



Norwegian Cargo Clauses:

Conditions relating to Insurance
for the Carriage of Goods of 1995

Version 2022

Cefor Form No. 287

Translation of the original Norwegian text.
In case of conflict, the latter shall prevail.

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Preface to Version 2022

The Conditions relating to Insurance for the Carriage of Goods (Norwegian Cargo Clauses) were published in October 1995. The Cefor Cargo Forum reviewed the Norwegian Cargo Clauses (Cefor Form 261) in 2022 and found a need for some changes and clarifications in the Norwegian Cargo Clauses and commentary to comply with the new versions of the Insurance Contracts Act (FAL), amended 01.07.2022, and with the Nordic Marine Insurance Plan (NMIP), Version 2023.

In Version 2022, the following amendments have been made to the Norwegian Cargo Clauses:

- In general; updating of terminology from “company” to “insurance company”, from “third party” to “third person”, from “ship” to “vessel” etc.,
- Cl. 18 Risks excluded; new risk exceptions are included in no. 12 "Cyber risk" and no. 13 "Communicable disease",
- Cl. 47 Survey of damage, reference to “independent third party” instead of “an arbitrator”,
- Cl. 49 Interest on the claim; the fourth paragraph was simplified and changed to correspond to the Norwegian krone (NOK). The change was made primarily because of the UK Financial Supervisory Authority's decision that LIBOR should cease, and the lack of a generally accepted substitute,
- Cl. 59 Choice of law and jurisdiction; reference to FAL without specification,
- Special clauses item 2 “Total loss as a result of delay (not resulting in the physical loss of or damage to the goods)”; the number of days has changed from "30 days" to "180 days", general average (Cl. 40) loss has been excluded from cover,
- Special clauses item 6 “Strikes, sabotage, acts of terrorism etc.”; the first paragraph has been updated in line with Cl. 18 and the last paragraph with the correct reference to FAL.

The changes in the Conditions relating to Insurance for the Carriage of Goods are marked with highlighted text. The terms and conditions are published on Cefor’s website under “Clauses”.

The terms and conditions and commentary to it are only intended as standard policy (purely illustrative). Neither the insurance companies nor their clients are obliged to use these terms. The parties entering into an insurance contract are free to agree upon other insurance conditions or modify any part of the listed insurance conditions and clauses.

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Introduction

The Conditions relating to Insurance for the Carriage of Goods (Norwegian Cargo Clauses) are a set of clauses which the parties to an insurance contract may use to protect the economic interests of the owners and other persons in an object while it is in transit from one place to another. As defined by the Cargo Clauses, "goods" can be virtually anything: typical goods for resale, a machine that is being moved from one production site to another for the same company, a specially designed part of a bridge span, live farmed fish or a trotting horse. The goods may be transported by sea, land or air.

In order for the Cargo Clauses to apply to a transit, this must be agreed by the parties. This agreement will be reflected in the insurance policy. Since the clauses are standard conditions and have primarily been written for the carriage of ordinary goods for resale, they will not necessarily be equally appropriate in every respect if they are applied to the carriage of special objects. In the case of such transits, therefore, it is important that both the person effecting the insurance and the insurer consider carefully whether there is a need for special clauses that supplement or replace the standard clauses.

Chapter 1. Introductory provisions

Clause 1. Definitions

For the purpose of these conditions:

1. **Loss** means pecuniary loss of any kind, including total loss, shortage, damage, loss of earnings, charges and liability, cf., however, the exclusions in Cl. 6, third paragraph.
2. **Damage** means physical damage that does not constitute total loss or shortage.
3. **Transport document** means a Bill of Lading or other document giving title to the goods in transit.
4. **Insurance document** means the document issued as evidence of insurance in connection with an individual transit.

Chapter 2. Scope of the insurance

Clause 2. Risks covered by the insurance

Insurance may be contracted for one of the following types of cover:

1. All risks - "A-Clauses", cf. Cl. 3.
2. Extended transport accident - "B-Clauses", cf. Cl. 4.
3. Transport accident - "C-Clauses", cf. Cl. 5.

Unless otherwise stated in the Policy, the insurance shall be deemed to have been effected as A-Clauses insurance.

Clause 3. All risks - A-Clauses

Subject to the exclusions specified in clauses 17, 18 and 19, A-Clauses insurance covers all risks of loss or damage to which the insured goods are exposed.

Clause 4. Extended transport accident - B-Clauses

Subject to the exclusions ensuing from clauses 17, 18 and 19, B-Clauses insurance covers the following risks to which the insured goods are exposed:

1. The carrying vessel having collided, struck any object, sunk, capsized or suffered a similar serious accident.
2. The land conveyance having collided, struck any object, overturned, been derailed or been driven off the road.
3. The aircraft having collided, struck any object, crashed or been driven off the runway.
4. Fire, lightning or explosion.
5. Earthquake, volcanic eruption, landslide, snowslide or similar natural disasters.
6. The goods being jettisoned or washed overboard.
7. Sea, lake or river water entering into warehouse or place of storage.
8. Loading or unloading of the insured goods, resulting in the total loss of entire packages.
9. Loading, unloading or shifting of the insured goods in a port of distress, and theft or precipitation while the goods are stored in a port of distress.

Clause 5. Transport accident - C-Clauses

Subject to the exclusions specified in clauses 17, 18 and 19, C-clauses insurance covers the following risks to which the insured goods are exposed:

1. The carrying vessel having collided, struck any object, sunk, capsized, or suffered a similar serious accident.
2. The land conveyance having collided, struck any object, overturned, derailed or been driven off the road.
3. The aircraft having collided, struck any object, crashed or been driven off the runway.
4. Fire, lightning or explosion.
5. Earthquake, volcanic eruption, landslide, snowslide or similar natural disasters.

