

# GENERAL SWEDISH HULL INSURANCE CONDITIONS of 1 January 2000

These conditions are approved by The Swedish Association of Marine Underwriters, The Swedish Club and The Swedish Shipowner's Association. The 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.

## ***The Scope of the insurance***

### **Clause 1**

#### **Objects covered by the insurance**

The insurance covers the Vessel as well as spare parts on board. The insurance also covers such equipment and spare parts for the Vessel on board which belong to the Insured or which the Insured has borrowed, hired or purchased under a sale agreement with a reservation of title. Parts of the Vessel, her equipment and spare parts are covered by the insurance also during the period when these objects have been temporarily removed from the Vessel on account of loading, discharging, repairs or refitting and reconstruction provided that the objects are to be put on board again before sailing.

The insurance also covers parts of the Vessel, her equipment and spare parts which are removed from the Vessel for repairs on account of a casualty, provided that the objects are put back on board the Vessel within a reasonable time.

The insurance also covers hydraulic, bunkers and lubricating oils on board in stores that are owned by the Insured. The insurance does not cover all other equipment intended for consumption such as provisions and machinery consumable parts. The same applies to loose shifting boards, extra dunnage, timber and other material intended for shoring, supporting, lashing or separation of cargo.

### **Clause 2**

#### **Insured value**

The insured value stated in the insurance contract is binding on the Insurer unless the Insured when effecting the insurance has given misleading information concerning the Vessel, which is of importance to the Insurer to know when estimating the value of the Vessel. In such an event the market value of the Vessel, immediately before the casualty occurred, is applied as the insured value.

### **Clause 3**

#### **Commencement**

The commencement and termination of the insurance contract is determined in accordance with the date and the time that the parties have agreed. All times stated are computed according to UTC. If no points in time have been stated in the contract, the commencement date is computed to start at UTC 00.00 on the

commencement date stated in the contract and ends UTC 24.00 on the date when the contract terminates.

In the event of such a disappearance as is referred to in Clause 24.2, where the insurance period expires before the right to indemnity arises, the insurance is extended to apply until the point in time at which such right arises. The right to an additional premium is governed by Clause 14.

### **Clause 4**

#### **Premature termination of liability**

Where the Vessel or the majority of the proprietary rights to the Vessel and/or the Shipowner is transferred to another Owner or where the existing title is changing so that the determining influence as proprietors transferred to another subject than the former Owner and if the Insurer has not expressly permitted that the insurance be transferred to the new Owner, the insurance terminates when the ownership is transferred or when the proprietary rights are changed.

The insurance ceases to apply if the class of the Vessel is withdrawn, or if the class without the consent of the Insurer is transferred to another classification society that is not approved by the Insurer.

If the Vessel is at sea, the insurance does not cease to apply before the Vessel has reached the nearest safe harbour.

### **Clause 5**

#### **The scope of the insurance**

Subject to the exceptions stated in these conditions the Insurer is liable for:

a) actual or constructive total loss of the Vessel;

b) the Vessel's contribution to General Average, contribution to joint expenditure as per Chapter 17, Section 6 of the Swedish Maritime Code or equivalent legal provision, as well as non-payment of contribution in General Average from the cargo interests or any other interested party liable for such a contribution with regard to damage to the vessel, recoverable in the general average according to adjustment which has been duly drawn up and which has acquired legal force or has been approved by the Insurer; non-payment of contribution from such a party is only reimbursed if the Insured has taken out an average bond and the refusal of the party to pay is due to breach of the contract of affreightment;

the Vessel's contribution is recoverable according to the adjustment even if the contributory value exceeds the agreed insured value of the Vessel;

c) loss incurred for the purpose of completing a voyage in ballast or for saving the Vessel when carrying no cargo to the extent that the loss should have been made good in general average had the Vessel carried cargo; however, wages and maintenance during time for permanent repairs are not recoverable, nor are expenses in substitution for such disbursements; damage to the Vessel is compensated according to the provisions about particular average if these are more advantageous to the Insured;

d) such damages as the Insured is liable to pay to a third party according to applicable principles governing the law of torts for damage inflicted to property by the Vessel through direct collision/contact with some other vessel or object, and also such damages as the Insured is liable to pay in accordance with contract of towage for damage inflicted to tugboat or other boats that assist in the manoeuvring of the Vessel through direct collision with the Vessel. Where the vessel insured collides/contacts with a vessel or an object belonging to the same Owner, this circumstance shall not affect the Insurer's liability;

e) all other perils to which the Vessel is exposed, third-party damages, however, being limited to what is stipulated under d);

f) reasonable expense or sacrifice incurred in good faith to avert a peril for which the Insurer is liable or, where a loss has been incurred, to prevent further loss, even if the expense or sacrifice is not attributable to general average; where the expense or sacrifice has been incurred jointly for the insured Vessel and other interest, the Insurer is liable for such proportion of the expense or sacrifice as can reasonably be considered to fall on the Vessel.

When damage to the Vessel is not payable, no expenses arising from the said damage shall be made good except salvage and adjustment charges. The costs of salving anchor, lifeboat or other equipment of the Vessel are reimbursed subject to agreed deductible. Where the vessel insured renders or receives salvage services or other assistance and the assisting/assisted vessel belongs to the same Owner as the vessel insured, this circumstance shall not affect the Insurer's liability.

## **Clause 6**

### **Maximum limits of liability**

#### ***Hull damage***

6.1 a) For loss other than third-party compensation, the Insurer is liable up to the amount insured on any one recoverable casualty.

6.1 b) Even if the amount insured is exceeded, the Insurer nevertheless indemnifies:  
reasonable expense or sacrifice incurred in order to avert or minimise loss or damage;  
reasonable expense incurred to protect rights of recourse against a third party;

reasonable expense incurred in order to provide security for salvage charges or for damages;  
reasonable cost of average adjustment;  
interest on the allowed claim in accordance with what is stipulated in Clause 41 below.

#### ***Release from further liability for hull damage***

6.2 The Insurer is entitled to release himself, in the case of a casualty, from further liability by paying the amount insured and indemnifying such costs as have been incurred or for which liability has arisen before the Insured received notice of the Insurer's decision and for which the Insurer is liable according to 6.1 and 6.2 above. In the cases provided for in these sub-clauses the Insurer has no right to what may remain of the Vessel.

## ***Third-party losses***

6.3 In addition to what is stipulated above, the Insurer is liable, on each recoverable casualty, for third-party damages, including interest and expenses incurred in defending claims by such third party, up to the amount insured.

