



IN THE HIGH COURT OF JUSTICE

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

COMMERCIAL COURT (KBD)

BETWEEN:

NORD STREAM AG

Claimant

- and -

(1) LLOYD'S INSURANCE COMPANY S.A. (on its own behalf and on behalf of all insurers subscribing to the Offshore Operating All Risks policy with unique market reference number B1526ENNMG1900542¹,¹ the insurer subscribing to Offshore Operating All Risks policy with unique market reference number B1526ENNMG1900745, and all primary Section I Property Damage and Section II Terrorism insurers subscribing to the declaration with unique market reference B080114454J19 (as extended by endorsement) attaching to delegated underwriting contract numbers B080110351J19, B080110351J20, B080110351J21, and B08⁰110351J22¹)

(2) ARCH INSURANCE (EU) DAC (on its own behalf and on behalf of all insurers subscribing to the excess Offshore Operating All Risks policy with unique market reference number B1526ENNMG1900177, and all excess Section I Property Damage and Section II Terrorism insurers subscribing to the declaration with unique market reference B080114454J19 (as extended by endorsement) attaching to delegated underwriting contract numbers B080110351J19, B080110351J20, B080110351J21, and B08⁰110351J22¹)

Defendants

AMENDED¹ PARTICULARS OF CLAIM

A. THE PARTIES

1. The Claimant is the operator of two natural gas pipelines (“**Line 1**” and “**Line 2**”, together the “**Pipelines**”).
2. The Pipelines are laid parallel to one another, approximately 100m to 150m apart, through the Baltic Sea from Portovaya near Vyborg, in north-western Russia, through the territorial waters and/or exclusive economic zones (“**EEZ**”) of Russia, Finland, Sweden, Denmark and Germany, terminating at Lubmin, near Greifswald in north-eastern Germany. Line 2 is to the south / east of Line 1.



3. The Defendants are insurance companies.
4. The First Defendant is sued on its own behalf and as the representative of the other insurers subscribing to the Munich Re Primary Policy (as defined), the insurer subscribing to the CV Starr Primary Policy (as defined) and primary Section I Property Damage and Section II Terrorism insurers subscribing to the WTW Policy (as defined below). Unless stated otherwise, references below to the First Defendant are to the First Defendant and the insurers it represents in this action.
5. The Second Defendant is sued on its own behalf and as the representative of the other insurers subscribing to the Arch Excess Policy and excess Section I Property Damage and Section II Terrorism insurers subscribing to the WTW Policy (as defined below). Unless stated otherwise, references below to the Second Defendant are to the Second Defendant and the insurers it represents in this action.

B. THE POLICIES

B1. The Primary Policies

6. By a policy of insurance with the unique market reference B1526ENNMG1900542 (the "**Munich Re Primary Policy**"), as extended by endorsement, the First Defendant (and the relevant insurers it represents) agreed for their respective proportions to insure the Claimant in respect of the Pipelines (among other things) for the period from 1 November 2019 to 31 October 2023. Among the risks that it insured, the Munich Re Primary Policy covered property damage under Section I and terrorism under Section II.
7. By a policy of insurance with unique market reference B1526ENNMG1900745 (as extended by endorsement) (the "**CV Starr Primary Policy**") Starr Europe Insurance Limited (represented in these proceedings by the First Defendant) agreed to insure the Claimant on a full follow basis of the Munich Re Primary Policy.
8. By a declaration with unique market reference B080114454J19 (as extended by endorsement) attaching to delegated underwriting contract numbers B080110351J19, B080110351J20, B080110351J21 and B080110351J22 (the "**WTW Policy**") the First Defendant (and the relevant insurers it represents) agreed for their respective proportions to insure the Pipelines on the terms of the Munich Re Primary Policy.



9. References herein to the “**Primary Policies**” and to the “**Primary Policy Insurers**” are to the policies and the insurers referred to in paragraphs 6 to 8 above. The Claimant will rely on the Primary Policies for their true meaning and effect.
10. So far as is material to this case, the sum insured under the Primary Policies was EUR100,000,000 each Occurrence and EUR200,000,000 in the annual aggregate, in excess of EUR10,000,000 each Occurrence. Each such limit and excess applied, on a true construction of the Primary Policies, to each line.