Clause 6. Losses covered by the insurance

This insurance covers the following losses:

1. Total loss, cf. Cl. 35.
2. Shortage, cf. Cl. 36.
3. Damage, cf. Cl. 37.

This insurance also covers the following charges:

1. Salvage charges, cf. Cl. 39.
2. General average contribution, cf. Cl. 40.
3. Charges related to provision of security, cf. Cl. 41.
4. Litigation charges, cf. Cl. 42.
5. Charges in connection with settlement of claims, cf. Cl. 43.

Unless otherwise specially agreed, the insurer shall not be liable for:

1. General capital loss, including loss of time, loss due to economic fluctuations, loss of market, operating loss and similar losses.
2. Liability to third parties incurred by the assured.

In the case of B-Clauses insurance, cf. Cl. 4, or C-Clauses insurance, cf. Cl. 5, the insurance shall also cover general average contributions (cf. Cl. 40) and general average sacrifice which have not been caused by a risk covered by the insurance, unless the said risk is excluded by clauses 17, 18 and 19.

Clause 7. Causal connection

This insurance covers loss due to the effect on the insured goods of a risk that is covered by the insurance during the period of insurance.

Clause 8. Burden of proof

The burden of proving that a loss has been suffered which is covered by this insurance, as well as the extent of the loss, falls upon the assured.

The burden of proving that a loss has been caused by a risk that is excluded by the clauses falls upon the insurer.

Chapter 3. Interests comprised by the insurance - Identification.

Clause 9. Interests comprised by the insurance

If nothing has been specified as to whose interest is covered by this insurance, it shall insure to the benefit of the person effecting the insurance and persons to whom a title was transferred to or a security in the goods, provided such security has been established through assignment of a transport document for the goods. *If the insurance has been effected by the seller, and the sales contract and appurtenant terms of delivery or a special agreement do not state that the buyer's or other subsequent owners' interest in the goods is to be covered by the insurance, the insurance does not cover these persons' interest in the goods.*

If the person effecting the insurance neither has nor will have any interest in the capital value of the goods, this insurance shall be deemed to be effected, unless otherwise follows from the circumstances, for the benefit of the seller and for persons who obtain title to the goods from **seller**.

If the assured is both shipper and consignee of the goods, the **assured** may, in the event of a casualty, elect to invoke the rules pertaining either to the cover of the seller's interest or to the cover of the buyer's interest. If the **assured** chooses the latter, however, the **assured** may not claim for losses as specified in Cl. 29, second paragraph, litra e.

Except for what is provided in the first paragraph, this insurance shall not be to the benefit of the holder of a lien or any similar registered security as specified in Cl. 7-1, third paragraph, of the Insurance Contracts Act.

Clause 10. Identification

The insurer may, in respect of the assured, plead that the right to compensation for loss of or damage to goods has been forfeited wholly or partly as a consequence of an act or an omission by:

- a) Management personnel employed by one of the assured parties responsible for the transport of the goods.
- b) The person effecting the insurance or former owner of the goods. It is not a condition that the person in question was owner at the time of the omission, provided that the goods were in **owner's** charge or in the charge of a person acting on **owners'** behalf.

In the event of a breach of the safety regulations in clauses 22, 23 or 24, or of a safety regulation laid down by the insurer pursuant to Cl. 21 and incorporated in the policy, the insurer may also invoke an act or omission by other persons who have been engaged to organize the transport.

Clause 11. The insurer's objections in relation to a bona fide holder of the insurance document

If the insurance document has been issued and delivered to the assured, the insurer may not contend that:

1. The insurance contract has subsequently been amended or cancelled.
2. The insurance cover has lapsed owing to non-payment of the insurance premium.
3. The right to compensation has been forfeited wholly or partly as a consequence of an act or omission by a previous owner. This shall not apply, however, when the person effecting the insurance has neglected **its** duty of disclosure, cf. Cl. 12.
4. A claim for premiums or other claims against the person effecting the insurance may be set off against the compensation.
5. Compensation has already been paid.

The insurer may, however, raise objections if the assured, when the insurance document was delivered to **the assured**, knew or should have known about the circumstances that form the basis of the objection.

Chapter 4. Duty of disclosure

Clause 12. Duty of disclosure of the person effecting the insurance

In connection with the conclusion or renewal of the insurance contract, the insurer may ask for information concerning circumstances which may have a bearing on insurers assessment of the risk. The person effecting the insurance shall reply fully and correctly to the insurer's inquiries. The person effecting the insurance shall also on **its** own initiative inform the insurer of special circumstances which person effecting insurance must understand have a substantial bearing on the insurer's assessment of the risk.

Should the person effecting the insurance at any time become aware that incorrect or incomplete information was provided concerning the risk, **the person effecting insurance** shall without undue delay inform the insurer of this.

Clause 13. Duty of disclosure of a third party

If this insurance comprises the interest of a third party, and if the third party knows that the insurance has been or will be effected, the third party shall have the same duty of disclosure as the person effecting the insurance, cf. Cl. 12.

In the event that the third party infringes the duty of disclosure pursuant to the first paragraph, Cl. 4-2 of the Insurance Contracts Act shall apply correspondingly.

Chapter 5. Period of insurance

Clause 14. Commencement of the period of insurance

If this insurance has been effected by the seller, the insurer's liability shall attach from the time the goods are moved for direct loading into the means of transport which shall convey them from the warehouse or place at which the insured transit shall commence.

