



Nordic Marine Insurance Plan 2013

Jan-Hugo Marthinsen, Gard AS

The Nordic Marine Insurance Plan 2013

- Based on the Norwegian Marine Insurance Plan 1996 – Version 2010
 - Norwegian Marine Insurance Plan 1871
 - Norwegian Marine Insurance Plan 1930
 - Norwegian Marine Insurance Plan 1964
 - Norwegian Marine Insurance Plan 1996 – Version 1997
 - Revised every 3 years – final version 2010

Part 1, Chapters 1 - 9

General Rules relating to the scope of the insurance

Clause 1-3 – Contracts entered into through a broker

When the contract is transacted using the services of a broker, the broker shall be deemed to be acting on behalf of the person effecting the insurance.

The broker shall only be regarded as acting on behalf of the insurer if written instructions have been given by the insurer in respect of the particular function concerned.

If the person effecting the insurance requires that a policy be issued in accordance with Cl. 1-2 above, the broker shall assist in the issuing of such a policy. If the broker issues a policy on behalf of the insurer, the policy shall explicitly state that it has been issued by the broker on the authority of the insurer.

Clause 1-4 – Jurisdiction and choice of law

If insurance based on this Plan is effected with a **Nordic claims leader**, it is agreed that **legal proceedings against the claims leader** concerning any matter, dispute or disagreement of any kind which may arise during or in connection with or which in any way concerns the insurance contract, may only be instituted before the courts **in the venue where the head office of the claims leader is located** and on the basis of the **law of the venue of the claims leader**, and that law shall apply exclusively.

If insurance based on this Plan is effected with a **non-Nordic claims leader**, it is agreed that Norwegian law shall apply.

The co-insurer(s) may be sued in the venue of the **claims leader**.

Any changes in the terms of the agreement set out in sub-clause 1 must be in writing.

Clause 2-11 – Causation. Incidence of loss

- The clause and commentaries are substantially redrafted.
- Allocation of the whole loss to the policy in force when the peril struck.
- Presumption in favour of latest policy period during which the loss materialised unless it can be proved that the peril causing the loss struck the interest earlier.
- The burden of proof is on the party that makes the allegation that it shall be referred to an earlier policy period.

Clause 5-24 – Limitation (time-barring)

The assured's claim for compensation becomes time-barred after three years. The limitation period commences at the end of the calendar year during which the assured acquired the necessary knowledge of the facts on which the claim is based. The claim becomes time-barred in any event at the latest ten years after the end of the calendar year during which the casualty took place.

Under a liability insurance, the insurer's liability nevertheless does not become time-barred before the time prescribed by the rules that apply to the assured's liability.

Claims that are notified to the insurer before the claim is time-barred, will not be time-barred before 6 months after the assured has received written notification that limitation will be invoked. The notification shall explain how the limitation period is interrupted. The limitation period will not be extended according to this provision if more than 10 years has passed since the claim was notified to the insurer.

Clause 9-4 - Notification of a casualty

Notifications in connection with a casualty may be given to the claims leader.

The claims leader, shall as soon as possible, pass on such notifications to the co-insurers concerned, **including claims advice with estimated costs.**

Chapter 18

Insurance of Mobile Offshore Units (MOUs)

Chapter 18 Plan review process

- Joint Working Party (JWP)
 - Cefor Energy & Offshore Forum
 - Norwegian Shipowners' Association
 - Nordic MOU Owners
 - Norwegian Energy/Offshore Insurance Brokers

 - Sub-Working Group (SWG)
 - Haakon Stang Lund, NHC (Chair)
 - Knut Erling Øyehaug, Nordisk (Secretary)
 - Frode Berg, Willis
 - Grete Henæs, Marsh
 - Svein Bergstad, Seadrill Management AS
 - Trine Rødland Albretsen, Prosafe ASA
 - Roar Sanden/Rune Henriksen, NHC
 - Jan-Hugo Marthinsen, Gard AS
-

Chapter 18 content

- Section 1 – General Rules to the Scope Of Insurance
 - Clause 18-1, a – i
 - Section 2 – Hull & Machinery Insurance
 - Clauses 18-2 – 18-38
 - Section 3 – Total Loss Insurances
 - Clauses 18-39 – 18-42
 - Section 4 – Loss of Hire Insurance
 - Clauses 18-43 – 18-58
 - Section 5 – War Risks Insurance
 - Clause 18-59
-

Chapter 18 – Section 1

Clause 18-1 – Amendments to Chapter 1 – 9 rules

Clause 18-1, (a) - Insurable value/Sum insured

- Deemed assessed value unless circumstances indicate otherwise
- Option to split sums insured for MOUs with disconnectable equipment
- Operates as separate insured objects with separate values when MOU away from the offshore field
- Constitutes one insured object when MOU in field, whether connected or disconnected to its equipment, with combined sums insured as insured value
- Relevant for Clauses 18-7, 18-10, 18-24, 18-25, 18-28 & 18-29

