

i Information

Due to the extraordinary situation at the faculty this spring the dean has decided that the exam shall be written at home and that the following apply:

The exam shall be an independent work. It is permitted to use all available sources. Apart from this, ordinary rules of exams apply:

- It is not permitted to communicate with other persons about the test, or to distribute a draft exam or full exam, during the exam. Such communication is regarded as cheating.
- Exams that are handed in will be processed in UiO's data system for control of text and plagiarism.

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name the ticket: URGENT - EXAM - JUS5450

Part I.

MS Unlucky, which was owned by the Norwegian company Shipping AS and registered in Norway, was sailing through a narrow lane along the Norwegian coast when the captain wanted to change the course to take the vessel around a small island in the lane. However, the coordinates could not be moved the way he wanted but instead froze at a course directly towards the small island. It was communicated to the captain on the display that in order to unlock the system, an amount of 1 MNOK had to be transferred to a given account. Before the captain were able to discuss the matter further with the owner however, the vessel hit the island and sustained serious damage. Damage to the hull amounted to 5 MNOK. Added to this, the electronic navigation system device had to be replaced and would cost 1 MNOK, and navigation data for the same amount was lost and had to be reinstalled.

The assured Shipping AS had effected hull insurance for MS Unlucky on the Nordic Marine Insurance Plan 2013 Version 2019 (NP) against marine perils and war perils. The assured claimed cover for the damage to the hull, replacement of the electronic navigation system device and reinstallation of navigation data.

The marine risk insurer denied the claim and argued that hacking or cyber attack of navigation systems for criminal purposes was not covered by the insurance. Further, even if the attack was covered, the cover only comprised the hull damage. Electronic devices and data were not covered by the insurance.

Question 1

- A. Is the marine risk insurer liable for the cyber attack on the vessel?
- B. If so, is the marine risk insurer liable for
 - 1. damage to the electronic navigation system device
 - 2. loss of data in the system.

Further investigations demonstrated that the account provided for payment of ransom belonged to a terrorist group. The assured therefore claimed cover under the war risk insurance. The war risk insurer denied the claim and argued that cyber attacks were not covered under the war risk insurance. This followed from the NP itself, but followed in particular from the Cyber Attack Exclusion Clause – Clause 380 with the following wording:

1.1 Subject only to clause 1.2 below, in no case shall this insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.

1.2 Where this clause is endorsed on policies covering risks of war, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power, or terrorism or any person acting from a political motive, Clause 1.1 shall not operate to exclude losses (which would otherwise be covered) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

Cl. 380 was included in the insurer's reinsurance contract, and the reinsurers had made a condition in the reinsurance contract that the clause should be inserted in all direct insurance contracts. This information was sent to all the assureds before renewal. However, the insurance employee handling the renewal for AS Shipping had forgotten to insert the clause in AS Shipping's policy for 2020. The assured denied that the clause could be invoked against him. The insurer however, claimed that the information about the clause was sufficient for it to be part of the NP.

If cyber attack was covered under the war risk insurance, the war risk insurer agreed to be liable for the same losses as the marine risk insurer.

Question 2

Is the war risk insurer liable for the cyber attack?

In this case, damage occurred before the assured was able to pay ransom in order to unlock the system. However, for possible future situations, the assured and the insurer discussed if payment of the ransom of 1 MNOK would be covered by the insurance. They ask you as their advisor to answer the following question:

Question 3

To what extent is payment of ransom of 1 MNOK in order to unlock the navigation system covered under NP?

All questions shall be answered.

Part II.

MS Unlucky was insured against loss of hire according to NP chapter 16 with a deductible period of 7 days and an insured period of 90 days. The vessel used one day sailing to the repair yard where it arrived 5 March 2020. The repair would ordinarily take 14 days. However, due to the corona virus, the yard had to close down March 15, and it is not clear when the repair will be finished.

The assured claims that the insurer shall cover the whole period at the yard running from 10 March when the deductible period was over, limited only by the insured period of 90 days.

The insurer however, claimed that they were only liable for a repair period of 14 days plus one day sailing minus the 7 days deductible, and that any extension of this period was caused by the corona virus and thus outside the scope of cover. Further, to the extent they were liable for the extension caused by the corona virus, the maximum number of days was 90 days minus the deductible of 7 days, i.e. 83 days.









Question 4

- A. To what extent is the insurer liable for the extension of the loss of time caused by the corona virus?
- B. Is the insurer liable for maximum 90 days or 83 days?

Both questions shall be answered.

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Fill in your answer here

Format | **B** | *I* | U | x_2 | x^2 | I_x |  |  |  |  |  | Ω |  |  | Σ | ABC | 

Words: 0

Maximum marks: 0