

Sjøassurandørernes Centralforening (CEFOR)



Marine Insurance Conditions

relating to Commercial Vessels smaller than 15 Metres or 25 Gross Tons

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MARINE INSURANCE CONDITIONS RELATING TO COMMERCIAL VESSELS SMALLER THAN 15 METRES OR 25 GROSS TONS

A. GENERAL CLAUSES.....	5
CHAPTER 1. INTRODUCTORY PROVISIONS - DUTY OF DISCLOSURE ETC.	5
§ 1-1 <i>Definitions</i>	5
§ 1-2 <i>Interests comprised by the insurance</i>	5
§ 1-3 <i>Identification</i>	5
§ 1-4 <i>Change of ownership</i>	6
§ 1-5 <i>The duty of disclosure of the person effecting the insurance</i>	6
§ 1-6 <i>Duty of disclosure of a third party</i>	6
§ 1-7 <i>The period of liability</i>	6
§ 1-8 <i>Automatic renewal</i>	7
CHAPTER 2. SCOPE OF THE INSURANCE - ALTERATION OF RISK	7
§ 2-1 <i>Scope of the insurance - risks covered</i>	7
§ 2-2 <i>Main rule relating to the burden of proof</i>	8
§ 2-3 <i>Combination of risks</i>	8
§ 2-4 <i>Alteration of the risk</i>	8
§ 2-5 <i>The vessel's boats, fishing gear or catch being outside the vessel</i>	9
§ 2-6 <i>Vessel carriage</i>	9
§ 2-7 <i>Trading area</i>	9
CHAPTER 3. INSURANCE INCIDENT CAUSED BY THE ASSURED	9
§ 3-1 <i>Insurance incident caused by the assured</i>	9
CHAPTER 4. SAFETY REGULATIONS - THE DUTY OF THE ASSURED TO MINIMISE LOSS.....	10
§ 4-1 <i>The consequence of infringing safety regulations</i>	10
§ 4-2 <i>Vessels at quay or laid up</i>	10
§ 4-3 <i>Sea inlet valves</i>	10
§ 4-4 <i>Towage from port to port</i>	10
§ 4-5 <i>Loading and discharging of live fish</i>	11
§ 4-6 <i>Requirements for building and stability</i>	11
§ 4-7 <i>Ice forcing prohibited</i>	11
§ 4-8 <i>The duty of the assured to keep the vessel fit for secure navigation</i>	11
§ 4-9 <i>The right of the insurer to demand a survey</i>	12
§ 4-10 <i>Duty of the assured to minimise loss</i>	12
§ 4-11 <i>Reports concerning damage and the like to the police and maritime authorities</i>	12
§ 4-12 <i>Non-fulfilment of the duties set out in § 4-10 and 4-11</i>	12
CHAPTER 5. OVER- AND UNDER-INSURANCE.....	13
§ 5-1 <i>Over-insurance</i>	13
§ 5-2 <i>Under-insurance</i>	13
CHAPTER 6. THE INSURER'S LIABILITY	13
§ 6-1 <i>Main rule</i>	13
§ 6-2 <i>Liability in excess of the sum insured</i>	13
§ 6-3 <i>Right of the insurer to avoid further liability by paying the sum insured</i>	14
§ 6-4 <i>Measures to avert or minimise loss</i>	14
§ 6-5 <i>General average</i>	14
§ 6-6 <i>Costs of providing security and the like</i>	14
§ 6-7 <i>Costs of litigation</i>	14
§ 6-8 <i>Costs in connection with the settlement of claims</i>	15
§ 6-9 <i>Costs in connection with measures relating to several interests</i>	15
CHAPTER 7. SETTLEMENT OF CLAIMS.....	15

§ 7-1 <i>The assured's duty of disclosure</i>	15
§ 7-2 <i>Fraud</i>	15
§ 7-3 <i>Interest on the compensation</i>	15
CHAPTER 8. THE RIGHT OF THE INSURER TO TAKE OVER THE SUBJECT MATTER INSURED	16
§ 8-1 <i>The right of the insurer to take over the subject matter insured upon payment of compensation</i>	16
§ 8-2 <i>Charges on the subject matter insured after it has been taken over</i>	16
§ 8-3 <i>Preservation of the subject matter insured when it has been taken over</i>	16
CHAPTER 9. CLAIMS FOR DAMAGES AGAINST THIRD PARTIES (SUBROGATION)	17
§ 9-1 <i>The insurer's right of subrogation to claims by the assured for damages against third parties</i>	17
§ 9-2 <i>Waiver of claim for damages</i>	17
§ 9-3 <i>Duty of the assured to provide particulars and documents</i>	17
CHAPTER 10. CANCELLATION – REFUND OF PREMIUM - VENUE.....	18
§ 10-1 <i>Cancellation</i>	18
§ 10-2 <i>Refund of premium in the event of termination of the insurance</i>	19
§ 10-3 <i>Venue</i>	19
B. HULL INSURANCE.....	19
CHAPTER 11. SUBJECT MATTERS COVERED BY THE INSURANCE.....	19
§ 11-1 <i>Scope of the insurance</i>	19
§ 11-2 <i>Not covered by the insurance</i>	19
§ 11-3 <i>Collision liability</i>	20
CHAPTER 12. SCOPE OF THE INSURER'S DUTY TO COMPENSATE	20
§ 12-1 <i>Total loss</i>	20
§ 12-2 <i>Damage to the vessel</i>	20
§ 12-3 <i>Not covered by the insurer's liability</i>	20
§ 12-4 <i>Unrepaired damage</i>	21
§ 12-5 <i>Reduction in value</i>	22
CHAPTER 13. SETTLEMENT OF CLAIMS AND CALCULATION OF COMPENSATION	22
§ 13-1 <i>Survey of damage</i>	22
§ 13-2 <i>Temporary repairs</i>	22
§ 13-3 <i>Costs incurred in expediting repairs</i>	22
§ 13-4 <i>Choice of repair yard – use of certain terms of contract</i>	22
§ 13-5 <i>Deferred repairs</i>	23
§ 13-6 <i>Damage relating to a prior insurance incident</i>	23
§ 13-7 <i>Deductible</i>	23
§ 13-8 <i>Special deductions relating to replacement/renewal of complete components in the event of damage to machinery with accessories/ electric cables/pipelines that are more than 10 years old (new for old) ...</i>	24
§ 13-9 <i>Special deductions in the event of damage to electronic and electric equipment with accessories that are more than 5 years old</i>	24
§ 13-10 <i>Calculation of special deductions</i>	24
§ 13-11 <i>Apportionment of common expenses</i>	25
CHAPTER 14. RETURN OF PREMIUM WHEN THE VESSEL IS LAID UP	25
§ 14-1 RETURN OF PREMIUM WHEN THE VESSEL IS LAID UP.....	25
C. COLLISION LIABILITY INSURANCE.....	25
CHAPTER 15. LIABILITY IN THE EVENT OF COLLISION OR STRIKING	25
§ 15-1 <i>Scope of the insurer's liability</i>	25
§ 15-2 <i>Not covered by the insurer's liability</i>	25
§ 15-3 <i>Collision between a fishing vessel and another type of vessel</i>	26
§ 15-4 <i>Deductible</i>	26
D. LIABILITY INSURANCE.....	27
CHAPTER 16. THE INSURER'S LIABILITY	27
§ 16-1 <i>Scope of the insurer's liability</i>	27
§ 16-2 <i>Maximum limit of the insurer's liability</i>	27
§ 16-3 <i>Not covered by the insurer's liability</i>	27
§ 16-4 <i>Special provisions for fishing vessels</i>	28
CHAPTER 17. DEDUCTIBLE.....	28
§ 17-1 <i>Deductible</i>	28
E. FISHING INSURANCE	29

