

Special terms and conditions for Skipper's Third Party Liability Insurance (SH 2008)

1. Insured

is the statutory liability of the policy holder arising from the possession and use of a chartered/hired vessel, where the vessel is used exclusively for private purposes -without professional crew-. The insurance cover is provided on a subsidiary basis. This means that the insurance provided under this agreement only covers claims that (including partially) are proven not to be covered by alternative insurance agreements (including third-party arrangements).

2. The insurance cover also extends to

- a) the personal statutory liability of the skipper in charge and the other persons authorised in the operation of the craft together with the crew members,
- b) the use of dinghies with auxiliary engines up to a maximum engine power of 20 HP,
- c) the statutory liability associated with towing water-skiers and parascenders,
- d) the personal statutory liability of water-skiers during the time that such persons are being towed by the boat,
- e) contrary to Paragraph 7.5 (1) AHB in conjunction with Paragraph 7.4 (1) AHB claims for compensation of co-insured parties among one another by reason of:
 - 1) personal injury and
 - 2) damage to property provided this exceeds EUR 150,00 per insured event.

Claims for compensation of the policy holder against the co-insured persons are covered to the same extent.

3. Insurance cover does not extend to

- a) the personal statutory liability of parascenders,
- b) the statutory liability in relation to damage arising from participation in motorboat races or sustained during practice sessions conducted as preparation for such events,
- c) Claims for compensation through the knowing breach of statutes, regulations or duties in relation to handling flammable or explosive materials.

4. Damage to the operated yacht

including nautical equipment and loose items are not insured. But contrary to Paragraph 7.7 AHB claims for compensation arising from damage caused by the officially proven gross negligence of the policy holder. Based on the overall amount of cover defined under the agreement the cover per insured event and insurance year amounts to EUR 550.000,00 with a payable deductible of EUR 2.500,00 per insured event after deduction of the security deposit.

5. The following also applies

a) For damage sustained abroad:

- 1) Contrary to Paragraph 7.9 AHB - the insurance cover extends to statutory liability for instances of damage occurring anywhere in the world. The insurer will make payments of compensation in Euro. The insurer's obligations are deemed fulfilled from that time when a domestic bank has been instructed to carry out the transfer of the relevant Euro sum.
- 2) Contrary to Paragraph 7.9 AHB in the event that a watersports craft is provisionally confiscated in a foreign port, any requisite security deposit or bailment is only insured under the agreement up to a sum equivalent to EUR 50.000,00.
- 3) With regard to loss events in the USA or Canada, contrary to Paragraph 6.5 AHB, the expenses of the insurer deemed to be costs will be treated as compensation paid out and set off against the cover amount.

Costs are: Costs of attorneys, experts, witnesses and courts, expenses incurred in the avoidance or minimisation of damage at the time of or after the insured event as well as costs in the ascertainment of the loss, including costs of travel not incurred by the insurer itself. This also applies where these costs arose as the result of the insurer's instructions. Claims for compensation which have a penal character, especially punitive and exemplary damages, are not covered by the insurance.

b) Operating the craft without the officially required license:

- 1) Where an official license is required for operating a watersports craft, the insurer is not obliged to pay compensation if the person in charge was not in possession of the officially prescribed license at the time that the insured event occurred.
- 2) The insurer remains liable to pay compensation to the policy holder, however, where the latter could reasonably assume that the skipper/ person in charge was in possession of the requisite license or where an unauthorised person took charge of the craft.

c) For water pollution damage:

- 1) The scope of the agreement encompasses the statutory liability of the policy holder for the direct and indirect consequences of changes to the physical, chemical or biological properties of a body of water including the ground water (water pollution damage) whereby financial losses are treated similarly to damage to property, with the exception of water pollution damage caused
 - through discharging or dumping water pollutants in water or
 - by otherwise deliberately interfering with water. This also

applies where the discharge or dumping is necessary in order to protect other legal interests.

- through the operationally unavoidable drip or escape of oil or other fluids from fuel tank caps, fuel pumps or from machine equipment on the vessel.
- 2) Excluded are claims for compensation against those persons (policy holder or co-insured parties), who caused the damage/ loss through intentionally acting contrary to the laws, regulations, public orders issued with respect to the policy holder or ordinance designed for water pollution control.
 - 3) The insurance cover does not extend to damage caused directly or indirectly by war, other acts of hostile forces, riots, civil commotion, general strikes (in the Federal Republic of Germany or one of its States), or illegal strikes or directly caused by interventions or action of public authorities. The same applies to damage caused by force majeure where elementary natural forces have been in play.

d) For personal injury and damage to property:

The insured amount for personal injury and damage to property is EUR 5.000.000,00 per insured event, whereby the total sum for all insured events within any one year of insurance is a maximum of twice this sum.

e) For financial loss:

The insurance cover extends to claims for compensation on the part of the charter company or owner of the operated yacht for the loss of charter income due to damage caused by the policy holder or his crew.

The claim must be substantiated by:

- 1) a detailed damage report,
 - 2) the report from the adjuster relating to the damage sustained and the requisite duration of repairs,
 - 3) the actual charter agreement as well as
 - 4) the follow-up charter agreement or the rebooking documentation.
- The amount of cover is EUR 17.500,00 per loss event and year of insurance. The proportional costs of loss of use for 3 days will not be recompensed.

Version 1/2008

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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