

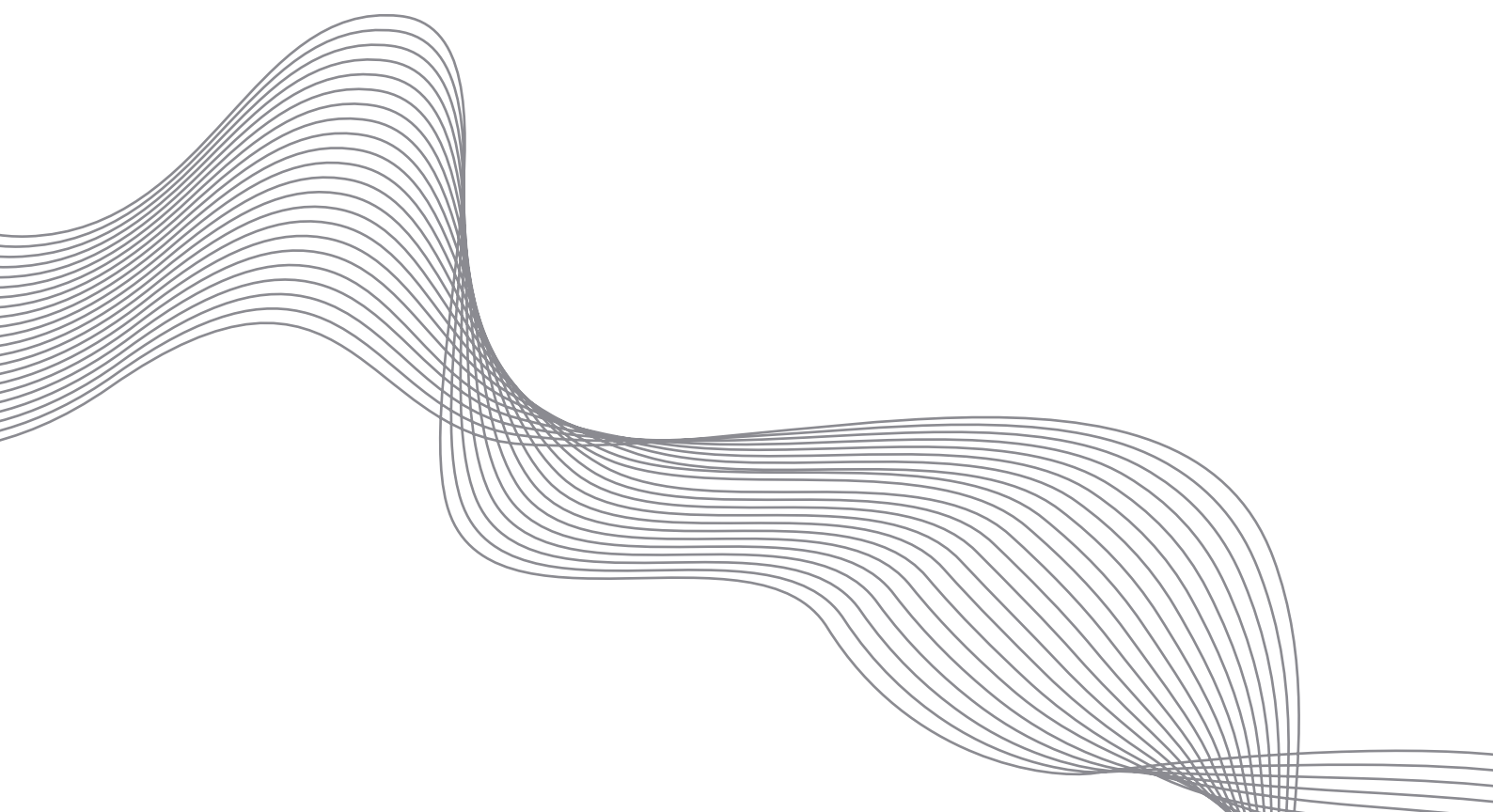


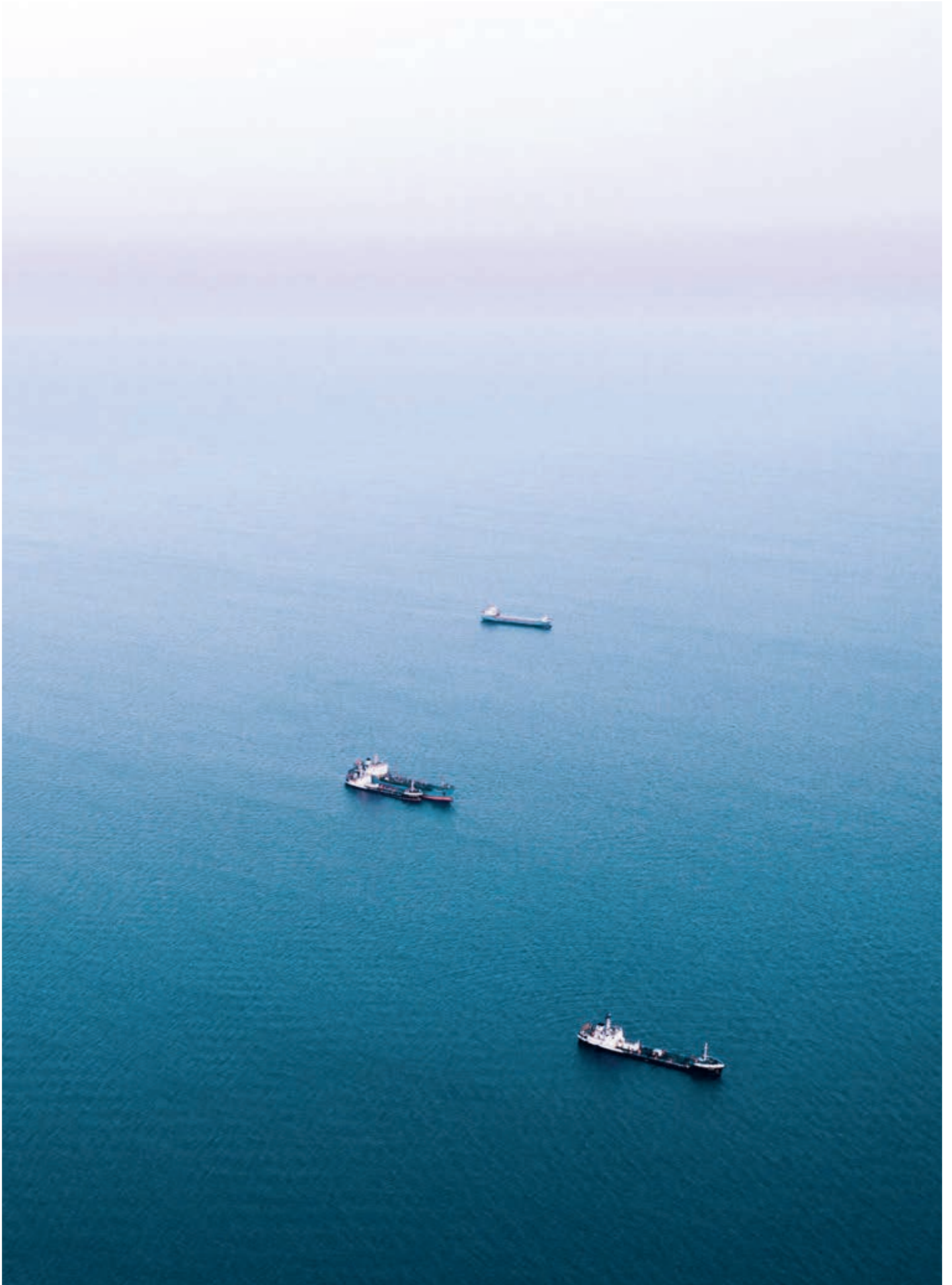
# GLOBAL RISK GLOBAL COVERAGE

An introduction to The Nordic Marine Insurance Plan

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# 5 REASONS WHY THE CEFOR MARKET BELIEVES SO STRONGLY IN THE NORDIC PLAN

## 1 **A comprehensive coordinated solution**

The Nordic Marine Insurance Plan (hereinafter “the Plan”) is not just a set of hull conditions. It deals with all standard non-P&I marine and offshore insurances. It includes standard rules of the kind often regulated by statute law. It creates a coordinated and comprehensive marine insurance regime avoiding gaps in cover or unnecessary overlapping. These features and the Plan’s common sense approach to administering the contractual relationship are of great benefit to shipowners, insurers, brokers and vessel mortgagees.