CHAPTER 18. SCOPE OF THE INSURANCE	29
§ 18-1 <i>Catch</i>	29
§ 18-2 <i>Fishing gear and other equipment</i>	29
§ 18-3 <i>Articles for consumption</i>	29
CHAPTER 19. THE INSURER'S LIABILITY.....	29
§ 19-1 <i>Fishing gear, equipment, articles for consumption and catch</i>	29
§ 19-2 <i>Deck cargo</i>	30
CHAPTER 20. DEDUCTIBLE AND SETTLEMENT OF CLAIMS	30
§ 20-1 <i>Deductible</i>	30
§ 20-2 <i>Damage to or loss of catch, cf. § 18-1</i>	30
§ 20-3 <i>Total loss</i>	30
§ 20-4 <i>Damage to other objects</i>	31
CO-INSURANCE OF MORTGAGEE'S INTEREST - JOINT AND SEVERAL LIABILITY FOR PREMIUM PAYMENT	31

Unless otherwise provided in these conditions or the policy, this insurance is subject to the Insurance Contracts Act of 16 June 1969 No. 69, (hereinafter referred to as ICA), sections 1-1 to 8-6 and section 20-2.

A. General clauses

Chapter 1. Introductory provisions - duty of disclosure etc.

§ 1-1 Definitions

For the purpose of these conditions:

1. Loss means pecuniary loss, including total loss, damage, charges and liability.
2. Damage means physical damage that does not constitute total loss.
3. Insurable value means the full value of the subject matter insured on the day the damage occurred.
4. The assured means the subject according to the insurance contract entitled to compensation or the sum insured. The assured according to a liability insurance is the subject whose liability is covered.
5. Safety regulation means a clause in the insurance contract requiring;
 - 1) the assured to provide specific devices or take specific steps aimed at preventing or limiting damage,
 - 2) the assured or others to have specific qualifications or certificates as a condition for using, storing or maintaining the subject matter insured,
 - 3) the assured or others to proceed in a specific manner when using, storing or maintaining the subject matter insured.

§ 1-2 Interests comprised by the insurance

This insurance shall inure to the benefit of the subject or subjects named in the policy. A mortgagee or other rights holder is not co-insured unless he is explicitly named in the policy and has agreed to be jointly and severally liable for the insurance premium due during the period of insurance.

However, a co-insured mortgagee or other rights holder does not have any greater legal right in respect of the insurer than the person effecting the insurance, the assured, or the owner.

§ 1-3 Identification

An act or an omission by the charterer, the master or crew acting on behalf of the person effecting the insurance or the assured shall be regarded as the person effecting the insurance's or the assured's own act or omission. In the case of the master or the crew, however, this does not apply to negligence relating to their seamen's duty.

§ 1-4 Change of ownership

This insurance shall terminate in the event of a change of ownership. The seller must make sure that the buyer has effected his own insurance.

§ 1-5 The duty of disclosure of the person effecting the insurance

The person effecting the insurance shall, at the conclusion of the insurance contract or in the event of renewal, provide the insurer with comprehensive and correct information about the subject matter to be insured and special circumstances which the person effecting the insurance must understand have a substantial bearing on the insurer's assessment of the risk. The person effecting the insurance shall also reply fully and correctly to the insurer's inquiries.

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

The person effecting the insurance shall without undue delay notify the insurer in writing:

- a) of the selling price when a contract for the transfer of the vessel is entered into,
- b) the subsidy amount when an offer of a public subsidy to break up the vessel is accepted.

The insurer may demand documentation.

§ 1-6 Duty of disclosure of a third party

If the insurance comprises the interest of a third party, and if the third party knows that the insurance has been or will be effected, the third party shall have the same duty of disclosure as the person effecting the insurance, cf. § 1-5.

§ 1-7 The period of liability

Unless otherwise provided by law or by agreement, the liability of the insurer shall commence when the person effecting the insurance or the insurer has accepted the conditions stipulated by the other party.

If the insurer has sent written acceptance to the person effecting the insurance, the liability of the insurer commences at 00:00 hours on the day when acceptance was sent, provided the request for insurance reached the insurer not later than the previous day.

If the person effecting the insurance has sent a written request for a specific insurance, and it is clear that the request would have been met straight away by the insurer, the insurer shall already be liable for insurance events occurring after it received the request.

If the insurance is to attach on a specific date with no indication of the hour, liability commences at 00:00 hours. When an insurance is effective until a specific date with no indication of the hour, liability ceases at 24:00 hours.

§ 1-8 Automatic renewal

If the insurance applies for a specific period of time of one or more years, the insurance will automatically be renewed for one year upon expiry of the period of insurance, unless the person effecting the insurance or the insurer gives notice that the insurance is not to be renewed pursuant to the provisions of sections 3-4 and 3-5 of the Insurance Contracts Act.

If it has been explicitly agreed that the insurance is to terminate when the period of insurance expires, the first paragraph regarding automatic renewal shall not apply.

Chapter 2. Scope of the insurance - alteration of risk

§ 2-1 Scope of the insurance - risks covered

Subject to the exclusions stated below, this insurance covers loss arising in direct connection with the use of the subject matter insured when this suddenly and unexpectedly is subject to a risk during the period of insurance.

Where the vessel, at the commencement or on the expiry of an insurance, has a defect or damage which at such time is unknown, such defect or damage is, in so far as it gives rise to a new casualty, to be regarded as a risk to which the vessel was subject when the casualty occurred, or at the earlier date at which the defect or damage became known.

This insurance shall not cover loss or damage caused by:

1. Insolvency.
2. Delay.
3. Strikes, lockout, sabotage, acts of terrorism, riots and civil unrest.
4. Piracy and mutiny.
5. War or war-like conditions (except military and naval manoeuvres in time of peace).
6. Capture at sea, condemnation in prize, confiscation, requisition for title or use, and other similar measures taken by alien state authorities. The term "alien state

authorities” means authorities of states with which Norway is not allied, and persons and organizations who unlawfully purport to be exercising public or supranational authority.