Clause 18-1, (d) – Loss of Main Class

- Classification Society approved by Insurer
- Loss of Main Class = Insurance terminates
 - If the MOU is engaged in its normal operations offshore or under way when the main class is lost, the insurance cover shall nevertheless continue until the MOU terminates the on-going operations in accordance with applicable regulations and the field operator's consent and arrives at the nearest safe port in accordance with the insurer's instructions.
- Loss/Non-renewal of Additional Classification – Insurance continues
 - Beware of clause 18-20 (ref. 12-4) if original classed part is replaced/modified

Clause 18-1, (e) – Safety Regulations

(1) The well(s) shall be equipped with blow-out preventers (BOPs) **or other well pressure control equipment** of standard issue, installed and tested in accordance with standard practice.

(2) For MOUs that are to be moved, a separate **MOU move plan shall be approved by the claims leader** when;

- a) the MOU does not move by own main propulsion, or
- b) the MOU moves with its riser and BOP suspended.

The **MOU move** plan shall be complied with during the **move**.

Clause 18-1, (f) – Measures to avert a blow-out, etc.

- No liability for loss caused by measures to avert or minimise blow-outs, etc.
 - E.g. Costs of well control measures
- **Loss or damage to the insured MOU caused by such measures is nevertheless covered.**



Clause 18-1, (g) – The limit of liability of the insurer

- Loss mitigation/salvage costs capped at USD 500 million
- Collision liability under H&M policy equal to sum insured but not exceeding USD 500 million or 50% of sum insured, whichever is the higher amount (Clause 18-37)
- Example (Sums in US\$)

Sum insured (H&M)	350,000,000	750,000,000	1,250,000,000
Mitigation/Salvage costs	350,000,000	500,000,000	500,000,000
Collision liability	350,000,000	500,000,000	625,000,000
Total	1,050,000,000	1,750,000,000	2,375,000,000

Clause 18-1, (i) – Waiver of subrogation and co-insurance of third parties

- No right to subrogate against a party granted contractual protection
- Contractual entitlement to be co-insured
 - Policy subsidiary to other insurance purchased
- Customary contractual regulations
- Waiver of subrogation/Co-insurance gives no wider rights/indemnities than the contract with the owner/operator of the MOU allows

Section 2-1 – Hull & Machinery

Clause 18-2. Objects insured

The insurance covers:

- (a) the MOU's **hull and superstructure**,
- (b) **all its** machinery, equipment, **plant** and spare parts which:
 - (1) belong to the assured or have been borrowed, leased or purchased with a vendor's lien or similar encumbrance, and
 - (2) are on board, above water, **subsea** or in the **well**,
- c) bunkers and lubricating oil on board.

The insurance does not cover:

- (a) **supplies**, engine and deck accessories and other articles intended for consumption,
 - (b) helicopters,
 - (c) blueprints, plans, specifications, logs, etc.,
 - (d) mini-submarines and remote operated vehicles during operation.
-

Clause 18-3. Objects temporarily removed or separated etc. from the MOU

The insurance covers:

(a) Objects mentioned in Cl. 18-2, sub-clause 1 (b), which:

(1) are on board a vessel, structure or fixed installation, which is moored to or is in the vicinity of the insured **MOU** and has been used in connection with that **MOU**, or

(2) have been temporarily removed from the **MOU** for repairs, rebuilding, storage or the like,

(3) are in storage, **or in transit to/from places of storage** without being covered by point (2).

The sum insured for such objects constitutes 10 % of the sum insured under **H&M** insurance of the **MOU**. Cl. 2-4 does not apply. A separate deductible shall be applied.

Clause 18-3 continued

(b) The **mooring/anchoring system and the like of the insured unit**, which has been **installed** at the place of operation.

(c) Blow-out preventers that are left on the **well head or the seabed adjacent to the well** because of:

- (1) a casualty which is covered by the insurance, or
- (2) measures taken to avert such casualty.

(d) **Buoys, risers, umbilicals and associated subsea equipment which are installed at the place of operation and are owned by the assured, or which the assured is contractually obliged to insure.**

Clause 18-20 – Error in design etc.

