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The Norwegian Marine Insurance Plan of 1996 - Version 2010

The 2010 Version of the Norwegian Marine Insurance Plan (the Plan) will be available in a printed edition in English and Norwegian by the end of January 2010.

A pdf-version of the Plan and Commentary in Norwegian will be available on the DNV Webshop in the last half of December.

The Internet Version of the Plan in English and Norwegian will be available in the course of December. The Commentary will be available in the last half of January.

What's new in Version 2010

The most significant change is the new Section 7 of Chapter 17 which contains special clauses for loss of hire insurance for fishing vessels. Fishing vessel owners have previously insured loss of hire subject to the clauses in Chapter 16 which do not quite suit the way loss of hire for fishing is calculated.

In Version 2010, a number of minor amendments have been made to the clauses and Commentary of Version 2007.

- The term “Norwegian average adjuster” has been replaced by the term “Nordic average adjuster” in Clauses 2-3, 5-5 and 12-10 on account of the fact that the Plan is increasingly used by Nordic shipowners and insurers. As a result, the Standing Revision Committee now comprises Nordic insurer representatives and Nordic shipowner observers.
- The hull collision liability cover of chapter 13 no longer covers liability for damage to coral reefs as such damage is regarded as environmental damage traditionally covered by the P&I insurance. The same applies to other damage to the environment which is also excluded, cf. Clause 13-1 subparagraph 2 (f).
- The wordings of subparagraphs (a) and (c) of paragraph 1 of the War Peril Clause 2-9 have been amplified by adding the term “civil war” to subparagraph (a) and by adding to subparagraph (c) that loss due to other social, religious or politically motivated use of violence or threats of the use of violence is also covered. In addition, the commentary to subparagraph (d) concerning piracy and mutiny now includes a definition of when an attack on a ship is to be regarded as an act of piracy in which case the loss is covered by the War Peril Clause 2-9, or as an act of robbery, in which case the loss is covered by the hull insurer, cf. Clause 2-8.

- Clauses 15-20 and 15-22 have been amended to avoid any doubt as to the relationship between the war cover provided by Chapter 15 and standard P&I cover. Clause 15-20 makes it quite clear that the war cover provided by Chapter 15 is seamless in relation to the war exclusion clauses used by International Group of P&I Clubs, and Clause 15-22 makes it clear that the cover provided by P&I clubs is always subsidiary to the war cover provided by Chapter 15. This is important in relation to piracy which is a war peril under the Plan but a marine peril under International Group P&I Cover. This means that all piracy-related losses will be covered by the Chapter 15 Insurer.

The amendments to the text of the Plan and Commentary in Version 2010 are marked in bold type. New clause titles are italicised. In the Internet edition, amendments are also shown in a different colour.

Det Norske Veritas will print the Plan in a paperback edition containing both the Norwegian and the English texts and of the same standard as previous DNV editions of the Plan.

When available, the printed version of the Plan may be ordered at Det Norske Veritas through the website of the Plan www.norwegianplan.no

The complete list of amendments to the Plan and Commentary is as follows:

Plan wordings

- (1) Clause 1-5: In paragraph 1, 24:00 hours has been replaced by 23:59 hours.
- (2) Clause 2-3: In paragraph 1, the reference to “Norwegian average adjuster” has been replaced by “Nordic average adjuster” with a view to the work on a Nordic marine insurance plan.
- (3) Clause 2-9: In subparagraph (a), “civil war” has been added to the perils covered by an insurance against war perils. In subparagraph (b) “condemnation in prize” has been deleted because the term is no longer in use. In subparagraph (c), other social, religious or politically motivated use of violence or threats of the use of violence has been added as a war peril. The term “piracy” in subparagraph (d) has been retained, but significant amendments have been made in the commentary, cf. below.
- (4) Clause 4-8: An addition has been made to paragraph 1, fifth and sixth sentences, to the effect that the insurer is liable for salvage awards that are not recovered in general average, but not for any interest that is payable after the due date prescribed by the Plan and that is recovered in the general average adjustment.
- (5) Clause 5-5: In paragraph 1, “Norwegian average adjuster” has been replaced by “Nordic average adjuster”, cf. the commentary to clause 2-3 above.
- (6) Clause 12-2: In paragraph 2, an addition has been made to the effect that estimated common expenses are not recoverable, except for 50 % of estimated dock and quay hire.
- (7) Clause 12-10: In paragraph 4, second sentence, “Norwegian average adjuster” has been replaced by “Nordic average adjuster”, cf. the commentary to clause 5-5 and clause 2-3 above.

(8) Clause 13-1: In subparagraph (f), an addition has been made to the effect that hull insurance does not cover damage to coral reefs and other environmental damage.

(9) Clause 15-20: In paragraph 1, an addition has been made to the effect that the hull insurer also covers perils included in the range of war perils of the P&I insurance as defined in Appendix IV of the Pooling Agreement of the International Group of P&I Clubs. In paragraph 2, the reference to Skuld's conditions has been replaced by a reference to Gard, and it has been specified that Gard's conditions apply if the P&I insurance of the ship in question has not been effected with one of the associations that are party to the Pooling Agreement of the International Group of P&I Clubs.

