NORWEGIAN MARINE INSURANCE PLAN OF 1964

Adopted by

DET NORSKE VERITAS

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Amendments: CEGR Rem
nº 211 dec 88

nº 235 A dec 92
nº 246 dec 93

PREFACE

Det norske Veritas, the Norwegian classification society, was founded in the year of 1864 by the Norwegian Mutual Hull Insurance Associations. One of the first objects of the Society was to establish uniform conditions for the various branches of marine insurance.

The first Marine Insurance Plan, containing general conditions for the insurance of hull and cargo, was published in 1871. Since then Det norske Veritas has, at intervals, published revised editions. The last edition, Norsk Sjøforsikringsplan (1930), has served shipowners, underwriters and cargo interests alike for 34 years. No previous Plan has been granted so long a lease of life.

The General Committee of Det norske Veritas, at a meeting on the 18th October, 1957, appointed a Special Committee for the revision of the 1930 Plan. The Chairman of the Special Committee was Dr. juris Sjur Brækhus, professor of Maritime Law at the University of Oslo, its Secretary Dr. juris Knut S. Selmer, professor of Insurance Law at the University of Oslo. At the conclusion of its work the Committee consisted of 22 members, appointed by Det norske Veritas, the Norwegian Shipowners' Association, the Mutual Hull Clubs Committee, the Central Union of Marine Underwriters and other organizations interested in marine insurance.

The first printed draft, with commentaries, for a new Plan was submitted to Det norske Veritas in March, 1963. The Committee proposed that the Plan should only contain provisions for insurances effected by shipowners and charterers. It was suggested that all rules concerning the insurance of cargo should be set out in a separate Insurance Plan for the Carriage of Goods. — The draft was submitted to a number of institutions and organizations who offered valuable advice and guidance for the completion of the work. — A second and final draft, with supplementary commentaries, was submitted to Det norske Veritas

in January, 1964, and unanimously adopted by an extraordinary Meeting of the General Committee on the 18th February, 1964.

It was clear that the new Plan should be translated into English as soon as possible. This cumbersome and delicate task was entrusted to Mr. B. Mund Hopen, London. The final draft has been prepared by the Chairman and Secretary of the Special Committee with the assistance of Mr. Alex. Rein, Oslo, and to the finishing touch Mr. Connal Harris and Mr. George D. Shaw, Liverpool, have lent their skill and knowledge. To all these gentlemen the General Committee expresses its gratitude.

No translation of a legal text can convey the exact meaning of the original. As, in case of conflict, the Norwegian text must prevail, it was necessary that the translation should follow, as closely as possible, the wording of the original. Connoisseurs of the English language, no doubt, will find the translation lacking in many respects. It should be emphasized that the blame should not be put on the British advisors, but rather on the Norwegian language.

Oslo, December, 1964.

Odd I. Loennechen

Chairman of the General Committee

of

Det norske Veritas.

The Commentaries to this Plan contain the following Preface

The General Committee of Det norske Veritas, at a meeting on the 18th October, 1957, resolved to establish a Special Committee to revise the «Norwegian Marine Insurance Plan of 1930». The committee members, originally sixteen in number besides the Chairman and Secretary, were appointed in March, 1958. An additional four members were appointed later, whereby the committee was composed as follows:

	Representing:
Mr. Lars Bakkevig, Haugesund	Det norske Veritas
Mr. Kåre Høy, Oslo	»
Mr. Odd I. Loennechen, Tønsberg	»
Mr. Georg Vedeler, Oslo	»
Mr. Erik Ørvig jnr., Bergen	»
Mr. Sverre Holt, Oslo	Norwegian Shipowners' Assoc.
Mr. Knut H. Staubo, Oslo	»
Mr. Alex Rein, Oslo	Mutual Hull Clubs Committee
Mr. Erling Strøm-Olsen, Kristiansand	»
Mr. Hans Chr. Bugge, Oslo	The Central Union of Marine Underwriters
Mr. John Nielsen, Oslo	»
Mr. Einar Tønjum, Bergen	»
Mr. Einar Fløystad, Arendal	P. & I. Clubs
Mr. Annar Poulsson, Oslo	»
Mr. Henrik Ameln jnr., Bergen	Underwriters of the Fishing Fleet
Mr. Nils Holst, Oslo	The Claims Adjusters
Mr. Frode Østmoe, Oslo, later succeeded by Mr. Asbjørn Afseth, Oslo	Federation of Norwegian Commercial Associations
Mr. Arne Bech, Oslo	Federation of Norwegian Industries
Mr. C. H. Thrap-Meyer, Tønsberg	Norwegian Shipbuilders Assoc.
Mr. Leif Strøm-Olsen jnr., Oslo	Association of Norwegian Average Adjusters

with Professor Sjur Brækhus as Chairman and Professor Knut S. Selmer as Secretary.

At its first meeting, the Committee appointed an Editorial Committee composed of Bugge, Holt, Nielsen, Rein, Leif Strøm-Olsen jnr., besides the Chairman and Secretary. The Editorial Committee made a first draft of the preparatory notes and texts which were submitted to and discussed by the full committee.

The committee decided that the new Plan should only contain rules for insurances effected by shipowners and charterers, and that all rules concerning the insurance of cargo should be set out in a separate Insurance Plan for the Carriage of Goods. The committee's first draft with commentaries was printed in March 1963 and sent to the following institutions with a request for their opinion: The P. & I. Clubs Assuranceforeningen Gard and Assurranceforeningen Skuld, The Chartering Committee, The Norwegian Bankers' Association, The Norwegian Shipowners' Mutual War Risks Insurance Association, The Maritime Law Committee of the Norwegian Bar Association, The Coasters Shipowners' Association, The Mutual Hull Clubs Committee, The Ministry of Fisheries, The Maritime Directorate, The Norwegian Coastal Vessels Insurance Institute, The Northern Shipowners' Defence Club, The Norwegian Shipowners' Association, Norges Skibshypotek A/S (mortgaging society), The Norwegian Ship Mortgage Association, The Association of Norwegian Average Adjusters, The Norwegian Boatbuilders Association, The Association of Norwegian Insurance Companies, The Reinsurance Institute, The Reinsurance Institute for Fishing Gear, The Shipowners' Mortgage Association, The Association of Local Shipping Lines, The Central Union of Marine Underwriters, The Norwegian Shipbuilders Association, The Shiptechnical Society, The State War Risk Cargo-Insurance, and the Federation of Norwegian Transport Users.

Opinions were received from Assuranceforeningen Skuld, The Norwegian Bankers' Association, The Norwegian Shipowners' Mutual War Risks Insurance Association, The Mutual Hull Clubs Committee, The Norwegian Shipowners' Association, The Association of Norwegian Average Adjusters, The Central Union of Marine Underwriters, The Maritime Directorate, The Norwegian Shipbuilders Association, The Shiptechnical Society. After the opinions had been considered by the committee, a new, final draft with supplementary commentaries were forwarded in January 1964 to Det norske Veritas for further consideration. This draft was adopted, with a few minor alterations, at an extraordinary meeting of the General Committee of Det norske Veritas on 8th February 1964.

Oslo, September, 1964.

Odd I. Loennechen

Chairman of the General Committee of Det norske Veritas.

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PART ONE

PROVISIONS COMMON TO ALL TYPES OF INSURANCE

Chapter 1. Introductory provisions.

§ 1. Definitions.

In this Plan:

(a) *the insurer:* means the party which, through the contract, has undertaken to grant insurance,

(b) *the person effecting the insurance:* means the party which has concluded the insurance contract with the insurer,

(c) *the assured:* means the party whose interest is insured,

(d) *loss:* means pecuniary loss of every kind, including total loss, damage, loss of earnings, expenses and liability,

(e) *damage:* means physical damage not amounting to total loss,

(f) *particular loss, particular damage etc.:* means loss, damage etc. that is not compensated in general average.

§ 2. Policy.

When the contract is concluded, the person effecting the insurance may demand a policy.

The person effecting the insurance must make his objections, if any, to the contents of the policy without undue delay. If he fails to do so, the policy is considered approved.

§ 3. Reference to Norwegian law.

Where a dispute concerning the contractual relations cannot be resolved on the basis of the insurance contract and of this Plan, the decision shall be based on Norwegian law.

§ 4. Period of insurance.

In the case of time insurance the insurance is operative from 0 hours on the day the insurance comes into force until 24 hours on the day it is to terminate. The hour is calculated according to Central European Mean Time.

Chapter 2. General provisions concerning the scope of the insurance.

Subdivision 1. Interest and insurable value.

§ 5. Interests comprised by the insurance.

An insùrance on ship, outfit or other objects only comprises the assured's interest in the capital value of the objects, unless a wider scope has been agreed or follows from this Plan.

§ 6. Insurance not related to any interest.

A contract concerning insurance which does not relate to any interest is void.

§ 7. Insurable value.

The insurable value is the full value of the interest at the inception of the insurance.

§ 8. Assessed insurable value.

Where the insurable value by agreement between the parties has been fixed at a definite amount — assessed insurable value («valuation») — the assessment is not binding on the insurer if the person effecting the insurance has given misleading information concerning those particulars of the subject-matter insured, which were of importance for the insurer to know for the purpose of the valuation.

§ 9. Under-insurance.

Where the sum insured is lower than the insurable value, the insurer only compensates such part of the loss as corresponds to the proportion between the sum insured and the insurable value. Where a valuation has been set aside in accordance with § 8, it is nevertheless to be treated as the insurable value whenever this rule is applied.

§ 10. Over-insurance.

Where the sum insured exceeds the insurable value, the insurer shall only compensate the loss up to the insurable value.

Where the interest is over-insured with fraudulent intent, the contract is not binding on the insurer.

§ 11. Insurer's liability when the interest is also insured with another insurer.

Where the interest is insured against the same perils with two or more insurers, each of them is liable to the assured accor-

ding to his contract until the assured has received the full compensation to which he is entitled.

§ 12. Recourse between the insurers when the interest is insured with two or more insurers.

Where the interest is insured against the same perils with two or more insurers and the total amount of the compensations for which the insurers, each according to his contract, would be liable in respect of the same loss, exceeds the compensation to which the assured is entitled, the total of the compensations is to be apportioned on the basis of the amounts for which each insurer was liable. Where an insurer is unable to pay his share of the compensations, it is to be apportioned over the others according to the above rules, but each insurer is never obliged to pay more than the amount for which he was liable to the assured.

§ 13. Reduction of the sum insured.

In the case mentioned in § 12, first sentence, the person effecting the insurance is entitled to demand a proportionate reduction of the sum insured. This right is conditional upon the demand being put forward as soon as he becomes aware that the sum total of the compensations from the individual insurers will exceed the amount to which the assured is entitled.

The reduction takes effect from the moment the demand reaches the insurer.

§ 14. Duty of the person effecting the insurance to notify other insurances.

Where the person effecting the insurance knows at the conclusion of the contract that the interest is or will be insured against the same perils with another insurer, or where he later learns that such insurance has been or will be effected, he must immediately notify the insurer thereof.

Where the person effecting the insurance neglects to give such notification, he is liable for the loss the insurer suffers by reason of the omission. Where the person effecting the insurance has acted fraudulently, the contract is not binding on the insurer.

Subdivision 2. Perils insured against, causation and loss.

§ 15. Perils comprised by an insurance against marine perils.

An insurance against marine perils comprises all perils to which the interest may be exposed, with the exception of:

(a) the perils comprised by an insurance against war perils, see § 16,

(b) measures taken by Norwegian or allied State authorities. By State authorities is understood persons or organisations exercising public or intergovernmental authority,
(c) insolvency.

§ 16. Perils comprised by an insurance against war perils.

An insurance against war perils comprises:

(a) perils attributable to war or war-like conditions, or to the use of arms or other implements of war in the course of military manoeuvres in time of peace or during armed neutrality,
(b) capture at sea, condemnation in prize, confiscation, requisition for title or use and other similar measures taken by alien State authorities. By alien State authorities is understood authorities of States with which Norway is not allied, and persons and organisations who unlawfully pretend to be exercising public or intergovernmental authority,
(c) civil commotions, strikes, lock-out, sabotage and the like,
(d) piracy and mutiny.

The insurance does not comprise insolvency.

Where the subject-matter to which the interest attaches is temporarily seized or requisitioned for use by alien State authorities, the insurance also covers those perils which according to § 15 are comprised by an insurance against marine perils.

§ 17. Perils insured against when it is not agreed what the insurance comprises.

Unless otherwise agreed, the insurance only comprises marine perils.

§ 18. Causation.

The insurer is liable for loss attributable to the interest, during the period of insurance, being struck by a peril that is comprised by the insurance.

Where the ship, at the commencement or on the expiry of an insurance, has a defect or damage which at this time is unknown, such defect or damage is, in so far as it gives rise to a new casualty, to be considered as a marine peril which has struck the vessel when the casualty occurred, or at the earlier date at which the defect or the damage became known.

§ 19. Principal rule of the assured's burden of proof.

It rests with the assured to prove that he has suffered a loss which, according to the rules in § 18, is covered by the insurance, and to prove the extent of the loss.

§ 20. Combination of perils.

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

§ 21. Combination of marine and war perils.

Where the loss has been caused by a combination of marine perils, see § 15, and war perils, see § 16, the whole loss shall be deemed to be caused either by the marine or war perils whichever is considered dominant. Where neither the marine nor the war perils can be considered dominant, both shall be deemed to have had equal influence on the occurence and extent of the loss.

§ 22. Losses deemed to be caused entirely by war perils.

War perils shall always be deemed to be the dominant cause of:

(a) loss attributable to the ship being damaged through the use of arms or other implements of war for war purposes, or in the course of military manoeuvres in times of peace or during armed neutrality,

(b) loss attributable to the ship, in consequence of war or war-like conditions, having an alien crew placed aboard, depriving the Master, wholly or partly, of his free command of the ship,

(c) loss of or damage to a life-boat attributable to its having been swung out owing to war perils, and damage to the ship caused by such boat.

§ 23. Loss attributable either to marine or to war perils.

If it is evident that a loss is occasioned either by marine perils, see § 15, or by war perils, see § 16, but impossible to identify either marine or war perils as the more probable cause, the rule in § 21, second sentence is to be applied correspondingly.

Chapter 3. Duties of the person effecting the insurance and of the assured.

Subdivision 1. Duty of disclosure by the person effecting the insurance.

§ 24. Scope of duty of disclosure.

The person effecting the insurance shall, prior to the conclusion of the contract, make full and correct disclosure to the insurer of all circumstances of importance to him when deciding whether and on what conditions he is prepared to accept the insurance.

Should the person effecting the insurance subsequently become aware of any such circumstances as are mentioned in the first paragraph, he must without undue delay inform the insurer.

§ 25. Fraud and dishonesty.

Where the person effecting the insurance fraudulently or dishonestly has neglected his duty of disclosure, the contract is not binding on the insurer.

§ 26. Other neglect of the duty of disclosure.

Where the person effecting the insurance, at the conclusion of the contract, in any other way has neglected his duty of disclosure, and it must be assumed that the insurer would not have accepted the insurance if the person effecting the insurance had made such disclosure as it was his duty to make, the insurer is free from liability.