7. Measures taken by Norwegian or allied state authorities. The term “state authorities” means persons or organizations exercising public or supranational authority.

8. The subject matter insured being used for unlawful purposes or to promote unlawful purposes.

9. Release of nuclear energy.

10. Chemical, biological, biochemical or electromagnetic weapons.

§ 2-2 Main rule relating to the burden of proof

The assured has the burden of proving that he has suffered a loss of the kind covered by the insurance and of proving the extent of the loss.

The insurer has the burden of proving that the loss has been caused by a risk that is not covered by the insurance, unless other provisions provide to the contrary.

The assured has the burden of proving that the loss has not been caused by the release of nuclear energy or chemical, biological, biochemical or electromagnetic weapons, cf. § 2-1, third paragraph, nos. 9 and 10.

§ 2-3 Combination of risks

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

If the release of nuclear energy or chemical, biological, biochemical or electromagnetic weapons, cf. § 2-1, third paragraph, nos. 9 and 10, have contributed to a loss, the entire loss shall be attributed to that risk.

§ 2-4 Alteration of the risk

The insurer shall be wholly or partly without liability for loss caused by the subject matter insured being used outside the trading area or for a purpose other than that stipulated in the policy or the vessel's certificate, if the assured was aware or ought to have been aware of the facts. The same shall apply if the vessel does not have valid certificates.

§ 2-5 The vessel's boats, fishing gear or catch being outside the vessel

Notwithstanding the provisions in § 6-4 and § 6-5, Chapters 15 and 18, and these Conditions in general, the insurer shall in no case compensate loss of or damage to the insured vessel's boats, fishing gear or catch, if the loss or damage occurs while these objects are outside the vessel. This shall apply without regard to whether the vessel, the dories, the fishing gear or the catch are owned by different parties.

§ 2-6 Vessel carriage

Unless by special agreement, the insurance does not cover carriage of the vessel except carriage to and from winter lay-up.

§ 2-7 Trading area

The trading area comprises waters extending 50 nautical miles from the baseline of Norway, Denmark, Sweden and Finland, unless otherwise stated in the policy or the trading certificate should the vessel have such.

If the vessel exceeds the trading area it shall be deemed as an alteration of the risk, cf. § 2-4.

Chapter 3. Insurance incident caused by the assured

§ 3-1 Insurance incident caused by the assured

The insurer shall not be liable if the assured has intentionally caused an insurance incident. Where the assured, under an insurance other than liability insurance, has caused an insurance incident by gross negligence, the insurer's liability may be reduced or disclaimed. In deciding the extent of liability importance shall be attached to the degree of blame, the sequence of events leading to the loss, whether the assured was in a state of self-inflicted intoxication, whether the act or omission was committed by a professional, whether the act or omission was motivated by financial considerations, or other circumstances present.

Chapter 4. Safety regulations - the duty of the assured to minimise loss

§ 4-1 The consequence of infringing safety regulations

Where infringement of safety regulations results in loss, compensation may be reduced or lapse, unless the infringement occurred in the act of saving human life.

§ 4-2 Vessels at quay or laid up

It is the assured's duty to secure the vessel and all large or valuable equipment, and provide daily supervision of the vessel and its moorings. The vessel shall be locked up. Furthermore, the vessel's outfit, equipment, catch or cargo must be locked up, or locked or bolted to the vessel in such a way that they can only be removed by means of tools.

§ 4-3 Sea inlet valves

All sea inlet valves shall be closed when the vessel is not in operation and/or is unmanned.

§ 4-4 Towage from port to port

The insurer shall be notified and have given his consent before the vessel engages in towage or is towed. In addition, the following rules shall apply:

1. The vessel shall have sufficient towing power to normally hold a speed of five knots in smooth waters during the towage.
2. Before the towage commences, it shall be clarified who is in charge of the towage. The person in charge shall see to that any necessary mandatory towing permit has been obtained and that any conditions related thereto are met.
3. The towline shall be set up in a manner enabling it to keep the tow under control also during bad weather. The towline shall be devised so that it provides protection against wear and tear caused by movements during the tow. The towline shall have a length or be set up in a manner sufficient to moderate the shock pulls.
4. Towage must not be attempted if the subject matter to be towed lacks sufficient stability to withstand the maximal strains to which it is expected to be exposed during the towage.

§ 4-5 Loading and discharging of live fish

The vessel shall not go near any form of structure for keeping live fish (fish farm/storage place/floating enclosures/seines and the like) until it is summoned by a person present who is in charge of the structure, which must be manned. Seine purses and the like in the vicinity of the vessel shall be lined up and checked when the vessel arrives and departs. The vessel and its equipment shall, prior to arrival at a structure as mentioned above, be disinfected and readied in accordance with the regulations given by the veterinary authorities.

§ 4-6 Requirements for building and stability

The vessel shall comply with the requirements set out in the Nordic Boat Standard for commercial vessels smaller than 15 metres. If the vessel is converted, structures are added, repairs are carried out or cranes or the like are installed, the vessel shall comply with requirements set out in the latest version of the Nordic Boat Standard for commercial vessels smaller than 15 metres.

§ 4-7 Ice forcing prohibited

The vessel shall not force ice. Sailing in ice broken up in a lane of water for the benefit of general navigation shall not be regarded as ice forcing.

§ 4-8 The duty of the assured to keep the vessel fit for secure navigation

The vessel shall be subject to continuous maintenance. The assured shall at least once every six months inspect the vessel thoroughly for rust, wear and tear, corrosion, rot or "rivet sickness". If such defects are discovered, the assured shall repair them without undue delay. The assured shall particularly ensure that the areas around exhaust pipes, cooling water intake valves and sea inlet valves are free of rust. The same applies to bulkheads and other parts of the vessel that are difficult to access for inspection.

The assured shall write his own report concerning the inspections, specifying the date of inspection, completed maintenance, detected defects and what has been done to repair them. Such reports shall be kept for two years and in the event of damage or loss be presented to the insurer upon his demand.

Prior to departure the assured shall make sure that the vessel is fit for secure navigation, and that the vessel's gear and cargo are stowed in such a way as to maintain the vessel's stability. The gear and the cargo must be secured in such a way that it will not shift and make the vessel unstable while under way.

If the vessel springs a leak while afloat, the assured shall have the burden of proving that he has kept the vessel fit for secure navigation.

§ 4-9 The right of the insurer to demand a survey

The insurer has the right, either himself or by appointing a surveyor, to inspect the subject matter insured at any time during the insurance period. If necessary for the purpose of such inspection, the insurer may demand that the cargo be completely or partially discharged.