If the buyer has effected this insurance, or if it has been expressly stated that the insurance only covers the buyer's interest, the insurer's liability shall attach when the risk passes to the buyer in accordance with the sales contract, or when an insurance effected by the seller in accordance with the sales contract terminates.

If this insurance covers only the buyer's interest, the insurer shall also be liable for any loss incurred by the buyer because a transport document which **buyer** has taken up in a good faith does not contain information concerning shortage or damage suffered by the goods after the time specified in the first paragraph.

Clause 15. Termination of the period of insurance

The liability of the insurer shall terminate:

- 1) when the goods have been safely unloaded from the means of transport which carried them to the consignee's warehouse at the named place of destination, or
- 2) if the goods are not to be placed in the consignee's warehouse at the named place of destination, when the goods are delivered to the consignee or otherwise placed at **consignee's** disposal, or
- 3) when the carrier, in accordance with the terms of the contract of affreightment, has sold the goods for the account of the assured and the risk has passed to the buyer, or
- 4) at 23:59:59 hours local time on the 30th day following completion of discharge of the goods at the named place of destination,
- 5) at 22:59:59 hours local time on the 60th day following discharge of the goods from the **vessel**

which transported them to the agreed port of discharge, whichever shall first occur.

Clause 16. Suspension of the insurance

This insurance shall be suspended if the goods are delayed in one place for more than 15 days due to circumstances within the control of the assured. The insurance shall again become operative from the time physical measures are implemented to start or resume the transit.

If the goods are delayed in transit for more than three months in one place, this insurance shall be suspended during the additional period of delay, unless the delay is caused by:

1. Damage or loss covered by this insurance, theft or piracy.
2. Damage to other goods carried by the means of transport.
3. The means of transport in which the goods are loaded having suffered a casualty, disappeared or been abandoned.
4. Harbours or transit routes having been destroyed or blocked.

Chapter 6. Exclusions - Combination of several risks

Clause 17. Deck cargo

If the goods are insured as deck cargo and are carried on deck, the insurer shall not be liable for:

1. Loss caused by precipitation or seawater.
2. Loss caused by dirt or sparks which do not cause a fire.
3. Loss arising from the shifting of cargo in transit, except when the insured goods fall overboard.
4. Loss caused by confusion with or leakage from other cargo.

Losses as specified in the first paragraph shall nonetheless be covered under this insurance if they are caused by a fire or an explosion, or by the vessel having struck a fixed or floating object.

If goods which are insured as under deck cargo are carried on deck, and the person effecting the insurance knew or should have known this, the first and second paragraphs shall apply correspondingly.

If goods are transported in a sealed container, they shall be regarded as under deck cargo regardless of whether or not the container in question is carried on deck.

Clause 18. Risks excluded

This insurance shall not cover loss or damage caused by:

1. The inherent nature of the goods or their condition at the commencement of the period covered by this insurance.
2. Ordinary loss in weight or volume.
3. Protest actions, riots, strikes, lockout, sabotage, acts of terrorism or similar occurrences, unless a special agreement regarding cover has been concluded.
4. The goods being intended for unlawful purposes, or manufactured through unlawful activities

or by unlawful methods. The illegality shall be determined in accordance with the rules in force at the commencement of the period covered by this insurance in the exporting country, the importing country or any other country through which the assured must have expected the goods to pass.

5. Delay, unless such delay causes a further deterioration of damage otherwise covered under this insurance during the further transit, or unless a special agreement has been concluded regarding cover pursuant to Special Clause No. 2.
6. War or warlike conditions unless a special agreement regarding cover has been concluded.
7. Measures taken against the goods by State authorities.
8. Capture at sea, confiscation, requisition and other similar measures against the means of transport, implemented by State authorities.
9. Measures hindering the transport operations, implemented by State authorities.
10. Release of nuclear energy.
11. Chemical, biological, biochemical or electromagnetic weapons.

12. Cyber risk.

13. Communicable disease.

Clause 19. Condensation and other effects of changes in temperature

The insurer shall not be liable for loss or damage caused by condensation or the effect of changes in temperature, unless the loss or damage is caused by:

- 1) the means of transport or the cargo having suffered a casualty after the goods were loaded into the means of transport,
- 2) the goods having been sent by a means of transport or in a container which were unfit for the carriage of the insured goods, cf., however, Cl. 22,
- 3) insufficient or inadequate protective measures having been taken by the carrier,
- 4) fire, lightning or explosion.

If the goods were carried or should have been carried in a thermoregulated means of transport or container, the insurer shall nonetheless only be liable for loss or damage caused by condensation or effects of changes in temperature, if the loss or damage is caused by:

- 1) the means of transport having suffered a casualty as specified in Cl. 4, nos. 1 – 3, after the goods were loaded into the means of transport or container,
- 2) fire, lightning or explosion,
- 3) the machinery which regulates the temperature having suffered a casualty after the goods were loaded into the means of transport or container, and consequently been inoperative for a continuous period of at least six hours.

Clause 20. Combination of risks

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

If a risk as specified in Cl. 18, no. 10 or no. 11, has contributed to the loss, however, the entire loss shall be regarded as having been caused by such risk.

Chapter 7. Safety regulations

Clause 21. General rules

The safety regulations set out in clauses 22 to 24 and the regulations otherwise laid down by the insurer and which are set out in the policy shall apply to this insurance. In the case of international transits, moreover, all regulations and injunctions concerning measures for the prevention of loss, issued by public authorities, shall be regarded as safety regulations. Section 1-2 (e) of the Insurance Contracts Act has been departed from, cf. Section 1-3, second paragraph, letter (e) of the Act.