Where it must be assumed that the insurer would have accepted the insurance, but on other conditions, he shall only be liable to the extent that it is proved that the loss is not attributable to such circumstances as the person effecting the insurance ought to have disclosed. The liability is limited in the same manner where the person effecting the insurance neglects his duty of disclosure subsequent to the conclusion of the contract, unless it is proved that the loss occurred before the person effecting the insurance was in a position to correct the information supplied by him.

In the cases referred to in the second paragraph, the insurer may terminate the insurance on giving seven days' notice.

§ 27. Neglect of the duty of disclosure not imputable to the person effecting the insurance.

Where the person effecting the insurance has made incorrect or incomplete disclosure without any blame attaching to him, the insurer is liable as if correct disclosure had been made, but he may terminate the insurance on giving fourteen days' notice.

§ 28. Cases where the insurer cannot plead insufficient disclosure.

The insurer cannot plead that incorrect or incomplete disclosure has been made if, at the time when disclosure should have been made, he was aware of the fact. Nor can he invoke §§ 26 and 27 if the circumstances, about which incorrect or incomplete disclosure has been made, have ceased to be of importance to him.

§ 29. Insurer's duty to notify.

Where the insurer becomes aware that incorrect or incomplete disclosure has been made, he must without undue delay notify the person effecting the insurance of the extent to which he intends to invoke §§ 26 and 27. If he fails to do so, he loses his right to invoke these provisions.

§ 30. Insurer's right to require particulars from the classification society.

The person effecting the insurance is bound to provide the insurer with all available particulars from the classification society concerning the condition of the ship before and during the period of insurance.

Where the person effecting the insurance neglects his duty according to the first paragraph, the insurer may terminate the insurance on giving seven days' notice, but with expiry, at the earliest, on the ship's arrival at the nearest port in accordance with the insurer's direction.

Subdivision 2. Alteration of the risk.

§ 31. Alteration of the risk.

There is an alteration of the risk where an alteration occurs in the circumstances which, according to the contract, are to form the basis of the insurance, and the risk thereby is changed contrary to the implied conditions of the contract.

Where, at the conclusion of the contract, it is an implied condition that the ship has a certain class, it is deemed to be an alteration of the risk if subsequently the ship loses this class or is transferred to another classification society.

§ 32. Alteration of the risk caused or agreed to by the assured.

Where, after the conclusion of the contract, the assured has intentionally caused or agreed to an alteration of the risk, the insurer is free from liability, provided that it can be assumed that he would not have accepted the insurance if, at the conclusion of the contract, he had been aware that the alteration would take place.

Where it can be assumed that the insurer would have accepted the insurance, but on other terms, he is only liable to such extent as the loss is proved not to be attributable to the alteration of the risk.

§ 33. Insurer's right to terminate the insurance.

Where an alteration of the risk takes place, the insurer may terminate the insurance on giving fourteen days' notice.

§ 34. Assured's duty to notify.

Where the assured becomes aware that an alteration of the risk will take place or has taken place, he must, without undue delay, notify the insurer. Where the assured without justifiable reason fails to do so, the rule in § 32 takes effect, even though the alteration has not been brought about by him or with his consent, and the insurer may terminate the insurance on giving three days' notice.

§ 35. Cases where the insurer cannot plead alteration of the risk.

The insurer cannot invoke §§ 32 and 33 after the alteration of the risk has ceased to be of importance to him.

The same applies where the risk is altered by measures taken for the purpose of saving life, or by the insured ship during the voyage salving or attempting salvage of ships or goods.

§ 36. Insurer's duty to notify.

Where the insurer becomes aware that an alteration of the risk has taken place, he must without undue delay notify the assured of the extent to which he intends to invoke §§ 32 and 33. If he fails to do so, he loses his right to invoke these provisions.

§ 37. Ship proceeding beyond trading limits.

Where the ship to which the interest attaches, with the consent of the assured, proceeds beyond the trading limits laid down for the insurance, the insurance becomes inoperative. The same applies where the master intentionally proceeds beyond the trading limits and the assured has not given the master adequate instructions or has omitted to intervene where he ought to have realised that there was a risk of this happening. Where the ship, before the expiry of the period of insurance, again comes within the trading limits, the insurance again becomes operative.

§ 35, second paragraph applies correspondingly.

Where the ship is sent on a voyage to a place outside the trading limits and a separate insurance is effected for this voyage,

the original insurance becomes inoperative for the period covered by the separate insurance.

If, when the insurance again becomes operative, the ship is in a physical condition substantially inferior to her condition prior to her proceeding beyond the trading limits, the insurer may terminate the insurance on giving seven days' notice, but with expiry, at the earliest, on the ship's arrival at the nearest port in accordance with the insurer's direction.

§ 38. Burden of proof where the ship proceeds beyond the trading limits.

Where the ship has been outside the trading limits laid down for the insurance, the assured has the burden of proving that this is not attributable to him, see § 37, first paragraph. The burden is also on him to prove that a loss is not attributable to a casualty or to other similar circumstances occuring whilst the insurance was inoperative.

Where the assured sends the ship beyond the trading limits, he shall have the ship surveyed in dock at his own cost immediately before and after the period during which the insurance is inoperative, and he shall give the insurer reasonable notice of the survey. If the survey reveals that the ship has received damage during the period when the insurance was inoperative, such damage shall be considered, in application of the rule in § 18, second paragraph, as having been known when the insurance again became operative.

§ 39. Notification of voyages.

The assured must notify the insurer before he sends the ship on a voyage:

(a) beyond the trading limits laid down for the insurance,
(b) to waters in which the ship, according to the contract, can only trade at an additional premium.

Notification must also be given without undue delay when the assured becomes aware that the ship's master without his consent has undertaken a voyage as mentioned in the first paragraph.

Where, on several occasions, the assured neglects to give notification, the insurer may terminate the insurance on giving seven day's notice, but with expiry, at the earliest, on the ship's arrival at the nearest port in accordance with the insurer's direction.

§ 40. Illegal undertakings.

The insurer is not liable for loss that is a consequence of the ship being used for illegal purposes, unless the assured neither was nor ought to have been aware of the facts at such a time that it would have been possible for him to intervene.

If the assured does not intervene without undue delay after becoming aware of the facts, the insurer may terminate the insurance on giving three days' notice.

Where the ship, with the consent of the assured, is being used in the main for the furtherance of illegal purposes, the insurance lapses.

§ 41. Requisition.

Where the ship is requisitioned by Norwegian or allied State authorities, the insurance becomes inoperative. Where the requisition ceases before the expiry of the insurance period, the insurance again becomes operative.

In the case of insurance against marine perils the same applies also where the ship is requisitioned by alien State authorities.

Where the ship, when the insurance again becomes operative, is in a physical condition substantially inferior to her condition prior to the requisition, the insurer may terminate the insurance on giving seven days' notice, but with expiry, at the earliest, on the ship's arrival at the nearest port in accordance with the insurer's direction.

§ 42. Notification of requisition.

Where the assured learns that the ship is or will be requisitioned, or that she is or will be redelivered after requisition, he shall notify the insurer without undue delay.

The insurer can demand that the assured immediately after redelivery shall have the ship surveyed in dock at his own cost. The insurer shall be notified well in advance of the survey. § 38, second paragraph, second sentence, applies correspondingly.

Where the assured has neglected to fulfil his duties according to the first or second paragraph, the burden is on him to prove that the loss is not attributable to a casualty or to other similar circumstances occuring whilst the ship was requisitioned.

§ 43. Removal of ship to avoid condemnation.

Where damage or loss arises during or in consequence of the removal of the ship in accordance with § 166, an insurer who has not approved the removal may limit his total liability to the amount that he would have had to pay if the ship had been condemned without removal.

§ 44. Removal of ship to repair yard.

Where it must be assumed that removal of the ship to a repair yard may result in an increase of the risk, the assured must notify the insurer in advance of the removal.

Where the removal will result in a substantial increase of the risk, the insurer may, before the removal commences, notify the assured that for this reason he objects to the removal. Where such notice is given, or where the assured has neglected to notify the insurer according to the first paragraph, the insurer is not liable for loss that occurs during or in consequence of the removal.

Subdivision 3. Seaworthiness. Safety regulations.

§ 45. Unseaworthiness.

The insurer is not liable for loss that is a consequence of the ship not being in a seaworthy condition, provided that the assured was or ought to have been aware of the ship's defects at such a time that it would have been possible for him to intervene.

The burden is on the assured to prove that he neither was nor ought to have been aware of the defects. If the ship springs a leak whilst afloat, he has the further burden of proving that the loss is not attributable to unseaworthiness.

§ 46. Insurer's right to demand survey of the ship.

The insurer has the right at any time during the period of insurance to investigate whether the ship is in a seaworthy condition. If necessary for the purpose of the investigation, he may demand complete or partial discharge of the cargo.

Should the assured refuse to let the insurer undertake such investigation, the insurer, thereafter, is liable only to the extent proved by the assured that the loss is not attributable to defects in the ship which would have been detected.

Where the investigation is not occasioned by a casualty or by other similar circumstanses comprised by the insurance, the insurer shall compensate the assured in respect of expenses as well as loss suffered in consequence of the investigation, unless it turns out that the ship is unseaworthy.

§ 47. Ships laid up.

Where the ship, whilst laid up, is not properly moored or under adequate supervision, the rules concerning unseaworthiness shall apply correspondingly.

§ 48. Safety regulations.

By safety regulations is meant directions concerning measures for the prevention of loss, issued by public authorities, stipulated in the insurance contract, prescribed by the insurer under the insurance contract, or issued by the classification society if, at the conclusion of the contract, it is an implied condition that the ship shall be classed in such society.

§ 49. Violation of safety regulations.

Where a safety regulation has been violated, the insurer is only liable to the extent that it is proved that the loss is not a consequence of the violation or that the violation cannot be imputed to the assured. This, however, does not apply where the assured is the master of the ship or a member of her crew, and his negligence is of a nautical nature.

Where the violation relates to a special safety regulation set out in the contract of insurance, negligence by anybody whose duty it is on behalf of the assured to carry out the regulation or to see that it is complied with, is considered equivalent to the negligence of the assured himself.

§ 50. The insurer's right to terminate the insurance.

The insurer may terminate the insurance on giving seven days' notice, but with expiry, at the earliest, on arrival of the ship at the nearest port in accordance with the insurer's direction, when:

(a) the ship by reason of defects that have developed, unsuitable construction or similar circumstances, cannot be considered seaworthy,

(b) the ship has become unseaworthy by reason of a casualty or similar circumstances, and the assured does not have her repaired without undue delay,

(c) a safety regulation of material importance has been violated intentionally or by gross negligence by the assured or by anybody whose duty it is on his behalf to carry out the regulation or to see that it is complied with.

§ 51. Terms of contract.

The insurer may stipulate that at the conclusion of contracts concerning the trading of the insured ship certain special terms of contract are to be used or that certain special terms of contract are not to be used. This may be done in general or relative to a particular port or trade.

Subdivision 4. Measures to avert or minimize the loss etc.

§ 52. Assured's duty to notify the insurer of casualties.

Where a casualty is impending or has occurred, the assured must, without undue delay, notify the insurer and keep him informed about further developments.

The assured and the master are bound to notify the insurer of maritime inquiries and surveys being held in connection with the casualty.

§ 53. Assured's duty to avert and minimize the loss.

Where a casualty is impending or has occurred, the assured must do what he can to avert or minimize the loss. Before taking any measures he must, if possible, consult the insurer. Where the latter gives definite directions, the assured must act in accordance with these, unless he must understand that they have been issued on the basis of incorrect or incomplete information concerning the real situation.

§ 54. Consequences of the assured neglecting his duties.

Where the assured intentionally or by gross negligence fails to fulfil his duties in accordance with §§ 52 or 53, the insurer is not liable for a greater loss than that for which it can be assumed he would have been liable if the duty had been fulfilled. Where the insurer suffers further loss in consequence of the neglect, the assured is bound to indemnify such loss.

Corresponding rules apply if the master neglects his duties according to § 52.

Subdivision 5. Casualties caused intentionally or negligently by the assured.

§ 55. Intent.

Where the assured has intentionally brought about the casualty, he has no claim on the insurer.

§ 56. Gross negligence.

Where the assured has caused the casualty by gross negligence, the decision as to whether, and how much, the insurer shall pay shall be based on the degree of blame and the other circumstances of the case.

§ 57. Insurer's right to terminate the insurance.

Where the assured has intentionally brought about or tried to bring about a casualty, the insurer may terminate the insurance without notice.

Where the assured has brought about the casualty by gross negligence, the insurer may terminate the insurance on giving three days' notice.

§ 58. Circumstances precluding the application of §§ 55 to 57.

The rules in §§ 55 to 57 are not applicable:

(a) where the assured on account of mental disease or other abnormal state of mind — self-inflicted intoxication excepted — was unable to judge his own actions,

(b) where the assured has brought about the casualty under circumstances as mentioned in § 35, second paragraph, provided that his actions under the existing circumstances must be considered expedient and justifiable,

(c) where the assured has brought about the casualty by an action which in the circumstances must appear as a justifiable measure in the conduct of a war in which Norway or her Allies are engaged.

Subdivision 6. Identification.

§ 59. Faults and negligence of the crew.

The insurer cannot, as far as the assured is concerned, plead faults and negligence committed by the ship's master or crew in connection with their service as seamen.

§ 60. Faults and negligence by a part-owner of the ship.

The insurer cannot, as far as the assured is concerned, plead faults and negligence committed by the assured's co-owner of the ship insured, unless the co-owner concerned is the ship's manager.

§ 61. Identification in other cases.

Whether the insurer in other respects may plead faults and negligence committed by employees of the person effecting the insurance or of the assured is to be decided on the basis of general rules of law.

Chapter 4. The insurer's liability.

Subdivision 1. General rules concerning the insurer's liability.

§ 62. Total loss.

Where there is a total loss, the assured may claim payment of the sum insured, but not in excess of the insurable value.

§ 63. General monetary loss and loss resulting from delay.

Unless otherwise provided in this Plan or specially agreed, the insurer is not liable for general monetary loss, or for loss of time, loss through price fluctuations, loss of market and similar loss resulting from delay.

§ 64. Costs of providing security etc.

Where the assured, on account of a casualty, has had to raise funds or provide security, he can claim a refund from the insurer of reasonable costs in connection therewith. This, however, does

not apply if the assured without justifiable reason has omitted to make use of his right to demand a payment on account from the insurer in accordance with § 90.

§ 65. Costs of litigation.

Where proceedings are instituted against the assured in respect of a liability covered by the insurance, and where the assured sues a third party for damages in respect of a loss covered by the insurance, the insurer is liable for the costs arising, provided the steps taken are approved by the insurer or must be considered justifiable.

§ 66. Costs in connection with the settlement of claims.

Where the insurer is liable for the loss, he shall also pay the necessary costs for the ascertainment of the loss and the calculation of the claim.

Where the assured has reasonable grounds for sending out his own surveyor, the insurer is liable for necessary expenses in this respect.

§ 67. Costs through measures relating to several interests.

Where costs as mentioned in §§ 64 to 66 have been incurred through measures relating to several interests, the insurer is only liable for such proportion of the costs as may fall on the interest insured.

