

**“Free translation of the original Swedish wording.”**

**The original Swedish wording of the Conditions to be decisive in case of dispute**

## GENERAL CONDITIONS FOR THE INSURANCE OF VESSELS UNDER CONSTRUCTION

**These Conditions are recommended by the Swedish Association of Marine Underwriters. Nothing shall prevent the Insurer and the Assured from reaching agreement on other conditions.**

### **1. Objects covered by the insurance**

a) the newbuilding,

b) materials, parts and fittings reserved and marked for the newbuilding which are located within the shipyard areas or premises at the place of construction or are in transit from such place of storage to the newbuilding whilst it is lying within the harbour area where the shipyard is located.

### **2. Period of insurance**

The insurance *attaches* from the time the newbuilding is declared for insurance. Such declaration should be made, unless otherwise agreed, at the latest when the first section is placed in the building dock or on the slipway.

The insurance remains in force during the required number of trial trips for account of the shipyard, whether loaded or otherwise. However, an additional premium shall be paid if such trial trips are extended beyond the agreed distance from the shipyard.

The insurance *terminates* at the time stipulated in the insurance policy or at delivery before that time.

Upon delivery after the stipulated time the insurance may be prolonged after notification and at agreed premiums and conditions.

### **3. Sum insured and insured value**

*The sum insured* is to be equal to the contract price.

*The insured value* at any given time shall be the market value of the newbuilding, however, not less than the shipyard's production cost.

Costs of repair are limited to the shipyard's production cost price.

The preceding provisions do not apply if the market value changes as a result of substantial alterations in respect of the type or the specifications of the newbuilding. In case of such alterations it is incumbent on the shipyard to agree with the Insurer on such adjustment of the sum insured as may be required.

#### **4. Scope of the insurance**

The Insurer shall be liable, subject to the exceptions stipulated in Clause 6, in accordance with the following insurance conditions:

- a) As regards materials, parts and fittings intended for the newbuilding which have not yet been brought on board:  
“STANDARD INSURANCE” as per the General Conditions for Insurance of Goods attached, which also in other respects as applicable shall form a part of this insurance.
- b) As regards the newbuilding - whilst on board - all materials, parts and fittings intended for the newbuilding: while the newbuilding is in the building dock or on the slipway:  
“Against sudden and unexpected physical damage”
- c) During launching, docking and undocking, completion and fitting out, shifting, dry-docking and trial trip:  
“as per General Swedish Hull Insurance Conditions for Small Vessels 2002.”
- d) In addition to the stipulations of Clause 4 a) to c), but with the exceptions stated in Clause 6 below, the Insurer shall be liable for

damage caused to the slipway or the building dock by the newbuilding in connection with the launching or docking and undocking,

additional costs required to complete a launching or undocking which has been prevented from being carried out for unexpected technical reasons.

#### **5. Deductibles**

For each loss deductibles and other deductions shall be made as specified in the insurance policy.

#### **6. Excluded losses**

This insurance does not cover damage, loss or costs caused by

- a) war, civil war or other similar events covered by the Swedish War Risk Insurance Conditions in force at the time when the insurance was effected,
- b) strikes, lockouts, riots, civil commotions, sabotage, plunder or mutiny,

- c) embargo, seizure - which term shall not comprise arrest for damages in accordance with the agreed Hull Insurance Conditions – requisition, confiscation or other measure implemented by civil or military authorities, except for cases that the ship, as a result of a casualty for which the Insurer is liable, suffers physical damage through measures by military or civil authorities aimed at preventing or mitigating damage to the environment, provided that such measures have not resulted from the Assured's intentional or negligent omission to take reasonable measures to prevent or mitigate such damage to the environment and that the event is not covered by applicable Swedish War Risk Insurance Conditions,
- d) failure by the management of the shipyard to observe existing security regulations issued by the authorities or stipulated by the shipyard's fire insurers or by the Insurer.
- e) the shipyard having concluded a contract containing unusual conditions. Neither does the insurance cover damages payable by the shipyard to third party solely in consequence of a contract or quasi-contractual relations.
- f) Nor is the Insurer is liable for damage, loss, costs or liability, directly or indirectly caused by, contributed to by or arising from:

release of nuclear energy, fission or fusion in connection with explosion or test explosion of nuclear weapons or nuclear charge.

If contamination by means of radioactive material has taken place or if other direct influence of such an explosion has contributed to the damage, the damage in its entirety shall be considered as caused by the explosion;

other nuclear damage, which means damage, loss, costs or liability caused by:

- i) radioactive properties of nuclear fuel;
- ii) radioactive products;
- iii) radioactive properties in combination with toxic, explosive or other hazardous properties of the fuel or the product, and/or
- iv) damage, caused by ionising radiation from other source of radiation in 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).

Clause 6.f) shall be paramount and shall override anything contained in this insurance inconsistent therewith.

Neither does the insurance cover

- g) costs which are incurred solely to make good faulty design or faulty material or to improve faulty design,

- h) loss of time, interest or loss owing to economic recession, loss of market, increased costs or other indirect losses incurred by the shipyard,
- i) damage to cargo on board the newbuilding or being loaded onto or discharged from the newbuilding,
- j) damage to tools or other property belonging to persons working on the newbuilding for account of the shipyard,
- k) personal injury,
- l) damage which has occurred after the newbuilding has been delivered to the buyer.

#### **7. Double insurance**

Should the newbuilding be insured with some other insurer and should he have made the reservation that in case the newbuilding having been insured against the same peril with some other insurer, he shall be fully or partly exempted, the same reservation shall be deemed to apply to this insurance.

#### **8. Determination of disputes**

Any disputes as to the Insurer's liability to pay indemnity shall be referred to the Swedish Average Adjuster for adjudication. The cost of the adjustment shall be borne by the Insurer, unless the claim put forth by the shipyard is manifestly unfounded.

#### **9. Other provisions**

In addition to these conditions this insurance is governed by the General Swedish Marine Insurance Plan of 2006.