

# **Ocean Marine Insurance Contract in Japan: ICC New or Old?**

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# 1. Introduction

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- In marine insurance, practices in the London market have long been the international standard.
- In London, Lloyd's Policy wordings had been used more than two century, despite of the criticism against them.
- Lloyd's changed the policy form with a set of new standard clauses in 1982 for cargo and in 1983 for hull insurance.
- Some countries followed the change immediately while others not.

Japanese insurers did not follow the change of form immediately. However, they started to use them around 2010 after 30 years of the change.

- Why were they reluctant to change their policy?
- Why did they start to use them?
- How do the Japanese insurers evaluate them at present?<sup>2</sup>

## 2. Lloyd's Policy Form Wordings

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**Traditional**    **Combination of various clauses**

### **Lloyd's S.G. Policy**

Lloyd's standardized marine insurance policy for in 1779  
which date back to 14c in Italy

+ marginal clauses

+ Institute Cargo Clauses 1963

+ Additional Clauses

### **Difficulties**

- body wordings contain old English
- too complicated, difficult to understand even for judges
- need to look at English law

# 3. Reform of the Lloyd's S.G. Form

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## Criticisms against Lloyd's S.G. Form

- Judges, lawyers in UK
- Developing countries
- **UNCTAD** Report for Reform in 1978
- Proposal by academia for creating international convention

London market suddenly announced:

**MAR Form 1982 + Institute Cargo Clauses 1982**  
**+ Institute Hull Clauses 1983**

In 2009, revision of ICC 1982      **ICC 2009**

# 4. New Forms: Structure for Cargo Insurance

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Policy Body     **MAR FORM**

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Institute Cargo Clauses A

Institute Cargo Clauses B

Institute Cargo Clauses C

Institute War Clauses (Cargo)

Institute Strikes Clauses (Cargo)

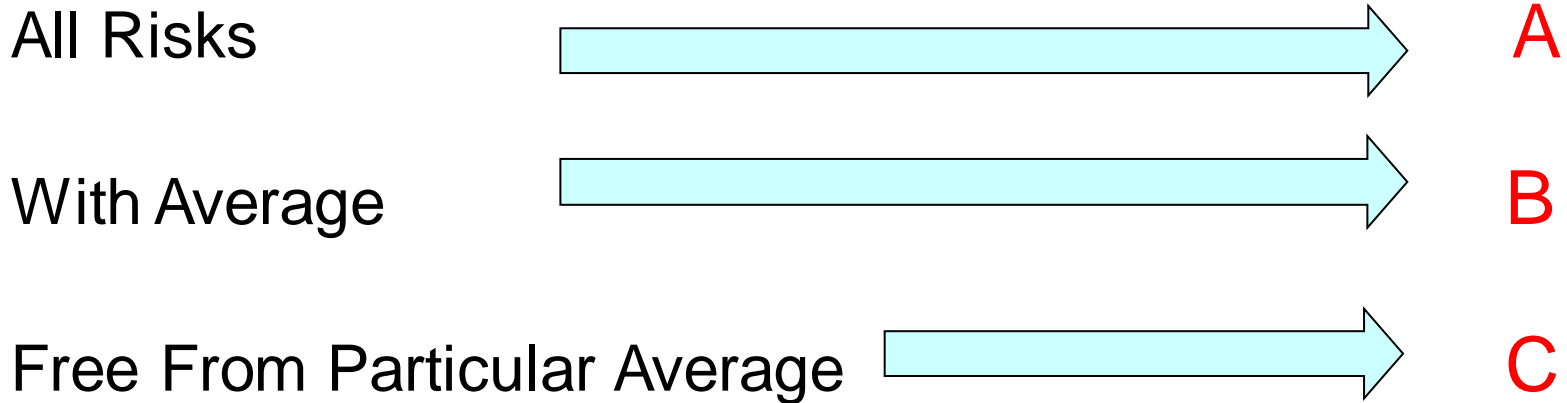
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Special Clauses     etc.

