

## **War Insurance Conditions for Vessels of 1st January 2006**

**These Conditions are approved by the Swedish Transport Insurance Pool and The Swedish Shipowner's Association and are only intended as a guidance. Nothing shall prevent the Insurer and the Assured from agreeing on other conditions.  
The original Swedish wording of the Conditions to be decisive in case of dispute.**

### **Clause 1 Risks covered by the insurance**

This insurance covers loss occurrences caused by

- a) military use of projectiles, bombs, rockets, missiles, torpedoes, mines, explosives or other weapon of war used for its intended purpose whether or not there was war or warlike conditions at the time of the damage;
- b) embargo, seizure, capture, confiscation or other actions by another foreign power than the flag state of the vessel, or by another foreign power than where there is a substantial ownership interest in the vessel.  
Foreign power does not mean persons or organisations that unlawfully purport to exercise official or other supra-national power.  
Requisition by a government power for the ownership or use of the vessel or other property that belongs to the vessel is not deemed to be such action.
- c) participants in civil war, warlike operation, revolution or rebellion, strike, lock-out, civil commotion, insurrection, piracy or mutiny;
- d) sabotage;
- e) acts of terrorists with political or religious motives;
- f) the vessel having been navigated in an extraordinary way due to war or warlike conditions, such as when
  - the vessel has proceeded in a convoy or
  - normal navigational aids have not been available or
  - the vessel has had to sail along routes or in waters, which would not have been used under normal circumstances;

This insurance does not cover damage, loss, cost or liability that, directly or indirectly, has been caused by or is referable to,

- use of nuclear weapons;

- nuclear damage, by which is meant:

first, damage that is caused by radioactive properties of nuclear fuel or radioactive products or by radioactive properties combined with toxic, explosive or other hazardous properties of fuel or the product

and second, any damage caused by ionising radiations emitted from other source of radiation inside a nuclear installation or atomic reactor than nuclear fuel or radioactive products. The terms nuclear fuel, radioactive product, nuclear reactor and nuclear installation shall be defined as per the Swedish Nuclear Liability Act (1968:45).

Should another provision of these Conditions be in conflict with this exemption, this exemption shall have priority.

## **Clause 2**

### **Items of cover under the insurance contract**

Unless otherwise stated in the insurance contract, the insurance covers all the items shown below.

## **Clause 2a**

### **Total loss, damage and liability for collisions**

#### *Hull damage*

The insurance provides compensation for damage to or total loss of the vessel caused directly by the loss occurrences referred to in Clause 1.

The insurance also covers

a) such total loss, caused by war or warlike conditions, which is considered to have arisen

1) when the vessel is missing and three months have elapsed since the day on which at the latest the vessel was expected in port;

2) when the vessel has been abandoned by the crew in the open sea and has not been recovered within three months thereafter. If the vessel has been observed after the abandonment the time is calculated from the day on which the vessel was last observed;

3) when the vessel has been withdrawn from the

Assured's control and there is obviously no prospect of recovering it or where the vessel has been blocked or withdrawn from the Assureds' control for more than ten months, unless the Insurer proves that the block ceases or there is a reasonable prospect of recovering the vessel within a short period;

b) the vessel's contribution to general average caused by an event covered by this insurance;

c) the vessel's contribution to detention costs as per Chapter 14, Section 40 of the Swedish Maritime Code, but only in the event of the vessel calling at a port for inspection of the vessel or the cargo and only for the detention period exceeding seven days.

Expenses for the vessel's entering or leaving the port are not compensated.

#### *Liability for collisions*

The insurance also covers the damages that the Assured is liable to pay to a third party, according to the applicable rules on the law of torts for damage to property, that has been caused by the vessel directly colliding with another vessel or object and which has been directly caused by the loss occurrences as referred to in Clause 1.

Otherwise the appropriate parts of the '*General Swedish Hull Insurance Conditions of 2000*', shall apply to this insurance. However, the provisions of the said prescribed conditions regarding deductibles and deductions for ice and machinery damage do not apply.

## **Clause 2b**

### **Hull interest and collision excess**

#### *Hull interest*

The insurance provides compensation for total loss or constructive total loss of the vessel according to the '*General Swedish Hull Insurance Conditions of 2000*' that has been directly caused by the loss occurrences referred to under Clause 1.