General Conditions

11. General Condition 4 of the Primary Policies provided that in the event of any conflict of interpretation between the General Conditions and the specific insuring conditions (including special clauses) contained in individual sections of the Primary Policies, then the broadest possible interpretation to the benefit of the Insured should always prevail.
12. For the purposes of the Primary Policies the term “Occurrence” was defined as:

“one accident, loss, disaster, or casualty or series of accidents, losses, disasters, or casualties arising out of one event or continuous or repeated exposure to conditions which commence during the Period of Insurance of this policy and which cause physical loss, physical damage or destruction. Any amount of such damage or destruction resulting from a common cause, or from exposure to substantially the same conditions, shall be deemed to result from one Occurrence ...”

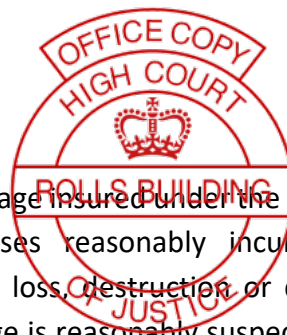
Section I

13. As their insuring clause for Section I, the Primary Policies, by Clause 3 of Section I, incorporated (among other provisions) the Institute Clauses for Builders’ Risks (1/6/88) (the “**Institute Clauses for Builders’ Risks**”), amended so that the phrase “the property insured hereunder” was substituted for the word “vessel”.
14. The Institute Clauses for Builders’ Risks, Clause 5.1, provided in respect of Section I of the Primary Policies:

“this insurance is against all risks of loss of or damage to the subject-matter insured caused and discovered during the period of this insurance ...”
15. By clause 2 of Section I, the Primary Policy Insurers agreed to indemnify the Claimant on the following bases:



- 15.1 In respect of items repaired or replaced on a 'New for Old' basis plus towage, including all costs and expenses necessarily incurred and duly justified;
 - 15.2 In respect of any items replaced with items which are redesigned or of new design (where no repairs or replacements are carried out on the item which sustained physical loss or physical damage): indemnification on the basis of reasonably estimated figures in accordance with paragraph 15.1 above; and
 - 15.3 In respect of items not repaired or replaced: payment of the Agreed Insured Value for items that are a total and/or a constructive total loss (defined as 60% of insured property); the reasonable cost of repairing partial physical loss of or physical damage on a 'New for Old' basis, plus (in the event repairs are not undertaken for reasons entirely outside the control of the Assured) towage, installation and other similar costs directly incurred in respect of the item lost or damaged, up to the point of loss and, to the extent that such costs have been prepaid or the Claimant is committed to paying and is unable to revoke.
 - 15.4 The pre-agreed hire or contract rates paid for (among other things) vessels, equipment and labour when used in or about the repair, reinstatement, replacement, or salvage of losses, or a reasonable charge in respect of such work where the Claimant uses its own vessels, equipment and labour.
16. Further, the Claimant is entitled to be indemnified in respect of:
- 16.1 Any charges properly and reasonably incurred in taking such measures as may be reasonable for the purpose of averting or minimising a loss recoverable under the Primary Policies, in addition to the limit of indemnity (Clause 6, Section I; Clause 20.1, Institute Builders' Risks Clauses).
 - 16.2 All costs of or incidental to the actual or attempted raising, removal or destruction of the wreckage and/or debris of the Pipelines, or the provision and maintenance of lights, markings, audible warnings for such wreckage and/or debris when the incurring of such costs is compulsory by any law, ordinance or regulation (Clause 7, Section I).
 - 16.3 The reasonable and supportable costs incurred by the Claimant (including utilisation of an external consultant) for preparing, presentation, certification and/or verification of any claim(s)



resulting from loss, destruction or damage insured under the Primary Policies, and the costs and expenses reasonably incurred to determine the existence or extent of loss, destruction or damage where such loss, destruction or damage is reasonably suspected, up to a limit of EUR 1,000,000 any one Occurrence (Clause 37, General Conditions).

17. Exclusion 2 to the Section I of the Primary Policies provided, so far as is material, as follows:

“There shall be no liability whatsoever for any claim caused by or resulting from, or incurred as a consequence of:

a. (1) The detonation of an explosive.

