss of time after completion of repairs, except for loss of time:

(a) until the MOU can resume the employment under the contract that was in force at the time of the casualty, or

(b) while the MOU moves back to an equidistant position to where it without the casualty would have commenced the move to its next location under a contract of employment that was entered into with binding effect prior to the commencement of the move to the repair location.

Cl. 18-52 shall apply correspondingly to loss of time after completion of repairs.

Clause 18-56. Repairs carried out after expiry of the insurance period

Loss of time that commences after expiry of the insurance period shall be recoverable in accordance with the rules of Cl. 18-47, even if the daily amount is an agreed amount pursuant to Cl. 18-48, if this results in a lower compensation.

The insurer shall not be liable for loss of time that commences more than two years after expiry of the insurance period.

Clause 18-57. Liability of the insurer when the MOU is transferred to a new owner

Where a transfer of ownership has been postponed as a consequence of a damage or an event recoverable under Cl. 18-43, the insurer shall be liable for the assured's loss of interest on the sales amount based on the interest rate in Cl. 5-4, sub-clause 3, as well as for wages and maintenance of the crew, even though the MOU would not have earned income during the postponement. However, the insurer shall not be liable for time that would in any event have been lost in connection with the transfer of ownership.

The insurer's liability pursuant to sub-clause 1 shall not exceed the compensation calculated on the basis of the sum insured per day and the time by which the transfer was postponed less the agreed deductible period. The deductible period is calculated in consecutive days even if the loss of interest differs from the sum insured per day. No compensation may be claimed for loss of time after completion of repairs, except for loss of time during removal after repairs. If the removal results in time savings for the assured a corresponding time shall be deducted.

The assured's claim against the insurer may not be transferred to a new owner.

Clause 18-58. Relationship to other insurances and general average

The rules as to subrogation in Cl. 5-13 of the Plan shall apply correspondingly to:

(a) the assured's right to claim compensation for loss of time and operating costs during removal to a repair location under Cl. 18-28 or Cl. 18-30 of the Plan, or equivalent provisions in other conditions applicable to the MOU's hull insurance, and

(b) any right the assured might otherwise have to claim compensation for the loss from another insurer or in general average.

Section 5
War risks insurance

Section 5-1
General rules relating to the scope of war risks insurance

Clause 18-59. Perils covered

The insurance covers war perils, cf. Cl. 2-9.

This insurance against war perils does not cover objects in storage on land as per Cl. 18-3. For objects removed from the MOU, the insurance is suspended on completion of unloading of the object at the port. The insurers liability reattaches on commencement of loading operations of objects from the port onto an MOU or vessel.

Clause 18-60. Interests insured

Subject to Cl. 18-61 the insurance covers:

(a) total loss and damage, cf. Sections 2-1 to 2-3 above and 5-4 below,
(b) collision liability, cf. Section 2-4 above,
(c) hull interest/freight interest, cf. Section 3 above,
(d) loss of hire, cf. Sections 4 above and 5-6 below,
(e) owner's liability (P&I), cf. Section 5-7 below including occupational injuries etc., cf. Section 5-8 below.

Clause 18-61. Sum insured

Cover in respect of each of the interests listed in Cl. 18-60 is conditional upon the parties having agreed a separate sum insured for each interest. In the case of loss of hire insurance, the insurance contract must also state the amount of the daily indemnity, cf. Cl. 18-47 and Cl. 18-48, the deductible period, cf. Cl. 18-49, and number of days of indemnity per casualty and altogether, cf. Cl. 18-43, sub-clause 3.

Unless otherwise agreed, the following sums insured shall apply:

(a) The sum insured for Cl. 18-60 (e) P&I and occupational injury insurance is the total of the sums insured under Cl. 18-60 (a) and (c). Within this combined sum, costs incurred to prevent loss under Sections 5-7 and 5-8 shall be covered. Cl. 4-18 shall not apply.
(b) The sum insured for 18-60 (b) collision liability shall be equal to the sum insured for Cl. 18-60 (a) and subject to the limitation of Cl. 18-37 with addition of the sum insured for Cl. 18-60 (c) hull interest, cf. Cl. 18-39 (b).

Clause 18-62. Safety regulations

During the insurance period the insurer may, by means of special safety regulations, cf. Cl. 3-22, issue instructions that inter alia:

(a) the MOU shall not embark on a planned move or operation or complete a move or operation in progress,
(b) the MOU shall or shall not follow a specific itinerary,
(c) the MOU shall deviate, be moved from one location to another, or remain at a specific location,
(d) the MOU shall not have cargo of a specific nature, or certain persons onboard,

(e) the MOU shall or shall not comply with orders issued by a foreign State power,

(f) the assured shall without undue delay give information about the MOU's position, about moves and operations which the MOU is undertaking or is going to undertake, about times of departure and arrival, the nature of any cargo, the itinerary, the contract arrangement, etc., and of any changes as regards previously given information about such facts.

In the event of a breach of a stipulated safety regulation, Cl. 3-25, sub-clause 2, shall apply correspondingly.

Section 5-2
Termination of the insurance

Clause 18-63. War between the major powers

In the event of war or war-like conditions breaking out between any of the following States: The United Kingdom, the United States of America, France, the Russian Federation, the People's Republic of China, the insurance against war perils shall automatically terminate.

Clause 18-64. Use of nuclear arms for war purposes

In the event of any use of nuclear arms for war purposes, the insurance shall automatically terminate.

Clause 18-65. Bareboat chartering

If the MOU is bareboat chartered, the insurance shall automatically terminate.

Clause 18-66. Cancellation

In the event of a change of risk, the person effecting the insurance as well as the insurer are entitled to cancel the insurance of war risks by giving seven days' notice, but where the circumstances involve one of the States in Cl. 18-63, the notice shall be 72 hours.

The notice period shall commence one workday, at the place of the head office of the claims leader, from midnight on the day of issue. The insurer shall immediately notify the mortgagee of the cancellation.

If the notice of cancellation is given for the sole purpose of amending the Listed areas in Cl. 18-67, the war risks insurance will be automatically reinstated upon expiry of the notice period with the Listed areas being amended in line with the changes outlined in the notice.

Section 5-3
Areas of operation

Clause 18-67. Trading areas

The provision in Cl. 3-15 shall not apply.

The ordinary trading area under the insurance comprises all waters, except areas listed in the insurance contract ("Listed areas"). The Listed areas shall be designated as excluded areas unless explicitly designated as conditional areas.

The insurer may at any time designate new or change existing Listed areas, as per Cl. 18-66.

The person effecting the insurance shall notify the insurer before the MOU proceeds beyond the ordinary trading area. The insurer may consent to trade outside the ordinary trading area and may require an additional premium. The insurer may also stipulate other conditions which shall constitute safety regulations, cf. Cl. 3-22 and Cl. 3-25, sub-clause 1.

The MOU is held covered for trade in a conditional area, but if damage occurs while the MOU is in a conditional area with the consent of the assured and without notice having been given to the insurer, the claim shall be settled subject to a deduction of one fourth. The provision in Cl. 18-34 shall apply correspondingly.

If the insurer has been duly notified in accordance with sub-clause 4 of trade within the conditional area, the insurance remains in full force and effect, subject to compliance with conditions, if any, stipulated by the insurer.

If the MOU proceeds into an excluded area, the insurance ceases to be in effect, unless the insurer has given its consent in advance, or the infringement was not the result of an intentional act by the master of the MOU. If the MOU, prior to expiry of the insurance period, leaves the excluded area, the insurance shall again come into effect. The provision in Cl. 3-12, sub-clause 2, shall apply correspondingly.

Section 5-4
Total loss

Clause 18-68. Relationship to Section 2-2 above

The provisions in this Section shall apply in addition to the provisions contained in Section 2-2 above.

Clause 18-69. Deprivation of the use of the MOU

If the assured has been deprived of the MOU by an intervention by a foreign State power for which the insurer is liable under Cl. 2-9, sub-clause 1, letter (a) or (b), the assured may claim compensation for total loss if the MOU has not been recovered within twelve months from the day the intervention took place.

If the assured has been deprived of the use of the MOU by acts for which the insurer is liable under Cl. 2-9, sub-clause 1, letter (c), the assured may claim compensation for total loss if the MOU has not been recovered within twelve months from the day when such act deprived the assured of the use of the MOU.

If the assured has been deprived of the use of the MOU by an act of piracy or by similar unlawful interventions for which the insurer is liable under Cl. 2-9, sub-clause 1, letter (d), the assured may claim compensation for total loss if the MOU has not been recovered within twelve months from the day when such act deprived the assured of the use of the MOU.

