



The Nordic Marine Insurance Plan of 2013, Version 2023



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The new and updated version of the Nordic Marine Insurance Plan (the "Nordic Plan") entered into force 1 January 2023. The Nordic Plan is subject to regular review by the Standing Revision Committee, normally every three years and the Nordic Plan 2023 revises and replaces the 2019 version. The below is a quick overview of some of the more material changes made.

For a full overview of all changes please see: ([Forord \(cefor.no\)](#)).

Sanctions

Following Russia's invasion of Ukraine and other notable trends and tensions in global geopolitics, the Standing Committee has revised clause 2-17 regarding sanction limitation and exclusion. The purpose of the clause is to protect the insurer by making sure the insurer is not contractually obligated to perform activities that will be contrary to applicable sanctions law, for instance making payments to a listed person or entity subject to financial sanctions. In the 2019 version of the clause, the clause contained a reference to sanctions laws or regulations of the Russian Federation. Considering the outbreak of war between Russia and Ukraine this reference has been deleted. The main reason given in the commentary being the risk of countersanctions from Russia creating uncertainty for the parties. The reference to the People's Republic of China has also been removed to align the clause with the clauses in use in the English market.

Clarifications on the role and authority of the claim's leader

Where there are several insurers, a claim's leader may be appointed to act on behalf of the co-insurers in certain matters. The clauses regulating the claim's leader's authority and obligations are found in chapter 7 (in relation to mortgagees) and chapter 9 (in relation to co-insurers). The 2023 changes are meant to make clear the claim's leaders' authority, thereby increasing the administrative benefits of co-insurers being represented by a claim's leader. In relation to mortgagees, whose interests are automatically covered by the insurance, the 2023 changes mean that the mortgagee can deal with the claim's leader alone for instance in notifying the mortgage under clause 7-1 sub-clause 2 and agreements on special requirements in the insurance contract within customary market practice under clause 7-1 sub-clause 4.

Changes in loss of hire conditions

Loss of hire conditions regulate the situation when the assured suffers a loss of income because a vessel is inactive due to damage or a similar situation. Changes to chapter 16 on loss of hire conditions have mainly been made to improve structure and consistency of terminology, but there are also some material changes: Most notably the 2023 changes emphasize that the loss of hire insurance covers the *assured's loss of income* that is caused by damage to the vessel. Therefore, loss attributed to the vessel, where the assured does not suffer a loss of income is not covered. This is contrary to the judgement LA-2018-35513 Hamburg Cruise where the appeal court ruled that the assured was entitled to compensation for loss of income even though the assured had employed a substitute vessel.

Further, the 2023 changes clarify coverage in cases of total loss pursuant to clause 16-2. The clause now states that the assured is not entitled to loss of hire coverage when the damage is covered by another hull insurance *in effect*. The aim of the change is for coverage to be more reasonable and avoid instances where the assured is denied coverage under the loss of hire based on a hypothetical assessment of the Plan chapter 11, when the damage is not covered by total loss provisions in the hull insurance in effect.

Other material changes to chapter 16 have also been made such as clause 16-11 being extended to cover all measures to avert or minimize loss, and not only costs to save time.

Sustainability

An overarching aim of the 2023 amendments have been for the parties to strive to find more environmentally and socially responsible ways to operate and adjust claims under the Plan. Effects of these considerations may be found in clauses regarding choice of repair yard, cf. clause 12-12 (hull insurance) and clause 18-29 (hull insurance for MOUs) where the assured may increase maximum contribution from hull insurers by up to USD 40 per ton CO2 emissions saved on fuel consumption for recovery by choosing a yard other than the cheapest. Clause 12-12 sub-clause 3 also contains the right for the assured to demand that tenders from certain repair yards be disregarded in case of "special circumstances". The commentary explains that grounds for objecting to a certain yard may be that the yard does not comply with relevant ESG standards.

First public arbitral award following the relatively new dispute mechanism

Clause 1-4B of the Nordic Plan setting out that disputes shall be subject to arbitration under the Nordic Offshore & Maritime Arbitration Association ("NOMA") rules for non-Nordic claims leader and if opted for where the claims leader is Nordic, cf. clause 1-4A, was introduced in the 2019 version and is kept in the 2023 version.

The news in this regard is not related to the Nordic Plan 2023 version, but to the fact that the first public arbitral award by NOMA dated 19 December 2022 between Compagnia Italiana di Navigazione and Allianz Global Corporate and Specialty concerning i.a. the Nordic Plan was published by NOMA on its LinkedIn profile mid-March 2023.

Knowing that the Nordic Plan is based on the Norwegian Marine Insurance Plan replacing "Norwegian" with "Nordic" in the 2013 version due to its application also in the other Nordic countries than Norway, the introduction of NOMA as dispute resolution initiated by the Nordic Maritime Law Associations emphasizes the importance of a Nordic unity within the marine insurance and maritime sectors. With our pan-Nordic presence, we are pleased to provide consistent and efficient services within these areas both locally and across borders

Please do not hesitate to reach out to any of our shipping and marine insurance experts should you have any questions about the Nordic Plan or the latest changes made.

Sectors

Insurance
