

# JUR5450 - Marine Insurance

## Spring 2009

### Question 1

The vessel M/S Norway was sailing along the east coast of Somalia, 8 nautical miles from the eastern coast. According to IMO's Guiding Lines, vessels were advised to sail 200 nautical miles from the Somali coastline in order to avoid piracy attacks. However, this would take several extra days of sailing, and M/S Norway was already delayed. The owner A had therefore instructed M/S Norway to sail closer to the coast.

During the passage, M/S Norway was attacked by a group of Somalis in three barges. The Somalis were carrying explosives, guns and knives. The attempt to board the vessel failed, but the attack caused serious damage to the hull.

M/S Norway was insured under the Norwegian Marine Insurance Plan 1996 Version 2007. A had effected hull insurance against both war risk and marine risk. A claimed coverage for the damage to the hull under the insurance.

The war risk insurer W claimed that the attack was covered by the marine risk insurer M, but this was denied by M. In case of liability, both M and W claimed that the assured had breached safety regulations by not adhering to IMO's Guiding Lines, and that A anyway was guilty of gross negligence. A claimed that IMO's Guiding Lines did not constitute a safety regulation, and that there was no causation between the breach and the attack. A further refused having acted with gross negligence.

If the attack constituted a war peril, W further claimed that they were not liable due to a breach of the Trading Limits in the insurance policy, which contained the following clause:

"Somalia:

Premium rate to be agreed for passage in waters out to 250 nautical miles from the eastern coast.

Vessels are to stay at least 40 nautical miles from the coastline of Somalia".

A admitted that the insurer was not notified about the sailing route, but claimed that the breach could only result in payment of the extra premium and 25 % deductible.

Discuss the following questions:

1. Is the damage to the ship covered by W or by M.
2. May W and M refuse the claim due to breach of a safety regulation.
3. May W and M refuse the claim due to gross negligence.
4. May W refuse the claim due to breach of the trading limit, or is the reaction extra premium and 25 % deductible.

All questions shall be discussed.

### Question 2

2.1. Due to the hull damage caused by the attack on M/S Norway as described in question 1, M/S Norway had to spend 2 weeks on a repair yard in order to get repaired. The vessel was off hire during this period. A

had effected loss of hire insurance according to chapter 16 of the Plan against both marine risk and war risk.  
May A claim loss of hire insurance for the loss of income during these 2 weeks?

2.2. Does it matter if the damage to the hull was below the deductible according to NMIP § 12-8?

2.3. Under what conditions may loss of hire insurance be claimed if there is no damage to the ship?

All questions shall be discussed.

Question 3

Does the Norwegian Cargo Clauses 1995/2004 cover the cargo owners liability for damage to the ship caused by his cargo?