If the assured refuses to let the insurer undertake such an inspection, the insurer shall subsequently only be liable to the extent that the assured proves that the loss is not attributable to defects in the subject matter insured which would have been discovered.

If the inspection is not occasioned by an insurance incident, the insurer shall indemnify the assured for his costs as well as for the loss he suffers as a result of the inspection, unless a safety regulation proves to have been infringed.

§ 4-10 Duty of the assured to minimise loss

Where loss or damage has occurred or there is an imminent threat that it will occur, the assured shall:

1. Do what he can to avert or minimise the loss. If the insurer gives specific directives, the assured must act in accordance with these, unless he must understand that the directives given were based on incorrect or incomplete information concerning the actual situation.
2. Without undue delay notify the insurer of what has happened and keep him informed about further developments. The assured and the master of the vessel must also notify the insurer of maritime enquiries and surveys at which it may be important for the insurer to be represented.
3. Do what is necessary to protect and secure the right to claim against a third party until the insurer himself can attend to his own interests.

§ 4-11 Reports concerning damage and the like to the police and maritime authorities

In the event of serious damage, total loss or personal injury, the assured shall report the incident to the nearest maritime authority, cf. sections 472 and 473 of the Norwegian Maritime Code. Damage to the subject matter insured that is caused by fire, theft or vandalism shall be reported to the police.

§ 4-12 Non-fulfilment of the duties set out in § 4-10 and 4-11

If the assured intentionally or by gross negligence fails to fulfil his duties under § 4-10 and § 4-11, he shall be liable for the loss the insurer suffers as a result of such failure, cf. § 3-1.

Chapter 5. Over- and under-insurance

§ 5-1 Over-insurance

If the sum insured exceeds the insurable value, the insurer shall only compensate the loss up to the insurable value. If the interest is over-insured with fraudulent intent, the insurance contract is not binding on the insurer.

§ 5-2 Under-insurance

If the sum insured is lower than the insurable value, the insurer shall only compensate a portion of the loss corresponding to the proportion that the sum insured bears to the insurable value. If a valuation has been set aside in accordance with section 6-2 of the Insurance Contracts Act, it shall nevertheless be regarded as the insurable value when the rule in this paragraph is applied.

Chapter 6. The insurer's liability

§ 6-1 Main rule

The insurer is liable up to the sum insured for loss caused by any one insurance incident, however not for an amount in excess of the insurable value.

Where a contract for the transfer of the vessel has been entered into, the selling price shall apply, if the price is lower than the insurable value in the event of compensation for total loss.

Where an offer of a public subsidy to break up the vessel is accepted, the subsidy amount shall apply.

§ 6-2 Liability in excess of the sum insured

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

1. Loss as mentioned in § 6-4 to § 6-8, and § 8-3.
2. Interest on the compensation in accordance with § 7-3.

§ 6-3 Right of the insurer to avoid further liability by paying the sum insured

When an insurance incident has occurred, the insurer may avoid further liability by informing the assured that he will pay the sum insured or the portion of the sum insured which refers to the objects comprised by the insurance incident. Loss referred to in § 6-4 to § 6-8 and § 8-3 is recoverable in excess of the sum insured, provided that it is attributable to measures implemented before the assured was notified of the insurer's decision. In such case the insurer has no right to the subject matter insured pursuant to § 8-1.

§ 6-4 Measures to avert or minimise loss

The insurer shall compensate the assured for costs incurred by him to avert or minimise loss in accordance with section 6-4 of the Insurance Contracts Act. Loss arising through measures taken to save the vessel and its cargo from a common peril is, however, not covered pursuant to the present provision.

§ 6-5 General average

The hull insurer is liable for any general average contribution apportioned on the subject matter insured, provided the general average act was carried out with regard to perils covered by the insurance. The contribution is recoverable in accordance with a general average adjustment, duly drawn up according to applicable rules of law or such terms of contract as must be considered customary in the trade in question. The contribution is recoverable in accordance with the adjustment, even if the contributory value exceeds the insurable value of the subject matter insured. If the assured, as a result of a breach of the contract of affreightment, is precluded from claiming contributions from the other participants in the general average, the liability insurer shall cover the amount which, according to the rules of general average, falls on the subject matter insured.

§ 6-6 Costs of providing security and the like

If the assured, as a result of an insurance incident, has had to raise funds or provide security, he may claim a refund from the insurer for reasonable expenses so incurred.

§ 6-7 Costs of litigation

If a claim is made against the assured in respect of liability covered by the insurance, or if the assured makes a claim against a third party for damages in connection with a loss covered by the insurance, the insurer shall be liable for the costs incurred, provided that the steps taken are approved by the insurer or must be considered justifiable.

§ 6-8 Costs in connection with the settlement of claims

If the insurer is liable for the loss, he shall also pay the necessary costs of establishing the loss and calculating the compensation. If the assured has reasonable grounds for employing an independent surveyor, the insurer is liable for necessary expenses in this connection, limited up to the amount that would be paid to the insurer's surveyor, cf. § 13-1.

§ 6-9 Costs in connection with measures relating to several interests

If costs mentioned in § 6-4 to § 6-8 have been incurred in connection with measures relating to several interests, the insurer is only liable for that proportion of the costs which may reasonably be attributed to the interest insured.

Chapter 7. Settlement of claims

§ 7-1 The assured's duty of disclosure

When claims are to be settled the assured shall provide the insurer with such information and documents as are available to him and are required by the insurer for the purpose of calculating his liability and settling the claim.

§ 7-2 Fraud

If in a claims settlement the assured intentionally gives incorrect or incomplete details which the assured knows or is bound to understand will result in the assured being paid compensation to which he is not entitled, the assured forfeits any and all claims for compensation against the insurer under this and any other insurance contract in connection with one and the same event.

§ 7-3 Interest on the compensation

The assured is entitled to interest on the outstanding claims amount when two months have passed since notification of the insurance incident was sent to the insurer. Where the insurer is liable for reimbursing an amount paid by the assured, the duty to pay interest commences two months after the amount was paid, at the earliest. Where the insurer is liable for compensating loss of income or loss of time incurred by the assured, the duty to pay interest does not commence until one month after expiry of the period for which the insurer is liable.

Failure by the assured to give details or furnish documents as stated in § 7-1 will entail that he shall not be able to claim interest for any time lost as a result. This also applies if the assured unlawfully rejects full or partial settlement. The duty to pay interest shall also cease when the insurer deposits the amount of the compensation

with a bank in accordance with section 7-4, second paragraph, final sentence of the Insurance Contracts Act.

The interest is otherwise subject to section 2, second paragraph, and section 3 of the Act of 17 December 1976 No. 100 relating to Interest on Overdue Payments etc. Interest on interest shall not accrue.