If a safety regulation has been breached, the insurer shall only be liable to the extent that it is proved that the loss is not a consequence of the breach, or that the breach cannot be attributed to the assured's negligence.

Clause 22. Unsuitable means of transport

The assured shall ensure that the goods are carried by a means of transport or in a container that is suitable for the transit.

Clause 23. Marking and packing of goods

The following information shall be clearly indicated on each package:

1. The name and address of the shipper and the consignee.
2. Which side of the package is "up" or "down".
3. The degree of danger of hazardous goods, indicated by international symbols.
4. The center of gravity of the package.
5. Lifting instructions.

If the nature of the goods so requires, each package shall also be marked with special instructions for handling the goods, e.g. that they shall be handled with special care, or that they shall not be subjected to specific types of influence, such as damp, heat, blows, jolts, and the like.

The goods shall be marked in Norwegian. In the case of international transits, the goods shall also be marked in English.

The goods shall be packed, packaged and protected to enable them to withstand ordinary, foreseeable stresses during transport.

Clause 24. Goods carried in thermoregulated means of transport

In addition to Cl. 23, the following safety regulations shall apply to goods which are carried in thermoregulated means of transport:

1. The thermoregulated means of transport shall have attained the temperature required for the transit before the goods are loaded into it, and the shipper shall as far as possible order the carrier to monitor the temperature every third hour during the transit.
2. The temperature of the goods at the time of loading shall be the same as the transit temperature, and the loading and transit temperature shall be stated in the waybill.
3. Prior to commencement of the transit, the shipper shall if possible ensure that the cargo hold or container has no holes and does not leak, that the cargo hold or container has been cleaned and is odorless, and that doors and packing are sealed.
4. Goods shall be stowed so compactly that they are prevented from slipping, but not such as to block the circulation of air, especially under the ceiling, down along the doors and back along the floor.

Chapter 8. Salvage measures, abandonment and completion of the transit

Clause 25. Duty of the assured to avert or minimise losses

If there is imminent danger that loss or damage will occur, or has occurred, the assured shall do what may be reasonably expected of **the assured** in order to avert or minimise the loss. If the insurer issues specific instructions, **the assured** shall comply with them, unless **the assured** understands that they have been issued on the basis of incorrect or incomplete information about the actual situation.

If loss or damage has occurred, the assured shall without undue delay notify the insurer. **The assured** shall keep the insurer informed of further developments, and notify **the insurer** of any maritime inquiry or surveys at which it might be important for the insurer to be represented.

If the transit is interrupted, the assured shall without undue delay notify the insurer and take measures within **the assured's** ability to bring about a resumption of the transit.

Clause 26. The insurer's liability if the assured neglects its duties

If the assured has willfully or through gross negligence failed to fulfil **its** duties pursuant to Cl. 25, the insurer shall not be liable for a greater loss than that for which it may be assumed **the insurer** would have been liable if the duty had been fulfilled.

Clause 27. Abandonment of the transit on the insurer's demand

The insurer may demand that the transit to the named place of destination shall be abandoned if the transit:

1. Cannot take place without extraordinary risk of loss of the goods or considerable damage to them, such loss or damage being recoverable under this insurance.
2. Will entail unreasonable additional charges for the insurer.
3. Cannot be expected to be completed after having been delayed for at least 30 days.

Clause 28. Completion of the transit on the insurer's demand

The insurer may demand that the transit to the named place of destination shall be completed unless, it would be **unreasonable** to send them to the destination due to compensable damage that the goods have sustained, or could sustain during further transit.

Chapter 9. Insurable value**Clause 29. Insurable value**

Unless otherwise agreed, the insurable value shall be deemed to be the market value of the goods at the place of loading at the inception of this insurance. If the goods are sold, the market price shall be calculated on the basis of the invoice value.

If compensation for the goods is payable to the buyer, the insurable value shall, if applicable, also include:

- (a) charges incurred by **the buyer** in connection with the shipment,
- (b) customs duty and other ordinary costs related to the transit,
- (c) the insurance premium which **the buyer** is to pay,
- (d) freight which **the buyer** has paid or will have to pay,
- (e) **the buyers** anticipated profit. Unless otherwise agreed, the insurable value of such anticipated profit shall be 10 per cent of the insurable value of the goods as such.

Clause 30. Under-insurance

If the sum insured is lower than the insurable value, the insurer shall only be liable for such proportion of the loss as the sum insured bears to the insurable value.

Clause 31. Over-insurance

If the sum insured exceeds the insurable value, the insurer shall only be liable for compensation up to the insurable value.

Chapter 10. Liability of the insurer**Clause 32. Principal rule**

The insurer shall be liable for loss caused by any one casualty up to the sum insured.

Clause 33. Liability in excess of the sum insured

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

1. Losses as specified in clauses 39 to 43.
2. Interest on the claim pursuant to Cl. 49.

Clause 34. The insurer's right to avoid further liability by payment of the sum insured

If a casualty has occurred, the insurer may avoid further liability for losses as specified in clauses 39 to 44 by notifying the assured that it will pay the sum insured, or such proportion of the sum insured as applies to the goods involved in the casualty. In such case, the insurer shall not be

entitled to take over the goods pursuant to Cl. 52.

Losses as specified shall nonetheless be recoverable in excess of the sum insured, provided they are attributable to measures implemented before the assured was notified of the insurer's decision.

Clause 35. Total loss

There is a total loss when:

1. The entire consignment of goods has been destroyed.
2. The assured is deprived of the entire consignment of goods with no possibility of retrieving it.
3. The transit to the named place of destination has been abandoned in accordance with Cl. 27 or Cl. 28.
4. The entire consignment of goods has been so severely damaged that at least 90 per cent of the value is deemed to be lost.

