



The Nordic Marine Insurance Plan of 2013, Version 2023

The Nordic Marine Insurance Plan is a collaboration between The Nordic Association of Marine Insurers (Cefor), Danish Shipping, the Finnish Shipowners' Association, the Norwegian Shipowners' Association, and the Swedish Shipowners' Association.

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The Plan is regularly updated every 4 years. The 2023 Version of the Nordic Plan was launched at the beginning of October 2022 and can be utilised immediately. Before highlighting the 2023 changes, it is valuable to summarise the key factors lying behind the Nordic Plan, and its accompanying explanatory text - the Commentary.

The Nordic Plan is a true collaboration between insurers and shipowners, and attempts are made by insurers to facilitate insurance solutions to avoid uninsured risk exposure. Marine cover is accordingly based upon the “all risks” concept.

The structure of the Plan is simple. Part One (Chapters 1-9) sets out the rules common to all types of insurance. Part two (Chapters 10 –13) deals specifically with hull insurance. Part three (Chapters 14-16) contain other insurances for ocean-going vessels:

- Chapter 14 deals with separate insurances against total loss, referred to as Hull Interest and Freight Interest in the terms of the Plan.
- Chapter 15 deals with War cover. War cover under the Nordic Plan (unlike H&M) is based on named perils in common with other market covers and P&I risks. §2-8 expressly excludes war risks from the H&M cover, and §2-9 states the named war risks covered.
- Chapter 16 deals with Loss of Hire insurance, and there is now a seamless cover available for repair costs and time lost as between H&M and LOH, irrespective of which conditions the H&M policy is based upon.

Part Four (chapters 17-21) deals with insurances for other types of vessels and units and vessels before operation

- Chapter 17 deals with insurance for fishing vessels
- Chapter 18 deals with insurance for Mobile offshore units
- Chapter 19 deals with builders’ risk insurance
- Chapter 20 deals with insurance for vessels with trading certificates
- Chapter 21 deals with liability insurance

The Nordic Claims Leader role is extremely proactive, and whilst marine policies are individual composite insurances between the Assured and each individual co-insurer, the Claims Lead has strong decision-making powers, which in certain respects are further extended in the 2023 amendments, as it permits assureds and their financiers to give certain notices only to the Claims Lead.

The Nordic Plan and Commentary are designed to be read in conjunction with each other, and the Commentary assists in understanding how the clauses shall be understood.

Specifics of the 2023 Amendments

Following is the summary of amendments initially published by CEFOR:

Main amendments to the Plan and Commentary:

The Plan:

With corresponding amendments to the Commentary

1. Clause 2-17: Sub-clause 1 was amended by deleting the reference to France, the Russian Federation and the People's Republic of China. This aligns the clause with the clauses used in the English market. Further, the reference to France was unnecessary as this is encompassed by the reference to EU. The reference to the Russian Federation was also problematic with the outbreak of war between Russia and Ukraine with the risk of countersanctions from Russia that created uncertainty for the parties.

2. Clause 5-4: Sub-clause 3 was simplified and amended to correspond to the commonly used, short-term borrowing interest rate in the banking system of the United States, the U.S. Prime Rate, applicable on the 1st January of the year the insurance contract comes into effect. The amendment was made primarily due to termination of LIBOR settings by the UK Financial Conduct Authority, and the lack of any generally accepted replacement.

3. Clause 5-23: The previous time-limit of six months to claim compensation was extended to twelve months. This is in accordance with the similar rule in the Norwegian Insurance Contracts Act Section 8-5 sub-section 1.

4. Chapter 7: The Chapter was amended to correspond to the amendment in Cl. 9-2 on the authorities of the claims leader. The following clauses have been amended with material changes:

- Cl. 7-1, sub-clause 2 second and third sentence, was amended by adding that the notice of mortgage takes effect from the time it reaches the insurer "or the claims leader as per the amended Cl. 9-2, new sub-clause 3 (a)".
- Cl. 7-1, sub-clause 3, was amended to include a reference to the claims leader as per the amended Cl. 9-2, new sub-clause 4.
- Cl. 7-1, sub-clause 4, is new and states that "Any special requirements of the mortgagee to be included in the insurance contract other than the rules contained in Cl. 7-2 to Cl. 7-4 shall not take effect unless and until they are specifically agreed by the insurer. If the co-insurers are represented by a claims leader, the claims leader is authorized to accept such special requirements on behalf of the co-insurers, provided that the special requirements are within customary market practice according to Cl. 9-2, sub-clause 3 (b)".
- Cl. 7-1, sub-clause 5, is new and provides that "If a vessel is insured as part of a fleet, each of the vessels thereunder shall be deemed to be separately insured in respect of: (i) amendment or cancellation (cf. Cl. 7-2), and (ii) set-off (cf. Cl. 7-4, sub-clause 6)". The purpose of the amendment is to provide a default rule that essentially reflects market practice, and the regulation is intended to facilitate the use of Chapter 7 in international loan agreements.
- Cl. 7-3, sub-clause 1, was amended to expressly state that also "provision of security for loss or liability covered under the insurance" may be made without the participation of the mortgagee. The purpose is to clarify that the assured, without the participation of the mortgagee, is vested with an authority to provide security to third parties concerning loss or liability covered under the insurance.
- Cl. 7-4, sub-clause 5 second sentence, was added for the situation where the claims leader has provided security (cf. Cl. 7-3, sub-clause 1). The reference to Cl. 9-7, sub-clause 2 sets out that the claims leader's interest takes priority under these circumstances.

