

Translation: Only the Danish version has legal value.

Danish Maritime Authority Act no. 387 of 10 June 1997

Act on the War Risk Insurance of Ships¹⁾

WE MARGRETHE THE SECOND, by the grace of God Queen of Denmark, hereby witness: Folketinget (the Danish Parliament) has adopted and We by Our consent hereby enact the following Act:

Section 1. Following the decision of the Minister for Economic and Business Affairs, a War Risk Insurance Institute is hereby established for ships with a gross register tonnage of or above 20 tonnes or with a gross tonnage above 20 used for commercial purposes and obliged to be registered under the Danish flag.

Subsection 2. The act shall not apply to the following:

- 1) Ships the value of which, cf. section 6 (1) and (2), does not exceed DKK 1 million.
- 2) Recreational craft.
- 3) Fishing vessels, cf. however section 2 (3).
- 4) Warships.
- 5) Ships belonging to the State of Denmark.
- 6) Ships for which the Shipping Board will take over the right of use, cf. the Act on a Shipping Board, cf. Consolidated Act no. 582 of 29 September 1988.
- 7) Ships for which the State of Denmark will take over the right of use, cf. section 1 of Act no. 228 of 8 April 1992 on the Procurement of Means of Transport for the Military Defence and the Rescue Preparedness, as amended by section 75 of Act no. 1054 of 23 December 1992.

Section 2. Danish ships under construction for Danish shipping companies at Danish shipyards may be admitted to the War Risk Insurance Institute by the institute's board upon the owner's written request.

Subsection 2. Ships registered in the Faroe Islands may be admitted to the War Risk Insurance Institute by the institute' board upon the request of the Faroese Regional Government.

Subsection 3. The Minister for Economic and Business Affairs may, as agreed with the Minister for Food, Agriculture and Fisheries, decide that fishing vessels shall be covered by the act with the exceptions that may be considered necessary. In that case, the fishing vessels concerned shall form a special division under the War Risk Insurance Institute with an independent board the composition of which shall be decided by the Minister for Economic and Business Affairs. The division shall have special accounts for the deficit of which the overall War Risk Insurance Institute shall not be liable.

Section 3. All shipping companies shall be obliged to have ships covered by section 1 insured against war damage in the War Risk Insurance Institute during the insurance period.

Subsection 2. War damage shall mean damage occurring as a consequence of war or war-like acts between Denmark and a foreign power or as a consequence of a war in which two or more superpowers take part, as well as rebellions or civilian unrest during or in connection with such wars irrespective of where they take place.

1) The Act has been put into force on 1 July 1997, cf. Order no. 485 of 10 June 1997.

Subsection 3. The Minister for Economic and Business Affairs shall determine from what date the insurance liability of the War Risk Insurance Institute shall be considered to commence and when it shall cease (the insurance period).

Section 4. The board of the War Risk Insurance Institute may, upon a written request, exempt a ship from the insurance obligation under this act to the extent that the ship is already covered against war damage; however, only for as long as this coverage lasts.

Section 5. The War Risk Insurance Institute shall be managed by a board of seven members. The chairman and the vice-chairman as well as two members shall be appointed by the Minister for Economic and Business Affairs. Three members shall be appointed by the shipping companies.

Subsection 2. The War Risk Insurance Institute may raise loans for paying compensation and defraying its administrative expenses.

Subsection 3. The board shall draw up the terms of the insurance policies and statutes on, among other things, the payment of premiums, the settlement of claims, compensation, etc. to be approved by the Minister for Economic and Business Affairs.

Subsection 4. It shall be possible to appoint the board and for it to draw up statutes and the terms of the insurance policies though no decision has been made to establish the War Risk Insurance Institute, cf. section 1.

Section 6. Unless otherwise agreed, ships shall be insured for the value determined as the ship's hull rate plus the insured hull interest. The overall value shall be considered to be the valued hull insurance value.

Subsection 2. For ships that are not hull insured, the value shall be determined on the basis of the hull rate at which a similar vessel would have been hull insured plus the insured hull interest.