Chapter 8. The right of the insurer to take over the subject matter insured

§ 8-1 The right of the insurer to take over the subject matter insured upon payment of compensation

Upon payment of compensation for total loss, the insurer is subrogated to the assured's rights in the subject matter insured unless he waives this right no later than at the time of payment. In the event of under-insurance (§ 5-2) the insurer is subrogated to an equivalent part of the subject matter insured. The assured shall furnish the insurer with title to the subject matter insured and hand over all documents that are material to the insurer as owner. Costs incurred in this connection shall be borne by the insurer.

Upon payment of compensation for damage, the insurer is subrogated to the assured's rights in such parts of the subject matter insured as he has indemnified

§ 8-2 Charges on the subject matter insured after it has been taken over

Where there is a charge on the subject matter insured in respect of liability not covered by the insurance, the assured shall indemnify the insurer to the extent thereof. If the assured, for the purpose of limiting his liability to third parties, has to abandon the vessel, this may be done irrespective of the insurer's rights under § 8-1.

§ 8-3 Preservation of the subject matter insured when it has been taken over

The insurer is liable for the costs of necessary measures to preserve the subject matter insured that are incurred after an insurance incident that entitles the assured to compensation for total loss. The assured shall also implement such measures after the subject matter insured has been taken over by the insurer, if the latter is unable to protect his own interests.

Chapter 9. Claims for damages against third parties (subrogation)

§ 9-1 The insurer's right of subrogation to claims by the assured for damages against third parties

If the assured has a claim against a third party for compensation of a loss, the insurer is, upon payment of compensation to the assured for the loss, subrogated to the rights of the assured against the third party concerned. If the insurer is only partly liable for the loss, the claim for damages shall be divided proportionately between the insurer and the assured. The same applies if compensation for the full loss would have been a higher amount if paid by a third party than by the insurer, but the third party is only liable for part of the loss, or the entire amount of loss is not recoverable.

If the insurer's claim produces a higher net amount than he has paid to the assured with the addition of interest, the excess amount shall accrue to the assured.

§ 9-2 Waiver of claim for damages

The insurer's liability shall be reduced by an amount equal to that which he is prevented from collecting because the assured has waived his right to claim damages from a third party, unless the waiver may be considered customary in the trade in question.

§ 9-3 Duty of the assured to provide particulars and documents

The assured shall, when so requested, provide the insurer with any information and documents available to him which are of relevance for the pursuit of the insurer's claim. The insurer also has the right to familiarise himself with all documents and other evidence before he takes over the claim. In the event of litigation between the assured and a third party the insurer is entitled to be represented by his own legal representative.

Chapter 10. Cancellation – refund of premium - venue

§ 10-1 Cancellation

During the insurance period the person effecting the insurance is entitled to cancel an existing insurance if the need for cover ceases to exist or there are other specific reasons or for the purpose of transferring the insurance to another insurer. The person effecting the insurance shall notify the insurer by giving at least one month's notice. In the event of a transfer the person effecting the insurance shall advise which insurer the insurance is to be transferred to and the transfer date.

The insurer is entitled to cancel the insurance:

1. *With immediate effect* where the person effecting the insurance fraudulently gives the insurer incorrect or incomplete details on any particular matter of significance to the risk. On the basis of such fraud the insurer may with immediate effect cancel any other insurance contract entered into with the person effecting the insurance.
2. *By giving one week's notice* where the assured in a claims settlement intentionally gives incorrect or incomplete details which he must understand may result in him being paid a compensation to which he is not entitled. On this basis the insurer may cancel any other insurance contract entered into with the assured by giving one week's notice.
3. *By giving fourteen days' notice* where the insurer becomes aware that the details received concerning the risk are incorrect or incomplete on any particular matter of significance.
4. *By giving two months' notice* where
 - (a) the assured intentionally or by gross negligence has caused an insurance incident,
 - (b) a safety regulation of material significance has intentionally or by gross negligence been infringed by the assured or by anyone acting of behalf of the assured whose duty it is to comply with the regulation or to ensure that it is complied with,
 - (c) the vessel due to weakening, unfortunate design or similar conditions is deemed not to be seaworthy
 - (d) the vessel has become unseaworthy due to damage or other similar conditions and the assured does not effect repair without undue delay.

§ 10-2 Refund of premium in the event of termination of the insurance

Where the insurance terminates during the period of insurance, excess premium for the remaining period shall be refunded as stipulated in the policy.

Where the insurer pays compensation for total loss or pays the sum insured pursuant to § 6-3, the insurer is entitled to the entire agreed premium.

§ 10-3 Venue

Where a dispute concerning the insurance is not resolved, legal proceedings shall be instituted at the venue of the insurer's head office.

B. HULL INSURANCE

Chapter 11. Subject matters covered by the insurance

§ 11-1 Scope of the insurance

The insurance includes:

1. The vessel as well as equipment on board which belongs to the owner or which the owner has borrowed, leased or purchased with a vendor's lien, and spare parts on board for the vessel or its equipment.
2. Parts of the vessel, equipment and spare parts which are temporarily removed from the vessel in connection with the running of the vessel or on account of repairs, conversion or similar work, provided that the objects are to be brought on board again before sailing.
3. Fixed mechanical equipment which is covered by the hull insurance and temporarily stored ashore during alternate use of the vessel. The equipment is covered against loss caused by fire or burglary while the equipment is stored ashore, provided the assured, before the vessel leaves port, has notified the insurer of what equipment has been brought ashore, its value and where it is stored. Claims shall be settled according to the provisions governing damage to the vessel. Should the vessel suffer a total loss, the value of the stored equipment shall be deducted from compensation for total loss.
4. Bunkers and lubrication oil on board.

§ 11-2 Not covered by the insurance

The insurance does not include catch, supplies, engine and deck accessories and other articles intended for consumption, boats and equipment used for hunting or fishing and loose objects exclusively intended for securing or protecting the cargo.

§ 11-3 Collision liability

Unless otherwise agreed the insurance covers collision liability as stated in Chapter 15.

Chapter 12. Scope of the insurer's duty to compensate

§ 12-1 Total loss

The insurer is liable for total loss. There is a total loss when:

- a) the vessel is lost without there being any prospect of it being recovered or if the vessel is so badly damaged that it technically cannot be repaired;
- b) the vessel qualifies for condemnation.

The vessel qualifies for condemnation when the casualty damage is so extensive that the cost of repairing the vessel will exceed 90% of the insurable value. The value of fixed equipment stored ashore, cf. § 11-1 No. 3 shall not be included in the insurable value in this calculation. Casualty damage shall be deemed to include only such damage as has occurred and been reported to the insurer during the insurance period as stated in the policy. Only such costs of repair, which are incurred after the request for condemnation has been submitted, shall be included in the calculation. Salvage, compensation for depreciation in value or removal costs shall not be taken into account. Both the assured and the insurer may request condemnation.