5. Clause 8-2: A new sub-clause 2 is added to emphasize that the liability of the assured and co-insured third parties to each other shall not be excluded nor discharged by reason of co-insurance. The new provision is in line with Norwegian background law, where co-insurance is meant to provide financial cover for any liability the co-insured might get against the assured, but not to affect the liability between the assured and the co-insured.
6. Clause 9-2: Sub-clauses 3 and 4 are new. The aim is mainly to clarify the authority of the claims leader to act on behalf of the co-insurers and to enhance the administrative benefits of having a claims leader. Cl. 9-2, sub-clause 3 letter (a) clarifies the authority of the claims leader to receive notice of mortgage according to Cl. 7-1, sub-clause 2, on behalf of the co-insurers and hence with effect for its co-insurers. Letter (b) makes it easier for the mortgagee to put forward and agree on special requirements, which is to the benefit to the assured and its lenders and mortgagees.
7. Clause 9-7: The Clause was amended by the addition of “co-insurers”, as well as an amendment of the previous phrase “guarantee” to “security”.
8. Clause 10-8: Letter (d) which describes the cover for damage to the vessel when it is insured on “stranding terms”, was amended in the first and last alternative. In the event of grounding, it now allows for grounding whether the vessel has to be refloated with assistance or by its own power. In the last alternative the former phrase “engine room” was amended to “spaces containing machinery or battery packs”.
9. Clause 12-12 & Clause 18-29: The clauses were amended by introducing an increase in the maximum contribution from H&M insurers in case fuel consumption for removal can be reduced by choosing a more expensive yard than the cheapest. Sub-clause 2, second sentence is new, and provides for an incentive in form of an extra allowance (in addition to the 20% rule), which is applicable for repair alternatives requiring relatively shorter removal voyages with corresponding lower emissions due to reduction in fuel consumption.
10. Clause 12-16: Sub-clause 1 was amended to clarify the exception. The wording of sub-clause 2 letter (b) was amended from “the engine room having been completely or partly flooded”, to “water ingress and flooding of the space in which the damaged machinery or accessories is installed, or”. The exception in letter (c) was revised by replacing the narrow concept “engine room” with the neutral and broader term “space” as a consequence of the layout of modern vessels, which often have more than one space containing equipment for propulsion and power generation.
11. Clause 15-11 & Clause 18-69: The time limit to establish total loss of the vessel was extended from six to twelve months.

12. Chapter 16: The loss of hire conditions were revised to improve consistency of terminology, simplify and restructure the provisions and also to make some material amendments. The expression “loss” was amended to “the assured’s loss of income” to emphasize that loss of hire insurance covers the assured’s loss of income and not income attributed to the vessel. For the same reason, the expression “the vessel being ... deprived of income” is amended to “the vessel being Deprived of income-earning activity”. The purpose of these amendments is to clarify the cover. The Commentary is for the most part rewritten.

- i. In the following clauses this terminology is amended and/or there have been editorially amendments with no material changes: 16-1, 16-3, 16-4, 16-5, 16-6, 16-7, 16-8, 16-9 sub-clause 1, 16-11 sub-clauses 2 and 3, 16-13 and 16-14.
- ii. The following clauses have been amended with material changes:
- Cl. 16-2 now provides that it is decisive whether the assured is entitled to total loss compensation under the actual hull conditions. The requirement in the previous clause that the conditions were accepted by the insurer is deleted. If no hull insurance is effected the assessment shall be based on the Plan.
- Cl. 16-9 now applies equally to all hull conditions whether they are based on the Plan or not and regardless of any acceptance by the insurer of other conditions. Sub-clause 2 describes how tenders shall be adjusted for the purpose of comparison. Sub-clause 3 provides a revised limitation for insurer’s liability. Sub-clause 4 corresponds with the previous sub-clause 2, but is amended to be identical to Cl. 12-12, sub-clause 3.
- Cl. 16-11 is extended to cover all measures to avert or minimise loss, and not only costs in order to save time, cf. the heading and sub-clause 1. As an extension of this, a new last sentence in sub-clause 1 states that “Chapter 4, Section 2, shall not apply”.
- Cl. 16-12 have a new sub-clause 1 replacing the previous sub-clauses 1 to 3. The material changes are limited to equal apportionment between casualties, after expiry of the deductible period, where no owner’s work is effected. Sub-clause 2 corresponds with the previous sub-clause 4, and has only a minor amendment necessitated by re-arranging the previous sub-clauses 1 to 3 into the new sub-clause 1.
- Cl. 16-15, sub-clause 1, was amended to include cover of wages and maintenance of the crew. Sub-clause 2 was amended to include loss of time during removal after repairs.