In the event of a total loss, the insurer shall be liable for the sum insured of the insured goods, but not in excess of the insurable value. No deduction shall be made in the compensation for any damage sustained during the period of insurance, whether or not this is covered by the insurance.

Clause 36. Shortage

There is a shortage if a part of the insured consignment of goods has been lost as stated in Cl. 35, first paragraph.

In the event of shortage, the insurer shall be liable for such proportion of the sum insured of the entire consignment as corresponds to the goods that have been lost. Cl. 35, second paragraph, shall apply correspondingly.

Clause 37. Damage

If the insured goods have been damaged, the insurer may require that the damage is repaired in return for reimbursement of the costs of repair that are incurred. Repairs may not be required if this results in unreasonable loss or inconvenience for the assured.

If the insurer does not or cannot require that the damage is repaired, or if complete repairs cannot be carried out, the insurer shall be liable for a percentage of the insurable value of the damaged goods which corresponds to the final depreciation in their value (the damage percentage).

When the damage percentage for goods intended for resale is assessed at 50 per cent or more in a survey pursuant to Cl. 47, the insurer may demand that they are sold and may decide the sale procedure. In such case, the compensation shall be fixed at the difference between the insurable value, or the sum insured if this is lower, and the price obtained from sale of the goods. The sale must be requested without undue delay after the final survey report has been made available. If the goods are perishable, the insurer may demand that they are sold without waiting for the final survey report, even if the damage percentage does not exceed 50. The insurer's right

to demand the sale of the goods pursuant to this paragraph is subject to the same limitations as the right of disposal pursuant to Cl. 52.

If the damaged goods are totally lost before the insurance period expires, the assured may not claim compensation if:

1. An insurer pays compensation for the total loss without deduction for partial damage, or
2. The total loss is not recoverable under any insurance.

Clause 38. Damage to or loss of part of a complete unit

In the event of damage to or loss of a part of an object consisting of several parts, the insurer shall only be liable for the repair costs or replacement of the part that has been damaged or lost. This applies even if it is essential that the object is complete.

Clause 39. Salvage charges

The insurer shall reimburse the assured's salvage costs in accordance with Cl. 6-4 of the Insurance Contracts Act, unless the provisions of Cl. 40 are applicable. In the case of an international transport, including transit to and from the Norwegian Continental Shelf, the insurer shall not be liable for the assured's liability for loss caused to a third party.

Clause 40. General average

The insurer shall be liable for general average contribution apportioned on the basis of the interest insured, if the general average act was undertaken on account of the risks covered by this insurance or follow from Cl. 6, fourth paragraph. The contribution is recoverable on the basis of a general average adjustment, properly drawn up according to the applicable rules of law or to such terms and conditions as may be considered customary in the relevant trade.

Clause 41. Charges for providing security

The insurer shall reimburse the assured for reasonable costs incurred in connection with providing security on account of an insured event.

Clause 42. Litigation charges

If proceedings are instituted against the assured in respect of a liability covered by this insurance, and if the assured makes a claim against a third party for compensation in respect of a loss covered by this insurance, the insurer shall be liable for the costs incurred, provided that the measures taken have been approved by the insurer or are deemed reasonable.

Clause 43. Charges in connection with settlement of claims

If the insurer is liable for a loss, it shall also reimburse the reasonable costs arising from the assessment of the loss and calculation of the compensation. The insurer shall always pay the expenses of its own surveyor.

Clause 44. Charges arising from measures relating to several interests

If costs mentioned in clauses 39 to 43 have been incurred in connection with the measures relating to several interests, the insurer shall only be liable for such proportion of the costs, as may fall upon the interest insured.

Chapter I I. Settlement of claims

Clause 45. The assured's duty of disclosure

In connection with the settlement of a claim, the assured shall provide the insurer with information and documents that are available to the assured and which the insurer needs for the purpose of assessing its liability and pay out the compensation.

The assured shall also seek to ensure that information and documents belonging to a third party, and which the insurer requires for the purpose of assessing its liability, are delivered to the insurer.

Clause 46. Fraud

If the assured during the settlement of a claim deliberately provides incorrect or incomplete information which he knows or should have known could lead to the assured being paid compensation to which the assured is not entitled, the assured forfeits any compensation claim against the insurer under this and other insurance contracts if the claim arises from the same event, cf. Cl. 1-8 fourth paragraph of the Insurance Contracts Act.

Clause 47. Survey of damage

If the assured claims compensation for damage or for total loss in accordance with Cl. 35, first paragraph, no. 4, the goods shall, if requested by the insurer or the assured, be jointly inspected by a representative of the assured and a representative of the insurer.

Prior to the survey, the goods shall as far as possible be grouped according to the nature and the extent of the damage. The representatives shall as far as possible state their opinions concerning the probable cause of each instance of damage and the time of its occurrence, and indicate how the damage should be repaired or to what extent the damage reduces the value of the goods (the damage percentage).

Should the representatives of the assured and of the insurer disagree as to the extent and cause of the damage, the parties can agree to call in an independent third party. In that case, an independent third party shall be appointed jointly by the parties' representatives. The independent third party shall provide a reasoned statement concerning the questions which the parties' representatives agree to submit to the independent third party.