## **Clause 7**

### **Excluded losses**

7.1 The Insurer is not liable for:

a) loss or damage caused by normal use of the Vessel, her machinery or equipment;

b) damage to part or unit as a consequence of  
1. wear and tear, age, corrosion, pitting or insufficient maintenance and care;

2. design defect or faulty materials, unless the part or unit in question has been approved by the Classification Society and the damage occurred after the expiry of the normal warranty period and repair is required for reasons other than those stated in b) 1.

7.2 The Insurer is not liable for loss or damage caused by:

a) the Vessel being used for unlawful purposes except where the Insured neither knew nor ought to have known of this fact at such a time that it would have been possible for him to intervene;

b) war, civil war or similar contingencies covered by the General Swedish War Risk Insurance Conditions in force at the time when the insurance was effected;

c) embargo, seizure, confiscation or other measure implemented by civil or military authorities, except for cases that the Vessel, as a result of a casualty for which the Insurer is liable, suffers physical damage through measures by military or civil authorities aimed at preventing or mitigating damage to the environment, provided such measures have not resulted from the Insured's intentional or negligent omission to take reasonable measures to prevent or mitigate such damage to the environment and that the event is not

covered by applicable Swedish War Risk Insurance Conditions;

d) requisition by civil or military authorities; nor for damage sustained by the Vessel while under requisition;

e) strikes, lockouts, riots, civil commotion, sabotage, plundering or mutiny.

The Insurer is neither liable for:

f) damage or liability, directly or indirectly caused by, contributed to by or arising from:

1) release of nuclear energy, fission or fusion in connection with explosion or test explosion of nuclear weapons or nuclear charge.

If contamination by means of radioactive material has taken place or if other direct influence of such an explosion has contributed to the damage, the damage in its entirety shall be considered as caused by the explosion;

2) other nuclear damage, which means damage caused by:

i) radioactive properties of nuclear fuel;

ii) radioactive products;

**ii) radioactive properties in combination with toxic, explosive or other hazardous properties of the fuel or the product, and/or iv) damage, caused by ionising radiation from other source of**

# **radiation in a nuclear installation or atomic reactor than nuclear fuel or radioactive product.**

The terms nuclear fuel, radioactive product, atomic reactor and nuclear installation shall be defined as per the Swedish Nuclear Liability Act (1968:45).

*Clause 7.2 f) shall be paramount and shall override anything contained in this insurance inconsistent therewith.*

7.3 The Insurer is not liable for:

a) such third-party damages or for such expenses as the Insured has to pay for:

1. damage caused by chemicals, oil, gas, steam or similar solid, fluid or volatile substances or for the laying out of booms or for other preventive actions taken in order to prevent such damage. However, such cost is indemnified if it is allowed in General Average in accordance with an average adjustment prepared and based on the York Antwerp Rules of 1994 or if the expense has arisen to prevent damage caused by leakage from the Vessel when it is at dock for inspection or repair of a casualty even including internal cleaning of the dock after such leakage;

2. damage caused by wash or otherwise by the manoeuvring of the Vessel, by the use of her anchors, mooring or tow lines, loading and discharging devices, gangways etc. or by the Vessel's cargo, unless constituting general average or Assumed general average;

b) personal injury or for damage to the Vessel's own cargo or such objects or installations on board which do not belong to the Insured or which the Insured has borrowed, stored, hired or purchased under a credit purchase agreement with a reservation of title;

c) damage to a third party caused by the insured Vessel towing another vessel unless the towage resulted from salvage under such circumstances that it must be held justifiable;

d) damage sustained, when the insured Vessel has salvaged another Vessel and received salvage award therefor; where the damage sustained exceeds the

salvage award the exceeding proportion of the damage is, however, allowed as a Particular Average.

7.4 The Insurer is not liable for:

a) compensation to a Charterer or other person, who has an interest in the insured Vessel;

b) damage caused by the fact that the Insured has entered into a contract of affreightment or other agreement containing unusual conditions;

c) costs for passengers.

7.5 The Insurer is not liable for;

a) wages and maintenance of crew and similar expenses connected with the running of the Vessel, except when allowed in general average and in the cases referred to in Clause 30;

b) loss of time, interest, profit or market, increase in costs or other indirect loss suffered by the Insured;

c) the Insured's costs for Owner's Superintendent or other representative for the Insured in connection with the casualty or the repairs. This exclusion does not apply to the reasonable expenses of the Owner's Superintendent for travel and accommodation that is compensated in accordance with the division under Clause 31.

7.6 The Insurer is not liable for the:

a) costs of removing the wreck of the insured Vessel.

b) expenses for removal of wreck belonging to a third party.

7.7 The Insurer is not liable for:

a) expenses for painting bottom outside an area affected by a casualty;

b) damage to articles used for mooring and towing lines etc. and to tarpaulins unless the loss is a consequence of the Vessel having sunk or is attributable to collision, fire or theft;

c) damage to objects used for lashing, covering or bedding for the deck cargo;

d) damage to the Vessel in connection with discharge or loading, unless the damage is a consequence of an extraordinary event;

e) damage to zinc anodes, magnesium anodes etc. fitted for protection against corrosion, unless the objects were torn away through external force;

f) damage to or loss of oil, unless related to other damage to the Vessel by a casualty that is recoverable under the insurance.

Destruction expenses of oil is not indemnified;

g) loss in consequence of bunkers, lubricating oil, coolant or boiler water becoming contaminated, or which do not meet the prescribed quality requirements,

unless such measures have been undertaken which with regard to the circumstances may be required to avoid, prevent or reduce the damage;

h) damage to or loss of cargo handling vehicles, unless sustained in connection with or as a consequence of a casualty to the Vessel or heavy weather, and nor is the Insurer liable to a third party for damage caused by such vehicles in use;

i) costs of handling, transportation and destruction of cargo in connection with repairs to the Vessel after a casualty (Particular Average).

## **Clause 8**

### **Limitation of trading limits**

8.1 The insurance covers trading within the limits mentioned in the insurance contract with the exception of voyages to or from:

a) arctic waters north of 72°N. Lat. and east of 45°E. Long. including Jan Mayen.

