

Conditions for Hull Insurance in addition to the Norwegian Marine Insurance Plan of 1964

This insurance shall not be subject to the Insurance Contracts Act of 16 June 1989 No. 69, with the exception of Section 7–8 of the Act. The insurance contract shall be subject to the agreed insurance conditions, the Norwegian Insurance Plan of 1964 (the Plan) and the Insurance Contracts Act of 1930 with the insurance practice which has been developed in connection with these provisions.

I. Amendments to Provisions of the Plan.

1. Nuclear peril exclusion.

This insurance does not cover loss directly or indirectly caused by or arising from the release of any kind of atomic/nuclear energy from any kind of source (nuclear peril). If a nuclear peril has contributed to a loss, the whole loss shall be deemed to be caused by such peril. The Assured has the burden of proving that the loss is not caused by a nuclear peril.

2. Measures by state authorities.

To § 15 (a) and (b) of the Plan:
The insurance shall comprise loss of or damage to the ship resulting from measures taken by state authorities for the purpose of averting or minimizing pollution damage, but not where the risk of such damage is caused by war perils (§ 16 of the Plan).

3. Loss through measures to avert or minimize the loss.

To § 80 (a) and § 196 of the Plan:
1. The Insurer is not liable in excess of the sum insured (first paragraph of § 79 of the Plan), respectively the separate sum insured pursuant to § 196 of the Plan, for loss through measures to avert or minimize the loss.
2. The Insurer is liable, however, up to the separate sum insured pursuant to § 196 of the Plan, for loss through measures to avert or minimize damage or total loss exceeding the sum insured for such loss, to the extent the separate sum insured is not consumed by liability for collision or striking and for loss through measures to avert or minimize such liability.

4. Loss through measures relating to other interests.

Where measures taken to avert or minimize a loss which would have been recoverable from another Insurer, have struck an interest covered under the insurance, the Insurer shall be subrogated to the Assured's claim against the other Insurer. § 96 of the Plan shall have equivalent application.

5. Containers.

To the second paragraph of § 148 of the Plan:
This provision applies to all kinds of movable containers for the purpose of transporting cargo.

6. Unrepaired damage.

In lieu of § 174 of the Plan the following clause shall apply:
Even though the repairs have not been effected, the Assured as well as the Insurer may demand that the claim for damage shall be settled when:
a) the ship is sold to be broken up, or
b) the ship passes from the Assured's ownership by sale, forced auction or seizure or requisition which does not give rise to a claim in accordance with § 169.

The claim shall be calculated on the basis of estimated cost of repairs at the time when the vessel passes from the Assured's ownership, but shall be limited to the reduction in the proceeds which is attributable to the damage.

Failing proof to the contrary, the damage shall be deemed, in the case mentioned under (a), not to have reduced the proceeds, and in the cases mentioned under (b), to have reduced the proceeds by the estimated cost of repairs.

If a claim for unrepaired damage is assigned in connection with the transfer of ownership to the ship, the Insurer's liability shall be limited in accordance with the provisions of the second paragraph above. The Insurer may settle the claim in accordance with the provisions of the second paragraph above, with the party to whom the claim has been assigned.

7. Costs incurred in expediting repairs.

The second paragraph of § 178, § 179 and the second paragraph of § 183 of the Plan shall not apply when a part of the ship or the equipment is renewed in order to save time for the Assured.

8. Machinery damage deductions.

To the first paragraph of § 187 of the Plan:
The deductions shall be the amount stated in the policy. To the machinery damage deductions shall be added the deductible as mentioned in § 189, first paragraph, of the Plan, cf. clause 9 below.

9. Deductible.

To § 189, first paragraph, of the Plan:
The deductible shall be the amount stated in the policy.

10. Deductible for insurances effected «subject to new for old deductions».

To the second paragraph of § 191 of the Plan:
The deductible shall be one per mille of the sum insured, but not less than NOK 1 000 and not more than NOK 300 000.