(10) Clause 15-22: In paragraph 1, an addition has been made to the effect that the cover is not subsidiary with regard to liability and expenses that are recoverable under the ship's P&I insurance and that are also covered under clause 15-20, if the P&I insurance has been effected with a P&I association that is a party to the Pooling Agreement of the International Group of P&I Clubs.

(11) Clause 16-15: In paragraph 2, a sentence has been added to the effect that the deductible period is calculated in consecutive days even if the loss of interest differs from the sum insured per day.

(12) Clause 17-39: In paragraph 1, a new sentence has been added to the effect that the insurer's liability covers the assured's liability for disposal and destruction.

(13) Clause 17-41 lays down a new provision to the effect that the insurer is liable for the assured's liability for bunker oil pollution damage pursuant to the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001.

(14) Chapter 17, section 7, contains new rules governing loss of hire insurance for fishing vessels: Clause 17-56: This provision regulates the relationship to the provisions of chapter 16.

Clause 17-57: This provision regulates the liability of the insurer, and applies instead of clause 16-1.

Clause 17-58: This provision regulates total loss and applies instead of clause 16-2.

Clause 17-59: This provision regulates the calculation of compensation, and supplements clause 16-3.

Clause 17-60: This provision regulates the daily amount for fishing vessels and applies instead of clause 16-5.

Clause 17-61: This provision regulates the assessed daily amount for fishing vessels, and applies instead of clause 16-6.

(15) Clause 19-20: Paragraph 3 is new and prescribes that the insurer is liable for the assured's liability for bunker oil pollution damage pursuant to the International Convention on Civil Liability for Bunker Oil Pollution Damage, cf. Clause 17-41.

In order to tidy up chapter 17 after these and earlier amendments, the clauses in the chapter have been renumbered in consecutive order in the 2010 version.

The Commentary

In connection with the above-mentioned amendments, changes have also been made in the commentary to the respective provisions. Changes have similarly been made in the commentary to other provisions in which matters regulated in the amended provisions are mentioned. Furthermore, changes have been made in several places in the commentary to provisions that have not been amended, and where the Standing Revision Committee has found that the former commentary was impractical, misleading or could be misunderstood. This applies to the following provisions:

- (1) Clause 1-3: The reference to the Broker Regulations of 24 November 1995 no. 923 has been replaced by a reference to the Act of 10 June 2005 No. 41 on Insurance Mediation.
- (2) Clause 2-9: In the commentary to subparagraph (d) regarding piracy, the reference to “on the open sea” has been replaced by a comprehensive description of the geographical limits of the piracy cover in respect of merchant ships and offshore installations.
- (3) Clause 3-1: In the commentary to paragraph 1, it is specified that the shipowner has a duty to provide information on any unusual waiver of the right to file a claim in accordance with the guarantee in a building contract.
- (4) Chapter 3, section 3 and clause 3-22: In the introduction to the provisions on safety regulations and in the commentary to clause 3-22, a number of matters have been clarified in respect of the relationship between the rules regarding safety regulations and the previous rules regarding seaworthiness, including the relationship to foreign ships.
- (5) Clause 3-36: In the commentary to paragraph 1, the reference to the Seaworthiness Act has been changed to a reference to the Ship Safety Act.
- (6) Clause 4-8: In the commentary to paragraph 3 (a), an addition has been made to the effect that interest, commissions and fees for the calculation of compensation are covered in addition to the maximum amount stipulated in the policy.
- (7) Clause 5-2: With regard to paragraph 2, it is specified that, unlike the insurer, the assured does not have a general right to require that the adjustment be made by an average adjuster, but that an agreement may be made to this effect.
- (8) Clause 5-9: The reference in the commentary to section 43, second paragraph, of the Civil Procedure Act has been replaced by section 3-1 of the Dispute Act.
- (9) Clause 6-3: The commentary to paragraph 1 specifies that the right to the entire agreed premium in the event of total loss does not apply to the loss-of-hire premium in the event of total loss under the hull insurance.
- (10) Clause 10-1: The commentary to subparagraph (c) specifies that bunker oil and lubricating oil are covered provided that they belong to the shipowner.
- (11) Clause 11-3: The commentary to paragraph 2 specifies that only the assessed insurable hull value is relevant to the question of condemnation.

(12) Clause 12-8: The commentary specifies that the cost of using new parts in order to save time is recoverable up to the amount it would have cost to repair the parts, and that costs that do not expedite the actual repair process are not recoverable.

(13) Clause 12-16: The comments regarding a “nautical casualty” have been deleted. An addition has been made to the effect that the exception in subparagraph (b) covers the situation where the engine room is flooded because the crew forgets an open valve.

(14) Clause 15-16: The commentary refers to the Bulford Dolphin arbitration case. It also specifies that non-physical blocking and trapping are only covered if they are undertaken by a foreign State power.

(15) Clause 16-1: The commentary to subparagraph (d) explains the rationale for the provision and how the provision is to be interpreted in relation to certain general average expenses related to piracy.

(16) Clause 16-16: The commentary to paragraph 3 explains how compensation is to be apportioned between the insurer and the assured when part of the sum insured relating to a casualty is unutilised due to a reimbursement by a third party.

(17) Clause 17-30: In the commentary to subparagraph (e), it is specified that the exception for normal use of the object insured covers cases where large seines and nets are lost as a result of the weight of the fish and sea currents.

The Standing Revision Committee for the Norwegian Marine Insurance Plan Version 2010

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