Subject to agreement in each special case, the insurance may be extended to cover voyages to and from Petchora during the period July 1st-September 30th.

b) the White Sea inside a Line drawn between Sviatoi Noss and Kanin Noss for Vessels passing Honningsvåg eastward bound before May 10th or later than October 31st. Against payment of an additional premium the insurance covers Vessels leaving Archangel during the period November 1st-15th.

c) Greenland waters unless the Insurer has in advance taken upon himself to accept the risk for the voyage against payment of an additional premium

d) North-east American waters north of 52° 10'N. Lat. Against payment of an additional premium the insurance covers voyages to and from the east coast of Labrador during such period of time as allowed by the Insurer. This applies also to voyages to and from Port Churchill, provided that passage of Cape Chidley inward bound takes place after August 9th and departure from Port Churchill takes place prior to October 16th.

e) 1. The Gulf of St. Lawrence and Newfoundland with adjoining waters within an area limited by a line drawn between Battle Harbour/Pistolet Bay, Cape Ray/Cape North, Port Hawkesbury/ Port Mulgrave and Baie Comeau/Matane during the period December 21st-March 31st. The insurance is, however, in force during the said period of time against payment of an additional premium

2. St. Lawrence River within an area west of Baie Comeau/Matane but not west of Montreal during the period December 1st-April 30th. The insurance is, however, in force during the said period of time against payment of an additional premium

f) The Great Lakes and St. Lawrence Seaway west of Montreal against payment of an additional premium the insurance covers the period of time during which trading is permitted by the Canal Authorities.

g) Northwest American waters north of the Aleutian Islands.

h) East Asiatic waters north of 46' N. Lat.

i) Waters south of 50'S. Lat., Kerguelen, Crozet Island and Prince Edward Island, however, voyages to or from ports in Argentina, Chile, or the Falkland Islands are permitted as well as passage around Cape Horn. Against payment of an additional premium the insurance covers voyages to and from South Georgia during the period October 15th-June 30th and for the South Shetland Islands during the period November 1st to April 30th.

8.2 The insurance covers voyages to or from the Baltic with adjoining waters east of the Line Hanstholm/Lindesnes during the period December 1st-May 31st, only if notice of the voyage is given without delay and against payment of required additional premium for ice and navigational risks.

## ***Duty of disclosure***

### **Clause 9**

#### **Duty of disclosure on the conclusion of the insurance contract**

9.1 The Insured shall on effecting the insurance give the Insurer all information about the Vessel that he may require, or which the assured realises to be of importance for the Insurer when considering the risk.

#### *Co-insurance*

9.2 Where a proportion of the Vessel or an interest attaching to the Vessel is insured with another Insurer, the Insured shall disclose this and state the name of this Insurer. If he fails to do so, and the omission can be considered detrimental to the Insurer, he is entitled to a reasonable proportional reduction in the amount of indemnity, or to complete release from liability.

#### *Fraudulent misrepresentation or nondisclosure and other dishonest acts*

9.3 Where at the conclusion of the contract, the Insured has dishonestly presented or suppressed any fact which can be assumed to be of importance to the Insurer or where even if a fraudulent act cannot be presupposed, the Insured has presented or omitted to disclose any fact under such circumstances that it would be contrary to honour and good faith with knowledge of this condition to invoke the contract, the contract is not binding on the Insurer, who is nevertheless entitled to the whole premium agreed upon.

## ***Misrepresentation in good faith***

9.4 Where it can be assumed that the Insured neither could nor ought to have realised at the conclusion of the contract that a statement made by him was incorrect, the incorrectness shall have no effect upon the Insurer's liability. The Insurer may, however, terminate the contract 14 days after notice of termination.

#### *Misrepresentation in other cases. Negligent nondisclosure.*

9.5 Where in other respects than provided for in sub-clauses 9.3 and 9.4, the Insured has given incorrect information or negligently omitted to disclose any circumstances known to him, the importance of which he must or ought to have realised, and if it can be assumed that the Insurer, knowing the true facts, would not have accepted the insurance at all, the contract is not binding on the Insurer, but he is nevertheless entitled to the whole premium agreed upon.

Where it can be assumed that the Insurer might have accepted the insurance but would have demanded a higher premium or stipulated conditions different from those used in the contract, the Insurer is liable for a casualty only to such an extent as it can be proved that the misrepresentation or the nondisclosure has been without importance for the casualty or for the extent of the damage.

Nondisclosure by the Insured in other cases than mentioned above does not affect the Insurer's liability.

#### *Demand for release from liability*

9.6 Where the Insurer becomes aware that such a case exists as provided for in sub-clauses 9.4 and 9.5 and does not without undue delay notify the Insured that and to what extent he demands to be released from liability, he cannot subsequently demand such release.

#### *Where misrepresentation or nondisclosure otherwise does not affect the Insurer's liability*

9.7 Misrepresentation or nondisclosure does not affect the Insurer's liability where he knew or ought to have known the true facts, nor where the circumstance to which the misrepresentation or nondisclosure related was without importance for the Insurer or has ceased to be of importance for him after conclusion of the contract.

### **Clause 10**

#### **Duty of disclosure during the insurance period**

10.1 Where after conclusion of the insurance contract the Insured becomes aware of such circumstances as provided for in Clause 9, he must without delay inform the Insurer.

Where the Vessel is requisitioned by government authorities, the Insured must give notice thereof without delay.

The Insured must also without delay give notice of changes with regard to the Vessel's management.

10.2 The Insured must notify the Insurer about the Vessel's voyages where:

a) the Vessel undertakes a voyage to or from areas stated in Clause 8.  
b) the Vessel undertakes a voyage, which considering her type, size and draught, the season and other circumstances affecting the voyage, obviously involves a considerably greater risk than could have been anticipated when the insurance was effected.  
Where the Insured becomes aware that the Master without his consent undertakes a voyage outside the trading limits, he shall inform the Insurer hereof without delay.

10.3 On receipt of notice, the Insurer must in cases provided for in Clause 8,1. and Clause 10,2. b) without undue delay inform the Insured on what conditions he is prepared to assume the risk for the voyage.

Where the Insured fails to give notice as mentioned above, the Insurer is not liable for damage sustained outside the permitted trading area.

Damage to a Vessel that has undertaken a voyage of the nature referred to here, shall be considered to have been sustained during such voyage unless the Insured proves that the damage was sustained at some other time or it is obvious that it cannot have arisen outside the permitted trading area.

10.4 The Insured shall at least fourteen days in advance inform the Insurer of dry docking, other shipyard visits that are expected to be longer than three days or dry docking irrespective of whether this is caused by damage that is covered by the insurance or not. If a decision is made concerning such a measure with less notice than fourteen days, the Insurer shall immediately be informed about this.

