

# GENERAL CONDITIONS FOR INSURANCE OF GOODS

Effective as of and including 1 April 2000 (amended 1 January 2007)

*These conditions are adopted by the Swedish Association of Marine Underwriters and are only in the nature of guidance. However, there is no impediment for an insurer and a policyholder agreeing on other conditions. The original Swedish wording, of which this is a translation, shall be decisive in case of dispute.*

Insurance subject to these General Conditions can be effected in accordance with the following alternatives:

## BASIC INSURANCE

## EXTENDED BASIC INSURANCE

## STANDARD INSURANCE

*Note: By separate agreement and subject to an additional premium, Basic Insurance, Extended Basic Insurance and Standard Insurance may be extended to also cover perils that are not covered by the above-mentioned Conditions or which are excluded by items 3-5 below by the Swedish Association of Marine Underwriters' approved clauses.*

### 1. Extent of cover

This insurance covers, subject to the exclusions contained in 2-7 below, damage to or loss of the goods caused by the perils below and/or expenses under 1.17, 11 and 12.

#### 1.1 BASIC INSURANCE

1.11 Fire or explosion

1.12 Collision, stranding, grounding, sinking or capsizing of the waterborne conveyance

1.13 Collision, derailment, overturning or running off the road of the land conveyance whilst on land

1.14 Collision, crash or overturning of the aircraft

1.15 Loss overboard of the goods during carriage by sea from any other cause than under 1.25

1.16 Events in connection with discharge of cargo at a port of distress or for

1.17 Sacrifice, contribution and expenses in general average and salvage and towing charges.

#### 1.2 EXTENDED BASIC INSURANCE

1.21 Perils covered by Basic Insurance in accordance with 1.1 above

1.22 Lightning, earthquake, landslide, avalanche or volcanic eruption

1.23 Collision, derailment or overturning of the land conveyance whilst waterborne

1.24 Entry of sea, lake or river water into the vessel, craft or conveyance or into the container, warehouse or place of storage

1.25 Total loss or total destruction of any package dropped whilst loading onto or unloading from the vessel, craft or conveyance.

#### 1.3 STANDARD INSURANCE

1.31 Perils covered by Extended Basic Insurance in accordance with 1.2 above or in connection with

1.32 any other peril unless excluded in 2-7 below.

*Note: The terms waterborne conveyance, collision, land conveyance, running off the road, and vessel, craft or conveyance, and package are defined in 19.*

## **2 General exclusions**

This insurance does not cover damage, loss or expense which, directly or indirectly, has been caused by or arising from

2.1 wilful misconduct or gross negligence of the Assured or of any member of their supervisory staff,

2.2 ordinary loss in weight or volume, or ordinary wear and tear,

*Note: Refer also to Clause 13 on Safety directions, which deals with the arrangement of the goods prior to transport and choice of vessel, craft or conveyance.*

2.3 use of nuclear weapons or

2.4 nuclear damage, which means any damage caused by the radioactive properties of nuclear fuel or radioactive product or by radioactive properties in combination with toxic, explosive or other hazardous properties of the fuel or the product and/or any damage caused by ionising radiation emitted from other source of radiation inside a nuclear installation or atomic reactor than nuclear fuel or radioactive product. The terms nuclear fuel, radioactive product, atomic reactor and nuclear installation shall be defined as per the Swedish Nuclear Liability Act (1968:45).

2.3 and 2.4 are paramount and shall override anything contained in these conditions inconsistent therewith.

This insurance does not cover

2.5 liability in damages to third parties.

*Note: The term cargo-carrying unit is defined in 19.*

## **3 Special exclusions**

This insurance does not cover, unless the damage is a direct result of a stated peril that is covered by this insurance or if otherwise agreed,

3.1 damage, loss or expense caused by

3.11 inherent vice or nature of the goods insured,

3.12 variations in temperature due to the natural climate or

3.13 variations in temperature due to failure of the refrigerating, freezing or heating source.

Unless otherwise agreed, this insurance does not cover

3.2 loss of time, interest, loss owing to fluctuations in the market, loss of market or other indirect loss,

3.3 damage, loss or expense caused by the fact that the performing carrier, the contracting carrier or an intermediary with whom or through whom the Assured has concluded a contract of carriage, has become insolvent or - with criminal or fraudulent intent - has failed to perform the carriage or has caused its non-performance,

3.4 damage to or loss of the goods caused by delay, even if the delay has been caused by a peril that is covered by this insurance or

3.5 cost or expense caused by delay in transport.