**The result is quite simply a more practical and efficient system.**

## 2 **The best standard cover for international owners**

The Plan starts in the right place. Everything is covered unless specifically excluded. But the main advantages are found in the many practical details in the Commentary. Due to its well thought out structure and its assured friendly content, the Plan has become the international benchmark for non-P&I insurance conditions. The Plan is used by owners throughout the Nordic countries and increasingly by those in all other major shipowning nations.

**The Plan cover is focused on the practical needs of the assured, starting with the all risks principle.**

## 3 **Balance through owner representation**

The Plan is an agreed document drafted by a Committee with strong Nordic shipowner participation. Great care is taken to protect the legitimate expectations of assureds that they will not unexpectedly find themselves without cover. This also protects the position of brokers and fosters dialogue, rather than confrontation, between all the parties.

**The Plan is recognized by all parties as a fair and balanced system for protecting owners’ interests.**

## 4 **Clarity and certainty**

The Plan is supported by the Commentary, which clarifies many issues of interpretation and practice. This is an important reason why there have been only a few disputes concerning the interpretation of the Plan text. Most disputes that have arisen have been resolved with the help of an average adjuster or independent legal experts.

The Plan is a comprehensive, balanced and continuously up to date document. It is reviewed and revised by the Committee every fourth year, ensuring that it remains up to date and relevant.

**The principles of the Plan are tried and tested solutions that gives greater certainty to its users than any other standard system used in the international market.**

## 5 **Supportive claims handling**

The Plan contains provisions about claims designed to support the well-known Nordic claims handling model, backed by extensive in-house legal and technical competence and a worldwide network of experts. This model is the leading alternative for those owners who want the active support and cooperation of their insurer to ensure efficient claims handling.

**The Plan provides a framework for the delivery of a world class claims service.**



# THE PLAN PROCESS - MODERN AND UP TO DATE CLAUSES

**The Nordic Plan Agreement provides for regular revisions to keep the wordings up to date.**

Parties to the Agreement are:

- The Nordic Association of Marine Insurers (Cefor)
- Danish Shipping
- Finnish Shipowners' Association
- Norwegian Shipowners' Association
- Swedish Shipowners' Association

Proposed amendments are considered by the Plan's Standing Revision Committee (SRC).

In addition to representatives of the signatory parties, the SRC consists of a Chair and Secretary from the Scandinavian Institute of Maritime Law and a representative of the Nordic Average Adjusters. This ensures independent legal expertise as part of the drafting process.

Amendments are approved by the signatory parties to the Agreement, making the Plan an agreed and balanced document. A list of the main amendments can be found in the Preface to each version of the Plan.

*Disclaimer:*

*The Plan is a set of standard insurance conditions and is not therefore mandatory in any way. The Plan is recommended as a sound and balanced solution, but it is up to the parties in each case to decide through negotiation the exact terms of their specific agreement.*



# THE MAIN BENEFITS OF THE PLAN

## **The all risks principle is at the heart of the Plan**

The Plan's hull conditions against marine perils cover all risks subject to a few specific exceptions. This means that the insurer has the burden of proving that an exception applies. War risks insurance and other owners' products dealt with by the Plan are coordinated with the hull conditions, so that the all risks principle controls the working of the entire system.

## **No warranties**

The warranty system has never been a feature of the Plan (nor part of Nordic insurance practice). There are only a very limited number of cases where cover terminates automatically because of an alteration of the risk.

## **Duties of the assured – no unreasonable pitfalls**

An innocent breach of any of the assured's duties will never lead to automatic termination of cover. In some cases, it may give the insurer a right to cancel by giving 14 days' notice. In those cases where negligence or gross negligence on the part of the assured is relevant, causation between breach and loss is always required.