§ 12-2 Damage to the vessel

If the vessel has been damaged without the rules relating to total loss being applicable, the insurer is liable for the costs of repairing the damage so as to restore the vessel to the condition it was in prior to the occurrence of the damage. The insurer's liability arises as and when the repair costs are incurred.

§ 12-3 Not covered by the insurer's liability

The insurer is not liable for:

1. Damage to machinery and connected parts, factory machinery used for processing or refining catches or similar machinery, power blocks, line haulers, trawl winches, or other types of hauling devices for fishing gear, fish pumps and the like, pipework and electrical wiring outside the machinery, and electronic equipment is only recoverable if the damage has been caused by the vessel being affected by a collision, striking, an earthquake, an explosion outside the machinery, fire, vandalism or burglary, or the vessel having sunk or capsized.

Damage to electronic equipment caused by heavy weather shall, however, be recoverable when such damage has occurred to hull and superstructure in connection with the same casualty.

2. Any damage attributable to overheating of the engine or components belonging to the engine.

3. Damage which is the result of striking against or contact with ice, unless the vessel is built with steel plates or aluminium plates which in terms of thickness and composition meet the standards set in the Nordic Boat Standard 1990 for commercial vessels smaller than 15 metres, Section Y24, Subsections 4 and 5 and Section Y28, Subsection 4.3, or reinforced by proper ice protection plates.

Damage to the ice protection plates is not recoverable.

4. Crew's wages and maintenance and other direct expenses connected with the running of the vessel during the period of repair, unless this is specially agreed.

5. Expenses relating to shifting, storing and removal of cargo.

6. Accommodation of passengers.

7. Bottom painting and caulking of hull and deck except on recoverable repaired damage.

8. Loss of objects intended for mooring, towing and the like and loss of tarpaulins unless the loss is caused by crashing, striking, collision, fire or theft.

9. Costs of repairing keel bight or damage caused by keel bight. The same applies to depreciation in value as a result of repairs not being carried out.

10. Dinghies and dories which are covered by the vessel's hull insurance which suffer loss or damage while hanging outside the vessel in launch position or being towed while the vessel is underway, or are not onboard the vessel.

11. Damage to sails, masts or booms unless the damage is caused by a break in a mast or boom as a result of a sudden and unforeseen external force.

§ 12-4 Unrepaired damage

Compensation for unrepaired damage may be paid if the vessel is sold or disposed of by enforced auction. Compensation is calculated on the basis of the estimated costs of repairs, but is limited to the reduction in the proceeds of sale or enforced auction attributable to the damage. These rules apply also if the vessel is relinquished to a Norwegian creditor (abandonment).

§ 12-5 Reduction in value

Where the vessel cannot be restored to its original standard by repairs, but can otherwise be made seaworthy and fit for its intended use, the insurer shall only compensate the depreciation in value that exceeds 10% of the vessel's sum insured or the insurable value if the latter is higher.

Chapter 13. Settlement of claims and calculation of compensation

§ 13-1 Survey of damage

The insurer may demand that a survey of damage and an assessment of repair costs be carried out at the earliest opportunity.

If the assured disagrees with the content of the survey report and the assessment, he may, at his own expense, appoint a representative to carry out a survey and make an assessment.

If there is disagreement between the assured's and the insurer's representatives, the parties may appoint an umpire who shall give a reasoned opinion concerning the questions submitted to him. If the parties cannot agree on the choice of an umpire, the latter shall be appointed by a Norwegian average adjuster. The insurer shall cover the costs of the umpire and the average adjuster.

§ 13-2 Temporary repairs

If temporary repairs are carried out where full repairs could have been carried out, the insurer shall be liable for costs up to the amount he saves through the postponement of the permanent repairs.

§ 13-3 Costs incurred in expediting repairs

If the assured, in order to limit his loss of time, expedites repairs by means of extraordinary measures, the insurer shall not be liable for additional expenses incurred in this connection.

§ 13-4 Choice of repair yard – use of certain terms of contract

The assured decides which yard shall be used, but the insurer's liability for repair costs and the removal is limited to an amount corresponding to the amount that would have been recoverable if the lowest adjusted tender had been accepted.

The assured and the repair yard shall use the latest version of the model contract drawn up by the Norwegian Shipowners' Association and the Federation of

Norwegian Manufacturing Industries, dated 2 December 1985, with the following amendments:

1. the amount in § 10 of the contract, which regulates the limit of liability in the event of damage, shall be fixed at the value of the vessel after repairs have been carried out,
2. the amount in § 11 of the contract, which regulates liability for defects, shall be fixed at not less than the cost of the repairs.

The insurer's liability is limited in accordance with the provisions of the model contract. If a lower limit of liability than the limit stated in nos. 1 and 2 is applied, the liability of the insurer shall be reduced by an amount corresponding to the difference between the liability limits stated in nos. 1 and 2 and the liability limits that have been agreed upon in the repair contract actually entered into by the parties.

§ 13-5 Deferred repairs

If repairs have not been carried out within one year after the damage was discovered, the insurer is not liable for any increase in the cost of the work that is later incurred.

§ 13-6 Damage relating to a prior insurance incident.

Recoverable damage that can be attributed to a prior insurance incident shall be indemnified by the insurer with whom the vessel was insured when the original insurance incident occurred, cf. § 2-1, second sub-paragraph.

§ 13-7 Deductible

Unless otherwise agreed and stated in the policy, the following shall apply:

For each insurance incident a deductible of 10% of the amount of compensation shall be deducted, but not less than NOK 5,000 and not more than NOK 50,000.

There shall be no deductible in respect of salvage charges, costs in connection with the claims settlement or a survey carried out after the vessel has gone aground. Heavy weather damage that occurs between two port calls is regarded as one insurance incident.

§ 13-8 Special deductions relating to replacement/renewal of complete components in the event of damage to machinery with accessories/ electric cables/pipelines that are more than 10 years old (new for old)

Unless otherwise agreed and stated in the policy, the following shall apply:

Between 10 and 11 years old: 10%

Between 11 and 12 years old: 20%

Between 12 and 13 years old: 30%

Between 13 and 14 years old: 40%

More than 14 years old : 50%

The special deduction shall not exceed NOK 100,000.

§ 13-9 Special deductions in the event of damage to electronic and electric equipment with accessories that are more than 5 years old

Unless otherwise agreed and stated in the policy, the following shall apply:

Between 5 and 6 years old: 10%

Between 6 and 7 years old: 20%

Between 7 and 8 years old: 30%

Between 8 and 9 years old: 40%

Between 9 and 10 years old: 50%

Between 10 and 11 years old: 60%

Between 11 and 12 years old: 70%

More than 12 years old : 80%

The special deduction shall not exceed NOK 100,000.