## Safety regulations, unseaworthiness and causing loss by willful conduct/gross negligence

### **Clause 11 Safety regulations**

11.1 The Vessel must be classed and with regard to equipment, outfit, maintenance, crew, loading and ballasting be seaworthy and provided with the necessary documents and must furthermore comply both with the regulations issued by supervisory authorities and the Classification Society and with the requirements specified by the Insurer when the insurance was effected.

The Insured shall at the request of the Insurer separately send for the Classification Society for survey when such is deemed necessary with regard to the Vessel's safety.

11.2 Bunkers and lubricating oil must be of the minimum quality prescribed by the manufacturer. The Vessel must have on board a sufficient supply of fuel for the intended voyage, duly considering that on account of weather conditions the voyage may last longer than is normally estimated. The Insurer is not liable for costs caused by negligence in this respect.

11.3 Inflammable, explosive, corrosive or otherwise dangerous goods must be handled and carried only in a safe manner with regard to applicable safety regulations for such cargo. Deck cargo must be carried only in such a quantity and stowed in such a manner that the Vessel is fully seaworthy in all respects. Cargo having a tendency to shift must not be carried in bulk unless fully satisfactory arrangements have been made in order to prevent shifting.

11.4 The Insurer is entitled to check at any time during the period of insurance by a survey of his own that the requirements and provisions set out under sub-clauses 11.1 and 11.3 are complied with. The Insurer is further entitled at any time to get access to all the Vessel's classification documents either from the Insured or directly from the Classification Society. In the latter case the Insured must give approval to the Classification Society.

11.5 In cases of increase of the risk the Insurer is entitled to give such safety directions as are conducive to averting or minimising a damage that may arise in consequence of the increase of the risk.

11.6 Where safety rules, the observance of which would be conducive to averting or minimising damage, are disregarded by the Insured, the Insurer is liable only if and to such extent as it can be assumed that the damage would have occurred even if the directions had been followed. Where it appears from the circumstances that such non-observance cannot be charged against the person whose duty it was to ensure that the directions were followed the non-observance has no effect upon the Insurer's liability.

### **Clause 12 Unseaworthiness**

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

The Insurer shall demonstrate that the Vessel was not in seaworthy condition.

The Insured shall demonstrate that he neither had nor should have had knowledge about the inadequate seaworthiness of the Vessel at such point in time that he would have been able to intervene and also show that it is probable that the inadequate seaworthiness was not connected to the casualty.

### **Clause 13 Effect of wilful misconduct or negligence**

The Insurer is not liable for damage caused by the Assured wilfully or by gross negligence. Wilful misconduct or negligence by the Master, a member of the crew, other person in the Vessel's service or other Part-owner of the Vessel than the Managing Owner cannot, however, be pleaded by the Insurer for release from or reduction of liability.

## **Premiums**

### **Clause 14**

#### **Premium**

14.1 The premium shall be paid quarterly in advance.

14.2 In the event of delay with payments of the premium, the Insurer is entitled to debit interest for delay from the due date for payment with the average interest for the preceding calendar year applied as STIBOR–interest with a supplement 1.5%.

14.3 Where the insurance terminates prematurely, the Insurer is entitled to such part of the premium as corresponds to the time during which the Vessel had been covered. Any surplus part of the premium shall be refunded. However if the Insurer has incurred or will incur a payment in excess of double the annual premium, he is entitled to be credited the whole of the annual premium.

14.4 Where the insurance is prolonged after termination of the insurance period according to Clause 3, the Insurer is entitled to premium for the prolonged time calculated pro rata on the annual premium.

14.5 Where there is an increase of the risk during the insurance period for which the Insurer accepts responsibility, he is entitled to an additional premium

14.6 Where the Insurer pays indemnity for total loss or pays the amount insured in accordance with Clause 6,2, he is entitled to credit the whole premium agreed.

### **Clause 15**

#### **Reduction of premium**

15.1 Reduction of the premium can be obtained for the time during which the Vessel, without undergoing repairs for which the Insurer has to indemnify the Insured, is detained or laid up in a port or at a place accepted by the Insurer and thereby complies with the requirements made by same. Reduction of the premium is not granted for less than 20 consecutive days. The time is calculated from 00.00 h. the day after the Vessel's arrival to 24.00 h. the day before the Vessel's departure.

Reduction of the premium is not granted if indemnity for total loss is paid or if the Insurer has incurred or will incur a payment in excess of double the annual premium.

15.2 Reduction of the premium is allowed, unless otherwise agreed, under the circumstances provided for in 1. above, by 90 per cent if the Vessel is laid up without cargo on board and in other cases by 50 per cent of the annual net premium, calculated pro rata for the time of detention or laying up. The reduction of the premium is, however, limited to the agreed minimum annual net premium, calculated pro rata for the time of laying up.

15.3 A request for reduction of premium shall be made in writing to the Insurer. Reduction of premium is credited at the termination of the insurance period.

## **Certificate of insurance**

### **Clause 16**

#### **Certificate of insurance**

The Insurer shall issue a certificate of the effected insurance contract. The certificate is deemed to be approved unless objections against the contents of the certificate are made without undue delay.

## **Increase of risk and reasons for cancellation**

### **Clause 17**

#### **Deviation beyond trading limits**

Where the Master, with the consent of the Insured, deviates from the trading area stated in the insurance contract or which must be considered as anticipated, the Insurer's liability ceases. The same applies where the Insured has not given the Master proper instructions concerning said trading area.

The first paragraph does not apply when the deviation takes place on account of a casualty covered by the insurance, or for the purpose of preventing personal injury or damage to property under such circumstances that the measures can be considered justifiable. If the Vessel does not return as soon as possible to the agreed trading area, the Insurer is exempted from liability for damage that arises in such case.

Where the Insurer's liability has ceased on account of the stipulations in the first or second paragraph but the Vessel returns to the agreed trading area or proper route, the Insurer is liable for a casualty occurring thereafter but only to such extent as the deviation has been without importance for the casualty or for the extent of the damage.

### **Clause 18**

#### **Increase of risk agreed to by the Insured**

Where through the action of the Insured or with his consent, the prerequisites of the insurance contract are altered in such a manner that the Insurer's risk is increased in excess of what the Insurer must have taken into account when effecting the insurance, he is exempted from liability if it can be assumed that on such altered basis he would not have accepted the insurance at all.