Subsection 3. If the board of the War Risk Insurance Institute considers it necessary, the institute may, in order to obtain satisfactory marine insurance coverage for Danish ships, take over as reinsurance such general hull insurances of Danish ships that cannot be covered through other insurance companies.

Section 7. Damages occurred and the administrative expenses of the War Risk Insurance Institute shall be covered as follows:

- 1) The State shall cover two-thirds within an amount of DKK 2 billion. The amount shall be adjusted annually in accordance with the net price index; the first time on 1 January 1999.
- 2) The rest shall be covered by contributions from the shipowners according to the provisions of section 8.

Subsection 2. If the damages are covered only proportionally pursuant to section 8 (4), the obligation of the State shall be limited to two-thirds of the proportional coverage.

Section 8. When the insurance period starts, the shipowners shall pay preliminary insurance contributions to the War Risk Insurance Institute to be determined by the board for each individual voyage or for a specific period. The contribution shall be adjusted on an ongoing basis by the board in consideration of the claims received or the expectations hereof. Any reinsurance premium shall also form part of the total contribution.

Subsection 2. Insurance contributions shall be adjusted by the board when considered necessary in consideration of changed conditions. An increase of the premium may be made at reasonable notice.

Subsection 3. In case the shipowners' share of the expenses mentioned in section 7 (1) is not fully covered by the preliminary contributions, the final insurance contribution shall be assessed at the expiration of the insurance period. The final insurance contributions shall be imposed on the ships that have been insured during the insurance period in relation to the period for which they have been insured and in relation to the insurance contributions paid, irrespective of whether the ships have been lost or damaged. The final insurance contributions shall be collected at intervals of not less than six months and each time by a maximum of 0.5 per cent of the insurance amount on the basis of which the contribution obligation of the ship concerned has been determined. The final insurance contribution may, however, not exceed 2.5 per cent of the insurance amount of the ship.

Subsection 4. If the damages occurred are not fully covered, cf. subsection 3, the damages shall be covered only proportionally.

Subsection 5. Contribution amounts due that have not been paid within 14 days after the first demand shall carry interest at a rate of 1 per cent per month or fraction of a month. Contributions due may be recovered by distraint.

Section 9. Documents concerning the War Risk Insurance Institute established pursuant to this act shall be exempt from stamp duty.

Section 10. Sections 18, 19 and 37-45 of Act no. 208 of 21 May 1969 on the War Risk Insurance of Real and Personal Property, as amended by section 3 of Act no. 232 of 2 April 1997, shall also apply to claims covered by this act.

Section 11. Shipping companies covered by this act shall observe the instructions of the war Risk Insurance Institute and all decisions that may be made pursuant to the statutes.

Section 12. The Minister for Economic and Business Affairs shall determine when the War Risk Insurance Institute shall discontinue its activities.

Subsection 2. At the discontinuation of the War Risk Insurance Institute, any surplus shall go to the shipping companies whose ships have been insured by the War Risk Insurance Institute during the insurance period in relation to the insurance contributions paid.

Section 13. Contraventions of section 3 (1) shall be liable to punishment by fine.

Subsection 2. Liability to punishment may be imposed on companies, etc. (juridical persons) in accordance with the regulations of chapter 5 of the Penal Code.

Section 14. The Minister for Economic and Business Affairs shall determine when this act enters into force.

Section 15. The Minister for Economic and Business Affairs may determine that the Act on Danish Ships Insurance against the Risk of War, cf. Consolidated Act no. 245 of 14 May 1986, as amended by Act no. 901 of 29 November 1995, or parts hereof, be repealed.

Section 16. Section 1 (2) (ii) of Act no. 208 of 21 May 1969 on the War Risk Insurance of Real and Personal Property, as amended by section 3 of Act no. 232 of 2 April 1997, shall have the following wording:

“2) Ships, including movables associated herewith, that are or shall be insured pursuant to the legislation on the war risk insurance of ships.”

Section 17. This act shall not apply to the Faroe Islands.

Subsection 2. The act may be put into force for Greenland by royal decree with the exceptions warranted by the special Greenland conditions.

Given at Christiansborg Castle on 10 June 1997

Under Our Royal Hand and Seal

MARGRETHE R. / Jan Trøjborg