Clause 48. Rates of exchange

If the assured has had expenses in a currency other than that in which the sum insured is stipulated, the conversion shall be based on the rate of exchange applicable on the day the expenses were incurred. If the expenses are payable at a specific time, and the assured without reasonable cause fails to pay when due, the **assured** cannot claim compensation at a higher rate of exchange than the rate on the due date. If, after the consultation with the insurer, the assured has purchased foreign currency in advance, the rate of exchange applicable on the day of such purchase shall apply.

If the insurer is liable to reimburse costs that have not been paid when the claims settlement takes place, the conversion shall be based on the exchange rate applicable on the day on which the claims statement is issued.

Clause 49. Interest on the claim

The assured shall be entitled to interest on the claim as from the expiry of two months from the day after notification of the insured event was sent to the insurer. If the insurer is liable for expenses incurred by the assured, interest on reimbursement of expenses shall accrue as from two months at the earliest after the day the expenses were incurred.

If the assured neglects to provide information or documents as mentioned in Cl. 45, the assured shall not be entitled to interest for any period of time lost thereby. The same applies if the assured wrongfully rejects full or partial settlement of the claim.

In all other matters regarding interest, Act No. 100 of 17 December 1976 relating to interest in the event of late payment, etc., Cl. 2, second paragraph, and Cl. 3 shall apply.

If the sum insured is agreed in a currency other than Norwegian krone (NOK), it is the exchange rate at the time of ascertainment of the damage or loss that forms the basis for payment.

Clause 50. The insurance document as prima facie evidence of ownership

If the insurer has in good faith has paid compensation or made other dispositions of the insurance relationship after having been presented with the insurance document and given the latter an endorsement of the disposition, it cannot later be contended that the person who presented the insurance document was not entitled to dispose the insurance relationship.

Clause 51. The insurer's right to demand return or presentation of insurance document upon payment of claim

The insurer can demand that the insurance document is returned before it pays compensation. If the advance payment is made on the claim, the insurer can demand that the insurance document be presented for endorsement.

Clause 52. The insurer's subrogation to the right to the goods on payment of claim

Upon payment of compensation for total loss or shortage, the insurer shall be subrogated to the assured's right to the goods for which the compensation has been paid, unless it waives its right at the latest at the time of payment. Cl. 30 shall apply accordingly.

In disposing of the goods to which the insurer has taken over the right pursuant to the first paragraph, the insurer is obliged to take due account of assured's interests.

The assured must provide the insurer with all documents that are important to have as the owner. Costs incurred in this connection shall be borne by the insurer.

Chapter 12. Claims against third party (recourse)

Clause 53. The insurer's right of subrogation to the assured's claim against a third party

If the assured has a claim against a third party, the insurer, on payment of the compensation, shall be subrogated to the assured's right against the third party. This shall also apply in the case of freight forwarders, carriers, etc. where they are the persons effecting the insurance.

If the insurer is only partly liable for the loss, the compensation shall be divided proportionately between the insurer and the assured. The same applies when the compensation from the third party for the full loss would exceed what is payable by the insurer, but the third party is liable only for a proportion of the loss or the entire amount of the loss cannot be recovered.

If the insurer's claim produces a net amount in excess of that paid to the assured with addition of interest, the assured shall be entitled to the excess.

Clause 54. The assured's duty to maintain and secure the claim

The assured is obliged to take measures necessary to maintain and secure the claim until the insurer can attend to its interests. If required, the assured shall use expert technical and legal assistance.

If the assured willfully or through gross negligence fails to fulfil its duties pursuant to the preceding paragraph, the assured is liable for any loss suffered by the insurer on account of such failure. In the case of national transport, however, the limitations of Cl. 4-10 of the Insurance Contracts Act shall apply.

The insurer's liability shall be reduced by an amount equal to that **the insurer** is prevented from collecting as a result of the assured having waived the right to claim compensation from a third party, if such waiver cannot be deemed customary.

Clause 55. The assured's duty to assist the insurer with information and documents

The insurer is entitled to acquaint himself with all documents and other evidence, even before he takes over the claim. In the event of litigation between the assured and a third party, the Insurer is entitled to have his own legal representative.

Chapter 13. Cancellation

Clause 56. Cancellation in the event of fraud

If the duty of disclosure pursuant to Cl. 12 is fraudulently neglected, the insurer can cancel this insurance and other insurances with the person effecting the insurance with immediate effect. The same shall apply in respect of the assured, if the duty of disclosure pursuant to Cl. 13 is fraudulently neglected.

If fraud has been proven in accordance with Cl. 46, the insurer may cancel this insurance and other insurance agreements with the assured by giving one week's notice.

Clause 57. Cancellation in the event of incorrect information

If the insurer becomes aware that the information it has received about the risk is incorrect or incomplete on any material point, it can cancel the insurance by giving 14 days' notice.

Clause 58. Cancellation as a result of the assured's action or omission

The insurer can cancel the insurance contract by giving two months' notice if:

1. the assured intentionally caused or attempted to cause an insured event or caused an insured event through gross negligence, or
2. a safety regulation has been breached by the assured or by a person with whom it may be identified pursuant to Cl. 10, and cancellation is reasonable.

For international transports, the notice period according to the first paragraph is one week.

Chapter 14. Choice of law and jurisdiction

Clause 59. Choice of law and jurisdiction

This insurance shall be subject to Norwegian law, including the Insurance Contract Act (FAL) of 16 June 1989 no.69, with subsequent amendments, unless otherwise prescribed by the insurance policy or these clauses.

Disputes regarding the insurance relationship shall be decided by the ordinary courts of law in the judicial district where the insurer has its headquarter.