Subdivision 2. Loss through measures to avert or minimize the loss.

§ 68. Particular measures to avert or minimize the loss.

Where a casualty is impending or has occurred, the insurer is liable for loss of or damage to objects belonging to the assured, and for liability and costs falling on the assured, through measures taken to avert or minimize a loss covered by the insurance, provided that such measures, considering the ship's voyage, the nature of the cargo and the conditions existing at the commencement of the voyage, could not be foreseen or were of an extraordinary nature, and that they, in the circumstances existing at the time they were taken, can be considered justifiable.

Not covered in accordance with the present Section are:

(a) loss arising through measures taken to save ship and cargo from a common peril, or to save a ship in ballast from an equivalent peril,

(b) loss as mentioned in § 63.

§ 69. Loss through measures relating to several interests.

Where loss as mentioned in § 68 has been occasioned through measures which relate to several interests, without the rules concerning general average being applicable, the insurer is only liable for such proportion of the loss as may fall on the interest insured.

§ 70. General average.

The insurer is liable for general average contribution apportioned on the interest insured if the general average act was undertaken on account of perils covered by the insurance. The contribution is recoverable on the basis of a general average adjustment, properly drawn up according to the rules of law applicable or to such terms of contract as may be considered customary in the trade in question. The contribution is recoverable in accordance with the general average adjustment even if the contributory value is higher than the insurable value of the interest.

Where the assured, in consequence of a breach of the contract of carriage, is precluded from claiming contribution from the other participants in the general average, the insurer makes good the amount which according to the rules governing general average falls on the interest insured.

§ 71. General average apportionment where the interests belong to the same person.

Where ship, freight and cargo belong to the same person, but the conditions for general average apportionment would otherwise have existed, the insurer is liable as if the contributory values belonged to different persons.

§ 72. Damage to and loss of the subject-matter insured.

Where 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 concerning particular loss if this gives a more favourable result for the assured.

§ 73. Assumed general average.

The insurer is liable for loss incurred for the purpose of saving a ship in ballast or of completing a voyage in ballast in those cases where and to such extent as he would have been liable for the ship's proportion of such costs in accordance with a general average adjustment based on the York-Antwerp Rules. § 72 applies correspondingly.

However, crew's wages and maintenance in accordance with Rule XI (b) of the York-Antwerp Rules are not recoverable for the time spent on permanent repairs, nor expenses in substitution of such outlays. Charges for commission etc. and interest are only recoverable in accordance with §§ 64 and 86.

Subdivision 3. Indemnity in respect of assured's liability to third parties.

§ 74. Principal rule.

The insurer is not liable in respect of the assured's liability to third parties unless otherwise provided in this Plan or has been specially agreed.

§ 75. «Cross liabilities».

Where the assured has incurred a liability and he can sue the injured party for loss which he himself has suffered on the same occasion, the settlement of the claim, as between the assured and the insurer, is to be effected on the basis of the calculated gross liabilities before set-off is effected. This applies even if, in the settlement between the assured and the injured party, limitation is applied to one or both of the said liabilities. Where the limitation is applied to the balance between the assured's and the injured party's liabilities, the largest calculated liability shall, in the settlement between the assured and the insurer, be reduced by the same amount by which the balance has been reduced.

§ 76. Unusual or prohibited terms of contract.

The insurer is in no case liable in respect of liability arising from the assured or from some other person on his behalf:

(a) having entered into a contract that results in a greater liability than that which follows from the ordinary rules of maritime law, unless such terms may be considered customary in the trade concerned,

(b) having used or omitted to use terms of contract which the insurer in accordance with § 51 has prohibited or prescribed.

§ 77. Objects belonging to the assured.

The insurer is liable for a loss sustained by the assured through an object belonging to the assured being damaged or lost under such circumstances that the assured himself would have become liable for the loss if the object had belonged to

a third party, and the insurer would have had to indemnify the assured for such liability. Excepted herefrom is, however, loss of or damage to the insured ship, her provisions, stores and outfit.

§ 78. Determination of the assured's liability.

There is no liability on the insurer in respect of the assured's liability unless it has been determined by:

(a) final judgment or award of a Norwegian or foreign court of law,

(b) arbitration, provided settlement by arbitration was agreed upon before the dispute arose or has later been agreed upon with the consent of the insurer,

(c) amicable settlement approved by the insurer.

Where the assured in other cases has acknowledged or settled a claim, there is no liability on the insurer in respect of such liability unless the assured proves that the claim was justified both as regards its basis and its amount.

Subdivision 4. The sum insured as limit of insurer's liability.

§ 79. Principal rule.

Where a definite sum insured has been agreed upon, the insurer is liable up to the sum insured for loss occasioned through any one casualty.

For liabilities to third parties, in consequence of collision or striking, the insurer has a separate liability in accordance with the rules in §§ 196 and 221.

§ 80. Liability in excess of the sum insured.

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

(a) loss as mentioned in §§ 64 to 66, §§ 68 to 73 and § 105, first sentence,

(b) interest on the claim.

§ 81. Limit of liability in the case of combination of perils.

Where the insurer in accordance with §§ 20, 21 or 23 becomes liable for a part of the damage, his liability is limited to a corresponding proportion of the amounts mentioned in §§ 79 and 80.

§ 82. Insurer's right to avoid further liability by payment of the sum insured.

Where a casualty has occured, the insurer may avoid further liability by informing the assured that he will pay the sum insured, or such proportion of the sum insured as applies to the objects involved in the casualty.

Loss as mentioned in §§ 64 to 66, §§ 68 to 73 and § 105, first sentence is recoverable in excess of the sum insured, provided it is attributable to measures taken before the assured was notified of the insurer's decision.

The insurer has in such case no right to the subject-matter insured in accordance with § 102.

Chapter 5. Claims settlement.

Subdivision 1. Claims statement, interest, payments on account etc.

§ 83. Assured's duty to provide particulars and documents.

The assured is bound to provide the insurer with such particulars and documents as are available to him and which the insurer requires for the purpose of the settlement of claims.

Where the assured fraudulently or dishonestly has neglected his duties according to the first paragraph, the insurer's liability may, according to the circumstances of the case, be reduced or lapse completely. The same applies where the assured refuses to provide the insurer with particulars from the classification society, see § 30.

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§ 84. Claims statement.

The insurer shall issue the claims statement as promptly as possible. In the case of a total loss, and where the assured can claim for a total loss at the expiry of a definite period, the statement is to be issued at the latest within fourteen days, and in other cases at the latest within three months, after receipt by the insurer of the necessary particulars and documents.

The insurer may leave it to an average adjuster to prepare the statement. In such case the insurer must decide whether to accept or dispute the adjuster's statement within one month after having received it.

§ 85. Rates of exchange.

Where the assured has had disbursements in another currency than that of the sum insured, conversion shall be based on the rate of exchange ruling on the day the disbursements were made. Where disbursements become payable at a fixed time and the assured without valid reason neglects to pay them when due, he cannot claim compensation at a higher rate of exchange than that ruling on the day on which the payment was due. Where the assured in consultation with the insurer has purchased foreign currency in advance, the rate of exchange ruling on the day of such purchase is to be applied.

Where the insurer is liable for expenses that have not been

paid when the claims settlement takes place, the conversion is to be based on the rate of exchange ruling on the day on which the claims statement is issued.

§ 86. Interest on the claim.

The assured can claim interest as from the expiry of one month from the day on which the insurer was notified of the casualty. Where the insurer has to refund the assured's disbursements, the interest, however, accrues as from the day on which these were paid.

Where the assured neglects to provide particulars and documents as mentioned in § 83 and the settlement in consequence thereof is delayed, he cannot claim interest in respect of the time lost thereby.

The rate of interest is that in force for savings banks, but minimum 4 % p. a. up to the date on which the settlement falls due, and thereafter minimum 5 % p. a.

§ 87. Dispute arising out of the claims statement.

If the assured does not accept the insurer's claims statement, the assured as well as the insurer may demand submission of the statement to a Norwegian average adjuster for his opinion before the statement, if desired, is brought before the courts. The average adjuster is to be chosen by the assured.

The costs of submitting the case to the average adjuster are to be borne by the insurer, unless the assured's demand to have the claims statement amended was manifestly without foundation.

The rules in the first and second paragraphs apply correspondingly where the insurer has declined the assured's claim.

§ 88. Venue.

The insurer cannot be sued in the courts of the venue mentioned in § 29 of the Civil Procedures Act of 13th August 1915.

§ 89. Date on which settlement falls due.

The compensation falls due for payment one month from the date on which the claims statement is or should have been issued.

§ 90. Insurer's duty to make payment on account.

Where the assured, before the claims statement can be issued, shows that he has had or in the near future will have to make substantial disbursements to cover loss coming within the insurance, he may demand a reasonable payment on account in respect of his claim. Where the payment on account concerns disbursements which the assured has not yet made, the insurer is free to pay the amount direct to the third party concerned.

The rules in the preceding paragraph do not apply where the insurer has reasonable grounds for doubt as to his liability. A payment on account by the insurer in no way prejudices the question of his liability to the assured.

The insurer can claim interest at the rate in force for savings banks, but minimum 4 % p. a., on payments on account made. Where he makes a payment on account in respect of an amount allowed in general average, he can claim interest at the rate adopted in the general average adjustment up to the date of the adjustment.

§ 91. Payment on account where there is a dispute as to which insurer is liable for the loss.

Where one or more insurers are involved in a dispute as to which of them is liable for the loss, each of them shall on demand make a proportionate payment on account in respect of the claim. This duty is conditional upon none of the insurers having raised other objections to the claim. Where their contingent liability for the loss differs, the payment on account is to be based upon the lowest liability.

Subdivision 2. Assured's liability to third parties.

§ 92. Assured's duties where a claim for damages covered by the insurance is made against him.

Where a claim for damages, the liability for which is covered by the insurance, is made against the assured, he is bound to notify the insurer immediately. He shall look after the insurer's interests in the best manner possible, and, if necessary, avail himself of expert technical and legal assistance. The insurer is entitled to acquaint himself at once with all documents and other evidence and, in the event of litigation, to be represented separately.

Where the assured intentionally, or by gross negligence, fails in his duties according to the preceding paragraph, the insurer shall only cover the liability that would have fallen on him had the duties been fulfilled.

§ 93. Insurer's right to take over the handling of the claim.

The insurer may with the consent of the assured take over the handling of a claim made against the assured and, should he so wish, carry on litigation concerning the claim in the name of the assured. This does not imply acknowledgement of any obligation to pay the amount for which the assured may be held liable.

§ 94. Decision on questions concerning legal proceedings or appeals.

Where there is a disagreement between the insurer and the assured concerning the institution of legal proceedings or lod-

ging of an appeal, the matter shall be finally decided by an arbitrator designated by the Association of Norwegian Average Adjusters.

The arbitrator shall choose the alternative which, in his opinion, is likely to result in the smallest combined loss for the assured and for his insurers. The arbitrator shall not take into account any advantage that the assured or an insurer may retain or obtain by the owner of the insured ship agreeing to, or attempting to have awarded against him, a greater degree of fault in a collision case.

Where the assured does not submit to the decision of the arbitrator, the insurer whose views have been accepted by the arbitrator shall in no case have to cover any liability beyond that which he had declared himself prepared to admit when the dispute was submitted to the arbitrator. Where the assured institutes legal proceedings or lodges an appeal contrary to the arbitrator's decision, and where the proceedings or the appeal result in the insurer having a smaller liability than that which he had declared himself prepared to admit, the insurer shall pay, within the limits of what has been saved, his proportionate share of the legal expenses.

§ 95. Provision of security.

The insurer is under no obligation to provide security in respect of the assured's liability to third parties.

The provision of such security by the insurer in no way prejudices the question of his liability to the assured.

Where the insurer has provided security in respect of a liability that is proved not to concern him, the assured shall refund him his expenses in connection with the provision of such security.

Subdivision 3. Assured's claim for damages against third party.

§ 96. Insurer's right of subrogation to the assured's claim for damages against third party.

Where the assured has a claim for damages against third party on account of the loss, the insurer, on payment of the compensation, is subrogated to the rights of the assured against the third party. The rule in § 75 applies correspondingly.

Where the insurer is only partly liable for the loss, the claim for damages is divided proportionately between the insurer and the assured. The same applies where the damages 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 whole amount of the loss cannot be recovered.

Where the insurer's claim produces a net amount in excess of

that paid by him to the assured with addition of interest, the assured is entitled to the excess.

§ 97. Waiver of claim for damages.

The liability of the insurer shall be reduced by an amount equal to that which he is precluded from collecting in consequence of the assured having waived his right to claim damages from a third party, provided either, that the waiver cannot be considered customary in the trade in question or, that it has been made contrary to directions given by the insurer by virtue of § 51.

§ 98. Assured's duty to assist the insurer with information and documents.

The assured shall, when requested, provide the insurer with all information and documents available to him and of relevance for the prosecution of the insurer's claim.

The insurer is entitled, even before he takes over the claim, to acquaint himself with all documents and other evidence. In the event of litigation between the assured and a third party he is entitled to be represented separately.

§ 99. Assured's duty to maintain and secure the right to claim.

The assured is bound to take necessary steps to maintain and secure the right to claim until the insurer himself can attend to his interests. If necessary, the assured shall avail himself of expert technical and legal assistance.

Where the assured intentionally or by gross negligence fails to fulfil his duties according to the preceding paragraph, he becomes liable for any loss suffered by the insurer through such failure.

§ 100. Decision on questions concerning legal proceedings or appeals.

Where there is a disagreement between the insurer and the assured concerning the institution of legal proceedings or lodging of appeals in respect of claims for damages against third parties, § 94 applies correspondingly.

§ 101. Salvage remuneration which includes compensation for loss covered by the insurer.

Where the assured has sustained loss in connection with a salvage operation and receives salvage remuneration or a share of such remuneration, he is bound, out of the amount thus received, to reimburse the insurer whatever the latter has paid in settlement of the loss.

§§ 96 to 100 apply correspondingly.

Subdivision 4. Insurer's right of subrogation to the subject-matter insured on payment of claim.

§ 102. Insurer's rights in case of total loss.

On payment of a claim for total loss the insurer is subrogated to the assured's rights in the subject-matter insured, unless, at the latest on payment, he waives these rights. § 9 applies correspondingly.

The assured is bound to furnish the insurer with title to the subject-matter insured and to hand over all documents that are of importance to him as owner. Expenses incurred in this connection are to be borne by the insurer.

§ 103. Insurer's rights in case of damage.

On payment of a claim for damage the insurer is subrogated to the assured's rights to such parts of the subject-matter insured as have been compensated.

§ 96, second paragraph, first sentence applies correspondingly.

§ 104. Charges on the subject-matter insured.

Where the insurer, after having taken over the subject-matter insured in accordance with § 102, becomes liable for the costs of its removal, the assured shall reimburse him that part of the costs which exceeds the value of what is removed.

Where there is a charge on the subject-matter insured in respect of liability not comprised by the insurance, the assured shall indemnify the insurer to the extent thereof.

Where the assured, for the purpose of limiting his liability to a third party, has to abandon the ship, this may be done irrespective of the insurer's rights as stated in § 102.