Where it can be assumed that the Insurer might have accepted the insurance but would have required a higher premium or stipulated other conditions than those included in the insurance contract, the Insurer shall be liable for a casualty, only if it is proved that the increase of the risk was without importance for the casualty or for the extent of the damage.

## **Clause 19**

### **Increase of risk not agreed to by the Insured**

Where, without the Insured's action or consent, such circumstances arise that the risk is increased as mentioned in Clause 18, and the Insured without reasonable cause has omitted to inform the Insurer thereof, the stipulations in Clause 18 shall apply.

## **Clause 20**

### **Demand for release from liability when the risk is increased**

Where the Insurer becomes aware that the risk has increased, he must inform the Insured without undue delay if and to what extent he wishes to be released from liability. Where this is not done he cannot subsequently demand such release.

## **Clause 21**

### **Increase of risk not affecting Insurer's liability**

An increase of the risk does not affect the Insurer's liability where the circumstances that have been altered have been reinstated or where the increase of the risk has otherwise ceased to be of importance.

The same applies where the action causing the increase was intended to prevent personal injury or damage to property and was taken under such circumstances that the action must be considered justifiable.

## **Clause 22**

### **Reasons for cancellation**

The Insurer may cancel the insurance

1. immediately:

- a) where the Insured has wilfully caused or tried to cause a casualty or has caused a casualty by gross negligence;
- b) where the Vessel turns out to be of such a weak or unsuitable kind that she cannot be considered seaworthy for such voyages or for carrying such cargoes for which she is employed;
- c) where the Vessel has become unseaworthy in consequence of a casualty or other cause and the Insured omits to restore her within a reasonable time to a seaworthy condition;
- d) where the Vessel is requisitioned by government authorities;
- e) where the Vessel is being used for unlawful imports or exports or other illegal purposes and the Assured was or ought to have been aware of the circumstances at such time that it would have been possible for him to intervene;
- f) where the Vessel with regard to her type, size or draught and the season of the year and other circumstances of importance is being employed in a manner that must be considered to involve a risk different from that which can be assumed to have been anticipated when the insurance was effected;

g) when the safety regulations of significance have been intentionally or by gross negligence neglected by the Insured or by someone who is responsible on his behalf for compliance with the regulations and it can be assumed that the said regulations would also be neglected in the future;

2. after 14 days:

a) where the Insured on effecting the insurance has given incorrect information about circumstances of importance to the Insurer which the Insured did not realise or ought not to have realised to be incorrect. The Insurer shall give notice of cancellation without undue delay after he has become aware of the incorrect information;

b) where in a manner other than stated above in this clause, the Insurer's risk is increased by a measure taken by the Insured or with his consent in excess of what must have been presumed to have been taken into account by the Insurer when effecting the insurance contract;

c) where, in cases as mentioned Clause 17, the Vessel when the insurance again attaches is in a substantially inferior condition than at the time of the suspension of the insurance;

d) where the Insured has omitted repeatedly to give the Insurer such notification about voyages outside the trading limits as is referred to in Clause 8 and such circumstances are not at hand that the deviation can be considered justifiable according to Clause 17, second paragraph.

e) where the Insured has not paid the premium in due (good) time;

f) when another insurer in a co-insurance or other similar contractual relationship with a power of attorney to make a decision that affects this insurance is substituted during the period of the contract;

g) in the event of substitute of management companies that substantially influences the assessment of the risk.

However, where notice of cancellation has been given for reasons other than non-payment of premium and should the insurance cease while the Vessel is at sea, the insurance remains in force until the Vessel has anchored or moored in customary manner in the first port and during her stay there until 24.00 on the date of arrival. Such prolongation of the insurance cover is maximised to fourteen days.

## ***Damage and adjusting of claims***

### **Clause 23**

#### **Measures to be taken in case of casualty**

23.1 Where a casualty is anticipated or has occurred the Insured must as promptly as possible inform the Insurer thereof and at the same time to the best of his ability undertake such measures as the circumstances

call for in order to avert and minimise any damage and to protect the rights of the Insurer.

It is the duty of the Insured to comply as far as possible with any directions given by the Insurer on account of the casualty.

In the event of a casualty, that may be indemnified by a guarantee or other contract, the Insured is under an obligation to demand payment under such contract.

23.2 The Insured must as soon as possible notify the Insurer if a third party makes a claim for damages that may result in liability for the Insurer. Where the Insured agrees to such a claim without the Insurer's consent, the Insured is entitled to remuneration only to such extent as the claim was legally founded and the amount was reasonable.

23.3 The Insured must instruct the Master to notify him as soon as possible of any casualty which has or might have occurred and further, in case of urgency, to inform the Insurer or the Insurer's nearest agent directly by the fastest means.

The Insurer may give the Insured or, in case of urgency, the Master instructions on how to proceed in case of a casualty. The Insured and the Master must carefully follow the instructions of the Insurer but, pending receipt of instructions, they have themselves to take

such steps as required by the circumstances in order to save or preserve the Vessel, to prevent further damage and to protect the rights of the Insurer.

23.4 Where the Insured either wilfully or by gross negligence disregards his above-mentioned duties and it can be assumed that this has been to the detriment of the Insurer, the latter is entitled to a reasonable proportionate reduction of the amount of indemnity that otherwise would have been payable or to a complete release from liability.

#### Survey

23.5 Where the Vessel has sustained damage that can be assumed to be covered by the insurance, the damage must be surveyed as soon as possible in such a manner as the Insurer may direct. Where circumstances do not permit such directions being obtained, the Master must, if the damage is of importance, arrange an official survey or otherwise have the damage surveyed in a customary manner. At the survey the cause of the damage shall as far as possible be ascertained and also the time of its occurrence, its extent and the most suitable method of repairs and the cost thereof.

Damage caused to the Vessel by a third party shall, if possible, be surveyed jointly with a representative for him. The same applies to damage which the insured Vessel has caused to a third party.

#### **Clause 24** **Total loss**

A total loss shall be deemed to exist:

1. where the Vessel is an actual total loss;
2. a) where the Vessel is missing and three months have elapsed without the Vessel making contact;

2. b) where the Vessel has been abandoned by the crew in the open sea and has not been recovered within three months there after, if the Vessel has been observed after the abandonment the time is calculated from the day on which she was last seen;

3. where the Vessel has sustained a casualty and cannot be salvaged;

4. where the Vessel is destroyed with regards to her intrinsic nature and cannot be repaired;

5. where the Insured has been deprived of the Vessel by arrest, owing to a third party claim or by similar action on account of a casualty for which the Insurer is liable and a final decision that the Vessel is to be released has not been taken within six months from the day of the measure;

6. where indemnity for total loss can be claimed according to Clause 26.