If it has been established before expiry of the time-limits in sub-clauses 1, 2 and 3 that the assured will not recover the MOU, the assured may immediately claim for a total loss.

If the assured has brought a claim for a total loss and the time-limits stipulated have expired, it is irrelevant for the assured's claim that the MOU is released at a later time.

Cl. 18-15 and Cl. 18-16 shall apply correspondingly.

Clause 18-70. Blocking and trapping

If the MOU is prevented from leaving a port or a similar limited area due to blocking by a war peril pursuant to Cl. 2-9 for a continuous period of twelve months, the assured may claim compensation for total loss.

The provisions in Cl. 18-69, sub-clauses 3, 4 and 5, shall apply correspondingly.

Clause 18-71. Instructions imposed by the insurer

If the MOU has been wholly deprived of income for more than six months as a result of instructions issued by the insurer, cf. Cl. 18-62, the assured may claim for a total loss.

Section 5-5
(deleted)

Clause 18-72. (deleted)

Clause 18-73. (deleted)

Section 5-6
Loss of hire

Clause 18-74. Relationship to Section 4

The provisions contained in this Section shall apply in addition to the provisions in Section 4.

Clause 18-75. Main rules regarding the liability of the insurer

Instead of Cl. 18-43 the following shall apply:

The insurance covers the assured's loss of income due to the MOU being wholly or partially deprived of income-earning activity as a consequence of damage to the MOU caused by a war peril pursuant to Cl. 2-9 and which is otherwise recoverable under the conditions of the Plan, or which would have been recoverable if no deductible had been agreed, see Cl. 18-33.

The insurance also covers the assured's loss of income due to the MOU being wholly or partly deprived of income-earning activity:

(a) because the MOU has stranded as a result of a war peril under Cl. 2-9, or
(b) because the MOU is prevented by physical obstruction (other than ice), caused by a war peril, from leaving a port or similar limited area, or

(c) as a consequence of measures taken to salvage or remove cargo which has been damaged by a war peril, or
(d) as a consequence of an event that is allowed in general average pursuant to the 2016 York-Antwerp Rules and which is a result of a war peril, or
(e) because the MOU is prevented from leaving a port or a similar limited area, without a physical obstruction in place, due to a peril covered by Cl. 2-9, letters (a) or (b).

The insurer's liability resulting from any one casualty, and from all casualties occurring during the insurance period, shall be limited to the sum insured per day multiplied by the number(s) of days insured respectively as stated in the insurance contract.

Following a casualty, the insurance contract shall be automatically reinstated back to the original limits of liability. The premium payable for such reinstatement shall be 100 % of the agreed premium pertaining to the vessel involved, calculated pro rata on the amount reinstated irrespective of time of the remaining period of insurance.

Clause 18-76. Loss caused by instructions issued by the insurer

The insurer is also liable for loss of time resulting from instructions issued by the insurer, cf. Cl. 18-62. However, this does not apply to instructions given by the insurer in connection with the outbreak of war.

Clause 18-77. (deleted)

Section 5-7
Owner's liability, etc. (P&I)

Clause 18-78. Scope of cover

The insurer covers liability and expenses which are covered by the MOU's P&I insurance if the liability/expenses have been caused by a war peril as defined in Cl. 2-9 and/or as defined under the Pooling Agreement of the International Group of P&I Clubs as it read at the time this insurance contract was entered into.

If no P&I insurance against marine perils has been effected for the MOU, the insurer's liability under sub-clause 1 shall be determined as if the P&I insurance had been effected with Gard.

Clause 18-79. Limitations to the cover

If liability and expenses as mentioned in Cl. 18-78 are covered by another insurance, which the assured has effected, the cover under this Section is subsidiary in relation to that insurance, except for piracy risks.

Section 5-8
Occupational injury insurance, etc.

Clause 18-80. Scope of cover

If, pursuant to law or collective agreements, the assured is required to effect insurance against death and disablement for the MOU's crew, the insurer covers the claims of the crew in this connection.

If claims as mentioned in sub-clause 1 are covered by another insurance which the assured has effected, the cover under this provision is subsidiary to the latter insurance.

Section 6
Construction risks insurance

Section 6-1
General rules relating to the scope of construction risks insurance

Clause 18-81. Scope of application

The rules in Section 6 apply to construction, conversion and major upgrade of MOUs, including, when applicable, offshore installation, hook-up and commissioning works - "the Project".

Clause 18-82. Insurance period/Ref. Clause 1-5

The insurance period commences at the date stipulated in the insurance contract. The insurance attaches in respect of each component, equipment and materials manufactured or procured for the MOU from the time the risk is transferred to the assured.

The insurance remains in effect until the date stipulated as the completion of the Project. If actual completion is delayed, the insurance will automatically be extended subject to a pro rata

additional premium or as agreed in the insurance contract until the actual date of completion but not in excess of nine months.

Clause 18-83. Place of insurance – project locations

The insurance is in effect anywhere in the world.

All locations of yards, workshops and/or work sites for construction and assembling of main components shall be agreed with the insurer. Any change of such location shall be notified to and agreed by the insurer.

Sea trials are covered within the area allowed by the MOU's certificates.

When agreed that the insurance covers offshore installation, hook-up and commissioning, the designated offshore location shall be set out in the insurance contract.

Clause 18-84. Escalation

If the value of the project exceeds the sum insured, the assured shall notify the insurer of this as soon as possible. The assured shall pay a premium for the value increase and the insurer shall accept the value increase.

Under no circumstances shall the sum insured exceed 110 % of the original sum insured unless the insurer has given prior approval of the increase and agreement on the conditions for such an increase has been reached.

Clause 18-85. Deductible

For each casualty, the deductible stated in the insurance contract shall apply. If the same casualty entitles the assured to compensation according to Sections 6-2 and/or 6-3, only one deductible shall apply.

Total loss, cf. Cl. 18-89 and Cl. 18-90, costs in connection with the settlement of claims, cf. Cl. 4-5, and loss in connection with measures to avert or minimize a loss, cf. Cl. 4-7 to Cl. 4-12, are recoverable without deductible.

Clause 18-86. Premium in the event of total loss

If the insurer compensates for total loss pursuant to Cl. 18-89, cf. Cl. 18-88, sub-clause 1, or pays the sum insured pursuant to Cl. 4-21, it is entitled to the entire agreed premium.

If the insurer compensates for total loss pursuant to Cl. 18-89, cf. Cl. 18-88, sub-clause 2, it is only entitled to the proportion of the entire agreed premium that corresponds to the ratio between the compensation paid and the sum insured.

Section 6-2
Loss of or damage to the MOU

Clause 18-87. Objects insured/Ref. Clause 18-2

The insurance covers:

(a) the MOU and components, equipment and materials manufactured or procured for the Project,
(b) the costs in connection with design, drawings and other planning of the Project, and
(c) bunkers and lubricating oil on board.

Clause 18-88. Insurable value

The insurable value at the completion of the Project constitutes:

(a) the original project contract's price less subsequently agreed deductions,
(b) subsequently agreed additional amounts mentioned in the insurance contract,
(c) the value of the owners' deliveries, and
(d) in the event of conversion and upgrade projects, the value of the existing vessel or MOU.

Prior to the completion of the Project, the insurable value constitutes the value under sub-clause 1 with deductions for:

(a) the value of the project works not performed, and
(b) the value of components, equipment and materials not manufactured or procured.

Clause 18-89. Compensation in the event of a total loss/Ref. Clause 4-1

In the event of a total loss the insurer covers the sum insured, but not in excess of the insurable value, cf. Cl.18-88.

Clause 18-90. Total Loss/Ref. Section 2-2

The provisions contained in Section 2-2 above shall apply. Cl. 18-10, sub-clauses 2 and 3, is replaced with the following:

The assured may claim compensation for a total loss if casualty damage to the Project is so extensive that the costs of repairs amount to more than 100 % of the insurable value as per Cl. 18-88 or 80 % of the sum insured, whichever is the lower value.

Clause 18-91. Damage/Ref. Section 2-3

If the MOU or parts thereof have been damaged without Cl. 18-90 being applicable, the rules in Section 2-3 shall apply, as amended by Cl. 18-92 and Cl. 18-93.

Clause 18-92. Error in design, etc.

If the damage is a result of an error in design, faulty workmanship or faulty material, the insurer is not liable for the costs of renewing or repairing the part or parts of the hull, machinery or equipment which were not in proper condition.

For parts and components which are completed, Cl. 18-20 shall apply.