§ 105. Preservation of the subject-matter insured.

The insurer is liable for expenses incurred after the casualty that entitles the assured to a claim for total loss, by necessary measures to preserve the subject-matter insured. The assured is also bound to take such measures even after the subject-matter insured has been taken over by the insurer, provided the latter has not himself the possibility of attending to his interests.

§ 106. Insurer's right to indemnification in respect of damage to the subject-matter insured.

The insurer is subrogated to the assured's claims against third parties for indemnification in respect of damage to the subject-matter insured. This, however, does not apply to claims under insurance contracts.

Subdivision 5. Time bar of claims.

§ 107. Time limit for notification of casualty.

The assured forfeits his right to claim compensation if he has not notified the insurer of the casualty within six months of his becoming aware of it.

§ 108. Limitation of action where the insurer has refused the claim.

Where the insurer has refused, entirely or partly, a claim, it becomes time barred unless the assured has taken legal action or has demanded submission of the dispute to an average adjuster in accordance with § 87, within one year of receiving notification from the insurer of the refusal.

Where the dispute is submitted to an average adjuster and his opinion goes against the assured, the claim becomes time barred unless the assured takes legal action within six months of receiving notification of the average adjuster's decision.

Notification in accordance with the first and second paragraphs shall be in writing. It shall state the time limit and the consequences of it being exceeded.

§ 109. Extension of time limit on account of hindrance on the part of the assured.

The insurer cannot invoke §§ 107 and 108 if the assured proves that he has not been able to observe the time limits, and that he has exercised his rights as soon as this became possible for him.

§ 110. Three years' limitation.

The assured's claim for compensation becomes time barred after three years from expiry of the calendar year in which he became aware of his claim and of the circumstances that determine its extent.

§ 111. Ten years' limitation.

Where a time-bar has not taken effect earlier, the assured's claim for compensation becomes time barred after ten years from the occurrence of the casualty.

Where, however, the assured has to await a judgment or a general average adjustment before he can present his claim, the claim becomes time barred at the earliest one year after issue of final judgment or of the general average adjustment.

Chapter 6. Premium.

§ 112. Payment of the premium.

The premium is to be paid by the person effecting the insurance.

In the case of time insurance the premium is due on the day on which the insurance comes into force, and in the case of other insurances at the conclusion of the contract. Where the premium is payable in several instalments or the insurance is renewed on the same or on other conditions, the subsequent premiums are due on the first day of each insurance period.

On premiums that are not paid at the proper time the insurer may charge interest at 5 % p. a.

§ 113. Insurer's right to terminate the insurance in case of non-payment of premium.

Where a premium is not paid at the proper time, the insurer may terminate the insurance on giving three days' notice.

If the premium is paid before the expiry of the time limit, the notice becomes inoperative.

§ 114. The effect of premium reminder.

Where the insurer has sent a reminder in writing to the person effecting the insurance of the date on which a subsequent premium (see § 112, second paragraph) is due and such premium is not paid, the insurance becomes inoperative on and after the fifteenth day after the dispatch of the reminder.

A reminder with effect according to the first paragraph cannot be dispatched earlier than fourteen days before the date on which the premium falls due. It shall state the time limit for payment and the consequences of this limit being exceeded.

If the premium is subsequently paid, the insurance again becomes operative from the day on which payment takes place.

Notwithstanding a reminder having been sent and the insurance having become inoperative, the insurer may terminate the insurance in accordance with § 113.

Unless terminated earlier, the insurance lapses three months after its having become inoperative, provided the premium has not been paid by then.

§ 115. Full premium in case of fraud and dishonesty.

Where the contract of insurance is void on account of fraud or dishonesty on the part of the person effecting the insurance, the insurer is entitled to the whole premium agreed.

The same rule applies where the insurer is wholly or partly free from liability according to the rules concerning the conse-

quences of neglect on the part of the person effecting the insurance or the assured, contained in Chapter 3 or § 83, second paragraph.

§ 116. Premium in case of total loss.

Where the insurer settles a claim for total loss, or pays the sum insured in accordance with § 82, he is entitled to the whole premium agreed.

Where the total loss is wholly or partly due to perils not comprised by the insurance, the person effecting the insurance can claim a reduction of the premium in respect of that part of the sum insured that is not paid, corresponding to the time during which the insurer has not borne the risk. Where the claim for total loss is settled in accordance with the rules in § 162, second paragraph, § 163, § 168 or § 169, the risk is considered to have terminated at the time of the casualty, or at the time of the last report concerning the ship. Until it has been established that compensation for total loss can be claimed, the insurer may require the premium to be deposited.

The rules in this Section do not apply to P. & I. insurance.

§ 117. Additional premium where the insurer's risk becomes greater than originally assumed.

Where the person effecting the insurance, at the conclusion of the contract or subsequently, has given insufficient or incorrect information, without the conditions for limitation of the insurer's liability in accordance with § 29 being present, the insurer may demand an additional premium, so that he receives, for the time that he has borne the risk, the premium that it must be assumed he would have charged if, at the conclusion of the contract, he had been given correct and complete information.

Where an alteration of the risk as mentioned in § 31 occurs, without the conditions for limitation of the insurer's liability according to § 32 being present, the insurer may demand a proportionate additional premium for the time the insurance has been in force. An additional premium cannot, however, be demanded if the alteration of the risk has been caused by measures taken for the purpose of saving of life.

§§ 29 and 36 apply correspondingly.

Where the insurer demands an additional premium for a future period, the person effecting the insurance may terminate the insurance without notice.

§ 118. Additional premium where the insurance is prolonged.

In the cases mentioned in § 157 the insurer may demand an additional premium for the period for which the insurance is prolonged.

Where, at the expiry of the insurance period, it is uncertain whether a claim for total loss will be made in accordance with § 162, second paragraph, § 168 or § 169, and the ship is subsequently salved or reported safe, an additional premium can be demanded only from the time the assured or a person acting on his behalf gained control of the ship.

§ 119. Lapse of right to premium where no risk attaches for the insurer.

The insurer has no right to premium:

(a) where the contract of insurance does not relate to any interest and the person effecting the insurance neither knew nor ought to have known this when the contract was concluded,

(b) where the insurance relates to a future interest, and this does not materialise,

(c) where the interest ceases to exist after the contract has been concluded, but before the insurer's risk has attached,

(d) where the interest is not exposed to any of the perils which, according to the contract, are covered by the insurance.

§ 120. Reduction of premium where the sum insured is higher than the value of the interest.

The person effecting the insurance may claim a reduction of the premium:

(a) where there is a case of over-insurance,

(b) where a valuation is set aside in accordance with § 8,

(c) where the sum insured is reduced in accordance with § 13.

The reduced premium shall correspond to the premium which the insurer, at the conclusion of the contract, would have charged for an insurance with the lower sum insured.

The right to a reduction of premium according to (a) and (b) is subject to the condition that, when the contract was concluded, the person effecting the insurance neither knew nor ought to have known the circumstances on which the claim for the reduction of premium is based.

§ 121. Reduction of premium where the period of insurance proves to be shorter than agreed or the insurance becomes inoperative.

Where the period of insurance proves to be shorter than agreed, the person effecting the insurance may claim a reduction of premium in proportion to the reduction of the period of insurance.

The same rule applies where the insurance has been inoperative in accordance with § 37, third paragraph, § 41 and § 44. The insurer's right to premium in other cases is not influenced by the insurance becoming inoperative.

§ 122. Reduction of premium when the ship is in port.

Where a reduction of premium is agreed for the time the ship insured is in port, §§ 123 to 125 shall apply.

§ 123. Calculation of the time the ship is in port.

The day of arrival and the day of departure shall be disregarded in calculating the time the ship is in port.

Where the period of insurance expires and a new insurance attaches whilst the ship is in port, the total time in port is decisive in determining whether the ship has been in port for the minimum period agreed. Where it is agreed that the premium shall be reduced only for that part of the stay which exceeds the minimum period, this period shall be calculated from the commencement of the stay.

§ 124. Removal of the ship.

The stay in port shall not be deemed to be interrupted by the ship being moved within the port area, unless the ship has commenced its voyage from the port and is thereafter delayed.

Furthermore, the stay in port shall not be deemed to be interrupted by the ship being removed to another port exclusively for the purpose of continuing its stay, but the insurer is entitled to full premium for the time of removal.

§ 125. Cases where the insurer is entitled to full premium for the time the ship is in port.

The insurer is entitled to full premium for the time the ship is in port when:

(a) the ship is insured on conditions as set out in §§ 152 to 154,
(b) the ship stays in a port at which, according to the contract, she may only call at an additional premium,
(c) the insurer subsequently in accordance with § 116 becomes entitled to the full premium agreed.

§ 126. Claim for reduction of premium. Charge on return of premium.

A claim for reduction or return of premium according to the rules in this Chapter must be made within six months after the expiry of the insurance year or of the period of insurance if this is shorter than one year. Where such claim is dependent on the use of the ship, the person effecting the insurance must produce particulars of the ship's employment.

Where the duty of the person effecting the insurance to pay a premium due has wholly or partly lapsed without this being attributable to the insurer, the latter is entitled to a charge of 10 % of the return, the charge not to exceed Kr. 1,000.

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Chapter 7. Insurance of the interest of third party.

§ 127. Scope of the rules.

The rules in §§ 128 to 132 are applicable where the insurance is effected, wholly or in part, for the benefit of a named or unnamed third party.

The insurance does not cover third party's interest in the subject-matter insured, unless otherwise is agreed or follows from this Plan.

§ 128. Duty of disclosure.

Where an insurance is effected for the benefit of a third party, the person effecting the insurance shall disclose to the insurer whether or not the assured is aware of the insurance being effected.

Where the assured knows that the insurance is being effected, the rules in § 14 and Chapter 3, Subdivision 1, shall apply correspondingly to him. This shall apply even if he does not know it, but the person effecting the insurance has omitted to disclose this to the insurer.

§ 129. Loss of assured's rights owing to acts or omissions of the person effecting the insurance.

Where the subject-matter insured is in the custody of the person effecting the insurance or has been left with somebody holding it on his behalf, the rules concerning the assured's loss of rights against the insurer shall apply correspondingly to acts and omissions of the person effecting the insurance, even if no blame attaches to the assured.

§ 130. Amendments to and termination or cancellation of the contract of insurance.

The person effecting the insurance may, with binding effect on the assured, amend, terminate or cancel the insurance contract, unless the insurer knows or ought to know that the person effecting the insurance is not entitled, in his relationship with the assured, to take such measures.

The insurer may, with binding effect on the assured, give notices of termination and other notices to the person effecting the insurance, unless the insurer knows or ought to know who the assured is.

§ 131. Settlement of claims.

When a casualty has occured, the insurer may, with binding effect on the assured, negotiate with the person effecting the

insurance and pay compensation to him, unless the insurer knows or ought to know who the assured is.

§ 132. Rights of the insurer against the person effecting the insurance.

The insurer may, in relation to the assured, invoke his rights in accordance with §§ 113 and 114 against the person effecting the insurance. Where the insurer, on notification from the assured or otherwise, has become aware of the assured's identity, the latter shall be informed of any demands, notices of termination and other notices served by the insurer on the person effecting the insurance.

In the application of the rules in §§ 119 and 120 on the lapse or reduction of the insurer's right to premium, knowledge which the assured had or ought to have had shall be deemed to have the same effect as the knowledge of the person effecting the insurance, provided that the assured knew that the insurance was beeing effected.

The insurer's claims in connection with the insurance contract against the person effecting the insurance may be set off against the claim for compensation.

§ 133. Change of ownership.

Where the ship to which the insurance relates is transferred to a new owner by sale or otherwise, the insurance shall lapse.

Where the ship is owned by a company, and more than one half of the stock or shares is transferred to a new owner, the insurer may terminate the insurance on giving fourteen days' notice. This shall also apply in case of change of management.

Chapter 8. Insurance also covering mortgagee's interest.

§ 134. Mortgagee's rights against the insurer. Notice of mortgage.

Where the interest to which the insurance pertains is mortgaged, the insurance also protects the interest of the mortgagee, provided, however, that the mortgagee's rights against the insurer shall not exceed the rights of the owner.

Where the owner or the mortgagee has notified the insurer of the mortgage, the rules in §§ 135 to 138 shall apply. Such notice shall take effect from the time when it reaches the insurer.

The insurer shall advise the mortgagee that the mortgage has been noted, and of the effect thereof.

§ 135. Notices of termination and other dispositions concerning the insurance.

The owner cannot amend, cancel or terminate the insurance contract with binding effect on the mortgagee.

Where the insurer gives notice of termination, the mortgagee is entitled to be notified with the same period of notice as the owner, but this shall not be less than seven days. The insurer cannot, in relation to the mortgagee, rely upon the insurance having become inoperative pursuant to § 114, unless he has also sent a reminder to the mortgagee.

§ 136. Deviation, alteration of the risk.

Where it has been agreed that the insurer is to be notified in advance and that an additional premium is to be paid if the ship sails in certain waters or is used for certain purposes, and the mortgagee in advance has declared himself prepared to pay the additional premium and, on request, has provided satisfactory security, the insurer cannot, in relation to the mortgagee, invoke the fact that the owner has failed to notify him or to pay the additional premium.

§ 137. Handling of claims, claims statements etc.

Such decisions as are required in connection with casualties, claims statements or the lodging of claims against third parties, are to be made by the owner and the insurer.

In case of a total loss the owner cannot, to the prejudice of the mortgagee, waive, wholly or partly, his right to compensation.

§ 138. Payment of compensation.

In case of a total loss the interest of the mortgagee shall take precedence over that of the owner.

A claim for damage which, in respect of one single casualty, exceeds 5 % of the sum insured or Kr. 200,000, must not, without the consent of the mortgagee, be settled by the insurer except against a receipted bill for repairs effected. Where the ship is insured with two or more insurers against the same perils, this restriction applies to the combined payments by the insurers.

A claim under § 173, fourth paragraph and § 174 must not be settled with the owner without the consent of the mortgagee.

A liability to a third party, falling on the insurer, must only be settled by him against receipt from the third party.

Unless the mortgagee agrees otherwise, the insurer can only set off such claims as have arisen out of the insurance contract

for the ship in question, and which have become due in the course of the last two years prior to the settlement.

Chapter 9. Relations between the leading insurer and the co-insurers.

§ 139. Definitions.

«Leading insurer» means the insurer who, when the insurance contract is concluded, is designated as the leading insurer.

«Co-insurers» means other insurers who have accepted an insurance against the same perils on a proportion of the interest and who are directly liable to the assured.

§ 140. The leading insurer's right to act on behalf of the co-insurers.

Unless otherwise agreed, the leading insurer is entitled to take such steps as are mentioned in §§ 142—146 with binding effect on the co-insurers. In all such cases he is bound to consider, as far as possible, the interests of all the insurers. If time permits, he should in cases of importance consult those co-insurers of which he is aware.

Notwithstanding the fact that the leading insurer has acted contrary to any agreement with the co-insurers, or in any other manner has disregarded their interests, any steps taken by him pursuant to §§ 142 to 145 shall be binding upon the co-insurers in relation to the assured, unless the assured was or ought to have been aware of the real position.