13. Chapter 17: Section 2 on hull insurance was updated with editorial changes and amendments to correspond to the amendments in Chapter 16 in Clauses 17-34 to 17-37.

14. Clause 17-7A: Sub-clause 1 last sentence with the requirement to notify the insurer before leaving port was deleted, as it is not considered relevant.

15. Clause 17-13: The narrow concept “engine room” was replaced with the neutral and broader term “space”, cf. Cl. 12-16 with commentaries.
16. Clause 17-22: The wording was amended by adding a new item (e). Sub-clause (e) excludes claims from deterioration or contamination of the catch as a result of lack of appropriate routines in handling the catch on board.
17. Chapter 18 Section 4: Section 4 Loss of hire insurance was amended to correspond to the amendments made to Chapter 16 loss of hire insurance.
18. Clause 18-59: A limitation was added to sub-clause 3, which now states that the insurance does not cover objects in storage on land.
19. Clause 18-73: The wording “or requisitioned for use” was deleted from the Plan wording, as requisition is no longer covered.
20. Chapter 20: The title of this Chapter was amended to reflect that some vessels without class actually have global trading as per its certificate. Several clauses in Chapter 20 were also amended to correspond to the amendments to Chapter 17 and Cl. 12-16.
21. Clause 20-4 (a): An exemption was accepted if the vessel has an appropriate class or certificate by the relevant authority, or same is agreed in writing by the insurer or explicitly mentioned in the policy.
22. Clause 20-9 (b): An exemption was accepted if the vessel has an appropriate class or certificate by the relevant authority, or same agreed in writing by the insurers or explicitly mentioned in the policy.
23. Clause 20-10: The term “engine room” was replaced by “spaces containing machinery or battery packs” as modern vessels have several rooms or spaces containing machinery for propulsion or vessel operation (cf. commentaries to Cl. 12-16).
24. New Clause 20-16: This Clause is identical to Cl. 10-6 and new for Chapter 20 in the 2023 Version.
25. New Clause 20-17: This Clause is identical to Cl. 10-7 and new for Chapter 20 in the 2023 Version.
26. New Clause 20-18: The Clause was moved from previous Cl. 20-16 and amended to be identical to Cl. 10-8.

The Commentary:

These are the following independent amendments:

1. Clause 4-5: The Commentary was amended to clarify that costs in connection with a claim include both expenses and fees for the services provided.
2. Clause 5-2: The sentence “If the insurer has given responsibility for drafting the adjustment to an average adjuster as per Cl. 5-2, and the assured or insurer does not accept the adjustment, they may use their right under Cl. 5-5 to demand that the adjustment is submitted to a Nordic average adjuster for its opinion before the dispute is brought before the courts” was added.
3. Clause 10-1: The Commentary was amended to clarify the concept of “equipment”, which is now defined to include also “digital, navigation and communication equipment.”
4. Clause 12-3: In the Commentary the definition of corrosion was deleted, and the word “ordinary” was added to clarify what kind of corrosion is excluded from cover. This is further elaborated by including an example to clarify when corrosion may be recoverable under Cl. 12-3.
5. Clause 12-5: Letter (a) was amended in the Commentary with the purpose to reiterate and clarify the special agreement rule between the assured and the claims leader in Cl. 12-5. The reason is that the intention of establishing a practice of special agreement between the assured and the claims leader has not been followed up. The Commentary now emphasise that the insurer must respond quickly and appropriately when being asked by the assured for such special agreement. If the insurer does not provide within reasonable time a concrete answer to a specific request from the assured, the assured can consider its request accepted by the insurer.
6. Clause 12-12: The Commentary to sub-clause 3 was amended by introducing an example as to what shall be considered “special circumstances” giving the assured the right to demand that a tender shall be disregarded.
7. Clause 18-17: New Commentary was added to clarify the insurer’s liability for expenses necessary to carry out repairs, cf. Cl. 12-1. The main point is that the hull insurer will cover costs which are strictly necessary for repairs and/or replacement of insured property, hereunder depressurizing of equipment, safe disconnection for repairs and/or re-connection of the insured MOU upon return. Other consequential or indirect losses and costs incurred in connection with such disconnection and re-connection and/or during the period of damage repairs is outside the scope of hull insurance.

We thank CEFOR for permission to publish the summary. Comprehensive information about the Plan and Commentary can be found on the CEFOR [website](#)