



THE NORDIC MARINE INSURANCE PLAN OF 2013, VERSION 2019

Main changes (cont'd)

Oslo, 10th October 2018

THE NORDIC MARINE INSURANCE PLAN OF 2013, VERSION 2019



The Nordic Marine Insurance Plan of 2013

Version 2019

Based on the Norwegian Marine Insurance Plan of 1996, Version 2010

CL. 2-3 AGREED INSURABLE VALUE

New sub-clause 2:

“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.”

CL. 2-3 AGREED INSURABLE VALUE

Background:

- “interest insured” – the assureds economic interest in the object
- the basis for the value of the interest might be
 - current market value of the vessel / unit
 - contractual arrangements for the vessel / unit
 - outstanding loan agreements
 - etc.
- 2016: If due to market fluctuations, the value of the interest insured has changed

CL. 4-5 COSTS IN CONNECTION WITH A CLAIM

New sub-clauses 1 and 3:

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 his 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.

CL. 4-5 COSTS IN CONNECTION WITH A CLAIM

Background:

1. Clarify the extent of cover for factual investigations and damage surveys.
 - when are costs covered by insurance? – “occurrence of a casualty”
 - survey costs vs repair costs
 - root cause investigations
2. Assured’s surveyor
3. Clearer legal basis for costs relating to handling and adjusting the claim

CHAPTER 4, SECTION 2

COSTS OF MEASURES TO AVERT OR MINIMISE THE LOSS, INCLUDING SALVAGE AWARDS AND GENERAL AVERAGE

- References in Cl. 4-8, sub-clause 3 (General Average absorption clause) and Cl. 4-11 (Assumed General Average) are amended from YAR 1994 to YAR 2016

Background:

- YAR 2016 (as opposed to YAR 2004) have generally got support from shipowners' organizations & insurers, and the Plan is updated accordingly
- Corresponding amendments have been made in Cl. 16-1 and Cl. 18-43

CL. 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.”

Background:

- NB - Clause deals with GA loss/damage (i.e. sacrificial loss/damage)
- Previously the assured could only claim under Particular Average (PA) rules if that resulted in a more favourable outcome. Assured had to wait for GA adjustment, but could ask for payment on account.
- Hardly any good reason to treat sacrificial damage different from other damage, and in Version 2019 there is a right to claim under the P.A. rules (Chapter 12).
- Still a duty to secure the claim against other parties to the general average, and Cl. 5-16 fully applies.

CL 5-4. INTEREST ON THE COMPENSATION

Amended sub-clause 3:

The **annual** rate of interest is six month CIBOR, NIBOR or STIBOR + **2 percentage points** for insurance contracts in which the sum insured is stated in Danish Kroner, Norwegian Kroner or Swedish Kronor respectively, and otherwise six month LIBOR + **2 percentage points, but minimum 2 percentage points**. Interest is determined as at January 1 of the year the insurance contract comes into effect at the average rate for the last two months of the preceding year.

CL. 5-23 TIME-LIMIT FOR NOTIFICATION OF A CASUALTY

- “The assured loses his right to claim compensation if notice of the casualty is not given to the insurer within six months of the assured, ~~the master or the chief engineer of the ship~~ becoming aware of it.”

Background:

- Previous wide identification felt to be unreasonable, hardly any good reason to adopt wider identification for the duty to notify about a casualty.
- Standard identification «test» (Cl. 3-36) now to be applied
- Knowledge/failure to notify by master and chief engineer not relevant anymore, only “assured’s” knowledge is relevant.

CL. 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”

CL.10-2 OBJECTS, ETC. TEMPORARILY REMOVED FROM THE VESSEL

Background:

- Starting point in Cl. 10-1: The insurance covers (inter alia) «equipment on board and spare parts for the vessel and its equipment...»
- Cl. 10-2 has extended cover to some degree – and there has been cover for objects temporarily removed from the ship..., provided the objects are intended to be put back on board before departure
- There has not been cover for parts ashore in other circumstances
- Standard H&M insurance not designed to be a storage insurance for any part put ashore, irrespective of cause or length of storage.
More «remote» to ship and her trading
- Extension of cover is however now agreed in respect of objects sent ashore for repairs covered by the hull insurance, up to 3 months after completion of repairs

CL. 16-1 MAIN RULES REGARDING THE LIABILITY OF THE INSURER

Amendments:

- Commentary to sub-clause 1:
 - maintenance days
 - substitute vessel
- Sub-clause 3 moved from 16-4
- New sub-clause 4: Re-instatement clause

CL. 16-11 EXTRA COSTS INCURRED IN ORDER TO SAVE TIME

Amendments to the Commentary:

- Clarify that costs incurred in connection with employing a substitute vessel are recoverable subject to the terms in Cl. 16-11
- Allowance of extra tug costs if it is clear that such tug costs are extra for the assured due to the damage

CL. 16-14 REPAIRS CARRIED OUT AFTER EXPIRY OF THE INSURANCE PERIOD

Amendments to the Commentary:

“the agreed daily amount shall apply for vessels having been continuously off-hire from before expiry of the policy period, even if the actual stay at a repair yard does not commence until after expiry”

CHAPTER 17 – INSURANCE FOR FISHING VESSELS

- Previous Chapter 17 now split into 3 chapters:
 - Ch. 17: Insurance for fishing vessels ,
 - Ch. 20: Insurance for vessels with limited trading areas,
 - Ch. 21: Liability insurance

Background:

- Previous Chapter 17 have had limited support, especially outside Norway
 - Considered to be «messy» and difficult to read
 - New infrastructure – split into 3 chapters
 - No or limited material changes

CL. 18-31 APPORTIONMENT OF COMMON EXPENSES

Editorial amendment to the Clause

Amendments to the Commentary

- More common to have time based common expenses in the offshore segment:
 - arrange for repairs offshore - vessels and equipment on time basis
- The wording provides a broader basis for apportionment of common expenses over time
- Otherwise adjusting practice as explained in Cl. 12-14 is still relevant

CL. 18-90 TOTAL LOSS

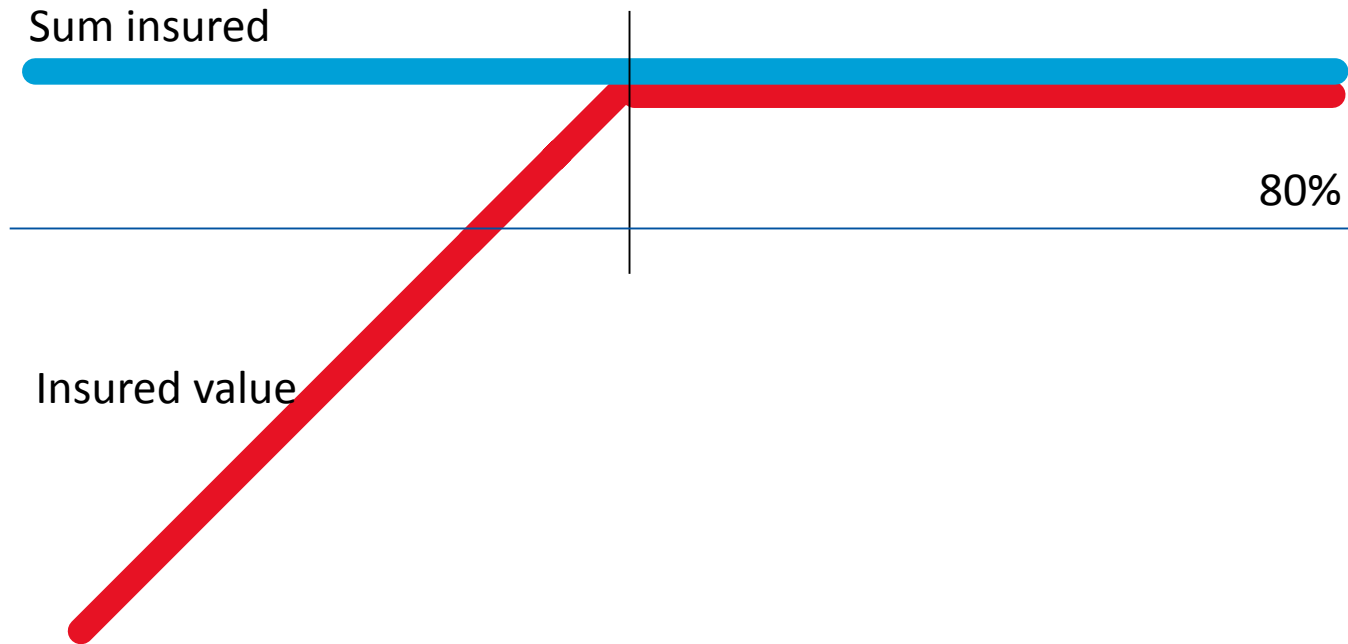
Amendments:

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.**

Construction

Operation



APPENDIX TO CL. 3-15 TRADING AREAS

Conditional trading areas:

- Geographical references amended (to latitude & longitude) in 3. Gulf of St. Lawrence and St. Lawrence River, and corresponding reference introduced in 4. St. Lawrence Seaway and the North American Great Lakes (Map No. 3).
Inconsistent date-references have been aligned with each other
- No material change intended. Maps are improved!