Clause 18-93. Costs incurred in order to save time/Ref. Clauses 18-24, 18-28 and 18-29

For damage to the Project which occurs and is discovered whilst at a yard or any onshore project location, the insurer is not liable for costs incurred in connection with:

(a) temporary repairs according to Cl. 18-24, sub-clause 2, beyond the amount the insurer saves through the postponement of the permanent repairs,
(b) repairs and removal according to Cl. 18-29, sub-clause 2, beyond the amount that would have been recoverable if the lowest adjusted tender had been accepted, or
(c) loss of time according to Cl. 18-28, sub-clause 2.

Section 6-3
Supplementary covers

Clause 18-94. Applicable rules

If supplementary cover has been agreed according to Cl. 18-95 to Cl. 18-99, the rules in Sections 6-1 and 6-2 shall apply unless otherwise provided in Section 6-3.

Coverage in respect of each of the interests insured hereunder is conditional upon the parties having agreed separate sum insured, deductible and premium for each cover.

Clause 18-95. Additional costs arising from unsuccessful launching

In the event of an unsuccessful launching of the MOU, the insurer will indemnify the assured's liability for any additional costs incurred to complete launching.

Clause 18-96. Costs of removal of wreck and debris

The insurer will indemnify the assured's liability for costs of removal of wreck and debris of the MOU or parts thereof following a loss covered under Section 6-2.

Clause 18-97. Liability of the assured arising from collision or striking

Section 2-4 shall apply correspondingly.

Clause 18-98. Liability insurance

The insurer will indemnify the assured's liability resulting from personal injury or loss of life and loss of or damage to an object belonging to a third party in direct connection with the performance of the Project.

Cl. 4-16 shall apply similarly after the MOU has been launched, provided that the damage to or loss of the object concerned is attributable to collision or striking.

The insurer covers the assured's liability for bunker oil pollution damage under the provisions of national legislation that are based on the provisions of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 (the Bunkers Convention).

The insurer covers the assured's liability for damage to the environment if the damage occurred in direct connection with the performance of the Project.

The insurer does not cover:

(a) liability for personal injury or loss of life of employees of the assured, contractors or sub-contractors,
(b) liability for loss of or damage to objects belonging to employees of the assured, contractors or sub-contractors,
(c) loss or liability which is insurable under the rules in Chapter 18, Sections 6-1, 6-2 and other clauses of 6-3,
(d) loss or liability covered by another insurance effected by the assured, its contractors or sub-contractors, and
(e) loss or liability which is exclusively based on a contract.

In the event of liability for personal injury, the insurer does not cover:

(a) loss recoverable through social benefits or benefits from pension schemes in connection with work or occupation,
(b) loss which is covered by insurance benefits required under a collective agreement and which is financed by the liable employer, and
(c) loss which is covered in accordance with applicable legislation relating to occupational injury insurance in the country where the relevant project work site is located.

Clause 18-99. Delay in delivery

The rules of Section 4 shall apply correspondingly to delay in delivery due to damage which is recoverable under Section 6-2.

Chapter 19
Builders' risks insurance

Section 1
Common provisions

Clause 19-1. Perils covered/Ref. Clause 2-8 cf. Clause 2-10

The insurance covers marine perils, cf. Cl. 2-8, and strikes and lockouts.

Clause 19-2. Insurance period/Ref. Clause 1-5

The insurance remains in effect until the delivery date stipulated in the building contract. If delivery is later than that date, the insurance will automatically be extended subject to an additional premium as agreed in the insurance contract until the buyer has in actual fact taken delivery of the subject-matter insured.

If the buyer has not taken delivery of the subject-matter insured, the insurance is automatically extended subject to an additional premium as agreed in the insurance contract until another buyer has in actual fact taken delivery of the subject-matter insured.

Extension of the insurance according to sub-clauses 1 and 2 does not apply beyond nine months from the takeover date stipulated in the building contract.

Clause 19-2A. Premium in the event of total loss

If the insurer compensates for total loss pursuant to Cl. 19-13, sub-clause 1, or pays the sum insured pursuant to Cl. 4-21, it is entitled to the entire agreed premium.

If the insurer compensates for total loss pursuant to Cl. 19-13, sub-clause 2, it is only entitled to the proportion of the entire agreed premium that corresponds to the ratio between the compensation paid and the sum insured.

Clause 19-3. Co-insurance/Ref. Clause 8-1

Unless otherwise agreed, the buyer is co-insured under Cl. 8-1. However, this does not apply to cover of expenses under Section 3.

If liability as mentioned in Section 4 is covered by another insurance which the co-insured has effected, the co-insured's cover under Section 4 is subsidiary in relation to that insurance.

Clause 19-4. Transfer of the building contract/Ref. Clause 3-21

If the building contract is transferred to a new shipyard, the insurance terminates as from the date of the transfer.

Clause 19-5. Place of insurance

The insurance is in effect:

(a) while in the builder's yard or other premises in the port where the builder's yard is situated and whilst in transit between these areas,

(b) during sea trials carried out within the area specified by the certificate, including the trading area.

If specifically agreed, the insurance also covers manufacture or transport outside the yard areas in the building port, insofar as this is set out in the insurance contract.

Clause 19-6. The sum insured as the limit of the liability of the insurer/Ref. Clause 4-18 and Clause 4-19

In addition to the sum insured as mentioned in Cl. 4-18, sub-clause 1, the insurer is separately liable up to an amount corresponding to the sum insured for damage, expenses and liability under Section 3 and Section 4 caused by any one casualty.

Clause 19-7. Escalation of the sum insured

If the value of the project exceeds the sum insured, the assured shall notify the insurer of this as soon as possible. The assured shall pay a premium for the increase in value and the insurer(s) shall accept its/their share of the increase.

Under no circumstances shall the sum insured exceed 110 % of the original sum insured unless the insurers have given their prior approval of the increase and agreement has been reached on the conditions for such an increase.

Clause 19-8. Deductible

For each casualty the deductible stated in the insurance contract shall apply. If the same casualty entitles the assured to compensation according to Sections 2, 3 and/or 4, only one deductible shall apply.

Total loss, cf. Cl. 19-10 and Cl. 19-11, costs in connection with a claim, cf. Cl. 4-5, and loss in connection with measures to avert or minimise a loss, cf. Cl. 4-7 to Cl. 4-12, are recoverable without deductible.

Section 2
Loss of or damage to the subject-matter insured

Clause 19-9. Objects insured/Ref. Clause 10-1

The insurance covers:

(a) the subject-matter insured and items manufactured or procured for the subject-matter insured,
(b) items supplied by the buyer are, however, only covered if this is set out in the insurance contract, or transpires from circumstances in general,
(c) the yard's costs in connection with drawings and other planning of the subject-matter insured, and
(d) bunkers and lubricating oil on board.

Clause 19-10. Insurable value

The insurable value when the subject-matter insured is ready for delivery constitutes:

(a) the original contractual building price less subsequently agreed deductions,
(b) subsequently agreed additional amounts mentioned in the insurance contract, and
(c) the value of the buyer's deliveries which are covered by the insurance.

Before the subject-matter insured is ready for delivery, the insurable value constitutes the value under sub-clause 1 with deductions for:

(a) the value of the work not performed, and
(b) the value of components and materials not manufactured or procured.

Clause 19-11. Total loss in the event of condemnation

The assured may claim compensation for a total loss if the damage to the subject-matter insured is so extensive that the costs of repairs amount to more than 100 % of the sum insured.

Clause 19-12. Total loss where the yard's obligation to deliver no longer applies

The assured may claim compensation for a total loss where the yard's obligation to deliver no longer applies as a result of:

(a) damage to or loss of the subject-matter insured or parts of it,
(b) damage to the yard, or
(c) damage to a subcontractor's yard, provided the work there is covered by the insurance in accordance with Cl. 19-5, sub-clause 2.

Clause 19-13. Compensation in the event of a total loss/Ref. Clause 4-1

In the event of a total loss where the subject-matter insured is ready for delivery, the insurer covers the sum insured, but not in excess of the insurable value.

In the event of a total loss before the subject-matter insured is ready for delivery, the insurer covers the proportion of the sum insured that is equivalent to the insurable value calculated according to Cl. 19-10, sub-clause 2.

Clause 19-14. Damage/Ref. Chapter 12

If the subject-matter insured or items manufactured or procured for the subject-matter insured as per Cl. 19-9 have been damaged without Cl. 19-11 or Cl. 19-12 being applicable, the rules in Chapter 12 shall apply, with the exception of Cl. 12-3, Cl. 12-4, Cl. 12-5 (d) and (e), Cl. 12-6 and Cl. 12-15 to Cl. 12-18. Cl. 12-3 shall apply to rebuilding/conversion of the subject-matter insured.

Clause 19-15. Limitation of the insurer's liability/Ref. Clause 12-1

If the damage is a result of an error in design, faulty workmanship or faulty material, the insurer is not liable for the costs of renewing or repairing the part or parts of the hull, machinery or equipment which were not in a proper condition.