**4** Unless otherwise agreed, this insurance does not cover

4.1 second hand goods or already damaged goods,

4.2 returned goods or

4.3 goods during internal movements.

**5** Unless otherwise agreed, this insurance does not cover

5.1 expenses for the removal and destruction of damaged goods,

5.2 expenses for cleaning the vessel, craft, conveyance or cargo-carrying unit,

5.3 expenses for cleaning the place where the goods were discharged or stored prior to the termination of the insurance in accordance with 9.3,

5.4 damage to the transport packing of the goods in cases other than those covered under 1.17 or

5.5 expenses at the place of destination which have to be paid in respect of damaged goods, such as freight at the risk of the carrier, transshipment costs and customs duties.

**6** **War, embargo, etc.**

This insurance does not cover damage, loss or expense, directly or indirectly caused by

6.1 war or civil war,

6.2 other perils covered by the *War Insurance Conditions for Goods* in force at the time when this insurance was effected,

6.3 perils excluded by the *War Insurance Conditions for Goods*,

6.4 embargo, capture, seizure, requisition or confiscation or other measures taken by civil or military authorities or

6.5 other consequences of war conditions.

**7** **Strikes, acts of terrorists, etc**

7.1 This insurance does not cover damage, loss or expense, directly or indirectly caused by persons taking part in

7.11 strikes, lock-outs or other labour market conflict,

7.12 insurrection, riots or similar disturbances or

7.13 acts of terrorism or similar actions dictated by political or religious motives.

7.2 The insurance does not, under Basic Insurance and Extended Basic Insurance, cover damage, loss or expense, directly or indirectly caused by other acts of deliberate damage than those under 7.1.

**8** **Calculation of the insurable value**

8.1 Unless otherwise agreed, the insurable value of merchandise shall be the value of the goods at the place where this insurance attaches with the addition of

freight which is paid or which is due to be paid,

costs of insurance,  
10% calculated on the total of the above-mentioned items.

If no other basis has been agreed, the value of the merchandise shall be calculated on the basis of the price stated in the invoice.

- 8.2 Unless otherwise agreed, the insurable value of goods other than merchandise shall be the market value of the goods at the point in time when the insurance attaches.

*Note: The term merchandise is defined in 19.*

## **9 Term of the insurance**

*This insurance*

- 9.1 *attaches* from the time the goods, in direct connection with the insured transit, leave their place in the warehouse or place of storage at the place named in the insurance policy for the commencement of the insured transit.  
If the Assured has taken out insurance in the capacity of a buyer, the insurance, unless otherwise agreed, attaches when the risk has transferred to him in accordance with the sales agreement, however, not earlier than that stated in the first paragraph,
- 9.2 *continues* during the ordinary course of transit, including loading, transshipment and discharge connected therewith, and
- 9.3 *terminates* on either of the following points of time, whichever shall first occur, namely,  
9.31 when the goods have been placed in the intended warehouse at the final place of destination named in the insurance policy,  
9.32 when the Assured has taken possession of the goods at some other place,  
9.33 when the Assured has disposed of the goods in some other way or  
9.34 when 15 days have elapsed from the time when the goods were discharged at the place of destination named in the insurance policy.

## **10 The validity of the insurance in case of change of route, etc.**

- 10.1 This insurance shall be valid even where owing to circumstances outside the Assured's control:  
10.11 the carrier performs the carriage in another manner than originally agreed,  
10.12 the period of carriage becomes unusually long (delay),  
10.13 the contract of carriage terminates at a place other than the place of destination stipulated in the contract of carriage,  
10.131 until the goods have been sold and delivered at such place, or if this does not occur, until the expiry of 30 days after the arrival at such place or  
10.132 until the goods have been forwarded to the original place of destination or to another place or  
10.133 until such point in time as may have been agreed between the Insurer and the Assured.
- 10.2 It is the duty of the Assured, immediately upon becoming aware of circumstances referred to in 10.1, to give prompt notice to the Insurer and to pay such additional premium as may be required.
- 10.3 Where, after the attachment of this insurance, the place of destination stated in the insurance policy is changed by the Assured, the insurance is held covered on conditions to be agreed, subject to notice being given to the Insurer as soon as possible and to payment of such additional premium as may be required.
- 10.4 The stipulations given in 9.3 for the termination of the insurance shall, as far as

applicable, also govern the cases stated in 10.1 and 10.3.