- The clause corresponds to Clause 12-4 in the Shipping section of the Plan and the former 1996 Plan and is not changed

*“If the damage is a result of error in design or faulty material, the insurer is not liable for the costs of renewing or repairing the part or parts of the **MOU**, machinery, **plant** or equipment which were not in proper condition, unless the part or parts in question had been approved by the classification society. “*

- The commentaries are completely rewritten to provide better clarity of the parties’ intent

Clause 18-21. Losses that are not recoverable

The insurer is not liable for:

- (a) crew's wages and maintenance, **except for crew who are engaged in repairs,**
- (b) ordinary expenses connected with the running of the MOU during the period of repair,**
- (c) expenses of shifting, storing and removal of cargo,
- (d) accommodation of third party personnel and visitors,**
- (e) loss due to lubricating oil, cooling water or feed water becoming contaminated, unless proper measures were taken as soon as possible after the assured, the master or the chief engineer became, or must be deemed to have become, aware of the contamination, and in any event not later than three months after one of them should have become aware of the contamination.

Section 2-4, Collision & striking liability

- Clause 18-35: The exclusion of liability for damage to or loss of fixed installations on the continental shelf under §18-14 of the 1996 Plan is removed.
- Insurers may require “knock-for-knock” in contracts where customary in the industry, ref. Clauses 4-15 (b) and 3-28.
- Clause 18-37: The insurer is liable up to an amount equivalent to the sum insured, **not exceeding USD 500,000,000 or 50 % of the sum insured, whichever is the higher**, in respect of liability for damages arising from any one casualty.

Section 3 – Total Loss insurances

Section 4 – Loss of Hire

Clause 18-47. The daily amount

The assured's loss of income per day (the daily amount) shall be fixed at the equivalent of the **amount of hire** per day under the current contract of employment, less such expenses as the assured saves or ought to have saved due to the MOU being out of regular employment.

If the MOU is unchartered, the daily amount shall be calculated on the basis of average **rates of hire** for MOUs of the type, size and **area of operation** concerned during the period in which the MOU is deprived of income.

Clause 18-49. Deductible period

Each casualty shall be subject to a deductible period which shall run from the commencement of the loss of time and last until the loss of time, calculated in accordance with the rule in Cl. 18-46, sub-clause 1, second sentence, is equivalent to the deductible period stated in the policy. Loss of time in the deductible period is not recoverable.

Damage caused by heavy weather or navigating in ice which has occurred during the period between departure from one port **or location** and arrival at the next port **or location** shall be regarded as one casualty.

Damage caused by heavy weather occurring as a result of the same atmospheric disturbance whilst the MOU is stationary at one location shall be regarded as a single casualty.

Clause 18-54. Simultaneous works

If repairs covered under this insurance are carried out simultaneous with work which is not covered under any loss-of-hire insurance, but which:

- (a) is carried out to fulfil classification requirements, or
- (b) is necessary to enable the MOU to meet technical and operational safety requirements or perform its contractual obligations, or
- (c) is related to the reconstruction of the MOU,

the insurer shall pay compensation for half of the time common to both categories of works in excess of the deductible period. **Works under (a) – (c), which would not have deprived the MOU from income if carried out separately and which have not delayed the casualty repairs, shall not be taken into account. If casualty damage are discovered or occurs during the period the MOU would have been deprived of income if the work under (a) – (c) had been carried out separately, time for repairs carried out simultaneously with scheduled works under (a) – (c) shall not be compensated.**

Clause 18-55, Loss of time after completion of repairs

After repairs have been completed, the insurer shall only be liable for loss of time:

- (a) until the MOU can resume the activity that it was engaged in under the contract of employment that was in force at the time of the casualty, or
- (b) while the MOU moves back to an equidistant position to where it would have commenced the move to its next location under a contract of employment that was entered into with binding effect prior to the commencement of the move to the repair location.**

Chapter 18 applicability

Typical MOUs to insure under Chapter 18

- Mobile Offshore Drilling Units (MODUs) & Accommodation Units

- Jack-up
- Tender barge
- Semi Tender
- Semi-Submersible
- Drillship/Ship-shape Unit
- Cylindrical/Conical Hull Unit



- Mobile Offshore Production Units (MOPUs)

- Floating Production Storage & Offloading/Offtake (FPSO)
- Floating Production Units (FPU)
- Floating Production Storage (FPS)
- Floating Liquefied Natural Gas Units (FLNG)
- Floating Drilling Production Storage & Offloading (FDPSO)

- Offshore Well Intervention/Light Well Intervention (LWI) Units/Vessels

Other MOUs that can be insured under Chapter 18

- Floating Storage & Offloading/Offtake (FSO)
- Floating Storage Unit (FSU)

- Offshore Crane Units
- Offshore Construction and Maintenance Units/Vessels
- Offshore Pipe and Cable Laying Units/Vessels
- Offshore Wind Turbine Installation, Maintenance and Repair Units
- Offshore Multi Purpose Units/Vessels



Thank you!

Jan-Hugo Marthinsen, Gard AS