

War Insurance Conditions for Ships

Adopted by the Swedish Transport Insurance Pool

These Conditions are approved by the Swedish Transport Insurance Pool. These conditions are only intended as a guidance and nothing shall prevent the Insurer and the Insured from agreeing on other conditions. The original Swedish wording of the Conditions to be decisive in case of dispute.

Extent of cover

§ 1

The insurance covers damage to or loss of the vessel directly 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 measures taken by a foreign power which is at war or is carrying out warlike operations or is preparing for war (hereafter referred to as a "belligerent");

c) participants in civil war, warlike operation, revolution or rebellion, strike, lock-out, civil commotion, insurrection 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;

§ 2

The insurance also covers

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

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

2) where 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3) where the vessel has been withdrawn from the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been withdrawn from the Assured's control for

more than ten months, unless the Insurer proves that there is a reasonable prospect of recovering it 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 § 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 for.

§ 3

a) The insurance also covers liability, costs or expenses that are normally indemnified by the P&I and Hull insurance applicable at the time of the damage and which have been caused by events referred to in these war risk insurance conditions, subject to the precondition that the events are at the same time exempted in the said insurance and not covered by other insurance.

If the vessel does not have a valid P&I insurance, the insurance covers in accordance with the above liability, costs or expenses that are covered by the conditions for P&I insurance applied by the Swedish Club applicable at the time of the damage.

b) Liability for personal injury in connection with events referred to in these war risk insurance conditions that is incurred by the master or a member of the crew is covered by the insurance subject to the limitations that are specially agreed and only in the amount exceeding that which the injured party receives from statutory insurance or other insurance included in the contract of employment.

Exemptions and limitations

§ 4

The insurance does not cover damage, loss, expense or liability, directly or indirectly caused by, arising from or attributable to,

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- use of nuclear weapons;
- nuclear damage, which means any damage caused by the radioactive properties of nuclear fuel or radioactive products or radioactive properties in combination with toxic, explosive or other hazardous properties of the fuel or the product and/or 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, atomic reactor and nuclear installation shall be defined as per the Swedish Nuclear Liability Act (1968:45).

This section is paramount and shall override anything contained in these conditions inconsistent therewith.

§ 5

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

Insurance limits

§ 6

Liability for Hull damage according to § 1 and § 2 of these conditions is in connection with each separate indemnifiable average limited to the insurance amount under the policy. In addition to the insurance limit, reasonable salvage and adjustment expenses and interest costs are compensated in accordance with the applicable civil Hull insurance conditions for the vessel.

The Insurer is also liable, in connection with each average for liability, costs or expenses in accordance with § 3 of the conditions, including interest and costs for defence of demands up to the agreed insurance limit.

If one of the insurance limits is not fully utilised, the remainder may not be transferred to the other insurance limit to compensate damage that exceeds the other insurance limit.

Hull Interest

§ 7

Insurance of Hull Interest covers total loss only. The

Assured's right to compensation arises when an actual or constructive total loss of the vessel is recoverable under the Hull War Risk insurance. The insurance of Hull Interest does not cover salvage charges or other expenses incurred to avert a total loss.

General provisions

§ 8

Should an 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 relieved from liability, the same reservation shall be deemed to apply to this policy.

§ 9

Should a dispute concerning the Insurer's liability to pay compensation under this policy arise, the dispute shall be determined according to Swedish law through arbitration proceedings with the Official Swedish Average Adjuster as sole arbitrator. The proceedings shall observe the procedure for the Official Average Adjuster prescribed by law. The necessary documents and information shall be forwarded as soon as possible to the Official Average Adjuster. The costs of the adjustment shall be paid by the Insurer, unless the claim made by the Assured is manifestly unfounded. The parties are entitled to institute proceedings challenging an arbitration award in the same way and in the same time that an adjustment can be challenged according to law.

In cases where the Outbreak of War Policy for transport insurance has entered in to force and the damage can only partially be deemed to be related to war or warlike conditions, the parties may refer the issue of whether the damage should be indemnified under the war risk insurance for final apportionment of liability by an arbitration board appointed by the Swedish Government War Risks Insurance Board.

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

§ 10

This insurance may be cancelled by either the Insurer or the Assured giving seven days notice. The

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Insurer agrees however to reinstate this insurance subject to agreement between the Insurer and the Assured prior to the expiry of such notice of cancellation as to new rate of premium and/or conditions.

The Insurer is entitled at any point of time, by giving seven days notice, to limit or change the trading warranties as agreed in the insurance policy.

§ 11

This insurance terminates automatically, whether or not notice of cancellation has been given, -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 national authorities, either for title or 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.

§ 12

This insurance is also subject to the conditions of the vessel's Hull insurance, as far as they are applicable. However, claims hereon shall be paid irrespective of deductibles or deductions for age and/or ice and machinery damage.

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 authorized 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.*