The insurance of hull interests does not cover costs for the salvage of the vessel or for the avoidance or mitigation of the loss.

### *Collision excess*

The insurance also covers the collision liability that the Assured is liable to pay to a third party according to Clause 2a and which exceeds the insured value specified in Clause 3a.

For these items of cover the applicable parts of '*Special hull interest insurance conditions including collision excess of 2006*' shall apply.

### **Clause 2c Freight interest**

The insurance provides compensation for total loss or constructive total loss of the vessel according to the '*General Swedish Hull Insurance Conditions of 2000*' that has been directly caused by the loss occurrences referred to under Clause 1.

The insurance of freight interests does not cover costs for the salvage of the vessel or for the avoidance or mitigation of the loss.

For this insurance, the applicable parts of '*Special freight interest insurance conditions of 2006*' shall apply.

### **Clause 2d Shipowner's liability**

a) The insurance covers compensation for liability, costs or expenses that are normally compensated by the vessel's, P&I insurance applicable at the time of the loss occurrence, and which is directly caused by loss occurrences as referred to in Clause 1 of the War Insurance Conditions, subject to the precondition that the occurrences are also exempted by the said P&I insurance.

If the vessel does not have valid P&I insurance, the insurance covers, in accordance with the above, liability, costs or expenses that are covered by the relevant conditions for P&I insurance as applied by the The Swedish Club at the time the loss occurred.

b) The liability for personal injuries in connection with loss occurrences as referred to in these War Insurance Conditions that adversely affect the captain or member of the crew is covered by the insurance only for amounts exceeding that which the injured party obtains from the statutory mandatory insurance or from other insurance applicable under the contract of employment.

### **Clause 3 Insured value**

In the insurance contract, the respective items of cover shall be attributed a special insured value. The insured value is binding for the Insurer unless the Assured, on the conclusion of the insurance contract, has provided misleading information.

### **Clause 3a Hull damage and collision liability**

*Hull damage* according to Clause 2a of the Conditions is, in the case of each separate loss occurrence, limited to the agreed insured value. In addition to the insured value, cost for salvage, adjustment and interest shall be compensated in accordance with the applicable hull conditions for the vessel limited according to the agreed insured value.

*Collision liability* according to Clause 2a of the Conditions is, for each separate loss occurrence, including interest and costs incurred in defending claims, limited to the insured value.

### **Clause 3b**

#### **Hull interest and collision excess**

*Hull interest* according to Clause 2b of the Conditions is limited according to the agreed insured value. *Collision excess* is, for each separate loss occurrence, limited according to Clause 2b of the Conditions to the agreed insured value.

### **Clause 3c**

#### **Freight interest**

Freight interest according to Clause 2c of the Conditions is limited according to the agreed insured value.

### **Clause 3d**

#### **Shipowner's liability**

Shipowner's liability according to Clause 2d of the Conditions is, for each recoverable average including interest and costs incurred in defending claims limited to the insured value for *hull loss* and the insured value for *hull interest*.

If the insured value is not utilised completely under one clause, the remainder may not be transferred to another clause to compensate a loss exceeding that insured value.

### **Clause 4**

#### **Safety provisions**

Where permission by an authority is required for a particular voyage, the Insurer is exempted from liability if such permission is not granted and the voyage is nevertheless undertaken, or if the vessel undertakes the voyage with the consent of the Assured contrary to the provisions prescribed by in the permission.

### **Clause 5**

#### **Right to give notice of cancellation**

This insurance applies subject to a mutual right for both the Assured and the Insurer to, at any time whatsoever during the term of the insurance, give notice cancelling the insurance by seven days' advance notice, computed from midnight on the date on which notice is given. However, the insurance will be extended to apply after the end of the said seven-day period with the premiums and on the conditions regarding which agreement may be concluded during the period of notice of termination.

If the notice of cancellation applies to amendments of excluded areas with enhanced risks previously specified by the Insurer, the amendment shall be deemed to be accepted by the Assured unless the Assured, during the period of notice, gives written notice of his desire that the contract should cease after the seven-day period.