Where in the cases mentioned under 2 and 5 above, it is manifest already before the expiry of the time limit stated therein that the Insured will not recover the Vessel, he is entitled to an immediate indemnity as for a total loss. If the said period has expired and a claim for indemnity for a total loss has been lodged, the Insurer may not repudiate the claim by pleading that the Vessel has been recovered or released at a later date.

#### **Clause 25** **Total Loss (unsalved Vessel)**

Where the Vessel has met with a casualty and, without being attributable to the Insured, the salvage of the Vessel has not commenced within six months or has not been completed within twelve months from the day when the Insurer was informed about the casualty or where attempts to save her have been previously abandoned, a total loss shall be deemed to exist. Where ice conditions have prevented the salvage operation, the time limit is extended correspondingly.

The Insurer is entitled to attempt to save the Vessel at his own expense and responsibility. The Insured must in such a case do what may be expected of him to enable the Insurer to effect the salvage.

#### **Clause 26** **Constructive Total Loss**

26.1. The Insured is entitled to indemnity as for total loss (constructive total loss), when the Vessel has so extensive damage due to casualty that the repair costs amount to at least 80 per cent of the agreed insured value of the Vessel. When determining whether the Insured is entitled to indemnity for constructive total loss, such unrepaired casualty damage is also to be taken into consideration, as have occurred and have been reported to the Insurers concerned and surveyed by them in the course of the last three years prior to the casualty giving rise to the request for indemnity.

Costs of repairs includes all costs of removal to the place of repair and of repair, though not salvage remuneration.

26.2 The preconditions for the right to claim constructive total loss must be established by such survey as mentioned in Clause 23.5, and by invitation of tenders.

26.3 Where it is shown in the survey report that the Vessel has sustained so extensive damage that she cannot be repaired or is not worth repairing, i.e. the Vessel has been condemned, the Insurer is, nevertheless, entitled to decide that the Vessel be removed to such a place where, in his opinion, tenders for repairs are obtainable, by which a constructive total loss may be avoided. If such a tender is obtained, the survey is not binding on the Insurer. The costs of removal shall in such a case be payable by the Insurer and are not included in the cost of repairs.

Where damage is sustained during the removal, this is to be included in the damage caused by the casualty. Where the removal has not commenced within six months from the day when the Insurer was informed about the casualty, the condemnation is deemed confirmed.

#### **Clause 27**

##### **Indemnity for total loss**

27.1 Where the Insured is entitled to indemnity for actual or constructive total loss, the indemnity to be paid is the amount insured. No deduction is made for unrepaired damage due to previous casualties.

Where the Insurer pays indemnity for total loss, he takes over to the Insured's right to the Vessel with the limitation stated in Clause 7.2. Where the Insurer does not want to take over the Vessel, he is not entitled to deduct the remaining value of the Vessel from the amount to be paid.

27.2 Although the Insured is entitled to recover for constructive total loss, he is nevertheless free to claim indemnity according to the stipulations for partial loss. However, in such a case the Insurer's liability is limited to the amount insured less the residual value of the Vessel.

27.3 If the Insurer pays a total loss indemnity in accordance with items 1 and 2 and if indemnity is paid simultaneously from one or more hull or freight interest insurances which together exceed 1/4th of the insurance amount of the hull insurance, the total loss indemnity is reduced to a corresponding extent by the amount that exceeds 1/4th of the insurance amount.

#### **Clause 28**

##### **Time, place and methods of repairs**

28.1 Before the Insured arranges for repairs of damage for which the Insurer is liable, he must, whenever possible, consult the Insurer with regard to time and place of the repairs and the methods to be applied.

28.2 The Insurer may request tenders to be invited from those shipyards that he considers suitable.

If the procurement of repair tenders involves loss of time exceeding ten days computed from the receipt to acceptance of tenders, the Insured will compensate for the loss of time during the excess period up to 20% per annum computed on the insured value of the Vessel. When comparing tenders received, the expenses for moving the Vessel, where such expenses come into question, shall be added to the tender sums. The Insured is entitled to limit its liability to an amount comprising the lowest tender received together with any moving expenses with a supplement of 20% per annum computed on the insured value of the Vessel, for the period, that is saved for the Insured by acceptance of another tender.

If the Insured has reasonable cause to object to repair being conducted at a particular shipyard that has submitted a tender, he is entitled to request that the tender in question should not be taken into account.

28.3 Where complete repairs of the damage would involve unreasonable costs and the Vessel can be put into a fully seaworthy condition and retain her class by less extensive repairs or by the use of other material than of the original kind, the Insurer's liability is limited to the costs of such repairs. Where repairs in the said manner result in a reduction of the Vessel's value the Insurer is liable therefor. The cost of renewal of steel and other metal parts of the hull or of the machinery is indemnified only if the parts or objects involved cannot be faired, welded, joined, cut or otherwise be repaired more cheaply or if renewal is required by classification societies or supervising authorities.

28.4 Where repairs of a damage are carried out in a more elaborate manner or with more expensive materials than required for restoring the Vessel to the same condition as prior to the casualty, the repair costs are to be compensated by the Insurer only after a reasonable deduction for the increase in costs caused thereby.

28.5 Where the repairs are deferred without the Insurer's consent, he is not liable for any increase of the repair costs that may arise therefrom.

28.6 If the Insured, in order to limit his loss of time, allows repair work to be conducted on overtime or takes other measures that result in additional expenses for the repair, the Insured is liable for one half of such additional costs, though at most 50% of the agreed deductible per loss.

#### **Clause 29**

##### **Temporary repairs**

The Insurer indemnifies the cost of temporary repairs if permanent repairs cannot be effected at the place where the Vessel is lying and the temporary repairs are required for completion of the voyage or for removal of the Vessel to the place where permanent repairs can be effected.

In other cases the Insurer indemnifies half the cost of temporary repairs for a recoverable loss. When temporary repairs are shown to result in saved costs for the Insurer, indemnity is paid up to the amount saved or with half the repair costs, whichever amount is the most favourable to the Insured.