Clause 19-16. Compensation for unrepaired damage/Ref. Clause 12-2

Even if repairs have not been carried out, both parties may claim compensation for the damage upon expiry of the insurance period, cf. Cl. 19-2.

Compensation is calculated on the basis of a discretionary estimate of the costs of repairs upon expiry of the insurance period, but is limited to the price reduction attributable to the damage.

Clause 19-17. Costs incurred in order to save time/Ref. Clause 12-7, Clause 12-11 and Clause 12-12

The insurer is not liable for costs incurred in connection with:

(a) temporary repairs according to Cl. 12-7, sub-clause 2, beyond the amount the insurer saves through the postponement of the permanent repairs,

(b) repairs and removal according to Cl. 12-12, sub-clause 2, beyond the amount that would have been recoverable if the lowest adjusted tender had been accepted, or

(c) the loss of time according to Cl. 12-11, sub-clause 2.

Section 3
Indemnification of additional costs incurred in an unsuccessful launching and costs of wreck removal

Clause 19-18. Additional costs incurred in an unsuccessful launching

In the event of an unsuccessful launching, the insurer covers the additional costs incurred by the assured in carrying out the launching.

Clause 19-19. Costs of wreck removal

The insurer covers the assured's costs of necessary removal of wrecks from places owned by or at the disposal of the yard.

Section 4
Liability insurance

Clause 19-20. Scope of the liability insurance

The insurer covers the assured's liability resulting from personal injury or loss of life, loss of or damage to an object belonging to a third party, and liability for the removal of wrecks required by the authorities if the loss arose in direct connection with the performance of the building contract.

Cl. 4-16 shall apply similarly after the subject-matter insured has been launched, provided that the damage to or loss of the object concerned is attributable to collision or striking.

The insurer covers the assured's liability for bunker oil pollution damage under the provisions of national legislation that are based on the provisions of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 (the Bunkers Convention).

The insurer covers the assured's liability for damage to the environment if the damage occurred in direct connection with the performance of the building contract.

Clause 19-21. Limitations on the liability insurance

The insurer does not cover:

(a) liability for personal injury or loss of life of the employees of the assured, contractors or sub-contractors,
(b) liability for loss of or damage to objects belonging to the employees of the assured, contractors or sub-contractors,
(c) loss or liability which is insurable under the rules in Chapter 19, Sections 1, 2 and 5,
(d) loss or liability covered by another liability insurance effected by the assured, its contractors or sub-contractors, and
(e) loss or liability which is exclusively based on a contract.

In the event of liability for personal injury, the insurer does not cover:

(a) loss recoverable through social benefits or benefits from pension schemes in connection with work or occupation,
(b) loss which is covered by insurance benefits required under a collective agreement and which is financed by the liable employer, and
(c) loss which is covered in accordance with applicable legislation relating to occupational injury insurance in the country where the yard is located.

Section 5
Supplementary covers

Clause 19-22. Applicable rules

If supplementary cover has been agreed according to Cl. 19-23 to Cl. 19-27 the rules in Chapter 19, Sections 1 to 4, shall apply insofar as they have not been departed from in Section 5.

Clause 19-23. Insurance of additional costs in connection with rebuilding and/or building of a new subject-matter insured

The insurance covers the difference between compensation paid under the builders' risks insurance, cf. Sections 1 and 2, and the costs of rebuilding/building of a new subject-matter insured.

Clause 19-24. Insurance of the yard's liability for the buyer's interest claim for instalments paid

The insurance covers the yard's liability for the buyer's interest claim under the building contract in the event that the obligation to deliver ceases to apply due to loss or damage which is recoverable under Cl. 19-12. Interest is calculated from the time of payment of the individual instalment up to the time of the total loss.

Clause 19-25. Insurance of the yard's loss of interest in the event of late delivery

The insurance covers the yard's loss of interest resulting from late delivery due to damage which is recoverable under the builders' risks insurance, cf. Sections 1 and 2.

For any one casualty a deductible period shall be determined which is calculated from the start of the casualty and lasts until the delay resulting from the casualty is equivalent to the deductible period stated in the insurance contract. Loss of interest during the deductible period is not recoverable.

The insurer's liability resulting from any one casualty is limited to the sum insured per day multiplied by the number of compensation days per casualty stated in the insurance contract.

If the assured and the buyer agree to postpone the delivery date due to circumstances which do not provide any basis for compensation under this supplementary cover, the insurance is automatically extended subject to an additional premium as agreed in the insurance contract until the buyer has in actual fact taken delivery of the subject-matter insured. Cl. 19-2, sub-clause 3, shall apply correspondingly.

If a late delivery is caused by a combination of several different perils and one or more of these perils are not covered by the insurance, the insurer shall cover a proportional share of the loss of interest. The calculation shall be based on the delay which each of the perils would have entailed in excess of the deductible period if they had occurred separately.

If the assured takes measures to avert or minimise the delay covered by the insurance, the insurer shall not be liable for more than the amount it should have paid if no such measures had been

taken. If the measures result in time being saved for the assured, it shall bear a share of the costs of the said measures that is proportional to the time saved for its account.

Clause 19-26. Insurance of the yard's daily penalties in the event of late delivery

The insurance covers the yard's daily penalties resulting from late delivery due to damage which is recoverable under the builders' risks insurance, cf. Sections 1 and 2.

For any one casualty a deductible period shall be determined which is calculated from the start of the casualty and lasts until the delay resulting from the casualty is equivalent to the deductible period stated in the insurance contract. Daily penalties during the deductible period are not recoverable.

The insurer's liability resulting from any one casualty is limited to the sum insured per day multiplied by the number of compensation days per casualty stated in the insurance contract.

If the assured and the buyer agree to postpone the delivery date due to circumstances which do not provide any basis for compensation under this supplementary cover, the insurance is automatically extended subject to an additional premium as agreed in the insurance contract until the buyer has in actual fact taken delivery of the subject-matter insured. Cl. 19-2, sub-clause 3, shall apply correspondingly.

If a late delivery is caused by a combination of several different perils and one or more of these perils are not covered by the insurance, the insurer shall cover a proportional share of the daily penalties. The calculation shall be based on the delay which each of the perils would have entailed in excess of the deductible period if they had occurred separately.

If the assured takes measures to avert or minimise the delay covered by the insurance, the insurer shall not be liable for more than the amount it should have paid if no such measures had been taken. If the measures result in time being saved for the assured, it shall bear a share of the costs of the said measures that is proportional to the time saved for its account.

Clause 19-27. Towage and removal of the subject-matter insured

The insurance covers towage or removal of the subject-matter insured or components thereof.

In the case of towage on a barge, the insurance also covers loss of or damage to the subject-matter insured or components thereof which occurred during discharge. Subject to agreement, the insurance also covers loss or damage that occurred during loading.

In the case of towage, the following safety regulations shall apply, cf. Cl. 3-25, sub-clause 1:

(a) The tow shall be surveyed and approved by a surveyor.
(b) The surveyor shall be approved in advance by the insurer.
(c) The surveyor shall issue a towage approval certificate which shall be sent to the insurer prior to the start of the tow.
(d) The assured shall ensure that the towage approval certificate is signed by the shipping company before the tow begins.

If the subject-matter insured is moved other than by towage, sub-clause 3 applies correspondingly.

Section 6
Supplementary cover for war risks

Clause 19-28. Perils insured

The insurance covers war perils, cf. Cl. 2-9, with the exception of strikes and lockouts.

Clause 19-29. Insurance period

The insurer's liability attaches when the subject-matter insured has been launched.

However, for machinery, components and materials liability does not attach until they have been placed on board the launched subject-matter insured.

Clause 19-30. Other applicable provisions

The rules in Chapter 19, Sections 1 to 4, shall apply correspondingly to this insurance.

The insurance is also subject to Cl. 15-5, Cl. 15-6 and Cl. 15-8.

Chapter 20
Insurance for vessels with trading certificates

Section 1
General provisions

Clause 20-1. Scope of application and applicable rules

The rules in this Chapter shall only apply to the extent that this follows from the insurance contract.
The rules in Part One shall apply with the following amendments:

(a) Arbitration/Ref. Cl. 1-4B
The language of the arbitration shall be the official language at the place of arbitration, unless otherwise agreed after the commencement of the arbitration.

Clause 20-2. Renewal of the insurance/Ref. Clause 1-5

Upon expiry of the insurance period, the insurance is automatically renewed for twelve months at the same premium and on the same conditions.

If the insurer does not wish to renew the insurance, or if it only wishes to renew it at a different rate or on different conditions, the insurer must notify the person effecting the insurance of this no later than 30 days prior to expiry of the insurance period.