(2) Any weapon of war

and caused by any person acting maliciously or from a political motive.

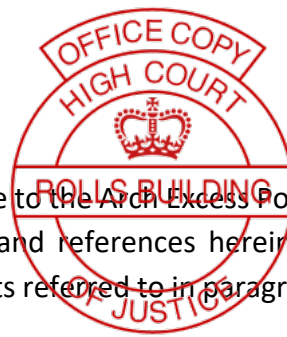
b. Any act for political or terrorist purposes of any persons, whether or not agents of a Sovereign Power, and whether the loss, damage or expense resulting therefrom is accidental or intentional.”

Section II

18. By Clause 1 of Section II of the Primary Policies, the Primary Policy Insurers further agreed to indemnify the Claimant for physical loss and/or physical damage that would be recoverable under Section I of the Primary Policies but for the existence of that part of Exclusion 2 in Section I set out above (save that there were certain differences in the terms of that part of the Exclusion as set out in Clause 1 of Section II).

B2. The Excess Policies

19. By an excess layer policy with unique market reference B1526ENMG1900177 the Second Defendant (and the relevant insurers it represents) agreed for their respective proportions to insure the Claimant for the period 1 November 2019 to 31 October 2021, such period extended by endorsements 9 and 13 until 31 October 2023 (the “**Arch Excess Policy**”).
20. By the WTW Policy the Second Defendant (and the relevant insurers it represents) agreed for their respective proportions to insure the Pipelines on the terms of the Arch Excess Policy.



21. References herein to the “**Excess Policies**” are to the Arch Excess Policy and the cover referred to paragraph 20 above and references herein to the “**Excess Policy Insurers**” are to the Defendants referred to in paragraphs 19 and 20 above.
22. The sum insured under the Excess Policies was EUR100,000,000 each Occurrence and EUR100,000,000 in the annual aggregate, in excess of the sums set out in paragraph 10 above. On a true construction of the Excess Policies that excess and limit applied to each Line.
23. The Excess Policies, on which the Claimant will rely for their true meaning and effect, were subject to all terms, clauses and conditions as per the Munich Re Primary Policy.

C. THE LOSS

24. On or about 26 September 2022 Line 1 and Line 2 were damaged by explosions (the “**Explosions**”) at locations about 6.5 km apart (the “**Damage**”). Each such explosion was caused by a person or persons unknown.
25. As to the Damage:
 - 25.1 Line 1, in the Swedish EEZ, was destroyed over a distance of about 248m, from KP999.034 to KP999.282. The pipe at these locations was fully bifurcated, with the interior of the pipeline clearly visible. The pipe end at KP999.034 appeared mangled and deformed whereas the pipe end at KP999.282 appeared smooth and to have been cut. There was lateral and vertical pipe movement on parts of the damaged section.
 - 25.2 As to Line 2, in the Danish EEZ, a 286m section of the pipe was destroyed between KP1004.983 and KP 1005.269. The pipeline ends were observed to be fully bifurcated with the inside of the pipe clearly visible; the ends of the pipe appeared to be deformed, mangled and ovalized. There was lateral and vertical pipe movement on parts of the damaged section.

D. THE CLAIM

D1. The Damage

26. The Damage was physical loss of or damage to the Pipelines caused by one or more perils covered under the Primary Policies and the Excess Policies.



27. There is cover under Section I and/or II of the Primary and Excess Policies.

27.1 The physical loss or damage to the Pipelines was caused fortuitously and falls within Section I of the Primary Policies and the Excess Policies pursuant to the Institute Clauses for Builders' Risks.

27.2 Further or alternatively, if the Defendants establish (the burden lying upon them) that the said loss and damage is excluded from Section I, it is excluded under Exclusion 2 and covered under Section II because:

(a) it resulted from or was incurred as a result of the detonation of an explosive which was caused by any person acting maliciously or from a political motive. Specifically it is to be inferred that, some person or persons who caused the explosion acted with spite or ill-will towards the Claimant and/or its property; alternatively, that they acted from a political motive, namely to sabotage a politically significant pipeline supplying gas from Russia to Western Europe; and/or

(b) the Explosions were acts for political or terrorist purposes of one or more persons, who were either agents of a sovereign power or otherwise, whether or not the physical loss, damage or expense resulting therefrom was accidental or intentional.

