

Extract from the General Terms and Conditions for Third Party Liability Insurance (AHB 2008), updated January 2008

The present translation was completed on the basis of the relevant German source text, however, the latter alone is legally authoritative.

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Extent of insurance cover

1. Object of the insurance, insured event

- 1.1 Insurance cover exists with respect to the insured risk for the event that a third party claims compensation from the policy holder by reason of a loss event (insured event) occurring during the term of the insurance agreement and which causes personal injury, damage to property or which results in a financial loss, the said claim being based on

PRIVATE LAW STATUTORY LIABILITY PROVISIONS.

The loss event is the event which causes the direct loss sustained by the third party. The actual time of the cause of the damage/loss triggering the loss event is irrelevant.

- 1.2 There is no insurance cover in respect of claims, even where these relate to statutory claims,

- 1) for the performance of contracts, supplementary performance, arising from self-performance, rescission, diminution, compensation in lieu of performance;
- 2) based on damage caused in order to be able to perform supplementary performance;
- 3) due to the inability to use the contractual object or due to the failure to achieve the results due under performance of the agreement;
- 4) for compensation of fruitless outgoings expended in reasonable expectation of proper fulfilment of the agreement;
- 5) for compensation of financial losses sustained due to the delay of performance;
- 6) due to other substitute performance rendered instead of fulfilment.

2. Financial loss, loss and theft of property

This insurance cover can by special agreement be enhanced to cover the private law statutory liability of the policy holder in respect of

- 2.1 Financial loss which is caused neither by personal injury nor damage to property;
- 2.2 Losses sustained through theft and loss of property; the provisions relating to damage to property are applied here.

3. Insured risk

- 3.1 The insurance cover encompasses the statutory liability
 - 1) relating to the policy holder's risks as specified in the insurance certificate and its addenda,
 - 2) relating to increases or widening of the risks specified in the insurance certificate and its addenda. This does not apply to risks

connected with the keeping or usage of vehicles, aircraft or vessels for which insurance cover is compulsory or for other risks which are subject to a duty to insure or arrange compulsory (liability) insurance,

- 3) in connection with risks that newly arise in relation to the policy holder following the conclusion of the insurance agreement (future risks cover) and which are regulated in detail in No. 4.
- 3.2 The insurance cover extends to increases in the insured risk caused by amendments to or enactments of new statutory provisions. The insurer may, however, cancel the agreement where the conditions set out in No. 21 are fulfilled.

4. Future risks cover

- 4.1 Risks which newly arise after the insurance agreement is concluded are immediately insured under the terms of the existing agreement.

- 1) The policy holder is duty bound, upon demand of the insurer, to notify it each new risk within one month. This demand may be issued along with the premium statement. If the policy holder fails to give the requested notice within the stipulated period, the insurance cover for the new risk will be rendered retrospectively ineffective from the time it arose.
If the insured event occurs before the new risk has been notified, it is incumbent on the policy holder to show that the new risk only arose after the insurance agreement was concluded at a time when the notice period had not yet expired.

- 2) The insurer is entitled to demand a reasonable premium in respect of the new risk. If no agreement has been reached as to the amount of the premium within one month after receipt of the new risk notification, the insurance cover will be rendered retrospectively ineffective from the time it arose.

- 4.2 The insurance cover for new risks from the time these arise until such time as agreement has been reached pursuant to No. 4.1 (2) is limited to the sum of EUR 1.000.000,00 for personal injury and EUR 500.000,00 for damage to property and – where agreed – EUR 50.000,00 in respect of financial loss, unless lesser sums of cover are specified in the insurance certificate.

- 4.3 The provision relating to future risks cover does not apply for risks
 - 1) arising from the ownership, possession, storage or operation of a vehicle, aircraft or vessel where such craft are subject to the duties of registration, of possession of a permit/license to drive/fly/sail etc. or to duties to insure;
 - 2) arising from the ownership, possession, storage or operation of trains;
 - 3) which are subject to the duties to provide for insurance cover or to

have compulsory (liability) insurance;

- 4) that endure for a period less than one year and which therefore are to be insured under the terms of short-term insurance agreements.

5. Payment of compensation

- 5.1 The insurance cover extends to the examination of whether claims raised on the grounds of liability are justified, the defence against any unjustified compensation claims and the indemnification of the policy holder in relation to justified compensation obligations. Compensation obligations are justified where, due to statutory provisions, a legally enforceable judicial decision, by way of acknowledgement or settlement, the policy holder is duty bound to pay compensation and the insurer is bound by this obligation. Acknowledgement and settlements declared by the policy holder without the consent of the insurer are only binding on the latter insofar as the claim would have been established without the acknowledgement or settlement.

If it is determined that the duty of the policy holder to pay compensation is binding on the insurer, the insurer must indemnify the policy holder within two weeks from the third party claim.

- 5.2 The insurer is authorised, in the name of the policy holder, to issue all those declarations that appear expedient to it for processing the loss or defending against the compensation claim.
Where, following an insured event, a legal action is pursued against the policy holder with respect to compensation claims, the insurer is entitled to conduct the case. It will conduct the action in the name of the policy holder and at its cost.

- 5.3 Where, in connection with a criminal case related to a loss event that could trigger a compensation claim protected under this insurance cover, the insurer desires or approves that defence counsel be instructed for the policy holder, the insurer shall be liable for the fee scale-based costs, or if separately agreed, the higher costs of the defence counsel.

Important notice

The complete General Terms and Conditions for Third Party Liability Insurance (AHB 2008) can be viewed at:
www.schomacker.de.
We can, of course, send you a copy if you wish.