If the person effecting the insurance wishes to cancel the insurance or if it does not wish to accept renewal at a new rate or on new conditions, the person effecting the insurance must notify the insurer of this no later than 14 days prior to expiry of the insurance period.

Clause 20-3. Classification and vessel inspection/Ref. Clause 3-14 and Clause 3-8

If the vessel at the start of the insurance period is classified with a classification society approved by the insurer, Cl. 3-14 and Cl. 3-8, sub-clause 2, shall apply.

Vessels not ascribed to any class shall at the start of the insurance period have a valid certificate in accordance with the rules of the vessel´s flag state. Expiry of a valid certificate is considered equivalent to loss of class, cf. Cl. 3-14.

Clause 20-4. Safety regulations/Ref. Clause 3-22 and Clause 3-25

The following special safety regulations shall apply, cf. Cl. 3-25, sub-clause 2:

(a) The vessel shall not force ice, unless the vessel has appropriate ice class or a certificate by the relevant authority, or same is agreed in writing by the insurer or explicitly mentioned in the policy.

(b) If the vessel has a trading certificate, the provisions in the certificate shall constitute special safety regulations.

(c) When the vessel is at quay or laid up, the assured shall secure the vessel and equipment and arrange for daily supervision of the vessel and its moorings. Accessories, equipment, catch or cargo shall be locked away, or fixed or bolted to the vessel so that they cannot be removed without the use of tools.

Clause 20-5. Savings to the assured

If the assured as a result of a casualty or liability covered by the insurance has received additional income, saved expenses or averted liability which it would otherwise have incurred and which would not have been covered by the insurer, the latter may deduct from the compensation an amount equivalent to the advantage gained.

Section 2
Hull insurance

Clause 20-6. The relationship to Chapters 10-13

The rules in Chapters 10-13 shall apply together with the amendments that follow from this Section.

Clause 20-7. Hull and freight-interest insurance/Ref. Clause 10-12

Instead of Cl. 10-12 the following shall apply:
If the insured receives compensation under an interest insurance, the hull insurer’s liability is reduced correspondingly, unless the hull insurer has consented in advance to such insurance being taken out.

Clause 20-8. Condemnation/Ref. Clause 11-3

Instead of Cl. 11-3, sub-clause 2, first sentence, the following shall apply:
The conditions for condemnation are met when casualty damage is so extensive that the costs of repairing the vessel will amount to at least 90 % of the insurable value or of the value of the vessel after repairs if the latter is higher than the insurable value.

Clause 20-9. Damage to the hull of vessels which are not built of steel/Ref. Clause 12-1

In the event of damage to the hull of vessels which are not built of steel, the insurer is not liable for:

(a) distortion of the keel or damage resulting therefrom. The same applies to a depreciation in value caused by the fact that repairs are not carried out,
(b) damage resulting from striking against or contact with ice, unless the vessel has appropriate ice class or a certificate by the relevant authority, or same is agreed in writing by the insurer or explicitly mentioned in the policy,
(c) caulking of hull and deck.

Clause 20-10. Limited cover of damage to machinery

Unless otherwise agreed in the insurance contract, the insurer is only liable for damage to:

(a) machinery with accessories,
(b) pipelines and electric cables outside the machinery, and
(c) electronic equipment

if the damage is a result of collision, striking, an earthquake, an explosion, unless originating in spaces containing machinery or battery packs, fire, or of the vessel having sunk or capsized, or the vessel having been filled with water as a result of a breach of a hose or a pipe onboard the vessel provided the breach was not caused by corrosion or age. Damage to electronic equipment caused by heavy weather shall, however, be covered if damage to hull or superstructure occurred in the same casualty.

Clause 20-11. Costs incurred in saving time/Ref. Clause 12-7, Clause 12-8, Clause 12-11 and Clause 12-12

The insurer is not liable for costs incurred in connection with:

(a) temporary repairs under Cl. 12-7, sub-clause 2, in excess of what the insurer saves by a postponement of the final repairs,
(b) the fact that the assured pursuant to the rules in Cl. 12-8 expedites repairs by extraordinary measures in order to limit its loss of time,

(c) repairs and removal in accordance with the rules in Cl. 12-12, sub-clause 2, in excess of the amount that would have been recoverable if the lowest corrected bid had been accepted, nor for the loss of time under Cl. 12-11, sub-clause 2.

Clause 20-12. Deductions/Ref. Clause 12-15, Clause 12-16 and Clause 12-18

(a) Ice damage deduction, cf. Cl. 12-15:
Damage resulting from striking against or contact with ice is covered subject to the deductions stated in the insurance contract.

(b) Electronic equipment damage deduction:
Damage to electronic equipment is covered subject to the deductions stated in the insurance contract.

(c) Machinery damage deduction, cf. Cl. 12-16:
Damage to machinery etc. is covered subject to the deductions stated in the insurance contract.

(d) Deductible, cf. Cl. 12-18:
For any one casualty, the amount stated in the insurance contract shall be deducted.

Clause 20-13. Collision liability/Ref. Clause 13-1

In addition to the limitations in Cl. 13-1, sub-clause 2, the following shall apply:
The insurer does not cover liability under Cl. 13-1 for damage to or loss of fish or structures for keeping live fish, where the loss or damage occurs in connection with a call at the relevant structure. By a call is meant arrival, anchoring, working, discharging, loading and leaving.

Section 3
Hull insurance - extended cover

Clause 20-14. Extended cover of damage to machinery

If specifically agreed in the insurance contract, the insurance shall cover damage to the machinery in accordance with the rules in Chapter 12, and the amendments that follow from Cl. 20-11 and Cl. 20-12 shall apply to the cover of damage to machinery, electronic equipment, etc.

Section 4
Hull insurance - limited cover

Clause 20-15. Insurance "against total loss only" (T.L.O.)

If the insurance is effected "against total loss only", the insurer is liable for total loss in accordance with the rules in Chapter 11.

Clause 20-16. Insurance "against total loss and general average contribution only"

If the insurance is effected "against total loss and general average contribution only", the insurer is liable for:

(a) total loss in accordance with the rules in Chapter 11,
(b) general average contributions and loss arising from assumed general average, cf. Cl. 4-7, Cl. 4-8, Cl. 4-9 and Cl. 4-11.

Clause 20-17. Insurance "against total loss, general average contribution and collision liability only"

If the insurance is effected "against total loss, general average contribution and collision liability only", the insurer is liable for:

(a) total loss in accordance with the rules in Chapter 11,
(b) general average contribution and loss arising from assumed general average, cf. Cl. 4-7, Cl. 4-8, Cl. 4-9 and Cl. 4-11,
(c) liability to third parties in accordance with the rules in Chapter 13.

Clause 20-18. Insurance "on stranding terms"

If the insurance is effected "on stranding terms", the insurer is liable for:

(a) total loss in accordance with the rules in Chapter 11,
(b) general average contribution and loss arising from assumed general average, cf. Cl. 4-7, Cl. 4-8, Cl. 4-9 and Cl. 4-11,
(c) liability to third parties in accordance with the rules in Chapter 13,
(d) damage to the vessel which is a result of:
    - the vessel having run aground under such circumstances that it has to be refloated whether by assistance or its own power,
    - the vessel having capsized in such a manner that the masts are in the water or it is bottom up,
    - the vessel having collided with another vessel or with an iceberg,

- a fire or an explosion, with the exception of damage caused in spaces containing machinery or battery packs by a fire or explosion originating there.

Chapter 21
Liability insurance

Clause 21-1. Scope of application

The rules in this Chapter shall only apply to the extent that this follows from the insurance contract.

Clause 21-2. Renewal of the insurance/Ref. Clause 1-5

Upon expiry of the insurance period, the insurance is automatically renewed for twelve months at the same premium and on the same conditions.

If the insurer does not wish to renew the insurance, or if it only wishes to renew it at a different rate or on different conditions, it must notify the person effecting the insurance of this no later than 30 days prior to expiry of the insurance period.

If the person effecting the insurance wishes to cancel the insurance or if it does not wish to accept renewal at a new rate or on new conditions, it must notify the insurer of this no later than 14 days prior to expiry of the insurance period.

Clause 21-3. Classification and vessel inspection/Ref. Clause 3-14 and Clause 3-8

If the vessel at the start of the insurance period is classified with a classification society approved by the insurer, Cl. 3-14 and Cl. 3-8, sub-clause 2, shall apply.

Vessels not ascribed to any class shall at the start of the insurance period have a valid certificate in accordance with the rules of the vessel´s flag state. Expiry of a valid certificate is considered equivalent to loss of class, cf. Cl. 3-14.