§ 13-10 Calculation of special deductions

Special deductions pursuant to § 13-8 and § 13-9 shall be calculated on the basis of the total expenses incurred in connection with repairs to machinery and equipment. Age pursuant to § 13-8 and § 13-9 shall be calculated from the beginning of the month in which the new, unused machinery/equipment/component was first used until the day on which repairs were commenced.

§ 13-11 Apportionment of common expenses

If 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 shall be apportioned on the basis of the cost of each class of work. However, common expenses that depend on the length of the period of repairs shall be apportioned on the basis of the time that the recoverable and non-recoverable work would have required if the two classes of work had been carried out separately.

Chapter 14. Return of premium when the vessel is laid up

§ 14-1 Return of premium when the vessel is laid up

There shall be no return of premium if the vessel is laid up unless this is agreed upon and stated in the policy.

C. COLLISION LIABILITY INSURANCE

Chapter 15. Liability in the event of collision or striking

§ 15-1 Scope of the insurer's liability

The insurer is liable for:

Liability imposed on the assured for loss which is a result of collision or striking by the vessel, its accessories, equipment or cargo, or by a tug used by the vessel. In respect of liability for damages arising from any one insurance incident, the insurer is liable up to an amount equivalent to the sum insured under the hull insurance (Part B of these Conditions) or the insurable value, if the latter is lower.

If in one and the same event loss under § 6-4 (measures to avert or minimise loss) and § 6-5 (general average), cf. § 6-9 also occurs, the insurer's total liability shall not exceed the sum insured under hull insurance or the insurable value, if the latter is lower.

§ 15-2 Not covered by the insurer's liability

The insurer is not liable for:

1. Liability arising while the vessel is engaged in towing, or caused by the towage, unless the vessel is insured as a towing vessel or it has been agreed that the vessel is to be able to perform tows or the towage takes place in connection with the saving of life or towage of the fishing team's own vessels.
2. Liability for personal injury or loss of life.

3. Other loss inflicted on passengers or crew on the insured vessel.
4. Liability for damage to or loss of fishing gear or other equipment that has been borrowed, leased, purchased with a vendor's lien or similar encumbrance, and liability for damage to or loss of the vessel with its accessories, equipment, supplies and cargo, or other objects on board the insured vessel.
5. Liability to charterers or others who have an interest in the insured vessel.
6. Liability for loss caused by cargo or bunkers after grounding or striking against ice.
7. Liability for loss caused by the vessel's use of anchor, mooring and towing gear, loading and discharging pipes, gangways, fishing and catch gear, etc., and liability for damage to and loss of these objects.
8. Liability for removal of the wreck of the insured vessel.
9. Liability arising from collision with fishing and catch gear in the sea.
10. Liability between participants in the same fishing team and between pair trawlers.
11. Liability for damage and loss, including loss of fish, which supply boats, etc. that are part of a fish farm or similar structure cause to such structures, regardless of ownership.
12. Liability for damage to or loss of fish or a structure for the keeping of live fish, when the damage or loss occurs in connection with a call at the structure concerned for loading or discharging. The term "call" means arrival, anchoring, loading and discharging and departure.
13. Refund of an amount paid by a third party as compensation for loss as mentioned under nos. 1 to 12.

§ 15-3 Collision between a fishing vessel and another type of vessel

In the event of a collision between a vessel insured as a fishing vessel and another type of vessel, the insurer's liability pursuant to § 15-1 (collision liability) is limited to damage caused to the claimant's vessel or its permanent accessories that are covered by an ordinary hull insurance (Part B of these Conditions).

§ 15-4 Deductible

Unless otherwise agreed and stated in the policy, the following shall apply:

For each insurance incident a deductible of 10% of the liability shall be deducted, but not less than NOK 5,000 and not more than NOK 50,000, and the deductible must be reduced by the deductible that is payable by the assured in connection with the same damage pursuant to Part D, Chapter 16 (Liability Insurance) of these Conditions.

D. LIABILITY INSURANCE

Chapter 16. The insurer's liability

§ 16-1 Scope of the insurer's liability

The insurer is liable for:

1. The assured's liability resulting from personal injury or loss of life, as well as liability for salvage awards for the saving of life, and liability resulting from damage to or loss of an object belonging to a third party beyond what is covered by the collision liability insurance (Part C of these Conditions).
2. The assured's liability for removing the wreck in the event of a shipwreck provided such removal has been ordered by the authorities.
3. Liability and other loss that is caused by such perils as are mentioned in Chapter 2, § 2-1, nos. 3-6, provided Norway at the time does not enter into a war or become involved in a war-like situation.
4. Liability for the crew's social benefits, but limited to the part of the costs that exceeds the amounts that are reimbursed pursuant to the rules for public national insurance schemes.

§ 16-2 Maximum limit of the insurer's liability

The insurer covers liability arising from one and the same event up to the amount of NOK 33,000,000, unless otherwise stated in the policy.

§ 16-3 Not covered by the insurer's liability

The insurer is not liable for:

1. Liability for injury to passengers, unless the assured and the insurer have entered into a written agreement regarding such liability.
2. Liability for loss that is covered by national insurance benefits, the Act of 16 June 1989 No. 65 relating to Industrial Injury Insurance, benefits from employee or occupational pension schemes and by insurance benefits that are mandatory under a collective wage agreement and that are financed by the employer who is liable to pay compensation, or that would have been covered if such insurance had been in force.
3. Liability for damage to and loss of cargo.
4. Liability for damage to and loss of fishing gear and other equipment that has been borrowed, leased or purchased with a vendor's lien or similar encumbrance, and

liability for damage to or loss of the vessel with its accessories, equipment, supplies, or other objects on board the insured vessel.

5. Liability for damage to or loss of bunkers, ship's equipment and supplies that belong to the charterer of the vessel.

6. Liability for damage to or loss of objects which belong to the crew or other persons accompanying the vessel who have their duties on board.

7. Liability for damage or loss, including loss of fish, which supply boats and similar vessels that are part of a fish farm or similar structure cause to such structures, regardless of ownership.

8. Liability for loss that occurs during a call at a structure for keeping live fish. The term "call" means arrival, anchorage, loading and discharge and departure.

9. Liability that is covered, or could have been covered, in accordance with Part C, Chapter 15 (Collision Liability Insurance) of these Conditions.

§ 16-4 Special provisions for fishing vessels

1. Where a vessel is operated as a purse seiner, the insurance also covers liability incurred by other vessels operating the same purse seine.

2. The insurer does not cover liability between participants in the same fishing team or between pair trawlers.

3. The insurer covers liability arising during towage of vessels belonging to the same fishing team if the liability is not covered under Part C, Chapter 15 (Collision Liability Insurance) of these Conditions.