### **Clause 30 Removal of Vessel**

Subject to the limitation stated in Clause 28.2, the Insurer indemnifies for the costs for the Vessel's deviation to the place where repairs can be effected, including wages and maintenance of the crew on board as well as fuel, engine stores and similar direct expenses of running the Vessel. Costs of removal after completed repairs are not reimbursed, except in the cases referred to in Clause 5 b) or c).

### **Clause 31 Division of general expenses**

Where expenses have been incurred, which are common to repair work for which the Insurer is liable and to work that is not covered by the insurance, these expenses are to be divided with regard to the time required if the two classes of work had been carried out separately. General expenses, not depending on the length of the repair time, are to be divided equally. However, expenses mentioned in the first paragraph, being directly caused by a casualty are indemnified in full by the Insurer, with the exception that the expenses shall be divided as mentioned in the first paragraph when simultaneously repair work for the account of the Owner is carried out relating to seaworthiness or which is demanded by the Classification Society.

### **Clause 32 Unrepaired damage**

Indemnity for unrepaired damage is not payable, unless the Insurer has agreed that repair is not to be effected or unless the Insured proves that on the sale of the Vessel he has suffered a loss on account of the damage. However, the indemnity is limited to such repair, which is requested by the Vessel's Classification Society. Thus indemnity for unrepaired damage is not payable if the Vessel is sold for breaking up or for other purpose for which the damage is of no consequence.

### **Clause 33 Unknown damage to the Vessel**

1a) Damage that is unknown at the commencement of the insurance period and that has not given cause to any new damage shall be referable to the insurance that was applicable when the damage occurred.

1b) If it cannot be determined when the unknown damage occurred, the damage is referred to the insurance that applied when the damage was discovered.

2a) Damage that is unknown at the commencement of the insurance period and that gives cause to new

damage shall be referable to the insurance that applied when the new damage occurred.

2b) If it cannot be determined when the new damage occurred, the damage is referable to the insurance that applied when the new damage was discovered.

### **Clause 34 Ice damage deduction**

Damage, which has been directly caused by ice, is indemnified subject to agreed ice damage deduction. Where the damage has caused total loss of the Vessel or is allowable as general average under Clause 6 b) and c) or is due to covering with ice or to contact with iceberg in the open sea, it is nevertheless indemnified without such deduction.

Damage to a Vessel that has passed through or been lying in ice is to be considered as ice damage unless the Insured proves that the damage has arisen from some other cause than ice or it is obvious that it could not have been caused by ice.

Damage caused by cooling water-intakes being obstructed by ice is deemed to be ice damage.

### **Clause 35 Machinery damage deduction**

Particular Average damage to the machinery is recoverable subject to agreed machinery deduction. However, no deduction is made where the damage is a consequence of:

- a) the Vessel having struck a fixed or floating object;
- b) the engine room having been completely or partially flooded;
- c) fire or explosion having originated outside the engine room

Damage to the machinery as per a)-c) and reported to the Insurer only after the first three months of the Vessel's trading after the casualty is, however, recoverable but subject to deduction.

### **Clause 36 Non-cumulation of deductions**

Where ice and machinery damage deductions according to Clauses 34 and 35 are applicable to one casualty, only that deduction should be applied which constitutes the larger of the amounts. The remainder of the damage is reduced by the deductible according to Clause 38.

### **Clause 37**

#### **Indemnity without deduction**

The following are indemnified without ice and machinery damage deduction:

- a) temporary repairs;
- b) damage and expenditure incurred for preserving the Vessel in accordance with Clause 5 f;
- c) indemnity for loss of value as referred to in Clause 28.3;

- d) damage to such unused spare parts for the machinery and hull, as well as equipment, that are stored on board;
- e) loss of time in connection with invitation of tenders and removal of the Vessel as referred to in Clause 28.2 and Clause 30.

### **Clause 38 Deductibles**

38.1 When paying the indemnity for particular, damage to the Vessel for each casualty such deduction is made which the parties have agreed upon. Damage due to heavy weather and sustained during the period between departure from one port and arrival at the next port shall be considered as one casualty. Costs in connection with ascertaining the damage and calculating the claim as well as damage through measures to avert or minimise the loss according to Clause 5 f) are allowed without deductible.

38.2 When paying indemnity for damages to a third party, for each casualty such deduction is made which the parties have agreed upon.

### **Clause 39 Claims and burden of proof**

When the Insured claims indemnity on account of a casualty, he must prove that the damage is recoverable and also prove its extent. It is the duty of the Insured to provide the Insurer as soon as possible with all the documents and information which may be of importance for ascertaining the Insurer's liability and which can reasonably be obtained. Furthermore, the Insurer or the person nominated by the Insurer shall always be afforded access to the Vessel in order to conduct the supplementary inspections and examinations that the Insurer considers necessary for assessment of the case.

### **Clause 40 Time bar of claims**

To avoid losing his rights, an Insured who intends to claim indemnity must notify the Insurer of his claim in writing within six months after becoming aware that a claim can be made. All rights to indemnity lapse after ten years from the date when the claim arose, whether or not the Insured had by then become aware of his claim.

Where the Insurer has requested the Insured in writing to submit his claim to an Average Adjuster for decision within a certain time not less than six months from receipt of the request, and the Insured has not complied with the request, he loses all rights to indemnity.

### **Clause 41 Payments on account and allowance of interest**

41.1 The Insured must as soon as possible inform the Insurer about the approximate amount of impending large casualty expenses and further supply him with necessary information for the calculation of an advance payment.

The Insurer is entitled to make a payment on account to the Insured up to the full amount of his estimated liability.

When the Insured has informed the Insurer as to when and with what amount a certain large average expense is due for payment and when also the amount of the Insurer's minimum liability has been established, the Insured is entitled to demand a reasonable advance payment of the estimated amount recoverable. The Insurer is thereupon liable to pay an advance to the Insured for expenses which have been paid by the Insured and which fall within the estimated amount recoverable. Other expenses within the estimated amount recoverable which have not yet been paid by the Insured may be paid by the Insurer in advance at his own discretion either directly to the Insured or to the third party which has a claim on the Insured.

Where either of the parties so demands, the calculation of the payment on account shall be effected by the Swedish Average Adjuster.

41.2 Interest is calculated during the current calendar year according to an average interest for the preceding calendar year applying STIBOR-interest with a supplement of 1.5 per cent unit per annum. This interest is due on the Insured's paid average disbursements, to the extent they are recoverable under the insurance conditions and less deductions for machinery or ice damage as well as the deductible. Such interest is also due on the payments on account made by the Insurer. Interest is calculated from the day of payment until the claim is paid.

