Narrative
Having covered a vessel's market value under Hull insurance, an owner also needs to cover the additional costs associated with replacing a lost ship, including sundries such as office expenses. Increased Value/Hull Interest cover meets these requirements.

Description
Traditionally, under the "Marine Insurance Act", Hull insurance covered the market value of the ship and, at the same time, the shipowner's "insurable interest". Any cover in excess of market value was prohibited.

Shipowners successfully demonstrated, however, that there were additional costs associated with replacement, beyond market value. It is now recognised that the assured has an additional insurable interest, in excess of the vessel's market value and in excess of the Hull insurance. Hull Interest cover was instituted as an excess cover, commonly known as "Increased Value" or "Hull Interest". This was originally confined to Total Loss Only cover, only paying the agreed amount when the vessel was a total loss according to the Hull insurance cover. A limit of a maximum insurable interest of 25% of hull insurance value was agreed.

With the markets providing covers for Hull and Increased Value, with a lower premium level for the total loss element in Increased Value, shipowners realised they could save premium costs by using Increased Value Cover to also cover, in part, the ship's market value.

In turn, this gave rise to a situation in which the vessel became under-insured on Hull. As a result, the Hull insurer reduced compensation for liabilities, salvage and general average claims. In order to counter this reduction in the Hull cover, Increased Value/Hull Interest also covers "Excess Liabilities" - that is, the proportion reduced by the Hull insurer due to the perceived under-insurance in the Hull cover.

Therefore, the Increased Value/Hull Interest cover can be used to cover, in part, the vessel's market value. It is common for the insured value under Hull insurance, together with the amount covered under Increased Value/Hull Interest, to exceed market value, so as to absorb market value fluctuations during the policy year. If the assured seeks to cover additional interests, in excess of market value and Increased Value/Hull Interest cover, he may elect to purchase Freight Interest cover.

A claim will be met if Hull insurance has declared a total loss, including constructive/compromised total loss. The limit for Increased Value/Hull Interest cover is set at 25% of the insured value under Hull insurance. Under English and American hull conditions, the assured must be granted a waiver of the disbursement warranty, which limits any excess covers to 25% of the Hull insured value, should he elect to cover anything in excess of the limit.

This note is a general description of Increased Value/Hull Interest. For more detailed information, please refer to the slip or Certificate of Entry.

*p.t.o*
Conditions
The cover is based on:

- Insurance is subject to the Institute Time Clauses Hulls, Increased Value (including Excess Liabilities) Total Loss Only - Time 1/10/83, to be interpreted according to Swedish Law with arbitration in Gothenburg as per Arbitration Clause Gothenburg (B.1.1).
- The Articles of Association and current circulars (or NPL/Swedish Hull Interest Cover).
- Radioactive Contamination, Chemical, Biological, Biochemical and Electromagnetic Weapons Exclusion Clause C.1.3 (LSW 370, 2003-11-10).
- Institute Cyber Attack Exclusion Clause C.1.3.1 (LSW 380, 2003-11-10).
- Conditions for Hull and Machinery, where applicable.
- Cancellation returns only.
- Warranted not including War, terrorism or similar risks being available under ordinary War Risks covers.