11. Collision and striking.

To the second paragraph of § 194 of the Plan:
The Insurer is not liable in respect of liability imposed on the assured arising from loss through pollution and/or fire or explosion caused by oil or similar liquid or volatile products and/or liability arising from loss through contamination by radioactive substances. In the event of collision with another ship the Insurer covers the Assured's liability for such loss caused to the other ship, its equipment or cargo.
The second paragraph, item (i), of § 194 of the Plan shall be given corresponding application.

12. Sum insured in foreign currency.

Where, in the insurance conditions, amounts have been stipulated in NOK or another currency, the conversion to the currency of the policy shall, unless otherwise agreed, be based on the latest official bank rate of exchange for sale effective prior to the attachment of the insurance.

13. Restrictions on effecting freight interest insurance.

Where freight interest insurance, as defined in § 277 of the Plan, is effected against the same perils for amounts which in the aggregate exceeds 25 per cent of the assessed value applicable to the hull insurance, the hull Insurer's liability for total loss, § 161 et seq. of the Plan, is reduced correspondingly. However, there shall be no such reduction if the amount insured does not exceed 50 per cent of the gross freight for up to 18 months of the remaining period of the vessel's time charter-parties or charter-parties for series of voyages.

14. Interest.

1. To the first sentence of the first paragraph of § 86 of the Plan:
The Assured can claim interest as from the expiry of one month from the day on which notification of the casualty was sent to the insurer.
2. To the third paragraph of § 86 and the first sentence of the third paragraph of § 90 of the Plan:
The rate of interest shall be 8 % p.a.
3. To the third paragraph of § 112 of the Plan:
The rate of interest shall be determined in accordance with the rule of the first paragraph of § 3 of the Interest Act of 17 December 1976.

15. General average damage to and loss of the subject matter insured.

In lieu of § 72 of the Plan, the following Clause shall apply:

If the subject matter insured has been damaged or lost in consequence of a general average act, the damage or loss is recoverable in accordance with the rules governing particular loss if this gives a more favourable result for the Assured, and otherwise in accordance with the rules applicable to general average. The insurer shall be subrogated to the Assured's claims against other parties liable to contribute in general average; not, however, in respect of the difference between a settlement in accordance with the rules governing particular loss and those governing general average.

When deciding whether compensation will be more favourable applying particular loss rules or general average rules, account shall not be taken of the fact that general average contributions may not be recoverable from other parties.

If such contributions are not recoverable, the Insurer shall not be subrogated to the claim of the Assured against his P & I Insurer, whether the loss of or damage to the subject matter insured is indemnified in accordance with the rules governing particular loss or in accordance with general average rules.

16. Bottom painting.

To § 176 (d) of the Plan:

Bottom painting when the paint does not lose its toxic effect (the antifouling effect) during the first 24 hours' exposure to air, is recoverable regardless of when the bottom was last painted, but only where:

1. steel work for which compensation can be claimed, has been carried out, or
2. the paint has been damaged as a result of collision or striking.

Bottom painting is not recoverable in any circumstances where the bottom in its entirety or in part has been painted outside the damaged area during the same docking.

17. Deductible for collision and striking liability.

To § 197 of the Plan:

The deductible shall be one half of one per mille of the sum insured, but not less than USD 50 000.

18. To the second paragraph of § 138 of the Plan.

The amount is increased to NOK 1 000 000.

19. Information from the Classification Society, flag state and port authorities.

To § 30 of the Plan:

The Insurer (Rating Leader and/or Claims Leader) has the authority to obtain directly from the Classification Society, flag state authorities and port authorities any information which the Insurer may deem necessary, provided that the Assured is notified beforehand.

20. Venue.

To § 88 of the Plan:

The Insurer cannot be sued in the courts of the venue mentioned in article 29 of the Civil Procedures Act of 13 August 1915, but only in the courts of venue mentioned in articles 17 and 21 of said Act.

21. Motor cylinder liners.

To § 176 (1) of the Plan:

This provision shall not apply.