*Note: Refer to sections 5 and 6 of the General Swedish Marine Insurance Plan of 2006.*

## **11 Measures to be taken in case of damage**

11.1 In case of damage or when there is an obvious risk of damage, the Assured has a duty to take all reasonable measures to avert or minimise the loss.

Reasonable costs incurred in this connection will be indemnified under the insurance even if the amount claimed should exceed the amount insured.

11.2 It is also an obligation of the Assured to

11.21 preserve their and the Insurer's rights against the carrier or other parties taking care of the goods and also

11.22 give immediate notice to the Insurer or the average agent stated.

Should the Assured omit to take the measures above, the indemnity may be reduced in accordance with 12.7.

11.3 Theft or other criminal acts covered by this insurance or which otherwise are relevant in relation to an insured event and also any fire shall be notified to the police authorities by the Assured.

11.4 The Assured has a duty to accept delivery of the goods even if the goods are damaged.

11.5 Measures taken by the Assured or by the Insurer with the object of saving, protecting or recovering the goods shall not affect the rights or obligations of either party under this insurance.

*Note: Refer to section 12 of the General Swedish Marine Insurance Plan of 2006.*

## **12 Provisions of indemnity**

12.1 Indemnity is calculated based on the insurable value of the goods. If damage occurs when the goods are at the seller's risk, the ten per cent addition is not indemnified.

12.2 Should the amount insured be less than the insurable value and the Assured will thus bear part of the risk for own account, the Insurer will only indemnify such proportion of

12.21 loss, damage or expense or

12.22 contributions in general average

as correspond to the respective proportion of the amount insured and the insurable value.

12.3 If the amount insured is higher than the insurable value, indemnity is paid based on the insurable value.

*Note: Refer to section 3 of the General Swedish Marine Insurance Plan of 2006.*

*Note: The term amount insured is defined in 19.*

12.4 In case of damage to goods which have arrived at the place of destination, the indemnity shall be calculated as follows:

12.41 In cases other than those mentioned in 12.43, the depreciation of the goods due to the damage shall, unless otherwise agreed between the parties, be determined either through a survey at which both the Assured and the Insurer shall be given the opportunity to attend or, if the depreciation cannot be determined in such a manner, by the sale of the

goods.

The depreciation shall be expressed as a percentage of the sound value of the goods.

Indemnity shall be paid with a corresponding portion of the insurable value.

However, if the amount insured is less than the insurable value, indemnity is paid with a corresponding portion of the amount insured.

12.42 When calculating the indemnity for loss in weight or volume or leakage a deduction shall be made in respect of agreed or customary allowance for ordinary loss in weight or volume or leakage.

12.43 If the damage can be made good by fully satisfactory repairs or by replacement with new fully satisfactory parts, the Assured's costs for that purpose shall be indemnified. In such cases the Insurer does not assume liability in respect of any guarantees that may have been given by the manufacturer with regard to the goods.

*Note: The term loss in weight or volume is defined in 19.*

12.5 Should the goods, in consequence of an event covered by this insurance, have been discharged at another place than their destination and if the Assured wishes to take possession of the goods at such a place, the provisions contained in 12.4 above shall apply.

Should the Assured not wish to take possession of the goods at such a place the following stipulations shall apply.

12.51 The Insurer is entitled to give instructions for the forwarding of the goods to their place of destination or for the sale of the goods by public auction or otherwise. Should the instructions of the Insurer not be complied with, the provisions on non-compliance with instructions given by the Insurer, shall apply.

*Note: Refer to sections 9 and 12 of the General Swedish Marine Insurance Plan of 2006.*

12.52 Should the goods be forwarded in accordance with the instructions given by the Insurer, he shall indemnify the Assured for additional expenses resulting therefrom.

12.53 Should the goods be forwarded by the Assured without the consent of the Insurer, and this causes damage to or loss of the goods or greater expenses than may be deemed reasonable, damage, loss or additional expenses will not be indemnified by the Insurer. Even if the Assured had obtained the consent of the Insurer to the forwarding, the Insurer shall not be liable for costs which have arisen in consequence of errors or omissions, insolvency, criminal acts or fraudulent conduct of the Assured or their employees.

12.54 Should the goods be sold in accordance with the instructions of the Insurer, the difference between the amount insured and the sales proceeds, less deduction of such freight, customs duties and other charges which have influenced the sales proceeds and which are not included in the amount insured, shall be indemnified.