Clause 21-4. Savings to the assured

If the assured as a result of a casualty or liability covered by the insurance has received additional income, saved expenses or averted liability which it would otherwise have incurred and which would not have been covered by the insurer, the latter may deduct from the compensation an amount equivalent to the advantage gained.

Clause 21-5. Perils covered

The insurer covers liability and other loss as set forth in Cl. 21-6 to Cl. 21-18 if such liability or loss has occurred in direct connection with the operation of the vessel covered by the insurance. If a vessel is used as a seine vessel, the insurance also covers liability incurred by the other vessels in the same seine team.

The insurance covers war perils as well as marine perils, cf. Cl. 2-8 and Cl. 2-9. Cl. 15-5, Cl. 15-6 and Cl. 15-8 apply correspondingly.

Clause 21-6. Liability for personal injury

The insurer covers the assured's liability resulting from personal injury or loss of life, as well as liability for salvage awards for the saving of life. The assured's liability to the crew or their survivors for wages in the event of a shipwreck, death, illness or injury is nevertheless not covered.

The assured's liability for the loss of life or injury to passengers is only covered where this is evident from the insurance contract or from a subsequent written agreement between the insurer and the person effecting the insurance.

Clause 21-7. Liability for property damage

The insurer covers the assured's liability resulting from damage to or loss of objects belonging to a third party.

Liability is excluded for the following:

(a) costs of repairs of packaging, re-bagging, sorting and similar measures which must be regarded as part of the fulfilment of a transport obligation,
(b) damage to or loss of vessel's equipment, fishing tackle or other equipment which has been borrowed, leased or purchased with a vendor's lien, or which belongs to the charterer of the vessel,
(c) damage to or loss of objects which belong to the crew or other persons accompanying the vessel who have their duties on board,
(d) loss occurring while the vessel is calling at a structure for the keeping of live fish. By a call is meant arrival, anchoring, working, discharging, loading and leaving,
(e) damage to or loss of live fish carried in the vessel,
(f) damage to or loss of cargo due to a leak in a wooden vessel.

Clause 21-8. Liability for description

The insurer covers the assured's liability for inadequate or incorrect description of the goods or other incorrect information in the bill of lading or similar document, unless the assured or the

master of the vessel knows that the document contains an incorrect description of the cargo, the quantity of the cargo or the condition of the cargo.

Clause 21-9. Liability for the misdelivery of goods

The insurer covers the assured's liability for misdelivery of transported goods to an unauthorised recipient.

The insurer does not, however, cover liability, loss and costs resulting from the fact that the goods were handed over to a person who did not present a proper bill of lading, unless the goods were carried by the assured under a non-negotiable document and handed over as stated in the document, and the assured may be held liable under a negotiable document issued by or on behalf of someone other than the assured for the carriage of the goods, partly in the assured's vessel, partly in another vessel.

Clause 21-10. General average contributions

The insurer covers the assured's loss resulting from the assured being unable to recover the cargo's general average contribution as a result of a breach of the contract of affreightment.

The insurer also covers the assured's necessary costs in connection with the recovery of the cargo's contribution.

Clause 21-11. Liability for the removal of wrecks

The insurer covers the assured's liability for the removal of wrecks as a result of a casualty, provided such removal is compulsory by law. The insurer's liability includes the assured's liability for disposal and destruction.

Clause 21-12. Liability for special salvage compensation

The insurer covers the assured's liability for special compensation to the salvor, provided such compensation is fixed under the relevant sections of the Nordic Maritime Codes or is based on some other legislation or contract founded on Article 14 of the International Convention on Salvage, 1989.

Clause 21-13. Liability for bunker oil pollution damage and damage to the environment

The insurer covers the assured's liability for bunker oil pollution damage in accordance with the provisions laid down in national legislation that are based on the provisions of the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001.

The insurer covers the assured ´s liability for damage to the environment.

Clause 21-14. Stowaways

The insurer covers the assured's liability and direct expenses resulting from the vessel having stowaways on board, but not costs of maintenance and accommodation which either have been or could have been provided for them on board.

Clause 21-15. Liability for fines etc.

The insurer covers the assured's liability for:

(a) immigration and customs fines,
(b) fines resulting from the conduct of the crew,
(c) expenses in connection with orders for the deportation of the crew, passengers or other persons who accompany the vessel but who are not part of the crew.

Even if the assured does not become personally liable, the insurer covers such fines and expenses where it is possible to enforce payment by retention of or levying distraint on the vessel.

However, the insurer does not cover the assured's liability for fines resulting from:

(a) overloading of the vessel,
(b) the vessel carrying more passengers than allowed,
(c) illegal fishing,
(d) inadequate maintenance of the vessel's lifesaving or navigation equipment,
(e) absence of prescribed certificates on board the vessel.

Clause 21-16. Liability for social benefits for the crew

The insurer covers the assured's liability under the law or collective wage agreement for:

(a) care and maintenance of the crew on shore in the event of illness or injury,
(b) costs of the crew's travel home, including maintenance, in the event of illness or injury or following a shipwreck,
(c) costs in connection with the funeral and sending home of the cinerary urn and the deceased's personal effects,

(d) costs in connection with the crew's travel home, including maintenance, in the event of the illness or death of a close relative.

No deductible shall be charged, unless otherwise agreed.

Clause 21-17. Travel expenses for replacement crew

The insurer covers the assured's necessary travel expenses for replacement crew when the master or other officers have died or signed off due to injury or sudden illness. The cover is, however, limited to travel expenses to the first port of call after the death, or the port where the signing off took place, even if the replacement is sent to a port further away.

Clause 21-18. Expenses for disinfection and quarantine

The insurer covers the assured's necessary expenses in connection with a quarantine order or disinfection of the vessel or crew due to infectious diseases on board. Operating expenses during the stay are not covered.

Clause 21-19. Limitation due to other insurance, etc.

The insurer does not cover:

(a) loss which due to its nature is insurable under the rules in Part II, Part III, or Part IV, Chapters 17 and 20,

(b) loss as mentioned in Cl. 13-1, sub-clause 2 (a). Under the insurance of a fishing vessel, the insurer nevertheless covers liability incurred during towage of vessels which belong to the same fishing team and which are not covered under the general hull insurance conditions,

(c) loss as mentioned in Cl. 4-16, provided that it could have been covered by fire insurance, cargo insurance or other general insurance.

However, the insurer covers loss as mentioned in Cl. 13-1, to the extent that it exceeds the amount which according to Cl. 13-3 is recoverable under a hull insurance with a sum insured that covers the full value of the vessel. For loss as mentioned in Cl. 4-16 a deduction shall also be made for the amount that could have been covered by an insurance as mentioned in sub-clause 1 (a) and (c).

In the event of liability for personal injury and social benefits for the crew, the insurer does not cover:

(a) loss covered through national insurance benefits or benefits from workers' or employment insurance schemes,

(b) loss which due to its nature is covered by mandatory insurance benefits under a collective wage agreement and which is financed by the employer liable to pay compensation,

(c) loss which due to its nature is covered by the industrial injuries insurance legislation.

Clause 21-20. Safety regulations/Ref. Clause 3-22 and Clause 3-25

The following special safety regulation shall apply, cf. Cl. 3-25, sub-clause 2:
The assured shall disclaim liability for damage to and loss of cargo and liability to passengers insofar as this is allowed under current rules of law.

Clause 21-21. Assured's fault

The insurer does not cover loss which the assured has caused by a grossly negligent act or omission, or which has been caused by its acting on an interpretation of rules of law or contractual terms which it ought to have known was incorrect or knew to be uncertain when another reasonable course was open to it.

The rules in sub-clause 1 shall not apply if the assured is the master of the vessel or a member of the crew and its negligence is of a nautical nature.

Clause 21-22. The insurer's rights in the event of liability

If the insurer is willing to settle a matter amicably or to pay the liability amount, it will not be liable for any further expenses in the dispute.

The insurer has the right to pay any compensation directly to the injured party.

Clause 21-23. Liability for loss that occurred during other transport, etc.

The insurer does not cover liability to passengers and for cargo which arises:

(a) during the period prior to loading or after discharging or during transport to and from the vessel covered by the insurance when the goods are not in the carrier's custody,
(b) while the goods are in the custody of a sub-carrier, if it has been explicitly agreed that the sub-carrier in question shall carry out a specific part of the transport,
(c) during transport of passengers carried out by another carrier, when the latter is named in the contract of affreightment and shall according to that contract carry out the relevant part of the transport, or when the passenger, according to the contract, has the right to use, wholly or in part, the other carrier,
(d) during the period prior to the passenger's embarkation and after disembarkation, with the exception of liability during marine transport between the vessel and shore, which is included in the ticket price or is carried out by a means of transport made available by the carrier.