On either premise the Pipelines suffered damage that would be recoverable under Section I of the Primary Policies but for the existence of Exclusion 2. Accordingly, it is covered by Section II of the Primary Policies.

D2. *The Quantum of the Claim*

28. As at the date of these Amended¹ Particulars of Claim, the Claimant's preliminary and high-level estimate of the costs to dewater and stabilise the Pipeline, to undertake a full repair, and to replace the lost gas inventory is in the total amount of between EUR1,200,000,000 and EUR1,350,000,000.

29. Each of the Explosions was a separate Occurrence for the purposes of the Primary Policies and the Excess Policies. The two Explosions occurred about 6.5 km away from each other through the use of separate explosive charges



which were separately placed on each Line, and while the explosions are likely to have taken place within a short period of time of each other, they were not simultaneous. Accordingly the Explosions did not constitute either one accident, loss, disaster or casualty, or a series of accidents, losses, disasters or casualties arising out of one event or continuous or repeated exposure to conditions. Further, so far as relevant, they did not arise from a common cause.

30. In the premises, the Claimant is entitled to a total of EUR200,000,000 under the Primary Policies and to a total of EUR200,000,000 under the Excess Policies.
31. Further or alternatively, if contrary to the foregoing, the two Explosions constituted a single Occurrence, the Claimant is in any event entitled to recover EUR100,000,000 under each of the Primary and Excess Policies and in respect of each Line.
32. Further and in any event, the Claimant has incurred costs and expenses in relation to the Explosions, including but not limited to:
 - 32.1 Approximately EUR3,760,000 in respect of the First Reaction Damage Survey conducted by Svarog LLP;
 - 32.2 Costs and expenses (including those of external consultants) of preparing repair options reports and costings for the Defendants and/or their loss adjusters, in amounts to be particularised; and
 - 32.3 Such further or other sums that have been or will be incurred, the particulars of which will be provided in due course.
33. The Claimant is entitled to be indemnified for those costs and expenses as (i) sue and labour costs (as set out in paragraph 16.1 above) in addition to the aforesaid sums; and/or (ii) the costs and expenses of removing the wreckage of the Pipelines (etc.) (as set out in paragraph 16.2 above); and/or (iii) the costs and expenses of preparing (etc.) its claim and determining the existence or extent of loss, destruction or damage (as set out in paragraph 16.3 above, subject to the limit per Occurrence set out therein).



34. In breach of the Primary Policies and/or the Excess Policies the Primary Policy Insurers and the Excess Policy Insurers respectively have failed to pay those sums or any parts thereof. In the premises, the Claimant is entitled to an indemnity in the said amounts and/or damages, or such other amounts as the Court shall award.
35. Further or alternatively, the Claimant is entitled to a declaration that the Primary Policy Insurers and/or the Excess Policy Insurers are liable to indemnify the Claimant under the terms of the Primary Policies and/or the Excess Policies for such insured loss as the Claimant may have suffered, or will suffer hereafter.
36. Further and in any event, the Claimant claims compound interest as damages at common law or simple interest pursuant to section 35A of the Senior Courts Act 1981 at such rates and for such periods as the Court thinks fit.

AND THE CLAIMANT CLAIMS:

- (1) An indemnity and/or damages as aforesaid;
- (2) A declaration in the terms set out in paragraph 34 above;
- (3) Interest as aforesaid;
- (4) Costs; and
- (5) Further or other relief.

**PAUL STANLEY KC
ALEXANDER MACDONALD**

**PAUL STANLEY KC
ALEXANDER MACDONALD**

Dated this **19th 1st** day of **February March¹** 2024



STATEMENT OF TRUTH

The Claimant believes that the facts stated in these Amended¹ Particulars of Claim are true and I am duly authorised by the Claimant to sign this statement on its behalf. The Claimant understands that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

SIGNED:

DATED: 01.03.2024

NAME: ALEXEY ZAYTSEV, MANAGING DIRECTOR, NORD STREAM AG