22. Termination of the insurance.

To § 133 of the Plan:

The insurance automatically terminates

- a) if the ship is transferred to a new owner by sale or in any other manner,
- b) if there is a change in the technical, maritime or commercial management of the ship.

If more than half of the stocks or shares in the company that owns the ship are transferred to a single new owner during the period of insurance, the Insurer is to be informed as soon as possible and at the latest 14 days after the Person effecting the insurance or the Assured became aware of or ought to have become aware of the transfer. In the event of such a transfer the Insurer may terminate the insurance by giving 14 days notice. In the event of a breach of the duty to give notice and provided that the Insurer has not otherwise become aware of the transfer of the stocks or shares, then a deduction of 25 % of the sum insured – but not more than NOK 1 000 000, or the equivalent in another currency – is to be made in the settlement of any subsequent claim.

23. Loss of class or transfer to another classification society.

In lieu of § 31, second paragraph, of the Plan the following shall apply:

At the commencement of the insurance period the vessel must be classed by a classification society approved by the Insurer, unless otherwise agreed.

The insurance shall terminate if the vessel loses its class or is transferred to another classification society, unless the Insurer explicitly agrees to uphold the insurance. If the vessel loses class while at sea, the insurance cover shall not lapse until the vessel has reached the nearest port.

The vessel's class shall be regarded as lost if the Assured or someone on his behalf requests that the class be cancelled, or if the classification society suspends or withdraws the class by other causes than an occurred casualty.

The vessel shall within fixed time limits be subject to periodic surveys set by the classification society. If this is not done and a casualty occurs, § 49, first paragraph, first sentence, and second paragraph, of the Plan shall apply correspondingly.

24. Wear and tear – faulty material

In addition to § 175 of the Plan:

The Insurer is not liable for the costs of repairing damage to the hull if such damage is the direct and immediate result of wear and tear, corrosion, rotteness, insufficient upkeep or similar deficiencies in the hull.

25. Contamination of lubricating oil, cooling and feed water.

Instead of § 176 (m) of the Plan the following shall apply: The Insurer is not liable for losses resulting from the contamination of lubricating oil, cooling water or feed water, unless proper measures have been taken as soon as possible after the master or the chief engineer became aware of, or must be deemed to have been aware of, the contamination, and not later than three months after they should have become aware of the contamination.

A deterioration in quality over a period of time caused by waste products, sediments etc. shall also be regarded as a contamination of lubricating oil.

The unsatisfactory water quality of feed water on delivery on board shall also be regarded as contamination of feed water.

As proper measures shall be regarded, in addition to cleaning, also the removal of the source of contamination and – as far as feed water is concerned – the establishment of a satisfactory water quality.

26. Time limit for carrying out repairs.

Instead of § 177 to the Plan the following shall apply: The Insurer is not liable for the costs of repair work carried out later than five years after the casualty occurred.

27. Time limit for notification of casualty.

Instead of § 107 to the Plan the following shall apply: The Assured forfeits his right to claim compensation if he has failed to notify the Insurer of the casualty within six months of the Assured, the master or the chief engineer of the vessel becoming aware of it, or the Assured ought to have become aware of it.

The right to claim compensation for anything other than hull damage under the light ship water line will under any circumstances be forfeited if the casualty is not reported within 24 months of its occurrence.

28. Extension of time limit on account of hindrance on the part of the Assured.

Instead of § 109 to the Plan the following shall apply: The Insurer cannot invoke §§ 107 and 108 of the Plan if the Assured proves that he has not been able to notify the Insurer of the claim, or prevent the statute of limitations from running because of Norwegian or foreign law, or some other insurmountable obstacle not attributable to him, and that he has exercised his rights as soon as this became possible for him.

29. Fraud in connection with the settlement of claims.

Instead of § 83, second paragraph, of the Plan the following shall apply:

If the Assured has fraudulently or dishonestly neglected his duties under § 83, first paragraph, of the Plan, the Insurer's liability will lapse.