§ 141. Notifications etc. in connection with casualties.

Where the assured has requested the leading insurer to pass on to one or more named co-insurers possible notifications, reports etc. in connection with a casualty or a claims statement, he may subsequently, with binding effect on such co-insurers, send such notifications, reports etc. to the leading insurer.

The leading insurer shall pass on the notifications, reports etc. to the co-insurers concerned.

§ 142. Salvage.

The leading insurer decides what instructions are to be given to the assured pursuant to § 53, and may take measures for the purpose of salvage. He may inform the assured that the salvage has been abandoned or that the insurer will limit his liability for the costs in accordance with § 82.

§ 143. Repairs.

The leading insurer takes decisions pursuant to §§ 181 to 184. If the assured has claimed condemnation of the ship, a co-insurer may nevertheless demand removal of the ship pursuant to § 166 and tenders to be obtained from repair yards designated by him.

§ 144. Provision of security.

Where the leading insurer has informed the co-insurer that he has provided security for the liability of the assured in consequence of collision, striking or salvage, the co-insurer must not effect settlement of claims in connection with the liability direct with the assured.

The co-insurer cannot set off against the leading insurer counter-claims against the assured unless he has made special reservation prior to the provision of the security.

§ 145. Disputes with third parties.

Where a third party has put forward a claim that comes within the scope of the insurance, or where the assured has a claim for damage to which the insurer is subrogated, the leading insurer decides upon the questions of legal proceedings, appeal or amicable settlement.

§ 146. Statements of claims.

The leading insurer makes arrangements for the preparation of statement of claims. The statement is binding on the co-insurers provided that it has been made in accordance with the insurance conditions.

§ 147. Venue.

The assured may institute legal proceedings against the co-insurers in the courts of the venue applicable to the leading insurer.

PART TWO

HULL INSURANCE AND SIMILAR INSURANCE

Chapter 10. General provisions concerning the scope of the hull insurance.

§ 148. Objects insured.

The insurance includes the ship as well as equipment on board which belongs to the owners or which they have borrowed, hired, or purchased on a hire-purchase agreement, and spare parts on board for the ship or her equipment.

The insurance does not include provisions, bunkers, engine and deck stores or other articles intended for consumption, boats and outfit intended for use in connection with whaling, sealing, fishing or similar operations, nor loose objects exclusively intended for securing or protecting of the cargo.

§ 149. Objects temporarily removed from the ship.

The insurance includes also parts of the ship, equipment and spare parts which are temporarily removed from the ship in connection with the running of the ship or on account of repairs, re-building or similar work, provided that the objects are to be put on board again before sailing.

§ 150. Loss due to ordinary use.

The insurer is not liable for loss that is a normal consequence of the use of the ship and her equipment.

§ 151. Insurance «on full conditions».

If not otherwise agreed, the hull insurer is liable for total loss, damage and collision liability in accordance with Chapters 11 to 13.

§ 152. Insurance «against total loss only» (T. L. O.).

Where the insurance is effected «against total loss only», the insurer is liable for total loss in accordance with the rules in Chapter 11.

§ 153. Insurance «against total loss and general average contribution only».

Where the insurance is effected «against total loss and general average contribution only», the insurer is liable for:

(a) total loss in accordance with the rules in Chapter 11,

(b) general average contribution and loss through assumed general average, see §§ 70, 71 and 73.

§ 154. Insurance «against total loss, general average contribution and collision liability only».

Where the insurance is effected «against total loss, general average contribution and collision liability only», the insurer is liable for:

(a) total loss in accordance with the rules in Chapter 11,

(b) general average contribution and loss through assumed general average, see §§ 70, 71 and 73,

(c) liability to third parties in accordance with the rules in Chapter 13.

§ 155. Insurance «on stranding terms».

Where the insurance is effected «on stranding terms», the insurer is liable for:

(a) total loss in accordance with the rules in Chapter 11,

(b) general average contribution and loss through assumed general average, see §§ 70, 71 and 73,

(c) liability to third parties in accordance with the rules in Chapter 13,

(d) damage to the ship in consequence of: the ship having grounded under such circumstances that she cannot get off by her own means; the ship having capsized in such manner that she lies with her masts in the water or with the bottom up; the ship having collided with another ship or with an iceberg; a fire or an explosion, but excluding damage caused in the engine room by fire or explosion originating there.

§ 156. Duration of voyage insurance.

In the case of voyage insurance the insurance attaches from the moment the ship commences loading cargo or ballast. Where neither cargo nor ballast is to be loaded, the insurance attaches from the moment the ship weighs anchor or lets go her moorings in order to sail.

The insurance is in force until the ship has discharged her cargo or ballast at the appointed place of destination. If the assured does not arrange for the discharge to proceed with reasonable speed, the insurance terminates at the time when the discharge ought to have been completed. Where the ship is not to

discharge either cargo or ballast, the insurance terminates when the ship has dropped anchor or has been moored at a customary anchorage or mooring place.

Where the ship, at the place of destination, commences loading cargo or ballast for a new voyage before the discharge of the old cargo or ballast has been completed, the insurance terminates when the ship commences loading cargo or ballast.

If the voyage is abandoned after the insurance has become operative, the place where the voyage ends is regarded as the place of destination.

§ 157. Prolongation of the insurance.

Where the ship, at the expiry of the period of insurance, has sustained damage for which the insurer is liable and which is of such a nature that repairs must be considered necessary for the seaworthiness of the ship, the insurance is prolonged until the ship has dropped anchor or has been moored at the first place where permanent repairs can be effected. If the repairs are carried out at this place, the insurance is prolonged until the repairs are completed.

Where it has been agreed that a new insurance shall run from the time when the old one should have terminated, the time of the commencement of the new insurance is to be deferred accordingly. If the ship sails from the port of repair before the old insurance should have expired in accordance with § 4, the liability is transferred to the new insurer at the time of sailing.

§ 158. Right of termination in the case of fluctuations in market values.

Where the value of the ship, on account of fluctuations in market values, has changed substantially since the insurance was effected, either party is entitled to terminate the insurance on giving fourteen days' notice.

§ 159. Insurer's liabilty where the ship is salved or assisted by another ship belonging to the assured.

Where the ship is salved by another ship belonging to the assured, or where she receives assistance from such a ship, the insurer is liable as if that ship had belonged to a third party.

§ 160. Reduction of liability in consequence of a hull-interest insurance.

Where the assured, as compensation under a hull interest insurance, receives an amount exceeding 25 % of the assessed value applicable to the hull insurance against the same perils, the hull insurer's liability is reduced correspondingly.

Chapter 11. Total loss.

§ 161. Total loss.

The assured may recover for a total loss where the ship is lost to him, without there being any prospect of his recovering her, or where the ship has become so badly damaged as to make her unrepairable.

In the adjustment of the claim no deduction is to be made in respect of unrepaired damage which the ship has sustained through an earlier casualty.

§ 162. Salvage attempts.

The insurer is entitled, at his own cost and responsibility, to attempt to salve the ship. The assured must in such case do what he can to enable the insurer to effect the salvage.

Where the salvage operation is not completed within six months from the day when the insurer was notified of the casualty, the assured may recover for a total loss. Where the salvage operation is delayed on account of difficult ice conditions, the time limit shall be extended correspondingly, but not by more than six months.

§ 163. Condemnation.

The assured may recover for a total loss where the ship is condemnable.

The ship is condemnable where the total damage caused by casualties is so extensive that the cost of repairing her will amount to at least 80 % of the insurable value, or of her value in repaired condition, where this value is higher than the insurable value. Where two or more insurances have been effected against the same perils but with different valuations, the highest valuation is to be taken as the basis.

The value of the ship in repaired condition is to be ascertained on the basis of the market values obtaining at the time when the assured submits his request for condemnation.

As damage caused by casualty, only such damage is to be considered as has been reported to the insurer concerned and surveyed by him in the course of the last three years prior to the casualty that gives rise to the request for condemnation. As cost of repairs are reckoned all costs of removal and repairs which, at the time when the request for condemnation is submitted, must be expected to be incurred if the ship is to be repaired, but not salvage remuneration or compensation for depreciation in value in accordance with § 173, fourth paragraph.

§ 164. Condemnation in case of combination of perils.

Where the casualty which gives rise to the condemnation is due also to perils not covered by the insurance, the claim shall be reduced correspondingly, see §§ 20, 21 and 23.

Where the casualty has been caused in such combination of marine and war perils as mentioned in § 21, second sentence, see also § 23, the valuation applicable to the insurance against marine perils shall be taken as the basis in deciding whether the ship is condemnable.

§ 165. Request for condemnation.

Where the assured desires the ship to be condemned, he must make a request to the insurer without undue delay after the ship has been salved and the assured has had an opportunity to survey the damage. This request may be withdrawn so long as it has not been accepted by the insurer.

Whether the assured or the insurer does or does not salve the ship, shall not be taken to imply approval or waiver of the right to condemnation.

§ 166. Removal of the ship.

Where the assured has requested condemnation of the ship, the insurer may demand her removal to a place where the damage can be satisfactorily surveyed. This demand must be made without undue delay after the ship has been salved.

The insurer bears the costs of the removal and the liability for all loss which arises during or in consequence of the removal, and which is not covered by other insurers.

§ 167. War risk insurer's liability for removal of war-wreck.

Where the ship has been lost in consequence of war perils, the insurer against war perils covers the assured's liability for the removal of the wreck, even if the sum insured is exceeded thereby.

§ 168. Missing or abandoned ship.

Where the ship has been reported missing, the assured may claim for a total loss when three months have elapsed from the day on which the ship was at the latest expected to arrive in port. Where she is reported missing under circumstances that give reason to assume that she is frozen in and may subsequently be located, the time limit is twelve months.

Where the ship has been abandoned by the crew at sea without her further fate being known, the assured may claim for a total loss when three months have elapsed from the day on which the ship was so abandoned. Where she has been abandoned

because she was frozen in, the time limit is twelve months. If she has been located since she was so abandoned, the time limit runs from the day on which she was last located.

§ 169. Seizure, requisition, piracy.

Where the assured has been deprived of the ship by measures taken by alien State authorities, the assured may claim for a total loss if, within six months from the day on which the measures were taken, it has not been finally decided that the ship is to be released.

Where the ship has been taken by pirates or the assured has been deprived of her by similar unlawful measures, the assured may claim for a total loss if the ship has not been recovered within six months from the day on which the measures were taken.

Where the ship has been temporarily seized or requisitioned for use by alien State authorities, the assured may claim for a total loss if the ship has not been released within two years from the day on which the measures were taken.

§ 170. General provisions regarding missing or abandoned ships, or ships whereof the assured has been deprived.

Where, before the expiry of the time limits mentioned in §§ 168 and 169, it is manifest that the assured will not recover the ship, he may at once claim for a total loss.

Where the time limit has expired and the assured has submitted a claim for a total loss, the insurer cannot repudiate the claim because the ship is recovered or released at a later date.

§ 171. Prolongation of the insurance where it is uncertain whether a claim can be made in accordance with §§ 168 and 169.

Where, at the expiry of the period of insurance, a situation exists as mentioned in §§ 168 and 169, and the ship is subsequently recovered without the assured being entitled to claim for a total loss, the insurance is prolonged until the ship has dropped anchor or has been moored in the first port. Where the ship is damaged, the rules in § 157 shall then apply.

The insurance is, however, in no case prolonged beyond two years from the expiry of the period of insurance.

§ 172. Insurer's liability subsequent to the casualty giving rise to a claim in accordance with §§ 162, 163, 168 or 169.

Where the assured is entitled to claim for a total loss in accordance with § 162, second paragraph, § 163, § 168 or § 169, an insurer who is not liable for the total loss shall not be liable for new casualties occuring subsequent to the casualty that resulted in a total loss.

The insurer who is liable for the total loss is liable for the assured's third party liability in accordance with the rules in Chapter 13, irrespective of that liability having arisen through marine perils or war perils, provided that the liability has arisen subsequent to the casualty that resulted in the total loss, but before the claim was settled, and at the latest within two years after the expiry of the period of insurance.

Chapter 12. Damage.

§ 173. Principal rule concerning insurer's liability.

Where the ship has been damaged without the rules concerning total loss being applicable, the insurer is liable for the costs of repairing the damage in such manner that the ship is restored to her condition prior to the occurence of the damage.

The liability arises as and when the costs of repairs are incurred.

Where the repairs have resulted in special advantages for the assured through the ship being strengthened or the equipment improved, a deduction from the claim is to be made, limited to the increased costs caused by the strengthening or the improvement.

Where complete repairs of the damage are not possible, but the ship can be made seaworthy and serviceable for her intended use through less extensive repairs, the insurer is, in addition to the repair costs, liable for the depreciation in value. Where complete repairs of the damage will result in unreasonable costs, the insurer may claim his liability limited to the cost of the less extensive repairs, with addition of the depreciation in value.

§ 174. Claim for unrepaired damage.

Even though the repairs have not been effected, the assured may claim for the damage where:

(a) the ship is sold to be broken up,
(b) the ship passes from the assured's ownership by sale to an alien purchaser, forced public sale, seizure or requisition which does not give rise to a claim in accordance with § 169.

The claim is calculated on the basis of the estimated cost of repairs, but limited to the reduction in the proceeds attributable to the damage. Failing proof to the contrary, the damage is 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.

§ 175. Wear and tear, faulty material etc.

Where the damage is a consequence of faulty construction, faulty material, wear and tear, corrosion, rottenness, insufficient upkeep or similar causes, the insurer is not liable for the costs of renewing or repairing such part as was not in a proper condition.

Costs as mentioned in the first paragraph are, however, recoverable when the ship is classed and the classification society has passed the part in question, provided that the damage:

(a) is attributable to faulty material,

(b) is the fracturing or cracking of a boiler or a part of the main engine, and the fracturing or cracking is not attributable to wear and tear, corrosion or insufficient maintenance.

§ 176. Loss excluded from insurer's liability.

The insurer is not liable for:

(a) provisions and wages for the crew and similar expenses directly connected with the running of the ship during the period of repairs,

(b) expenses for shifting, storage and removal of cargo,

(c) accommodation of passengers,

(d) painting of bottom, if the bottom was last painted more than six months ago,

(e) caulking of hull and deck,

(f) articles used for mooring, towing and the like, and tarpaulins, unless the loss is a consequence of the ship having sunk or is attributable to collision, fire or theft,

(g) sails and awnings lost or damaged by weather or sea,

(h) articles placed on deck without this being their proper place, and which are lost or damaged by weather or sea,

(i) boats in tow that are lost or damaged while the ship is under way,

(j) life-boats swung out that are lost or damaged while the ship is under way, unless they are swung out owing to war perils,

(k) zinc slabs, magnesium slabs and the like fitted for protection against corrosion,

(l) ~~renewal of or repairs~~ to motor cylinder liners, unless the ~~liners have~~ cracked,

(m) loss in consequence of lubricating oil or cooling water becoming contaminated, unless cleaning has been undertaken as soon as possible and not later than three months after the contamination occurred,

(n) damage intentionally done to the ship during discharge or removal of cargo, unless the measures are due to a case of stranding, see § 155 (d).

§ 177. Deferred repairs.