Chapter 17. Deductible

§ 17-1 Deductible

Unless otherwise agreed and stated in the policy, the following shall apply:

For each insurance incident a deductible of 10% of the liability shall be deducted, but not less than NOK 5,000 and not more than NOK 50,000. There shall be no deductible on liability pursuant to § 16-1 No. 4. The deductible in respect of collisions of nets, trawls etc. shall not be less than NOK 10,000.

E. FISHING INSURANCE

Chapter 18. Scope of the insurance

§ 18-1 Catch

The insurance includes the proven catch which is on board the vessel at any time and freight (landing subsidy) relating to catch reported to a fish sales co-operative and directed to a specific place of discharge.

§ 18-2 Fishing gear and other equipment

The insurance includes fishing gear and other equipment which belong to the assured and are on board the vessel. Fishing gear is deemed to be in the water from the moment the launching starts and until it is back in place again on board.

The term "other equipment" means objects which are used for securing or protecting the catch and other objects which are not part of the vessel's equipment.

§ 18-3 Articles for consumption

The insurance includes articles for consumption which are on board the vessel at any time. The term "articles for consumption" means the vessel's supply of provisions, bunkers, engine and deck accessories, articles for preservation of catch and other items intended for consumption.

Chapter 19. The insurer's liability

§ 19-1 Fishing gear, equipment, articles for consumption and catch

Subject to the limitations stated below, the insurance covers loss of or damage to fishing gear, equipment, articles for consumption and catch which are on board the vessel, provided the loss or damage is a direct result of:

1. Fire or explosion.
2. The vessel having struck a fixed or floating object, been broken up or been without steering as a result of damage.
3. Heavy weather. However, deterioration of catch caused by sailing in heavy sea shall not be covered.
4. Frozen catch being damaged because the vessel's thermo-machinery has been inoperative for a continuous period of at least 48 hours due to damage.

5. The subject matter insured being jettisoned or washed overboard, with the exception of catch lying free or in bins on deck.

The insurer shall also be liable for damage to catch which is a direct result of oil flowing out of a break in the vessel's pipes due to external influence.

§ 19-2 Deck cargo

If catch, fishing gear or objects are on deck, the insurer shall not be liable for:

1. Loss caused by precipitation or seawater.
2. Loss caused by dirt or sparks which do not cause a fire.
3. Loss arising from impact caused by shifting during the voyage.
4. Loss caused by leakage from other objects on deck.

Losses as specified in § 19-1 Nos. 1 and 2 shall nonetheless be covered.

Chapter 20. Deductible and settlement of claims

§ 20-1 Deductible

Unless otherwise agreed and stated in the policy, the following shall apply:

For each insurance incident a deductible of 10% of the compensation amount shall be deducted, but not less than NOK 5,000 and not more than NOK 50,000.

§ 20-2 Damage to or loss of catch, cf. § 18-1

If compensation is paid, it shall be calculated on the basis of a price officially stipulated or otherwise approved, so that the assured receives the same payment as if the casualty had not occurred. A deduction shall be made for expenses saved when calculating the value of lost freight (landing subsidy), cf. § 18-1.

If the catch has been damaged or lost and the provisions of § 20-3 are not applicable, the insurer will cover the percentage of the catch's insurable value which is equivalent to the final reduction in its value (damage percentage).

§ 20-3 Total loss

There is a total loss when:

1. The subject matters insured have been destroyed,
2. The subject matters insured have been withheld from the assured without any possibility of his recovering them,

3. Fishing gear and equipment as mentioned in § 18-2 are so extensively damaged that the loss constitutes 100% of their value,

4. Catch as mentioned in § 18-1 and articles for consumption as mentioned in § 18-3 are so extensively damaged that the loss amounts to at least 90% of their value.

In the event of a total loss, the insurer covers the sum insured of the objects in question, but not in excess of the insurable value. No deduction shall be made from the compensation for any damage occurring during the insurance period, whether or not such damage is covered by the insurance.

§ 20-4 Damage to other objects

If fishing gear and equipment as mentioned in § 18-2 or articles for consumption as mentioned in § 18-3 have been damaged, the insurer may demand that the damage be repaired subject to his paying the costs of repairs as and when they are repaired. The insurer may not demand that repairs be carried out if they result in unreasonable loss or disadvantage for the assured.

If the insurer does not, or cannot, demand that the damage be repaired, or if repairs are not complete, the insurer will cover the percentage of the insurable value of the objects damaged which is equivalent to the final reduction of their value (the damage percentage).

In the event of damage to or loss of an object which consists of several parts, the insurer will only cover the costs of repairing or replacing the part which is damaged or lost. This shall apply even if it is of vital importance that the object is complete.

CO-INSURANCE OF MORTGAGEE'S INTEREST - JOINT AND SEVERAL LIABILITY FOR PREMIUM PAYMENT

The clauses and conditions stated in the policy together with the Marine Insurance Conditions for Commercial Vessels smaller than 15 metres or 25 gross tonnes shall apply in relation to the mortgagee.

The mortgagee is only co-insured when he has given written notice of the mortgage to the insurer.

The insurance becomes legally effective from the time the notice of the mortgage reaches the insurer.

As of such time the mortgagee shall be jointly and severally liable for any insurance premium that falls due during the insurance period.

Where several mortgagees are noted as co-insured, each mortgagee shall be jointly and severally liable irrespective of the priority of the mortgage.

Mortgagees are jointly and severally liable to each other for the premium in a ratio proportionate to each mortgagee's financial interest in the vessel. Where a mortgagee who is

jointly and severally liable is obliged to pay defaulted premium, he shall be entitled to demand payment by the other mortgagees of that portion of the premium which exceeds his financial interest. The insurer shall take no part in the process of recourse between the mortgagees.

In addition, the following shall apply:

1. The mortgagee does not have greater legal rights in relation to the insurer than the rights of the person effecting the insurance. The insurer may claim to be without liability in relation to the person effecting the insurance or another co-insured because of an act or omission which shall be evaluated pursuant to the rules of Chapter 4 or Section 8-1 of the Insurance Contracts Act.
2. The person effecting the insurance may not amend, terminate or cancel the insurance contract in any way that effects the mortgagee.
3. Where the insurance contract has been amended, cancelled or discontinued, this shall only affect the mortgagee if the insurer has given him specific notice thereof with one month's notice.
4. Where the person effecting the insurance transfers the insurance to another insurer during the period of insurance, the liability of the insurer shall discontinue from the moment the mortgagee is covered by the insurer to which the insurance is transferred.
5. Where the insurance contract is cancelled due to non-payment of premium, the insurer shall send the mortgagees who are jointly and severally liable notice of the cancellation and a call to pay due premium within one month from the day the call was sent.
6. If the premium is not paid within the time-limit, the insurance shall no longer be in force at the end of that day (the last day of the time-limit).