# Revision of Lloyd's Cargo Policy

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Major **Types of Coverage** for Marine Risks

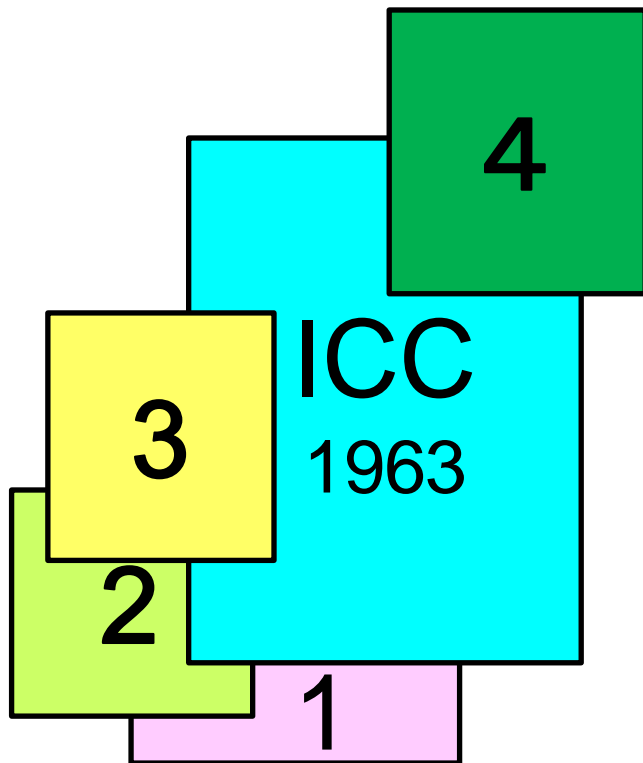


The extent of coverage is not exactly same.

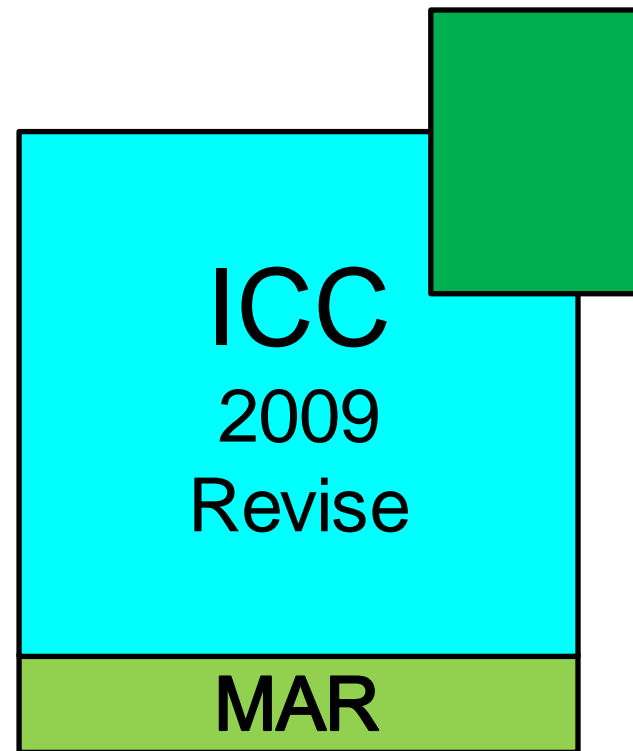
# Structure of Clauses

# Image

Old ICC 1963



New ICC 1982 or 2009



# 5. Attitudes among Japanese insurers

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## London

New MAR Policy and  
1982 ICC

Revision of 1982 ICC in  
2009

including the extending  
cover for the insolvency  
of shipowners

## Japan

Watch the developments

Proposed London for certain  
amendments to 1982 ICC

Use both old clauses  
and new clauses with  
certain special clauses



## 6. Treatment by Japanese insurers to use new Clauses

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- Modified MAR Form to fit it into the Japanese insurance policy style and the Japanese law
- Adding clauses to modify MAR Policy clauses including jurisdiction clause
- Adding clauses to fill the gap between SG Policy and new ICC

Ex: Piracy risk

## Example of the Special Clause used by Tokio Marine and Nichido

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Ex: Piracy risk

To cover capture and piracy risk in not-war situation

### **EXTENTION CLAUSE FOR MAR FORM**

Notwithstanding anything contained herein to the contrary, it is specially understood and agreed that the words "arising from risks covered under 1.1 above" in clause 1.2 of the Institute War Clauses (Cargo) shall be deleted, and that this insurance shall cover loss of or damage to the subject-matter insured caused by piracy and the consequences thereof or any attempt thereat.

### Advantages

Easier to understand

both structure and wordings

ex: Particular Average?      With Average?

Better for the global business

Smooth for the reinsurance placement

### Disadvantages

Uncertainty of the interpretation of new words

Arguably narrower coverage      ex: Piracy under B and C

# 8. Conclusion

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Uncertainty to use new wordings

Certainty or Improvement?

Certain modification of the London form may be necessary for the users outside UK.

In the long run, need for the harmonization of law and practice in a global perspective.

Importance of global communication.

Thanks!

# Major References

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