Where repairs are not carried out within five years of the damage being discovered, the insurer is not liable for any increase in the cost of the work occurring subsequently.

§ 178. Temporary repairs.

The insurer is liable for the cost of necessary temporary repairs when permanent repairs cannot be effected at the place where the ship is lying.

Where temporary repairs are effected in other cases, the insurer is liable for the costs up to the amount he saves through the postponement of the permanent repairs, or up to 20 % p. a. on the hull valution for the time the assured saves, if this amount is greater.

§ 179. Costs incurred in expediting the repairs.

Where the assured, in order to limit his loss of time, expedites the repairs by extraordinary measures, the insurer's liability for the costs incurred thereby is limited to 20 % p. a. on the hull valution, for the time saved to the assured. The saving and the liability are calculated in one for all repairs effected concurrently.

§ 180. Repairs to a ship that is condemnable.

Where the ship is repaired despite the conditions for condemnation being fulfilled, the insurer's liability is limited to the sum insured with additions in accordance with § 80, if any, but with deduction of the value of the wreck.

§ 181. Survey of damage.

Before any damage is repaired, it is to be surveyed by a representative of the assured and a representative of the insurer.

The representatives shall issue reports, in which they describe the damage and state their opinions regarding the probable cause of each separate item of damage, the time of its occurrence and the cost of repairing it.

Where one of the parties so requires, the representatives shall, before the damage repairs are commenced, issue preliminary reports, giving an approximate estimate of the repair costs.

Where there is a dispute between the two representatives, they shall appoint an arbitrator who shall give a reasoned opinion on the questions submitted to him. Where the parties cannot agree on the choice of an arbitrator, he is to be appointed in Norway by a public notary or abroad by the Norwegian consul concerned.

Neither the assured nor the insurer can demand legal survey

of the damage, unless this is required by the laws of the relevant country.

If the assured, without compelling reasons, has the ship repaired without a survey being held or without notifying the insurer of the survey, he has, in addition to the burden of proof in accordance with § 19, the burden of proving that the damage is not due to causes not covered by the insurance.

§ 182. Invitation to tender.

The insurer may require tenders for the repairs to be taken from yards of his own choice. Where the assured does not invite such tenders, the insurer may do so.

Where the invitation to tender results in a loss of time in excess of ten days, calculated from the despatch of the invitation, the insurer compensates the loss of time with 20 % p. a. on the hull valuation for the additional time.

§ 183. Choice of repair yard.

The tenders received shall for the purpose of comparison be adjusted by the costs of removal being added to the amounts of the tenders.

The assured decides which yard is to be used, but the liability of the insurer for the cost of the repairs and the removal shall be limited to an amount corresponding to the amount that would have been recoverable had the lowest adjusted tender been accepted, with an addition of 20 % p. a. on the hull valuation for the time the assured saves by not choosing the said tender.

Where the assured, because of special circumstances, has justifiable reason for objecting to the repairs being carried out at one of the yards that have tendered, he may demand that this yard's tender be disregarded.

§ 184. Removal of the ship.

With the limitation following from § 183, the insurer is liable for the cost of the ship's removal to the repair yard, including crew's maintenance and wages, bunkers and similar direct expenses of running the ship during the time involved. If the removal results in a saving to the assured, a corresponding amount shall be deducted.

Where another insurer has expressly declined to be liable during the removal pursuant to § 44, the insurer who is liable for the damage to the ship shall also be liable for loss which arises during and in consequence of the removal, and which otherwise would have been recoverable from the other insurer.

The insurer may decline all liability during the removal in accordance with § 44.

§ 185. Division of expenses.

Where expenses have been incurred which are common to repair work for which the insurer is liable and work which is not covered by the insurance, these expenses are to be divided on an estimate basis, due regard being had to the cost of each class of work. However, general expenses that depend upon the length of the period of repairs, are to be divided on the basis of the time that the recoverable and the non-recoverable work would have required, if the two classes of work had been carried out separately.

§ 186. Ice damage deductions.

Damage due to striking against or contact with ice — collision with icebergs in the open sea excepted — is recoverable subject to a deduction of one fourth.

§ 187. Machinery damage deductions.

Damage to the machinery and accessories and to pipelines and electrical circuits outside the machinery is recoverable subject to a deduction of one fourth.

No deduction, however, is made where the damage is a consequence of:

(a) the ship having been involved in collision or striking,
(b) the engine room having been completely or partially flooded,
(c) fire or explosion originating outside the engine room.

Damage that has not been discovered in the course of the ship's first three months' trading after the casualty in question, and thereupon brought to the notice of the insurer without undue delay, shall only be recoverable subject to deduction.

§ 188. Compensation without deduction.

Recoverable without deduction in accordance with §§ 186 and 187 are:

(a) loss coming within § 173, fourth paragraph, § 182, second paragraph, and § 184,
(b) unused spare gear and spare parts that are damaged or lost,
(c) temporary repairs.

§ 189. Franchise.

For each casualty an amount equivalent to one per mille of the sum insured shall be deducted, but not less than Kr. 1,000 and not more than Kr. 10,000.

Damage due to heavy weather, and which has arisen during the period between departure from one port and arrival at the next port, counts as one casualty.

Expenses in connection with the claims settlement, see § 66, and loss through measures to avert or minimize the loss, see §§ 68 to 73, are recoverable without a franchise.

§ 190. Basis for the calculation of deductions in accordance with §§ 186 to 189.

Deductions in accordance with §§ 186, 187 and 189 are calculated on the full amount of the claim computed in accordance with the Plan and the insurance conditions before the deductions in accordance with any of these Sections are applied.

Deduction is also made where damage to the ship is recoverable in accordance with § 68, first paragraph.

§ 191. Insurance «subject to new for old deductions».

Where the insurance has been effected «subject to new for old deductions», deductions — in addition to the deductions in accordance with §§ 186 and 187 — are to be made in accordance with § 193.

§§ 188 to 190 apply correspondingly, but so that the franchise shall be one half of one per mille, but not less than Kr. 500 and not more than Kr. 5,000.

§ 192. Calculation of the age.

The age is calculated from the commencement of the month in which the ship for the first time started trading up to the day on which the repairs were commenced. Where the main engine or the main boiler have been replaced, their age is calculated from the commencement of the month in which they were taken into use.

§ 193. Amount of the new for old deductions.

1. In the case of damage to hull:

(a) for iron and steel ships:

Age up to 15 years, no deduction,
» 15—25 years, one sixth,
» over 25 years, one third,

(b) for other ships:

Age up to 5 years, no deduction,
» 5—10 years, one sixth,
» over 10 years, one third.

2. In the case of damage to the machinery and accessories and to pipelines and electrical circuits outside the machinery:

(a) damage that is subject to deductions in accordance with § 187:

Age up to 10 years, no deduction,
» over 10 years, one twelfth,

(b) other damage:
Age up to 5 years, no deduction,
» 5—10 years, one sixth,
» over 10 years, one third.

3. In the case of damage to accessories other than those coming within No. 2, one third.

4. Painting of bottom is recoverable without deduction.

Chapter 13. Assured's liability for collision or striking.

§ 194. Scope of insurer's liability.

The insurer is liable in respect of liability imposed on the assured for loss caused, through collision or striking by the ship, including equipment and cargo, or by a tug used by the ship.

However, the insurer is not liable in respect of:

(a) liability arising while the ship is engaged in towing, or caused by towing, unless the towing takes place in connection with salvage as mentioned in § 35, second paragraph,
(b) liability for personal injury or loss of life,
(c) other loss caused to the insured ship's passengers and crew,
(d) liability for damage to or loss of cargo or other objects on board the insured ship,
(e) liability to charterers or others who have an interest in the insured ship,
(f) liability for loss caused by cargo or bunkers after a grounding or striking against ice,
(g) liability for loss caused by the ship's use of anchor, mooring or towing lines, loading and discharging pipes, gangways and the like, and liability for damage to or loss of these objects,
(h) liability for the removal of the wreck of the insured ship,
(i) reimbursement of amounts which a third party has paid as compensation for loss as mentioned under (a) to (h).

§ 195. Limitation of liability based on tonnage or value of more than one ship.

Where the assured's liability has been limited on the basis of the tonnage or value of more than one ship and these ships are insured with different insurers, each individual insurer is liable for such proportion of the liability as corresponds to the tonnage or value of the ship in question.

§ 196. Insurer's maximum liability in respect of one casualty.

In respect of third party liability caused by one casualty, the insurer is liable up to an amount equivalent to the sum insured.

§ 197. Franchise.

For each casualty an amount equivalent to one half of one per mille of the sum insured shall be deducted, but not less than Kr. 500 and not more than Kr. 5,000.

Costs of litigation, see § 65, costs in connection with the claims settlement, see § 66, and loss through measures to avert or minimize the loss, see §§ 68 to 73, are recoverable without a franchise.

Chapter 14. Insurance of ships under construction.

Subdivision 1. Insurance of ships under construction for account of a third party; builder's interest.

§ 198. Objects insured.

The insurance covers:

(a) the ship,

(b) parts and materials manufactured or acquired by the assured for the ship,

(c) assured's expenses for drawings and other plans concerning the ship.

It may be specially agreed that the insurance shall also cover the assured's anticipated profit on the building contract.

Parts and materials are only insured when they are within the area of the building yard, in areas or on premises which the builder may use for fabrication or storage, during local transportation between such places, or during storage with a subcontractor.

§ 199. Insurable value at time of delivery.

The insurable value at the time of the delivery of the ship corresponds to:

(a) the original contractual building price,

(b) increases in the building price later agreed upon and declared for insurance,

(c) accrued sliding scale increases, provided that the insurer, when the insurance was effected, was informed that a sliding scale had been agreed upon as well as of the amount of the increase which at that time must be assumed to have accrued,

(d) increases in the building price which have not been declared for insurance, provided that they in total do not exceed 2 % of the original building price.

§ 200. Insurable value prior to delivery.

Prior to delivery of the ship the insurable value is equal to a proportion of the value in accordance with § 199 corresponding to the work carried out and the parts etc. acquired by the assured.

Where the assured's anticipated profit on the building contract is included in the insurance, the insurable value comprises:

(a) the assured's anticipated profit,

(b) a proportion of the remaining value in accordance with § 199 corresponding to the work carried out and the parts etc. acquired by the assured.

Where the assured's anticipated profit has been stated at the conclusion of the contract, the amount so stated shall be deemed to be the assessed insurable value.

§ 201. Sum insured.

The sum insured is that proportion of the building price which is declared for insurance plus a corresponding proportion of the increases in accordance with § 199 (c) and (d).

A separate additional amount may be agreed upon for increased costs in consequence of a rise in prices for damage repairs.

The assured shall, at the expiry of the period of insurance and on his own initiative, advise the insurer of the total building price.

§ 202. Period of insurance.

The insurance is operative from the laying of the keel, unless it has been agreed that it shall become operative at some earlier date.

The insurance lapses upon the delivery of the ship.

Where the ship is ready for delivery, but is not delivered on account of hindrances on the part of the purchaser, the builder as well as the insurer may terminate the insurance on giving seven day's notice.

§ 203. Premium.

The premium is calculated on the total sum insured for the whole period of insurance.

§ 204. Additional premium for voyages.

The insurer is entitled to an additional premium corresponding to the increased risks assumed by him where:

(a) the ship is moved to another port for the purpose of the construction work,

(b) the ship, during a trial trip or by reason of the delivery, has reached a position more than 250 nautical miles from the place where the construction work was completed.

The assured shall notify the insurer in advance of voyages requiring an additional premium.

§ 205. Total loss.

The assured may claim for a total loss where his obligation to deliver lapses in consequence of damage to or loss of the ship or damage to the building yard.

§ 206. Damage.

Where objects insured are damaged, without § 205 being applicable, the insurer compensates the costs of repairing the damage or of replacing lost objects. However, costs incurred exclusively to remedy defects in workmanship, construction or materials are not recoverable.

Damage to objects which are not included in the original building price, and which have not been declared for insurance, is recoverable only up to 2 % of the building price that has been declared.

In the application of the rule in § 79, only such sliding scale increases as have accrued at the time of the casualty are to be included in the sum insured.

Where the parties agree that the construction of the ship shall continue despite the assured's obligation to deliver having lapsed, the insurer's liability is limited to the amount which the assured could have claimed as settlement for a total loss.

§ 207. Unsuccessful launching.

The insurer compensates the costs of completing an unsuccessful launching. Damage to the building berth or launching material, however, is not recoverable.

§ 208. Liability to third parties.

The insurer is liable in accordance with the rules in Chapter 13 in respect of liability to third parties arising during and after the launching.

The rule in § 77 does not apply to damage to assured's quays, docks, building berths or other structures.

§ 206, third paragraph applies correspondingly.

§ 209. Purchaser's rights against the insurer.

When the purchaser becomes the owner of the ship to the extent that it is constructed, the insurance shall, in the case of a total loss, be deemed to comprise his interest in so far as concerns instalments already paid on the building price.

A claim for damage which, in respect of one casualty, exceeds 5 % of the original building price or Kr. 500,000, must not, without the consent of the purchaser, be settled by the insurer with the builder.

In other respects the rules concerning the mortgagee in Chapter 8 apply correspondingly to the purchaser.

§ 210. Reference to the rules concerning hull insurance.

The rules in Chapters 10 and 12 apply correspondingly, with the exception of § 176 (e), (f) and (g), § 180, §§ 182 to 184 and §§ 186 to 193.

§ 133 does not apply.

Subdivision 2. Insurance of ships under construction for account of a third party; purchaser's interest.

§ 211. Objects insured.

The insurance covers parts and materials for the ship which have been supplied by the assured. § 198, third paragraph applies correspondingly.

It may be agreed that the insurance, in the case of a total loss, shall cover the anticipated value of the completed ship in excess of the building price and any increases.

§ 212. Insurable value.

The insurable value is the replacement value at the time of delivery to the builder of such parts and materials as the assured has supplied at any given time.

Where the excess value of the completed ship is insured, see § 211, second paragraph, the insurable value shall in so far be deemed to be assessed.

§ 213. Total loss.

The assured may claim for a total loss where the builder's obligation to deliver lapses in consequence of damage to or loss of the ship or damage to the building yard.

§ 214. Reference to other rules.

§§ 202 to 204, § 206, first paragraph and § 210 apply correspondingly.

Subdivision 3. Insurance of ships under construction for builder's own account.

§ 215. Insurable value.

The insurable value is the value at any time of the objects insured.

Where the sum insured is less than the market value which it is estimated that the completed ship would have had at the time in question, there is a case of under-insurance, see § 9.

Where the completed ship's insurable value has been agreed as an assessed value, the insurable value at any time is a proportion of the assessed value corresponding to the work that has been carried out and the parts etc. that have been acquired.

§ 216. Period of insurance.

When the ship is completed, the insurance may be terminated by either party on giving seven days' notice. However, the insurance does not continue beyond the date on which the ship is taken over by a buyer, or commences trading for account of the builder.

§ 217. Total loss.

The assured may claim for a total loss if the building yard or the ship, before the launching, becomes damaged to such an extent that the builder's obligation to deliver would have lapsed if the ship were under construction for account of a third party. When the ship has been launched, the rules in Chapter 11 apply correspondingly.