41.3 Where indemnity for a total loss is payable, the assured is entitled to interest as stipulated in sub-clause 2, from six weeks after the day when the total loss was ascertained until indemnity is paid.

41.4 Should more than an year elapse from the date of payment of the average accounts until they are submitted to the Insurer or to the Swedish Average Adjuster, no interest is payable to the Insured for the time in excess of one year, unless the Insured proves that the delay was caused by circumstances beyond his control.

41.5 Where the Insurer has availed himself of his right to salve a wrecked Vessel or to remove a condemned Vessel to another place of repair, but indemnity for total loss will ultimately be paid, the Insured is entitled to interest thereon at the rate stated in sub-sect. 2 from the date on which indemnity for total loss should be paid, had the Insurer not availed himself of this right.

### **Clause 42 Payment of indemnity**

42.1 When the Insurer has received the required documents and information, he must submit his calculation of the indemnity to the Insured within fourteen days if the indemnity is for total loss, and otherwise within three months thereafter. If the Insurer and the Insured agree on the indemnity, same shall be

payable within one month thereafter, otherwise subsect. 2 will apply.

42.2 If a dispute arises that is referred to an Average Adjuster in accordance with Clause 44, indemnity is paid within fourteen days after the average statement has acquired legal force or, if it is appealed against, within one month after the court's judgment has acquired legal force.

42.3 The Insurer is not obliged to pay directly to the Insured other or greater part of the finally agreed or otherwise determined indemnity than what corresponds to the part of the damage already paid by the Insured. The Insurer is entitled to pay the indemnity for such part of the damage not yet having been paid by the Insured directly to the third party concerned, who in accordance with the calculated indemnity has an accepted claim for payment on the Insured.

42.4 The Insurer is entitled to set off any claim due from the Insured against such advance payment, indemnity or refund of premium as the Insured is entitled to receive from the Insurer.

### **Clause 43** **Ship mortgages**

Where the insured Vessel is mortgaged to a third party, the insurance is valid also for the benefit of the Mortgagee but does not in relation to the Insurer provide more extensive rights for the Mortgagee than for the Insured.

### **Clause 44** **Determination of disputes**

If a dispute arises concerning the indemnity obligation of the Insured as a result of this contract, the dispute shall be determined according to Swedish Law by arbitration with the Swedish Average Adjuster as a sole arbitrator.

The procedure shall correspond with the procedure laid down by law for the Average Adjuster.

Necessary documents and information shall be handed over as soon as possible to the Average Adjuster.

Expenses of average adjustment shall be indemnified by the Insurer, unless the Insured's claim for indemnity is manifestly unfounded.

The parties are entitled to institute proceedings of appeal against the arbitral award in the same way and in the same period that an average adjustment according to law may be appealed against.

If the average adjustment is appealed against, a party is entitled to demand that the other party provides security for the litigation costs that the party may be obligated to pay. A party shall make any such request on the first occasion that he takes a step in the appeal proceedings.

### **Clause 45** **The Insurer's primary liability and legal actions against third party**

45.1 Even though compensation for loss is claimable from a third party by way of damages or by way of contribution in general average, the Insured is entitled, provided he has undertaken all measures necessary for the preservation of the rights against third parties or for the defence against claims by third parties, to receive from the Insurer such indemnity as is payable according to the contract of insurance.

45.2 Where the Insurer so requires, the Insured is obligated to take court action in his own name, but on behalf of and at the expense of the Insurer in cases concerning claims for damages arising out of the casualty.

45.3 Where the Insured at the request of or with the consent of the Insurer takes steps against third parties for recovery of damages for which the Insurer is liable, the latter shall make good the expenses arising therefrom. Where such steps also concern loss for which the Insurer is not liable, he has only to make good such expenses as are caused by the action in respect of the loss for which he is liable. Where the Insured takes steps as stated above without the Insurer's consent, the Insurer is liable for expenses arising therefrom only to such extent as the steps have benefited the Insurer.

45.4 Where the Insured at the request of or with the consent of the Insurer has instituted proceedings against a third party, he cannot refuse to accept such amicable settlement of the case which is satisfactory to the Insurer, provided the Insured is not thereby placed in a worse position than if indemnity was paid according to the insurance conditions. Where the Insured fails to accept such an amicable settlement, the Insurer indemnifies neither the reduction of the compensation from the third party nor the extra expenses arising from the refusal.

45.5 It is the duty of the Insured to supply, without delay, the Insurer with all documents and evidence that may be of significance as regards the insurance case and also make all relevant persons available to be heard and to give testimony as witnesses in the case. The Insurer or the person nominated by the Insurer shall always be afforded access to the Vessel in order to undertake the inspections and examinations that the Insurer considers necessary to deal with the insurance case.

### **Clause 46** **Providing security for salvage or damages**

The Insurer is only liable to provide security to release or prevent arrest of the Vessel, property or assets of the Insured if the Insured can show that the claim causing the arrest is covered by the liability of the Insurer under the insurance. When such liability has been shown to exist, the Insurer has a reasonable time at his disposal to provide satisfactory security.

The obligation of the Insurer to provide guarantees is limited to an amount corresponding with the proportion that has been insured under this insurance.

When the Insurer provides security, without any obligation to do so, the Insured shall reimburse any cost or loss arising therefrom.

The main Insurer is entitled to charge 1% in commission on the amount of any guarantee issued.

#### **Clause 47**

##### **Right of recourse**

Where the Insurer pays indemnity to the Insured or to the injured party, he is subrogated to the Insured's rights against third parties. The Insurer is also entitled to collect the recovery amount arising from such recourse claim and also pursue such subrogation action in its own name at court.

Where the Insurer recovers from a third party a net amount in excess of the indemnity paid by him to the Insured with addition of interest, the Insured is entitled to the surplus. Where the Insured by an agreement which cannot be considered as customary in the particular case, has relinquished wholly or partly his rights against a third party, the Insurer is released from liability to a corresponding extent.

The Insurer has a right of subrogation against the Insurer for reasonable payments made by the Insurer on behalf of the Insured outside the scope of the insurance.

#### ***Insurance documents to be available on board***

#### **Clause 48**

##### **Insurance documents to be available on board**

The Insured shall ensure that the insurance conditions as well as instructions and directions issued by the Insurer and also a list of average agents are available on board and also request the Master to carefully follow instructions and directions given.