Special Clauses

1. Loss caused by the effects of changes in temperature (Thermocause)

The insurance also covers losses caused by the effects of changes in temperature or condensation caused by:

- a) the means of transport or cargo has been exposed to damage after the goods have been loaded,
- b) the thermal machinery which regulates the temperature of the means of transport or container has been completely or partially out of order or incorrectly adjusted, however not as a result of protest actions, riots, strikes, lockout, sabotage or similar occurrences, cf. Cl. 18.
- c) the goods have been discharged at a port of distress.

As a safety regulation, Cl. 24 of the Norwegian Cargo Clauses: "Goods transported in thermoregulated means of transport" shall apply.

2. Total loss as a result of delay (not resulting in the physical loss of or damage to the goods).

The insured is entitled to compensation for total loss according to **clauses 35 and 36** of the Norwegian Cargo Clauses when a national or an international transport has been delayed by at least 180 days as a result of theft, piracy, damage to other goods carried with the means of transport, that the means of transport in which the goods are loaded in has been subject to damage, has disappeared or been abandoned, or that ports or transport routes have been destroyed or blocked, however not as a result of general average (Cl. 40), protest actions, riots, strikes or similar occurrences, cf. Cl. 18.

3. Additional insurance in the event of price increases, etc. (Open insurable value)

This insurance covers the increased value beyond the ordinary insurable value, that the goods have acquired upon arrival at their destination as a result of price increases or for other reasons.

When the additional value is stated, the person effecting the insurance shall at the same time inform the insurer of any insurances which have previously been effected in respect of the goods.

4. Extraordinary charges for unloading, etc. following damage

This insurance covers extraordinary costs incurred by the assured in connection with unloading and other handling of goods which have sustained compensable loss or damage, or for damage to packing or other packaging designed to unitize the goods for transport and handling.

However, the insurer shall not be liable for costs recoverable in general average. In any case, the insurer's liability pursuant to this provision shall be limited to 20 percent of the sum insured.

5. Charges in connection with removal of goods following loss

Even if the sum insured is exceeded, the insurer shall also be liable for reasonable expenses incurred by the assured in connection with the removal of the remains of the insured goods where there has been a total loss or shortage for which the insurer is liable, limited to 20 per cent of the insurable value of the goods in the transit concerned.

6. Strikes, sabotage, acts of terrorism, etc.

The insurance covers loss of or damage to goods when such loss or damage is caused by persons participating in protest actions, riots, strikes, lockout, sabotage, acts of terrorism or similar occurrences, cf. Cl. 18 no 3.

When loss or damage has occurred or there is an imminent danger that it will occur, the insurer can, in respect of transits which have not commenced, demand that the transit route be altered and/or that the means of transport be changed, or that the transit to the named place of destination be abandoned. Cl. 35, third paragraph, no. 3 shall not apply to such demands from the insurer.

The insurer shall not be liable for losses caused by delay. Nor shall the insurer be liable for costs in connection with discharge, storage, supervision and reforwarding, unless such costs have been incurred to avert or minimize an imminent danger of loss for which the insurer is liable pursuant to the first paragraph.

The insurer shall be entitled to an additional premium if liability does not attach within seven days after this insurance was effected.

In the case of international transit, the insurer shall be entitled to cancel the Special Clause by giving seven days' notice. In the case of transits to or from the USA, the Special Clause is subject to cancellation at 48 hours' notice. Cl. 3-3 of the Insurance Contracts Act is waived, cf. Cl. 1-3 of the Act.

7. Wholly or partly chartered vessels 16 years of age or older

The insurance covers loss of or damage to goods carried onboard wholly or partly chartered vessels that are 16 years of age or older and of which the insurer has given written approval prior to the voyage. For such transits, either agreement shall be reached concerning an additional premium or an increased deductible. The agreed additional premium and an increased deductible shall be stated in the insurance policy.

Appendix:

Contractual terms relating to open cover and floating policies for the carriage of goods

Clause 1. Commencement and Termination of the Insurance Contract

The insurance covers all shipments commencing after the Insurance Contract takes effect. When a shipment falls within the scope of the insurance, the insurer shall be liable for the commenced shipment until the period of insurance for the said shipment has terminated, cf. Cl. 15 of the Cargo Clauses.

Clause 2. Scope of the Insurance Contract

The Insurance Contract covers shipments within the scope of business activities of the person effecting the insurance as indicated in the Policy when the latter holds the title to or bears the risk for the goods in transit or is obliged under the sales contract to effect an insurance for the party bearing the risk.

Shipments covered by the Insurance Contract may not be withheld from the insurer even if the goods are also insured elsewhere.

Unless otherwise specifically agreed, the Insurance Contract shall not cover:

- a. Transits to the CIF-port or the CIP-place of destination of goods which the person effecting the insurance has purchased CIF or CIP.
- b. Entirely local transits.
- c. Local transits prior and subsequent to the principal transit, where the latter is not covered by the Contract.
- d. Unregistered postal sendings or other consignments which are sent without any bill of lading or waybill being issued.
- e. Transits on wholly or partly chartered vessels if the vessel is 16 years of age or older. The term wholly or partly chartered vessels denotes any seagoing vessel for which the seller or the buyer or any party acting on their behalf has entered into a charterparty or special agreement with the party chartering out the vessel concerning the chartering (lease) of all or parts of the vessel. The age of the vessel shall be calculated from the end of the month in which the vessel was originally delivered. When the original month of delivery cannot be documented, the age shall be calculated as from 1 January of the original year of delivery.
- f. Transit by barge or towage of the cargo directly on water.

Clause 3. Certificate of Insurance

The Insurer shall on demand issue a certificate of insurance for each individual shipment covered by the Insurance Contract. The insurer is not obliged to hand over any such certificate until all due premiums have been paid.