§ 218. Reference to other rules.

§ 198, first and third paragraphs, § 202, first paragraph, § 203, § 204, § 206, first and fourth paragraphs, § 207, § 208, first paragraph and § 210, first paragraph apply correspondingly.

Chapter 15. Hull-interest insurance.

§ 219. Definition of hull-interest.

By hull-interest is meant interest which the owners have in their capacity as owners of the insured ship, and which is neither covered by an insurance on hull nor relates to a particular contract of affreightment, firmly established liner trade or the like.

The hull-interest insurer is only liable in accordance with §§ 220 and 221. He is not liable in respect of measures to avert or minimize the loss, see §§ 68 to 73.

§ 220. Insurer's liability for total loss.

The insurer is liable for a total loss in accordance with the rules in Chapter 11.

Where there is a hull insurance on the ship, the liability is

conditional upon the assured also making a total loss claim against the hull insurer. Where the hull insurer has paid the sum insured in conformity with § 82, the assured may nevertheless later make a claim against the hull-interest insurer conditional upon transfer of the wreck to the latter.

§ 221. Insurer's liability in respect of damages in collision cases.

The insurer has a separate liabilty in respect of the assured's liability for collision or striking in accordance with the rules in §§ 194 to 196, when the liability is not recoverable from the hull insurer because it exceeds a sum insured corresponding to the full hull valution.

Where two or more hull-interest insurances have been effected, each insurer is liable for his proportionate share of the liability.

§ 222. Reference to the rules concerning hull insurance.

The rules in Chapters 10 and 11 apply correspondingly.

The rules in §§ 141, 145 and 147, see also § 140, apply correspondingly to the relationship between the hull-interest insurer and the leading hull insurer.

§ 223. Restrictions on effecting hull-interest insurances.

Where hull-interest insurances with assessed values have been effected for an amount exceeding 25 % of the assessed value applicable to the hull insurance against the same perils, the excess of the hull-interest insurance is void. Where two or more hull-interest insurances have been effected, the insurers' liability is reduced proportionally.

PART THREE

THIRD PARTY LIABILITY INSURANCE FOR SHIPOWNERS

(P. & I. INSURANCE)

Chapter 16. P- & I. insurance for shipowners.

§ 224. Perils covered.

The insurer covers liability and other loss of the nature mentioned in §§ 225 to 235, provided that the loss has occurred in direct connection with the running of the ship to which the insurance applies, irrespective of whether the loss is caused by marine perils or war perils.

The insurer does not cover liability or other loss that is a consequence of radioactive radiation from or explosive or other dangerous properties in nuclear or radioactive products or waste carried in the insured ship.

§ 225. Liability for personal injury.

The insurer covers the assured's liability in consequence of personal injury or loss of life, as well as liability for salvage-money awarded for life-saving, excluding, however, liability that could have been covered by insurance as mentioned in § 237.

§ 226. Liability for damage to property.

The insurer covers the assured's liability in consequence of damage to or loss of objects belonging to a third party.

Excepted herefrom is liability for:

(a) costs of repairs to packing, re-bagging, sorting and similar measures which must be considered part of the fulfilment of a transport obligation,

(b) damage to or loss of ship's equipment borrowed, hired, or purchased on a hire-purchase agreement,

(c) damage to or loss of bunkers, ship's equipment and supplies belonging to a charterer of the ship,

(d) damage to or loss of objects belonging to the crew or to persons carried in the ship and employed on board.

§ 227. Liability under bills of lading.

The insurer covers the assured's liability in respect of incomplete or incorrect description of the goods or other incorrect statements in a bill of lading or similar document.

§ 228. Liability for wrongful delivery of goods.

The insurer covers the assured's liability in respect of delivery of the goods carried to a person not entitled to them. Where the goods have been delivered without the appropriate bills of lading or other documents of title having been returned, the liability shall only be covered where reasonable security has been obtained, or where it must be considered justifiable to deliver the goods without security.

§ 229. General average contribution.

The insurer covers the assured's loss through cargo's contribution in general average being irrecoverable, or through his being precluded from claiming contribution by reason of a breach of contract.

The liability in respect of an irrecoverable contribution is dependent upon an average bond having been signed and reasonable security obtained, where such security must be considered necessary and obtainable. This, however, does not apply where the assured, at the delivery, was not aware, nor ought to have been aware, of the fact that during the voyage a loss had occurred for which contribution in general average could be claimed.

The insurer also covers necessary expenses incurred by the assured in connection with the collection of cargo's contribution.

§ 230. Liability for removal of wreck.

The insurer covers the assured's liability for the removal of wreck, not, however, where the ship has been lost in consequence of war perils.

§ 231. Stowaways.

The insurer covers the assured's liability and direct expenses in consequence of the ship having stowaways on board, not, however, expenses for board and lodging that have been or could have been provided for them on board.

§ 232. Liability for fines etc.

The insurer covers the assured's liability for:

(a) immigration and customs fines,

(b) fines in consequence of crew's conduct,

(c) expenses caused by orders for deportation of persons who have been carried in the ship as passengers, or who are or have been employed on board.

Even if the assured does not become personally liable, the insurer covers such fines and expenses where payment can be enforced by detention of or distraint on the ship.

§ 233. Statutory obligations in respect of crew members.

The insurer covers the assured's liability, according to statutory law or collective wages agreement, for:

(a) nursing and maintenance of crew ashore in cases of illness or injury,

(b) crew's expenses including maintenance, for travelling to their places of residence in cases of illness or injury or after shipwreck,

(c) funeral expenses and the cost of sending home the urn of ashes and the effects of the deceased.

§ 234. Travelling expenses for substitutes.

The insurer covers the assured's necessary expenses for travelling to or in foreign countries, incurred by substitutes for master or officers who have died, or have been discharged on account of injury or sudden illness, limited, however, to travelling expenses to the first port of call after the decease, or to the port where the discharge took place, even if the substitute is sent to a more distant port.

§ 235. Disinfection and quarantine expenses.

The insurer covers the assured's necessary expenses connected with quarantine orders or disinfection of ship or crew on account of infectious diseases on board. Ship's running expenses during the delay are not covered.

Chapter 17. Other types of P. & I. insurance.

§ 236. P. & I. insurance for charterers.

The insurer covers liability and other loss of the nature mentioned in Chapter 16 to such extent as the loss is suffered by the assured in his capacity as charterer of the ship to which the insurance applies.

The insurer does not cover charterer's liability for damage to or loss of the ship insured, her equipment, outfit or supplies.

If the charterer, because he is not the owner of the ship, is precluded from invoking the rules of statutory limitation of liability, the insurer is only liable up to the amount for which the

charterer would have been liable if his liability had been limited. This applies even if, for other reasons, the charterer would have been precluded from claiming limitation.

§ 237. Insurance of wages and effects.

The insurer covers the assured's liability, according to Norwegian statutory law and collective wages agreement, for:

(a) wages to the crew or their dependants in the event of shipwreck, death, illness or injury,

(b) loss of personal effects belonging to the crew or to other persons carried in the ship and employed on board.

Chapter 18. Limitation of the P. & I. insurer's liability.

§ 238. Limitation owing to other insurance.

The insurer does not cover:

(a) loss which, by its nature, can be insured against under the rules of Parts Two and Four of this Plan, or the corresponding general Norwegian policy conditions,

(b) loss as mentioned in § 194, second paragraph (a),

(c) loss as mentioned in § 77, provided that it could have been covered by fire insurance, cargo insurance or other customary insurance against damage to property.

The insurer covers, however, loss as mentioned in § 194 in so far as it exceeds the amount which, in accordance with § 196, can be claimed under a hull insurance for a sum insured covering the full value of the ship. As regards loss as mentioned in § 77, deduction shall also be made in respect of the amount that could have been covered by insurance as mentioned under (a) and (c) in the preceding paragraph.

§ 239. Privity of the assured.

The insurer does not cover loss caused by the assured by a grossly negligent act or omission, or attributable to his having acted, where a different and reasonable course was open to him, on an understanding of rules of law or terms of contract, which he should have known was incorrect or knew to be uncertain.

Where the loss is a consequence of defects in the ship's seaworthiness, which may impair her safety or expose human lives to danger, or of equivalent defects in moorings or supervision while the ship is laid up, the insurer is not liable if the assured was, or ought to have been, aware of the defects and has omitted to remedy them to the best of his ability. The same applies if the assured knew or should have known that recommendations had been issued in respect of the ship by a classification society

or a public maritime safety authority and he has omitted to comply with them to the best of his ability.

The conduct of the assured shall be judged according to the laws and standards of his own country.

§ 240. Deviation.

Where the assured becomes aware that the ship to which the insurance applies has made a deviation in breach of law or contract, or that any person for whom the assured is answerable is guilty of any other act or omission in breach of law or contract, which the assured ought to understand may result in absolute liability to cargo, he must immediately notify the insurer.

Where the assured negligently fails to fulfil his duties according to the preceding paragraph, the insurer may deduct from the compensation such amount as he, had prompt notice been given, would have saved by effecting a deviation insurance.

The same applies where the assured has omitted to notify the insurer because the assured was not aware that a case of deviation in breach of law or contract or the like had occurred, and this can be imputed to him as gross negligence.

In all cases where the ship has made a deviation in breach of law or contract, or where the assured or any person for whom he is answerable is guilty of any other act or omission in breach of law or contract, which may result in absolute liability to cargo, the insurer may charge the assured with deviation premium.

§ 241. Amounts saved to the assured.

Where the assured, through circumstances involving liability for him, has obtained extra revenue, saved expenses or avoided liability which would otherwise have been incurred and which would not have been covered by the insurer, the latter may deduct from the compensation an amount corresponding to the benefit obtained.

§ 242. Liability for loss occurring during other transport.

The insurer does not cover liability to passengers or for cargo, arising:

(a) during through carriage whilst the passengers or the cargo are in the care of another carrier,

(b) during transit to or from the ship to which the insurance applies, with the exception of liability for injury to passengers during transit to or from the ship by her own boats, or in port by means of other boats, and of liability for loss of or damage to cargo during customary lighterage in port.

§ 243. Liability for loss occurring during storage.

The insurer does not cover liability for damage to or loss of cargo during storage before loading or after discharge, when the damage or loss has not occurred within a period during which storage must be considered a normal part of the fulfilment of the assured's transport obligation.

§ 244. Damage to or loss of objects belonging to the assured.

In cases as mentioned in § 77 the insurer does not cover costs as mentioned in § 226 (a).

§ 245. Limitation of insurer's liability in respect of measures to avert or minimize the loss.

The items enumerated below are in no case recoverable as loss through measures to avert or minimize the loss in accordance with § 68:

(a) costs of unloading, reloading, restowing, storing, lightering and similar measures in consequence of the ship being overloaded, too heavily loaded for the voyage or badly trimmed, or of the cargo being incorrectly or inconveniently stowed,

(b) costs of measures that have been or could have been accomplished by the crew or by reasonable use of the ship or her equipment,

(c) assured's liability for non-fulfilment, or delay in fulfilment, of a transport obligation or of an agreement for the sale of the ship,

(d) costs of making the ship seaworthy for receiving the cargo.

PART FOUR

INSURANCE OF FREIGHT ETC.

Chapter 19. Insurance of voyage freight.

§ 246. Loss of freight insured.

The insurance covers loss of:

(a) freight payable at the place of destination provided that the cargo is in existence as such at the end of the voyage,

(b) freight paid in advance, but which the assured has to repay if the cargo is not in existence at the end of the voyage,

(c) freight payable irrespective of whether the cargo is delivered at the place of destination, if the claim to the freight is wholly or partly lost before the freight is earned, or the loss is attributable to the assured's security in the cargo for the claim for freight being reduced.

§ 247. Insurable value.

The insurable value is the gross freight agreed for the voyage, with deduction of such freight which, at the inception of the insurance, has been prepaid and agreed to be non-returnable.

§ 248. Duration of the insurance in regard to perils to which the ship is exposed.

In regard to perils to which the ship is exposed, the insurer's liability shall run for the following periods:

(a) Where the insurance covers a voyage from port of loading to port of discharge (cargo voyage), the insurer's liability commences when notice has been given of the ship's readiness to load and ceases in accordance with § 249, first paragraph.

(b) Where the insurance covers a preceding voyage, the liability commences when the ship weighs anchor or lets go the moorings in order to sail, and ceases on notice being given of the ship's readiness to load. However, where it is agreed that the freight shall be payable without regard as to whether the cargo is delivered at the place of destination, the liability only ceases when the freight must be considered earned.

(c) Where the insurance covers both a preceding voyage and a cargo voyage, the liability commences in accordance with (b) and ceases in accordance with § 249, first paragraph.
(d) Where the insurance covers loss of freight in the liner trade, the liability commences when the cargo has been taken on board, and ceases in accordance with § 249, first paragraph.

§ 249. Duration of insurance in regard to perils to which the cargo is exposed.

In regard to perils to which the cargo is exposed, the insurer's liability commences when the assured has received the goods for transport. The liability ceases at the delivery of the goods to the consignee, but not later than at midnight on the twentieth day after the goods were discharged from the ship. Where the assured does not arrange for the discharge to take place with proper despatch, the liability shall cease not later than at midnight on the twentieth day after the goods ought to have been discharged.

Where the assured arranges customary lighterage of the goods, or where it has been stated, at the conclusion of the insurance contract, that lighterage would take place, or where lighterage becomes necessary on account of unforeseen circumstances, the liability also runs whilst the goods are kept in lighters for up to five days prior to the loading in or subsequent to the discharge from the ship. Where the goods remain in lighters for more than five days, the insurer is free from liability during the additional period.

§ 250. Scope of insurance in regard to perils to which the ship is exposed.

The insurer is liable for loss of freight where the contract of affreightment, wholly or partly, comes to an end or is cancelled because the ship:

(a) is permanently lost to the assured, see § 161, § 162, second paragraph, § 168 and § 169,
(b) is condemned with binding effect upon the charterers,
(c) sustains damage after the ship is declared ready to load, provided that the cancellation takes place in conformity with general rules of law or terms of contract that must be considered customary in the trade in question.

§ 251. Scope of insurance in regard to perils to which the cargo is exposed.

The insurer is liable for loss of freight in consequence of the goods not existing as such at the termination of the voyage.

Where the goods sustain damage, the insurer is also liable

for loss suffered by the assured through his security in the cargo for the claim for the freight being reduced.

The insurer is not, however, liable where the assured or someone on his behalf ought to have rejected the goods after proper examination of them.

Neither is the insurer liable for loss attributable to ordinary shrinkage, leakage, loss of weight and similar trade losses, or to goods being damaged or lost in consequence of their being placed on deck.

§ 252. War hindrances.

Where it is agreed that the insurance is to cover «war hindrances», the insurer is liable for loss of freight attributable to the contract of affreightment, wholly or partly, coming to an end or being cancelled on account of war perils, see § 16, in conformity with general rules of law or terms of contract that must be considered customary in the trade in question.

§ 253. Deduction for expenses saved.

In calculating the claim, deduction is to be made for expenses that would have been incurred for the purpose of earning the lost freight, but which the assured has saved.