II. The trading area.

The trading area under the insurance comprises all waters with the following limitations:

A. The Northern hemisphere.

1. European arctic waters.

The waters north of 72° N.Lat. and the waters of East Greenland and Jan Mayen.

However, this limitation shall not apply to voyages to Longyearbyen and Sveagruven at Svalbard, provided that the ship passes 72° N.Lat. not earlier than 15 May and departs from the said places not later than 31 October.

2. Euro-Asiatic arctic waters.

The waters north of the Euro-Asiatic continent east of 35° E.Long.

3. East-Asiatic waters and the Bering Sea.

East-Asiatic waters north of 46° N.Lat. to 170° E.Long. and the Bering Sea, including voyages to the Aleutian Islands.

However, this limitation shall not apply to passages of these waters on voyages between places within the trading area, with respect to the Bering Sea passages through Unimak Pass and west of Buldir Island, provided that the ship is equipped with modern aids to navigate in these waters.

4. North- and Northeast-American waters and West-Greenland waters.

The waters north of 60° N.Lat. and waters approachable only by the passing of this latitude. On voyages to St. Lawrence Seaway and the North-American Lakes, see part IV, section B, point 4.

B. The Southern hemisphere.

The waters south of 50° S.Lat. and the waters of Kerguelen, Crozet Islands and Prince Edward Islands.

However, this limitation shall not apply to voyages to Patagonia, Chile and the Falkland Islands or to passages through the waters south of 50° S.Lat. on voyages between places north of this latitude.

III. Ship proceeding beyond trading limits.¹⁾

The Leading Underwriter may give advance dispensation for voyages outside the trading area on conditions stipulated by Sjøassurandørens Fellesutvalg. If the stipulated conditions are not accepted by the Person effecting the insurance, the insurance shall become inoperative when the limit of the trading area is transgressed by a wilful act of the ship's master. If, prior to the expiry of the period of the insurance, the ship again comes within the limits of the trading area, the insurance shall again become operative.

If, in other cases, the limits of the trading area have been transgressed, without the Person effecting the insurance having notified the Insurer that he wants the insurance to become inoperative, the insurance shall not become inoperative even if the Assured has consented to the transgression; additional premium and other possible conditions shall be determined by Sjøassurandørens Fellesutvalg.

These provisions shall prevail over the rules of the first paragraph of § 35, § 36, the first paragraph of § 37 and § 39 of the Plan.

IV. Additional premiums for trading within the trading area.

A. Additional premiums chargeable by the Insurer.

For voyages in areas during periods specified below, the Insurer has the right to charge additional premiums. Unless otherwise agreed, additional premium is chargeable every time the master has wilfully taken the ship into one of the areas described in section B; the second paragraph of § 35 of the Plan shall, however, be applicable.

The rates of additional premiums (the premium) are expressed as a percentage of the hull valuation (%) and/or in Kroner per register ton gross (NOK).

Of the total additional premium calculated for trading in the respective areas, a part corresponding to the proportion between the sum insured and the hull valuation, is due to the insurer. If the insurance is incepted or terminated while the ship is in such area, the part due to the Insurer shall be calculated pro rata temporis.

B. Areas and periods.

1. The Baltic.

- a) The Gulf of Bothnia north of the line Umeå–Vasa during the period 15 December–15 April: Premium 0.15 % and NOK 3.
- b) The Gulf of Finland east of 25° 45' E. Long. during the period 8 January–15 April: Premium 0.1 % and NOK 2.
- c) The waters east of the line Dagerort–Lysterort during the period 1 January–31 March: Premium NOK 0.90.

2. Labrador.

The waters from Cape St. Charles to 60° N. Lat., all year: Premium 0.25 % and NOK 0.90.