Clause 21-24. Limitation of liability for fishing vessels

The insurer does not cover liability between the participants in the same fishing team nor between pair trawlers.

Clause 21-25. Limitation of the insurer's liability for measures to avert or minimise loss

In no case does the insurer cover, as a loss incurred in connection with measures to avert or minimise loss pursuant to Cl. 4-12, the following:

(a) costs of discharging, reloading, restowing, storing, lightering and similar measures resulting from the fact that the vessel was overloaded, too heavily loaded for the voyage or poorly trimmed, or that the cargo was incorrectly or inexpediently stowed,

(b) costs incurred in connection with measures which were or could have been taken by the vessel's crew or with a proper use of the vessel or its equipment,

(c) the assured's liability for late or non-performance of a transport obligation or agreement regarding the sale of the vessel,

(d) costs of restoring the vessel to a seaworthy condition enabling it to receive the cargo.

Clause 21-26. The sum insured as a limit to the insurer's liability

The insurer covers, up to the sum insured, liability arising from any one casualty.

Cl. 4-19 shall apply correspondingly.

Clause 21-27. Deductible

For any one casualty, the amount stated in the insurance contract shall be deducted.

Appendix to Clause 3-15
Trading areas

I. Excluded trading areas, cf. Clause 3-15 (Map No. 1)

1. The northern hemisphere

1.1 European-Arctic waters

The waters north of 72° north latitude, the area extending 100 nautical miles from the baseline of East Greenland and the area extending 50 nautical miles from the baseline of Jan Mayen. However, the limitation does not apply to voyages made directly to Longyearbyen and Sveagruven on Svalbard when the vessel passes 72° north latitude no earlier than 15 May, and departs from these places no later than 31 October. Vessels making such voyages shall pass no closer than 20 nautical miles and no further than 100 nautical miles west of Bjørnøya.

1.2. Euro-Asian Arctic waters

The waters north of the Euro-Asian continent east of 35° east longitude.

1.3. East-Asian waters and the Bering Sea

East-Asian waters and the Bering Sea north of 54° 30’ north latitude and waters that can only be accessed by crossing this line, including voyages to the Aleutian Islands.

On voyages between places within the ordinary trading areas the vessel must in the Bering Sea pass west of Buldir Island or through the Amchitka, Amukta or Unimak Passes, on condition that it is equipped with up-to-date navigation equipment for these waters.

1.4. North and North-Eastern American waters and the waters off West Greenland

The waters north of 60° north latitude and waters which can only be accessed by crossing this line. The St. Lawrence Seaway and the North American Great Lakes during periods when vessel traffic in the canals is prohibited by the authorities.

2. The southern hemisphere

The waters south of 50° south latitude and the areas extending to 50 nautical miles from the baselines of Kerguelen, Crozet Islands and Prince Edward Islands. However, the limitation does not apply to voyages to Patagonia, Chile or the Falkland Islands, nor to passages through the waters south of 50° south latitude on voyages between places north of this latitude. Such voyages shall not be made more than 50 nautical miles south of the baselines of Chile, Patagonia and the Falkland Islands.

Map No. 1

II. Conditional trading areas, cf. Clause 3-15

1. The Baltic Sea (Map No. 2)

(a) The Gulf of Bothnia north of the line Umeå - Vasa,
(b) The Gulf of Finland east of 25° 45’ east longitude,
(c) The waters east of the line Dagerort - Lyser Ort,

during the period 15 December to 15 May, both days included.

2. Labrador (Map No. 3)

The waters from Cape St. Charles to 60° north latitude, all year.

3. Gulf of St. Lawrence and St. Lawrence River (Map No. 3)

(a) The waters within lines drawn between Port Hastings Swing Bridge W (45°38.8’N 061°24.8’W) - Port Hastings Swing Bridge E (45°38.9’N 061°24.8’W) (Strait of Canso), Cape North (47°01.7’N 060°23.5’W) and Cape Ray (47°37.3’N 059°18.2’W) (Cabot Strait), Cape Bauld (51°38.4’N 055°25.6’W) and Cape St. Charles (52°13.1’N 055°37.2’W) (Strait of Belle Isle) and Baie Comeau (49°13.5’N 068°09.0’W) and Matane (48°50.8’N 067°34.5’W) (St. Lawrence River) during the period 21 December - 4 April.
(b) The waters from the line Baie-Comeau (49°13.5’N 068°09.0’W) - Matane (48°50.8’N 067°34.5’W) up to and including the port of Montreal at Victoria bridge (45°29.2’N 073°32.2’W to 45°29.4’N 073°31.0’W) during the period 6 December - 4 April.

4. St. Lawrence Seaway and the North American Great Lakes (Map No. 3)

The area above Victoria bridge, Montreal from the opening of the canals until 30 November.

5. East-Asian waters (Map No. 4)

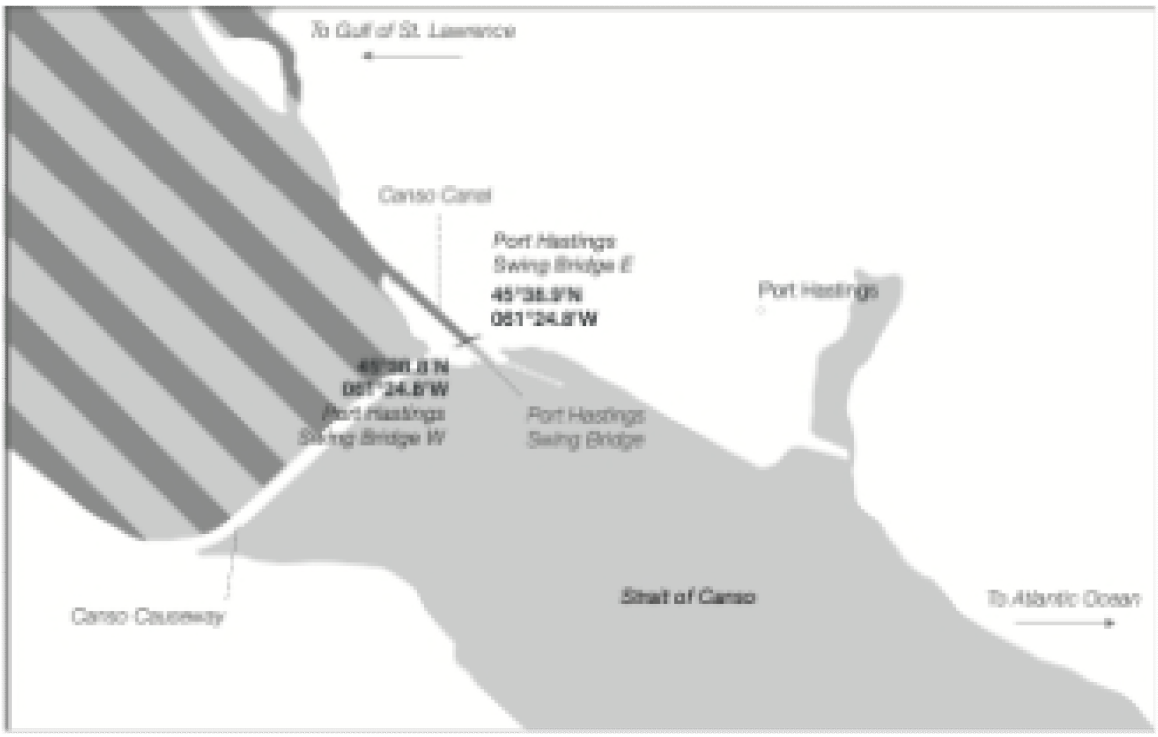
East-Asian waters north of 46° north latitude and south of 54° 30’ to the great circle line between N 46°, E 151° and N 54°30’, E 170° during the period from 1 November to 1 June, both days included.