APPENDIX TO CL. 3-15 TRADING AREAS

Conditional trading areas, East-Asian waters (Map No. 4)

- “East-Asian waters north of 46° north latitude and south of $54^{\circ} 30'$ north latitude to the great circle line between N 46° , E 151° and N $54^{\circ}30'$, E 170° during the period from 1 November to 1 June, both days included.”

APPENDIX TO CL. 3-15 TRADING AREAS

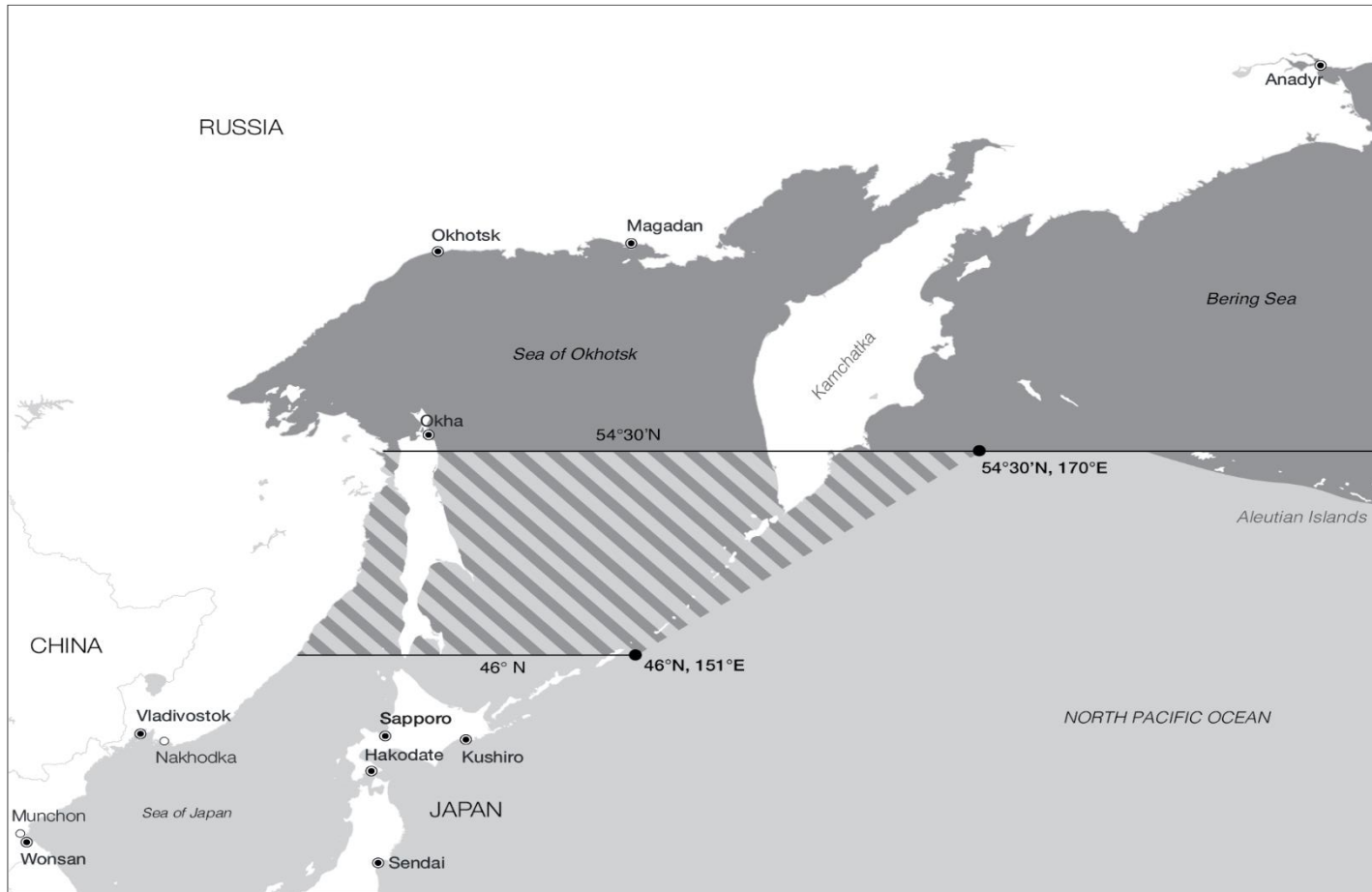
Background - East-Asian waters (Map No. 4)

- There has been a natural cross-Pacific trade in conditional area throughout the whole year
- Map illustration in previous Plan version:



APPENDIX TO CL 3-15. TRADING AREAS

Extended ordinary trading area, East-Asian waters, map illustration in Version 2019



QUESTIONS OR COMMENTS?

Thank you for your attention!



The Nordic Marine Insurance Plan of 2013 *Version 2019*

Based on the Norwegian Marine Insurance Plan of 1996, Version 2010