Clause 4. Especially for Open Cover

The duty of the person effecting the insurance to declare shipments:

The person effecting the insurance shall submit to the insurer a statement showing shipments covered by the Insurance Contract, and indicating the full insurable value of the goods and whether the goods are to be shipped as deck cargo.

The insurer shall not be liable for undeclared shipments.

Clause 5. Especially for Floating Policies - Premium

The premium shall be calculated on the basis of the estimated total sum insured for the shipments covered by the Insurance Contract. Unless otherwise agreed, the sum insured shall be calculated as follows:

1. Ingoing shipments:

The invoice amount plus charges, insurance premium, freight insofar as these charges are not included in the invoice amount and 10 per cent anticipated profit.

2. Outgoing shipments:

The invoice amount plus 10 per cent anticipated profit in cases where any compensation is payable to the buyer (e.g. CIF or CIP sales).

After each insurance year the person effecting the insurance shall render to the insurer a statement of the sum insured. The statement shall be examined and certified by the financial comptroller or a similar officer employed by the person effecting the insurance. The premium shall be adjusted in accordance with this statement.

Specimen:

POLICY FOR SINGLE SHIPMENTS

..... andhave entered into the following

CONTRACT OF INSURANCE RELATING TO GOODS IN TRANSIT

- | | |
|---|-------------------------------|
| 1. Person effecting the insurance: | 2. Assured: |
| 3. Goods insured: | 4. Means of transport: |
| 6. The goods are to be shipped from: | to: |
| 7. Sum insured: | 8. Rate of premium: |

9. Conditions of insurance:

The attached insurance conditions shall apply to this insurance.

10. Average agent:

11. Commencement of transit

If the transit has not commenced byat the latest after the date specified under item no. 5, this Contract shall cease to apply, and a new contract must be concluded. Should this Contract cease to apply, the person effecting the insurance shall be obliged to pay the insurer NOK.....to cover the expenses incurred by the insurer in establishing the Contract.

12. Payment of premium

12.1 The premium shall be paid not later than the due date stipulated by the insurer. If the premium is not paid by the date specified in the notice of payment due, interest on delayed payment shall accrue pursuant to Cl. 3 of Act No. 100 of 17 December 1976 until payment is made. If the insurer has to send another notice of payment due, the insurer may demand that the expenses it thereby incurred as well as all other expenses relating to recovery shall be covered.

12.2. If the insurer has sent out a notice of payment due with a time limit for payment before its liability attaches, the insurer's liability pursuant to this Contract shall be dependent on the premium being paid by the date specified in the notice of payment due.

13. The insurer shall not be liable if:

1. The goods transported do not tally with the description under item no. 3.
2. The means of transport do not tally with the information under item no. 4.
3. The place from which the goods are shipped and the place at which the goods are received do not tally with the information under item no. 6.

14. Time limit for notification of a casualty

Should a casualty occur, the assured shall forfeit all right to compensation if a claim has not been submitted to the insurer within one year after the assured was apprised of the circumstances on which the claim is based.

15. Safety regulations

The provisions relating to safety regulations are set out in Chapter 7 of the Cargo Clauses. In other respects, the following safety regulations shall apply:

.....

16. Advisory Boards

The person effecting the insurance may demand that the insurer shall submit any disputes that may arise concerning this insurance to the Insurance Agreements Board or, if the insurer wishes to reduce compensation, to the Board for Reduced Compensation.

Specimen:**POLICY FOR A STANDING INSURANCE CONTRACT**

..... (hereinafter called "the insurer") and.....(hereinafter called "the assured") have entered into the following

STANDING CONTRACT OF INSURANCE FOR THE CARRIAGE OF GOODS:
(open cover or floating policy)

- | | |
|---|------------------------------------|
| 1. Person effecting the insurance: | 2. Assured: |
| 3. Commencement of contract: | 4. Termination of contract: |
| 5. Goods insured: | 6. Means of transport: |
| 7. Area of transit: | 8. Premium: |

9. Insurance conditions:

This insurance shall be subject to the appended contractual terms of (date) and insurance conditions of/no.:

10. Financial limitation of the insurer's liability

The highest sum insured that shall be covered by the Insurer for each individual transit is:

- (a) NOK
- (b) ... etc.....

11. Payment of premium in the event of termination of the contract

Should this contract be terminated during the period of insurance, premiums shall be paid according to the following principles:

- (1) Open cover: A premium shall be calculated on all transits commenced while the contract was in effect.
- (2) Floating policies: As under (1).
- (3) Time policies: The premium period shall be divided into whole months, and a premium shall be calculated on the basis of the number of commenced, whole months during which the contract was in effect.

Furthermore, NOK shall be paid to cover the costs incurred by the insurer in connection with the establishment and administration of the insurance.

12. The insurer shall not be liable if:

- 1. The goods carried do not tally with the description under item no. 5.
- 2. The means of transport do not tally with the information under item no. 6.
- 3. The area of transit for the goods does not tally with the information under item no. 7.

13. Time limit for notification of a casualty

Should a casualty occur, the assured shall forfeit all right to compensation if the claim is not reported to the insurer within one year after the assured was apprised of the circumstances on which the claim is based.

14. Safety regulations

The provisions concerning safety regulations are laid down in Chapter 7 of the Cargo Clauses. In other respects, the following safety regulations shall apply:

.....

15. Advisory boards

The person effecting the insurance may demand that the insurer shall submit any disputes that may arise concerning this insurance to the Insurance Agreements Board or, should the insurer wish to reduce compensation, to the Board for Reduced Compensation.