Map No. 2

SWEDEN
FINLAND
Luleå
Kemi
Oulu
Skellefteå
Umeå
Kokkola
Örnsköldsvik
Vaasa
Gulf of Bothnia
Härnösand
Sundsvall
Tampere
Pori
Gävle
Turku
Vyborg
HELSINKI
Uppsala
Mariehamn
Gulf of Finland
Saint Petersburg
Västerås
TALLINN
Narva
STOCKHOLM
Kohtla-Järve
Hiiumaa
Dagerort
Nyköping
Pärnu
Visby
Lysenort
Ventspils
RIGA
Liepāja
Klaipeda
Kaliningrad
Gdańsk

Map No. 3 (see sub-maps 3a – 3e)

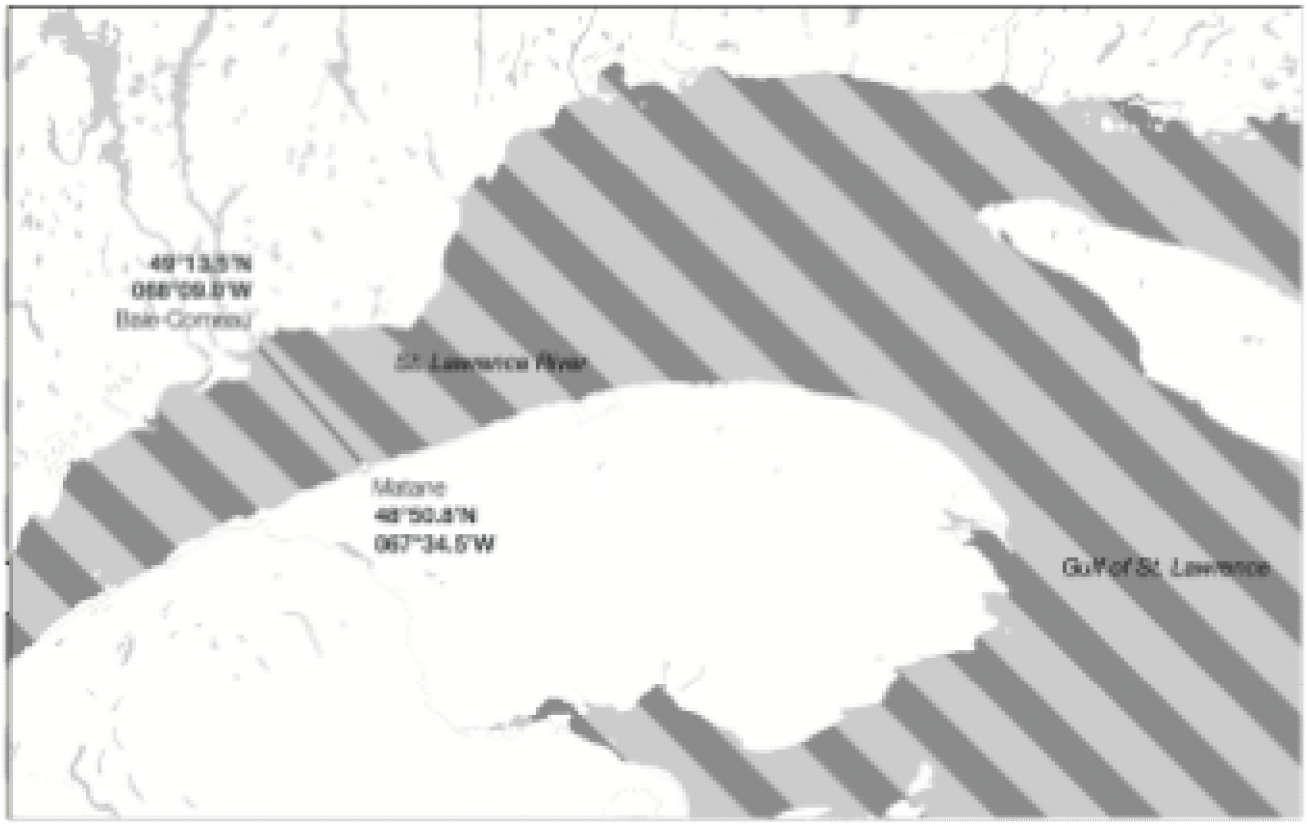
Map No. 3a



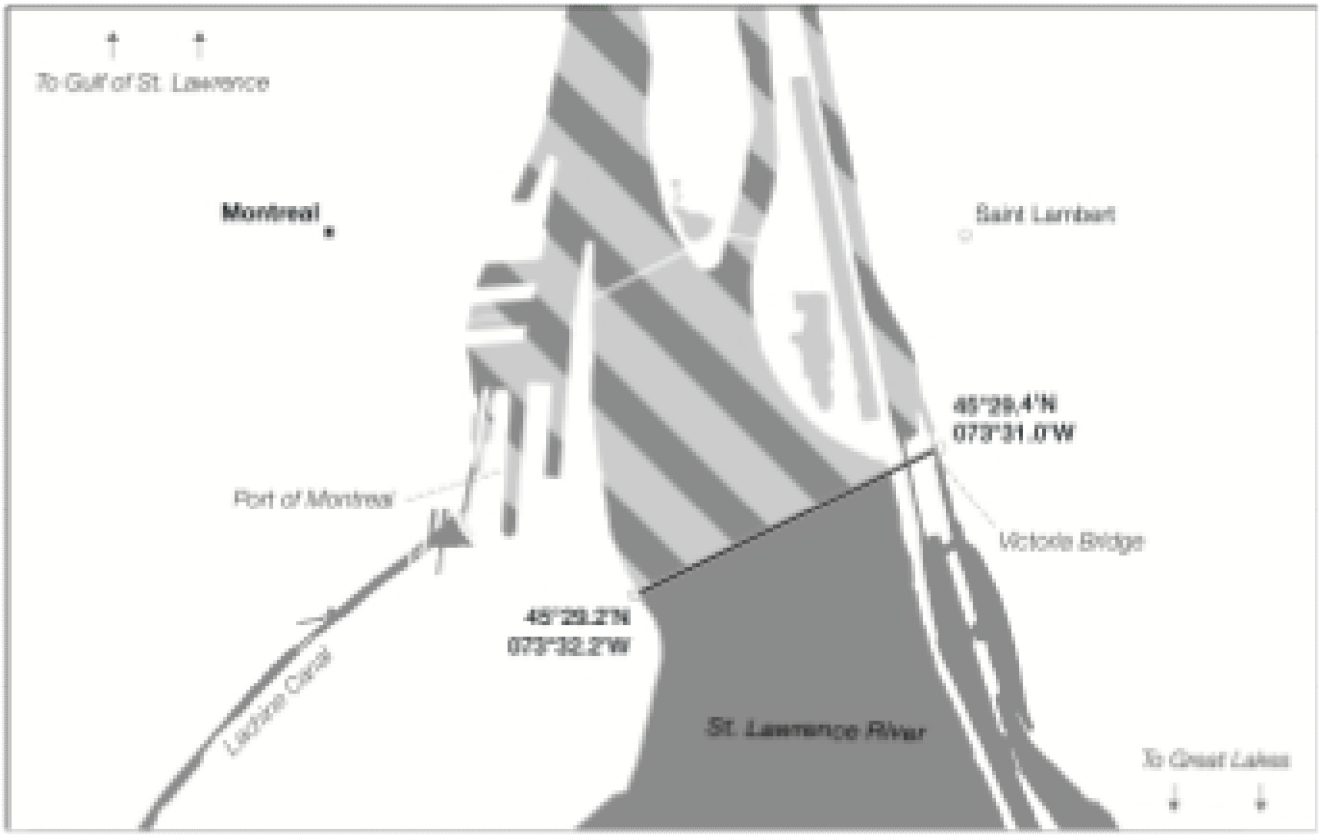
Map No. 3b

Map No. 3c

Map No. 3d



Map No. 3e


To Gulf of St. Lawrence
Montreal
Saint Lambert
45°29.4'N
073°31.0'W
Port of Montreal
Victoria Bridge
45°29.2'N
073°32.2'W
Lachine Canal
St. Lawrence River
To Great Lakes

Map No. 4

RUSSIA
Anadyr
Okhotsk
Magadan
Bering Sea
Sea of Okhotsk
Kamchatka
Ukha
54°30'N
54°30'N, 170°E
Aleutian Islands
CHINA
46° N
46°N, 151°E
Vladivostok
Nakhodka
Sapporo
Hakodate
Kushiro
NORTH PACIFIC OCEAN
Munsohan
Sea of Japan
JAPAN
Wonsan
Sendai

Appendix to Clause 3-15 and Clause 17-3
Trading areas

III. Excluded trading areas applicable to the insurance of fishing vessels pursuant to Chapter 17, cf. Clause 17-3 (Maps No. 5, 6 and 7)

Waters south of 40° north latitude (Map No. 5).

Waters east of 55° east longitude south of Novaya Zemlya and 65° east longitude north of Novaya Zemlya (Map No. 6).

Waters west of 65° west longitude north of Saint John and 75° west longitude south of Saint John (Map No. 7).

Waters with open/scattered drift ice concentration (4/10-6/10) or higher as shown on current ice charts issued by The Norwegian Meteorological Institute.

Clause 17-3. Trading areas for fishing vessels –Map No. 5

Clause 17-3. Trading areas for fishing vessels – Eastern Limit – Map No. 6

Clause 17-3. Trading areas for fishing vessels – Western Limit – Map No. 7

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