12.6 Indemnity as for total loss shall be payable, unless otherwise agreed, if the goods have not arrived at their destination within sixty days after the expected date of arrival, though not if it is known exists that the goods are in custody of a conveyor or at other place, as a consequence of

12.61 an event covered by this insurance or

12.62 ports or transport routes having been destroyed or blocked after the commencement of the transit and no normal alternative means of conveyance are available; though owing to cause other than

**i** floods, snow or ice,

**ii** war, embargo, etc. as referred to in 6 or

**iii** strikes, acts of terrorists, etc. as referred to in 7.

- 12.7 Should the Assured omit to take measures in order to preserve their and the Insurer's rights as stipulated in 11, the indemnity may be reduced.

*Note: Refer to section 12 of the General Swedish Marine Insurance Plan of 2006.*

### **13 Safety directions**

- 13.1 It is an obligation of the Assured to

13.1.1 ensure that the goods having been properly wrapped, packed, stowed, protected by oil or otherwise prepared for the transit,

13.1.2 ensure that the vessel, craft or conveyance or cargo-carrying unit is fitted for the safe carriage of the goods,

13.1.3 comply with other special regulations imposed by the Insurer.

13.2 If the Assured has disregarded safety directions, conducive to averting or minimising damage, and has such disregarding caused or contributed to loss or damage, this may result in the Insurer being released from liability.

*Note: Refer to section 8 of the General Swedish Marine Insurance Plan of 2006.*

### **14 Unknown damage**

If the Assured has taken out this insurance in the capacity of a buyer and, in good faith, accepted a contract of carriage, not containing any information about damage to the goods which has occurred before the risk passed to the buyer, the Insurer shall indemnify such damage if otherwise recoverable under this insurance.

### **15 Double insurance**

Should the goods also be insured by another Insurer, who has made the reservation that he, in case of double insurance covering the same risks, shall be fully or partly relieved from liability, the same reservation shall be deemed to apply to this insurance.

*Note: Refer to section 3 of the General Swedish Marine Insurance Plan of 2006.*

### **16 Interest of third parties**

The insurance shall not inure to the benefit of the carrier or any other party taking care of the goods or who has accepted to render services relating to the carriage of the goods.

*Note: Refer to section 14 of the General Swedish Marine Insurance Plan of 2006.*

### **17 Disputes**

Any dispute which arises regarding the Insurer's liability to pay indemnity by reason of this Agreement shall be determined in accordance with Swedish law through arbitration proceedings with the Average Adjuster in Sweden as a sole arbitrator. The proceedings shall follow the procedure prescribed by law before the Average Adjuster and the parties are entitled to contest the arbitral award in the same manner and within the same period as an average adjustment may be contested in accordance with law.

The costs of the Average Adjuster in the arbitration proceedings shall be paid by the

Insurer unless the Assured's action is apparently unfounded.

**18 SPL**

With regard to conditions not covered by these General Conditions, the provisions of the General Swedish Marine Insurance Plan of 2006 shall apply.

**19 Definitions**

In these conditions the following definitions shall apply:

19.1 *Waterborne conveyance*

Vessels and other waterborne units

19.2 *Collision:*

That the vessel, craft or conveyance collides or that the goods, while they are on a vessel, craft or other conveyance, are exposed to a collision with an object outside the same.

19.3 *Land conveyance:*

Railway wagon, lorry, truck, trailer, liftvan and other means of carriage equipped with wheels or other arrangements for land transport.

19.4 *Running off the road:*

That the land conveyance leaves the road surface in such a manner that it becomes necessary to salvage it or its cargo.

19.5 *Air transport conveyance:*

Every type of airborne conveyance.

19.6 *Vessel, craft or conveyance:*

Waterborne conveyance, land conveyance and airborne conveyance.

19.7 *Package:*

Each separate unit, however, not container, flat, pallet or similar device.

19.8 *Cargo-carrying unit:*

Container, flat, pallet or similar device.

19.9 *Amount insured*

The amount which the Assured states when the insurance is effected.

19.10 *Loss in weight or volume:*

A shortage as regards number, weight or volume relating to the contents of a package.

19.11 *Merchandise:*

Goods for which an invoice is issued and where transport of the goods comprises a component of a purchase.

**N.B.** It is important that the Assured acts with reasonable despatch in all circumstances within their control or influence; failure to do so can eliminate or reduce their right to indemnity.



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