3. Gulf of St. Lawrence and St. Lawrence River.

- a) The waters inside the lines drawn between Port Mulgrave–Port Hawkesbury (Strait of Canso), Cape North–Cape Ray (Cabot Strait), Cape Bauld–Cape St. Charles (Strait of Belle Isle) and Baie Comeau–Matane (St. Lawrence River) during the period 21 December–4 April: Premium 0.0625 % and NOK 1.50.
- b) The waters from the line Baie Comeau–Matane up to and including Montreal harbour during the periods
6 December–15 January: Premium 0.0625 % and NOK 1.50
15 January –15 March: Premium 0.075 % and NOK 2.25
16 March – 4 April: Premium 0.0625 % and NOK 1.50
- c) For voyages where premium is payable pursuant to b) no premium is payable according to a).

4. St. Lawrence Seaway and the North-American Lakes.

St. Lawrence Seaway and the North-American Lakes are excluded from the trading area during the period the passage of the channels is not permitted by the Authorities.

For voyages above Montreal from the opening of the channels to 30 November the premium is NOK 2.

If the ship arrives at or passes Montreal outward bound after 30 November, the premium is NOK 5.

For ships with tonnage in excess of 7,000 register tons gross, the premium shall be increased by 25 %. If the ship does not enter the Welland Canal the premium shall be reduced by 20 %. The total premium for several voyages during the season shall, however, not amount to more than NOK 7.50 with the addition of 25 % for ships in excess of 7,000 register tons gross.

For damage to the ship caused by collision or striking only one deductible shall be charged for the round trip up from and down to Montreal.

The time limit for salvage attempts, see the second paragraph of § 162 of the Plan, shall in all cases be extended to 12 months.

C. The basis for calculation of the premium.¹⁾

The rates of premiums set out in section B are applicable provided that the ship has been insured «on full conditions» (§ 151 of the Plan) or «subject to new for old deductions» (§ 191 of the Plan) and otherwise in accordance with the rules of these conditions. If the ship is insured on other conditions, the rates shall be determined by Sjøassurandørenes Fellesutvalg.

The rates are not applicable to local trade or offshore activities within the area in question, or if the ship has not

been equipped with gyro compass and radar. In such cases the premium shall be determined by Sjøassurandørenes Fellesutvalg. The same applies if the ship has been strengthened against ice in accordance with the rules of a recognized classification society.

V. Return of Premium.¹⁾

Additions to §§ 122–126 of the Plan.

1. Conditions for return of premium.

If, during the period of insurance, the ship stays at a place for at least 30 consecutive days under safe conditions, the assured has a right to claim a reduction of the premium (return).

Whether the ship is staying under safe conditions shall be decided by Sjøassurandørenes Fellesutvalg («the Committee»). On request, the Assured shall make full disclosure of all circumstances which are of importance to the Committee. The Committee may require that the opinion of a competent expert shall be submitted.

The ship is not considered to be staying under safe conditions during the time she is staying at a place at which it could then only call against additional premium.

2. Rate of return and minimum premium.

Where the ship is insured «on full conditions» (§ 151 of the Plan) or «subject to new for old deductions» (§ 191 of the Plan), see also part I, 90 % of the premium pertaining to the stay shall be returned, always provided that the said premium shall not be lower than 0.35 % p.a. If repairs are carried out during the stay 80 % of the premium pertaining to the time consumed by the repairs shall be returned, always provided that the premium for such time shall not be lower than 0.7 % p.a.

If the ship is insured on conditions other than those mentioned above, the minimum premium shall be stipulated by the Committee.

If the ship is used for storage whilst laid up, the Committee shall decide whether a claim for reduction of premium shall be granted, and if granted, the rate to be applied.

3. Calculation of the duration of the stay.

Instead of the second paragraph of § 124 of the Plan, the following shall apply:

If a ship, without cargo on board, is shifted to another place in the vicinity in order to continue the stay under safe conditions, the stay shall not be deemed to be interrupted, but two days shall be deducted in calculating the duration of the stay.

Whether the place in question is in the vicinity, shall be decided by the Committee. The Committee may approve that the ship be shifted to a more distant place, against payment of additional premium for the shifting if so required.

¹⁾ To III, IV, C and V:

Sjøassurandørenes Fellesutvalg (the Committee) may delegate its power to another body.