

2006-01-01

**LETTER OF UNDERTAKING**

*This form is adopted by the Swedish Association of Marine Underwriters and is only in the nature of guidance and there is no impediment for agreeing on other conditions.*

This Letter of Undertaking is subject to Swedish law and practice

In capacity as Marine Risk Insurers for..... *(Hull&Machinery, Hull interest, War)*

.....  
for..... *(sum insured)*

of the vessel.....

call sign.....

Owners.....

from.....

to..... *(both days included)*

we hereby confirm that the insurance is issued

to the benefit of..... *(bank)*

as a Mortgagee in this vessel.

The Insurers undertake in relation to the Mortgagee that,

1 In the case of a real or constructive total loss of a vessel, to pay to the Mortgagee, with priority before the Assured and other parties entitled to compensation, though not with any superior right than as stipulated in this Letter of Undertaking, compensation corresponding to the claim to which the mortgage refers even if the claim is not due for payment.

2 in the case of partial damage, they will not effect any payment exceeding..... direct to the Assured. The Mortgagee is upon a written notification entitled to require a change of the above limit when the Assured is in default in respect of the credit agreement;

the Mortgagee's approval is not required when payment is effected to a shipyard or other contractor which is carrying out or has been carrying out repair work for the preservation of the value of the ship;

3 without undue delay notify the Mortgagee, as stipulated in the insurance conditions, if the policy is to be or has been cancelled, changed or, with the knowledge of the Insurers, has been terminated, insofar as the Mortgagee's interest is concerned;

4 when notice of cancellation has been given or the policy has been changed, by other reason than termination of the insurance due to change of ownership, they will cause the insurance to remain in force to the benefit of the Mortgagee during a period of 14 days from the time when the Mortgagee shall have received information concerning the cancellation or the change. Such prolongation of the insurance is allowed on condition that the Mortgagee is liable for the payment of outstanding premium due (however limited to 30 days premium) and also for the payment of the premium for the prolonged insurance period;

5 they will provide the Mortgagee as soon as possible after expiry of the insurance with a new Letter of Undertaking in the event that the Assured shall have renewed the insurance with them.

.....19.....

.....  
(the Insurers)

The original Swedish wording to be decisive in case of dispute

2006-01-01

*Should normal communications between Sweden and other countries be interrupted as a consequence of an outbreak of hostilities which can essentially affect Swedish trade, commerce and industry, an organization formed by all the Swedish marine insurance companies will commence operations under the name of Svenska Transportförsäkringspoolen on a date to be decided upon by the National War Risks Insurance Board. Should this occur whilst the above mentioned insurance is valid in favour of the Mortgagee, this Letter of Undertaking will be taken over by the Pool. The validity of the insurance will thereafter be maintained for thirty days from the date of the transfer. Should the validity of the insurance thereby be extended, the Mortgagee undertakes to pay such additional premium as may have been set by the Insurer.*

**Encl. Policy No.....**