### **Clause 6**

#### **Excluded areas with enhanced risks**

It is an obligation of the Assured to notify the Insurer in advance of voyages to an excluded area with enhanced risks in order to agree on the applicable conditions for such a voyage.

The same applies to vessels that after the notice of cancellation are in an area that has been changed to an excluded area with enhanced risk.

Unless otherwise agreed, the *Navigation Limitation for Hull War, Strikes, Terrorism and Related Perils Endorsement* issued by the Joint War Committee shall apply in conjunction with voyages within excluded areas with enhanced risks (List of areas of perceived enhanced risk).

The Joint War Committee comprises representatives from the International Underwriting Association of London (IUA) and Lloyd's Market Association (LMA) in London.

## **Clause 7**

### **Automatic termination owing to war by major powers**

This insurance terminates automatically, without preceding notice of cancellation,  
- upon the outbreak of war between any of following countries: United Kingdom, United States of America, France, the Russian Federation and the People's Republic of China;  
- in the event of the vessel being requisitioned by the authorities of the flag state for use in connection with war or warlike conditions.

The Insurer is not liable for any damage, loss or expense caused by a risk mentioned in this section

## **Clause 8**

### **Double insurance**

Should the interest insured under this policy also be insured by other insurers, who have made the reservation that they, in the case of double insurance covering the same risks, shall be fully or partly released from liability, the same reservation shall be deemed to apply to these Conditions.

## **Clause 9**

### **Dealing with disputes**

If a dispute arises regarding the Insurer's liability to pay compensation in accordance with this contract, the dispute shall be determined according to Swedish law by arbitration proceedings with the Swedish Average Adjuster as a sole arbitrator. The proceedings shall comply with the procedure prescribed for the Swedish Average Adjuster. The necessary documents and information shall be forwarded as soon as possible to the Swedish Average Adjuster. Costs of average adjustment shall be compensated by the Insurer, unless the Assured's claim for damages is manifestly unfounded. The parties are entitled to issue proceedings challenging an arbitration award in the same way and within the same period as an adjustment according to law can be challenged.

In the event that the clause regarding the outbreak of war for transport insurance has entered into force and the loss may only partially be deemed to be related to war or war-like circumstances, the parties may refer the matter of whether the loss shall be compensated under the war insurance for final determination by an arbitration board appointed by the Swedish Government War Risks Insurance Board.

This arbitration board shall comprise of three members, of which one shall be the chairman.

### **Outbreak of War Clause, for vessels registered in Sweden**

*If, during the currency of this insurance, such a war should break out, whereby – in accordance with an Agreement authorised by the Swedish Government and entered into between the Swedish Government War Risks Insurance Board (hereinafter referred to as the Board) and the Insurer – the Board assumes the liability for the Insurer's war risks insurances in force at the outbreak of this war, then the Insurer's liability for war risks according to this policy will be transferred to the Board. The war risks insurance shall thereafter be subject to insurance conditions adopted by the Board.\**

*A war casualty affecting the interest covered by this insurance prior to the above mentioned Agreement having become operative and within a period indicated by the Board, shall fall under the liability of the Government provided it has occurred in consequence of preparations for or hostile actions connected with the war that has led to the application of the Agreement. The aforementioned provisions regarding the liability of the Government shall also apply if the war risks insurance, being in force at the time the casualty occurred, has terminated as a result of the casualty.*

*At an outbreak of war such as described above the Assured shall notify the Insurer without delay of the position or the current voyage of the vessel. The Assured shall follow the instructions, which the Board may issue.*

*The Assured shall furthermore - both as regards insurances effected for time and as regards voyage insurances - after the outbreak of such a war as said above pay the premium as may be determined by the Board.*

*Should the war risks liability be transferred to the Board, the Assured is entitled to obtain from the Insurer a return of any separate war risks premium, paid to the Insurer in respect of the period of time during which, in accordance with the foregoing provisions, the Insurer will not be at risk.*

*However, no right to return of premium shall exist where the war risks insurance is effected for a specific voyage only.*

*\*In so far as the Board is not entitled by the Law on Government War Risks Insurance to assume part or parts of the war risks insurance liability according to the above conditions, the liability of the Insurer for such part or parts will continue during the remaining period of this insurance.*