## **Separate sums insured**

Under the hull insurance, there is a theoretical limit of three times the sum insured: One sum for physical loss or damage to the vessel. One sum for costs of measures taken to avert or minimise loss. One sum for liability to third party in respect of collision or striking. A number of ancillary costs are payable in addition to the sum insured.

## **Mortgagees are automatically co-insured**

Mortgagees are automatically co-insured with the same rights as the principal assured. This provides a safety net in the event of mishaps in documentation, and can simplify the practical administration of the cover.

## **Constructive total loss and salvage**

The rules relating to constructive total loss and salvage facilitate co-operation between the parties in a casualty situation. At the same time, each party is able to make rational decisions to protect their interests. The issue of whether the vessel is a constructive total loss is determined after salvage, because the insurer is liable for salvage in excess of the sum insured for physical loss or damage in any event.

## **Costs to prevent loss payable in full**

All costs and expenses incurred to prevent loss are recoverable from the insurer without any deductible. This principle includes the liability of the hull insurer to pay for the vessel's share of general average, salvage, and sue and labour that are payable in full.

## **Freight at the risk of the owner**

Any contribution to general average by an assured shipowner, by reason of also being the owner of freight, is covered under the hull insurance.

## **Interest is payable on claims**

A unique feature of the Plan is the insurers' duty to pay interest on the compensation. Clause 5-4 provides rules for fixing the interest level and defines how interest is calculated.

## **Recoveries made from third parties**

Recoveries made from third parties are shared between the insurer and the assured in proportion to the losses that each has borne. In practice, this means that the deductible carried by the assured is credited with an appropriate proportion of any recovery.

## **The cross liability principle is applied in all cases**

Unlike other systems, the cross liability principle is applied even when one vessel involved in a collision can limit liability.

## **Expenses incurred to speed up repairs**

The Plan recognizes the need to provide a certain level of cover for costs incurred in order to prevent or reduce loss of time during repairs. Through the so-called "20% rule", the vessel's current earnings are taken into account when evaluating various repair options or whether to incur extra costs to reduce repair time.

## **Sustainability**

Clause 12-12 and Clause 18-29 introduce an extra allowance which serves as an incentive for the assured to lower CO2 emissions by choosing repair alternatives which require shorter voyages. The new addition provides novel incentives for shipowners to consider ESG factors.

## **Payment on account**

Insurers are generally obliged to make a payment on account - also in cases where there is disagreement as to which of two insurers is liable for a loss.

## **The role of the claims leader**

The claims leader has the necessary authority to ensure the proper functioning of the whole claims process. This guarantees that the assured receives the benefit of the paid product.

## **War risks insurance**

Nordic insurers offer insurance against war perils that are complementary to the marine risks. There are no gaps between the two sets of cover.

By placing piracy within the war risks insurance, the difficult task of drawing a distinction between piracy and other interventions is avoided.

### **Loss of Hire insurance (LoH)**

Loss of time is calculated in days, hours and minutes and not just in complete periods of 24 hours.

Slow steaming and partial operation are converted into a corresponding period of full loss of time.

There is coordination between LoH and hull conditions in respect of choice of repair yard so that the assured does not have to choose a partial recovery under one insurance contract in order to achieve full recovery under the other.

There are clear rules concerning simultaneous repairs.

### **Mobile Offshore Units**

Owners of MOUs benefit from the many practical solutions in the Plan. To meet the special terminology and realities applicable to MOUs and their construction, a separate chapter is dedicated to cater for these needs.

### **Fishing and Coastal Vessels**

Adaptations for fishing vessels and vessels with limited trading areas are made in separate chapters. This includes separate covers for catch and equipment, net and seines in the seas and a LoH cover specially adapted to fishing vessels. An up-to-date liability cover is also available.



# HOW TO NAVIGATE THE PLAN

The Plan is divided into four parts.