Chapter 20. Insurance against loss of time caused by damage to the ship.

§ 254. Loss of time insured.

The insurance covers loss of time attributable to the ship being wholly or partly incapable of working normally by reason of damage sustained.

Loss of time arising after expiry of the period of insurance shall be covered provided that it is attributable to a casualty occurring during the period of insurance.

§ 255. Limitation of the right to claim for loss of time.

Loss of time is only covered provided that the damage is covered by the hull insurer according to this Plan, or would have been covered if a franchise had not been agreed upon, see § 189 or similar stipulations in the policy.

Loss of time is not covered if the casualty results in the total loss of the ship, see Chapter 11. Freight lost for which the assured receives compensation in accordance with a freight insurance of the nature mentioned in Chapters 19 and 23, and compensation for running expenses and loss of time in accordance with §§ 182 and 184, are to be deducted from the claim.

Compensation for loss of time is only payable provided the damage is repaired.

A claim for loss of time is not allowable if the repairs are effected during a period for which the ship is not under any freight engagement, unless the repairs were commenced immediately following the termination of a contract of affreightment and the ship sails for the purpose of entering on a new contract of affreightment within thirty days after the completion of repairs. Loss of time during a period following the completion of repairs is not covered.

§ 256. Number of days to be covered.

For a single casualty the insurer only covers loss in excess of full loss of time for twenty days (franchise period). Heavy weather damage occuring during the period from departure from one port until arrival at the next counts as one casualty.

The insurer's liability is limited to full loss of time for a period corresponding to one half of the period of insurance.

§ 257. Compensation per day. Valued policy.

Where it is agreed that the insurer is to pay a fixed amount as compensation for full loss of time for one day (daily amount), this is to be considered as assessed insurable value.

§ 258. Compensation per day. Open policy.

Where a daily amount has not been agreed upon, the insurer, for each day during which the ship is wholly incapable of working, pays the gross freight under the contract of affreightment in force during the repair period or which the ship immediately thereafter enters upon, with deduction of such expenses as the assured has or ought to have saved through the ship having been incapable of working normally.

§ 259. Compensation per day where repairs are effected whilst the ship is unemployed.

In a case as mentioned in § 255, fourth paragraph, the insurer does not, even if a daily amount has been agreed upon, cover more than the loss that would have arisen under the contract of affreightment that the ship enters upon following the repairs. This, however, does not apply to ships which, during the repair period, should have been used in the liner trade carried on by the assured himself.

§ 260. Partial loss of time.

Where the ship is partly incapable of working, and the assured's freight receipts are reduced in consequence thereof, a proportion of the loss is covered corresponding to the ratio between the agreed daily amount and the full loss for one day.

Loss of time during part of a day is covered with a proportinate part of the compensation per day.

§ 261. Different classes of repairs effected concurrently.

Where different items of repair work are effected concurrently on the ship, of which one or more do not entitle the assured to a claim for loss of time, the insurer covers the loss of time for a proportionate part of the repair period, calculated on the basis of the time the two sets of repairs would have required in excess of the franchise period, if they had been effected separately.

§ 262. Temporary repairs.

Where damage is at first repaired temporarily and subsequently permanently, the insurer's liability for the loss of time arising from the two sets of repairs is limited to the amount that he would have paid had permanent repairs been effected at the first place. This, however, does not apply where permanent repairs could not have been carried out at the first place, or the assured, on account of special circumstances, had reasonable grounds for objecting to the repairs being effected there.

§ 263. Costs incurred in expediting the repairs.

The insurer is liable for such extra costs as are mentioned in § 179 in so far as they, according to the said stipulation, are not recoverable from the hull insurer. The insurer is not, however, liable beyond the amount that he would have paid if the measures had not been taken.

§ 264. Time limit for effecting repairs.

The insurer is not liable for loss of time in connection with repairs that are commenced more than two years after the expiry of the period of insurance.

§ 265. Premium.

The premium is calculated on the gross freight that, during a period corresponding to half the insurance period, would have been earned under the contract of affreightment in force at the commencement of the insurance period. Where a daily amount has been agreed upon, this shall be taken as the basis for the calculation.

Chapter 21. Insurance against loss caused by strikes.

§ 266. Loss insured.

The insurance covers the assured's direct expenses for the running of the ship insured during the time when the ship is delayed in consequence of strike or lock-out.

The insurance does not cover delay attributable to strikes by seamen.

§ 241 applies correspondingly.

§ 267. Valued policy.

Where it is agreed that the insurer is to pay a fixed amount per day to cover the running costs, this is to be considered as assessed insurable value in so far as the insured expenses are concerned.

§ 268. Strikes which assured should have taken into consideration.

Where the assured has ordered the ship to a port at which he had reason to believe that a strike or lockout was in progress or likely to occur, the insurer is free from liability.

The insurer is, however, liable:

(a) provided that he, on being informed by the assured regarding the situation, approved the voyage,

(b) where the assured had entered into a contract to send the ship to the port in question before he had reason to believe that a strike or lock-out was in progress or likely to occur at that port.

§ 269. Assured's duty to minimize the loss.

It is the duty of the assured, to such extent as he is entitled thereto under any contracts of affreightment in force, to minimize the loss of time by ordering the ship to another port or by taking other reasonable measures.

Where the assured neglects to fulfil his duty according to the first paragraph, the insurer shall not be liable for a greater loss than he would have had to cover had that duty been fulfilled.

Chapter 22. Insurance of extraordinary costs.

§ 270. Costs insured.

The insurance covers the assured's extraordinary costs in connection with:

(a) discharge and removal of cargo loaded on board and which the consignee has rejected,

(b) discharge and other handling of cargo that has set, hardened, congealed etc., or which is damaged by fire or explosion,
(c) discharge and other handling of the cargo where the costs have been incurred through the ship sustaining damage recoverable from the hull insurer in accordance with this Plan, or which would have been recoverable if a franchise had not been agreed upon, see § 189 or similar stipulations in the policy,
(d) necessary discharge, shifting, storing and reloading of cargo, except at the place of destination,
(e) damage caused to the ship in connection with measures as mentioned under (a) to (d).

Costs as mentioned in the first paragraph are covered even if the assured was not under a legal obligation to incur them, provided that, in the circumstances, it must have appeared necessary or natural to the assured to pay.

§ 271. Costs that may also be claimed from others.

The insurer does not cover costs which the assured may claim in general average.

Where the assured may claim compensation for the loss from another insurer, either as costs by measures to avert or minimize the loss or on some other basis, the insurer is subrogated to the rights of the assured in respect of the claim.

§ 272. Franchise.

The insurer does not cover the first Kr. 5,000 of extraordinary costs incurred on each voyage.

Chapter 23. Insurance of passage money.

§ 273. Loss insured.

The insurer is liable for loss of passage money where the contract of carriage, wholly or partly, comes to an end or is cancelled because the ship:

(a) is permanently lost to the assured, see § 161, § 162, second paragraph, § 168 and § 169,
(b) is condemned with binding effect upon the passengers,
(c) sustains damage after the ship is ready to receive the passengers, provided that the cancellation takes place in conformity with general rules of law or terms of contract that must be considered customary in the trade in question.

§ 274. Duration of the insurance.

Where the insurance covers the voyage from the port of embarkation the insurer's liability commences when the ship is ready to receive the passengers, and ceases when the passengers have disembarked at the place of destination.

Where the insurance covers the voyage to the port of embarkation, the liability commences when the ship weighs anchor or lets go her moorings in order to sail, and ceases when the ship is ready to receive the passengers.

§ 275. Deduction for expenses saved.

In calculating the claim, deduction is to be made for expenses that would have been incurred for the purpose of earning the lost passage money, but which the assured has saved.

§ 276. Extraordinary costs insured.

The insurance covers the assured's extraordinary costs in connection with:

(a) landing of the passengers and their luggage after a casualty,

(b) maintenance of the passengers, including necessary accommodation ashore, during delay caused by the ship having sustained damage recoverable from the hull insurer in accordance with this Plan, or which would have been recoverable if a franchise had not been agreed upon, see § 189 or similar stipulations in the policy,

(c) oncarriage of passengers to the agreed places of destination when the ship is lost or is detained during the voyage on account of damage as mentioned under (b).

Costs as mentioned in the first paragraph (b) and (c) are only covered provided that the assured's duties to the passengers follow from general rules of law or terms of contract that must be considered customary in the trade in question.

§ 271 applies correspondingly.

Chapter 24. Insurance of freight-interest.

§ 277. Definition of freight-interest.

By freight-interest is meant interest that the assured has in anticipated profit from the running of the insured ship, but excluding interest covered by other insurance on the ship or freight.

§ 278. Scope of the insurance.

The insurer is liable for a total loss in accordance with the rules in Chapter 11. He is not, however, liable for loss through measures to avert or minimize the loss, see §§ 68 to 73.

Where there is a hull insurance on the ship, the liability is conditional upon the assured also making a total loss claim against the hull insurer. § 220, last sentence applies correspondingly, but the hull-interest insurer has the prior right to the wreck.

§ 279. Reference to the rules concerning hull insurance.

The rules in Chapters 10 and 11 apply correspondingly.

The rules in §§ 141, 145 and 147, see also § 140, apply correspondingly to the relationship between the freight-interest insurer and the leading hull insurer.

Chapter 25. Insurance of outfit etc.

§ 280. Outfit and disbursements insured.

The insurance covers what the ship has on board by way of provisions, bunkers, engine and deck stores and other articles intended for consumption, as well as loose articles exclusively intended for securing or protecting the cargo. Special outfit for catching or fishing is not included in the insurance.

It may be agreed that the insurance shall also cover other disbursements made by the assured or which he will have to make in connection with the preparation for or completion of a voyage.

§ 281. Duration of voyage insurance.

In the case of voyage insurance the insurance attaches from the moment the ship commences loading cargo or ballast. Where neither cargo nor ballast is to be loaded, the insurance attaches from the moment the ship weighs anchor or lets go her moorings in order to sail.

The liability ceases when the freight must be considered earned, or, where the ship carries no cargo on the voyage, when she has dropped anchor or has been moored at a customary anchorage or mooring place at the place of destination.

§ 282. Scope of the insurance.

The insurer is liable for outfit that is lost or damaged and for disbursements incurred in vain on account of:

(a) the total loss of the ship, see § 161, § 162, second paragraph, § 163, § 168 and § 169,
(b) the ship having stranded as defined in § 155 (d),
(c) fire or explosion in the outfit.

Outfit which before the casualty has been consumed for the purpose of earning freight due at destination, is compensated as lost outfit.

The insurer also compensates outfit that still exists as such after the casualty, if it is not useable for the purpose for which it is intended.

§ 283. Special limitations of insurer's liability.

The insurer is not liable for:

(a) loss attributable to the ship, in consequence of the casualty, arriving too late at the loading place,

(b) articles placed on deck without this being their proper place, and which are lost or damaged by weather or sea,

(c) outfit and disbursements that must be considered covered by freight finally earned, or by compensation which the assured receives under a freight insurance.

§ 284. Prolongation of the insurance.

§ 157 applies correspondingly.

Chapter 26. Insurance of claims for which ship, cargo or freight serve as security etc.

§ 285. Claims insured.

The insurance covers claims of the assured, which are secured by a maritime lien or other legal security right in a ship, a cargo or a freight.

It may be agreed that the insurance shall cover claims which are not secured in the manner mentioned in the first paragraph, but for which the assured is in fact under the necessity of looking for security in ship, cargo or freight.

§ 286. Insurable value.

The insurable value is the assured's claim at the time the insurance is effected, with the addition of any interest and costs covered by the security. The insurable value cannot, however, exceed the value of the subject-matter of the security.

§ 287. Period of liability.

The insurer's liability commences when the security right accrues.

The liability ceases:

(a) in the case of security in a ship, or in freight not relating to specific goods, at the termination of the voyage for which the insurance has been effected, see § 156, second to fourth paragraphs,

(b) in the case of security in goods, or in freight relating to specific goods, at the delivery of the goods in question to the consignee, but at the latest at midnight on the twentieth day after the goods were discharged from the ship.

§ 288. Scope of the insurance.

The insurance covers loss attributable to the object or the claim that serves as security being totally lost, reduced in value or encumbered with security rights of higher priority than the assured's claim, provided that this is due to an occurence which, according to its nature, entails the liability of a hull or freight insurer in accordance with Parts Two and Four of this Plan, or that of a cargo insurer in accordance with the Norwegian Insurance Plan for the Carriage of Goods.

§ 289. Insurer's liability.

The insurer pays the assured's loss attributable to his claim lapsing, being reduced or being unenforceable by realization of the object or the claim that serves as security.

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in January, 1964, and unanimously adopted by an extraordinary Meeting of the General Committee on the 18th February, 1964.

It was clear that the new Plan should be translated into English as soon as possible. This cumbersome and delicate task was entrusted to Mr. B. Mund Hopen, London. The final draft has been prepared by the Chairman and Secretary of the Special Committee with the assistance of Mr. Alex. Rein, Oslo, and to the finishing touch Mr. Connal Harris and Mr. George D. Shaw, Liverpool, have lent their skill and knowledge. To all these gentlemen the General Committee expresses its gratitude.

No translation of a legal text can convey the exact meaning of the original. As, in case of conflict, the Norwegian text must prevail, it was necessary that the translation should follow, as closely as possible, the wording of the original. Connoisseurs of the English language, no doubt, will find the translation lacking in many respects. It should be emphasized that the blame should not be put on the British advisors, but rather on the Norwegian language.

Oslo, December, 1964.

Odd I. Loennechen

Chairman of the General Committee

of

Det norske Veritas.

Commentaries to this Plan contain the following Preface

The General Committee of Det norske Veritas, at a meeting on 18th October, 1957, resolved to establish a Special Committee revise the «Norwegian Marine Insurance Plan of 1930». The mittee members, originally sixteen in number besides the rman and Secretary, were appointed in March, 1958. An addi- al four members were appointed later, whereby the committee composed as follows:

	Representing:
Lars Bakkevig, Haugesund	Det norske Veritas
Kåre Høy, Oslo	»
Odd I. Loennechen, Tønsberg	»
Georg Vedeler, Oslo	»
Erik Ørvig jnr., Bergen	»
Sverre Holt, Oslo	Norwegian Shipowners' Assoc.
Knut H. Staubo, Oslo	»
Alex Rein, Oslo	Mutual Hull Clubs Committee
Erling Strøm-Olsen, Kristian- sand	»
Hans Chr. Bugge, Oslo	The Central Union of Marine Underwriters
John Nielsen, Oslo	»
Einar Tønjum, Bergen	»
Einar Fløystad, Arendal	P. & I. Clubs
Annar Poulsson, Oslo	»
Henrik Ameln jnr., Bergen	Underwriters of the Fishing Fleet
Nils Holst, Oslo	The Claims Adjusters
Trode Østmoe, Oslo, later succeeded by Mr. Asbjørn Afseth, Oslo	Federation of Norwegian Commercial Associations
Arne Bech, Oslo	Federation of Norwegian Industries
C. H. Thrap-Meyer, Tønsberg	Norwegian Shipbuilders Assoc.
Leif Strøm-Olsen jnr., Oslo	Association of Norwegian Average Adjusters