**Part I** contains common rules for all the insurances dealt with in the Plan.

**Parts II - IV** deals with insurance covers set out in the table on p. 9.

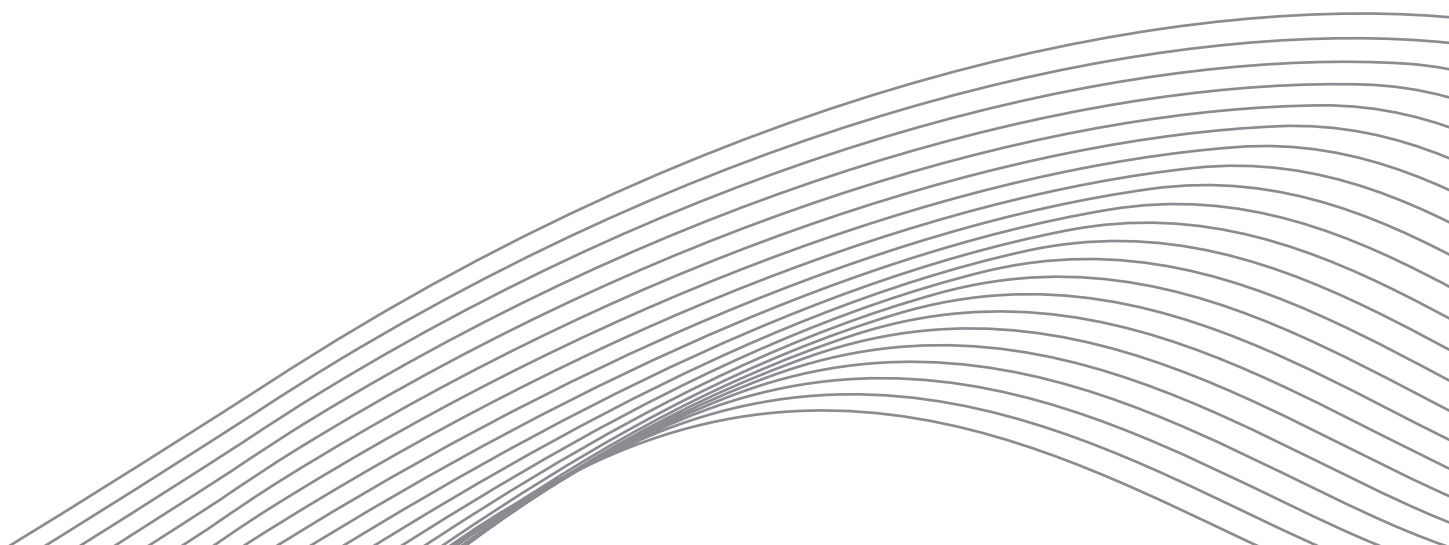
The general part of the Plan deals with central topics that are common for all insurances – perils insured against, the duties of the assured and insurable values and limits for the liability of the insurer. The rest of Part I deals with what might be called administrative matters, especially those relating to the claims process.

The chapters dealing with the specific types of insurance define the scope of cover and regulate how the measure of indemnity is to be calculated.

The Plan with Commentary is published on [nordicplan.org](http://nordicplan.org). The Plan is also available as an App for smartphones and tablets.



I GENERAL PART	II HULL	III OTHER SHIPOWNER INSURANCES	IV OTHER INSURANCES
<ul style="list-style-type: none"> <li>1. Introductory provisions</li> <li>2. General rules relating to the scope of the insurance</li> <li>3. Duties of the person effecting the insurance and of the assured</li> <li>4. Liability of the insurer</li> <li>5. Settlement of claims</li> <li>6. Premium</li> <li>7. Co-insurance of mortgagees</li> <li>8. Co-insurance of third parties</li> <li>9. Relations between the claims leader and co-insurers</li> </ul>	<ul style="list-style-type: none"> <li>10. General rules relating to the scope of the hull insurance</li> <li>11. Total loss</li> <li>12. Damage</li> <li>13. Liability of the assured arising from collision or striking</li> </ul>	<ul style="list-style-type: none"> <li>14. Separate insurances against total loss</li> <li>15. War risks insurance</li> <li>16. Loss of hire insurance</li> </ul>	<ul style="list-style-type: none"> <li>17. Insurance for fishing vessels</li> <li>18. Insurance of mobile offshore units (MOUs)</li> <li>19. Builders' risks insurance</li> <li>20. Insurance for vessels with trading certificates</li> <li>21. Liability insurance</li> </ul>





Cefor

[cefor.no](http://cefor.no)  
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Nordic Plan App

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