

General Terms and Conditions of Liability Insurance (AHB)

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Scope of the insurance cover

1. **Subject matter of the insurance, insured event**
 - 1.1 The insurer provides the policyholder with insurance cover for claims for compensation brought against him/her by a third party on the basis of

civil-law provisions governing third-party liability

arising from an insured event occurring during the period of the insurance which has resulted in bodily injury, damage to property, or financial loss.

The insured event is the event which resulted directly in the loss to the third party. The time of occurrence of the cause which led to the insured event is immaterial.
 - 1.2 Insurance cover does not extend to claims, even statutory liability claims,
 - 1.2.1 for fulfilment of contract, remedial action, work performed by the purchaser or others in lieu of fulfilment of contract, withdrawal from contract, reduction of purchase price, damages paid in lieu of services;
 - 1.2.2 for damage caused in order to be able to perform the remedial action;
 - 1.2.3 for loss of use of the object that is the subject of the contract, or failure of the contractual services to produce the promised success;
 - 1.2.4 for reimbursement of expenditure incurred in vain in expectation of proper fulfilment of the contract;
 - 1.2.5 for reimbursement of pure financial loss suffered due to delays in the performance of the contractual services;
 - 1.2.6 on the grounds of other compensations made in lieu of fulfilment
2. **Pure financial losses, loss of property**

Insurance cover may be extended by special agreement to include the policyholder's civil-law liability for

- 2.1 financial losses which have occurred as a result neither of bodily injury nor of property damage;
- 2.2 the disappearance/loss of property. Insurance cover for the loss of property is subject to the same conditions as the cover for property damage.
3. **Insured risk**
 - 3.1 The insurance covers the legal liability of the policyholder arising from
 - 3.1.1 the risks set down in the insurance policy and any endorsements thereto,
 - 3.1.2 any aggravation of or extensions to the risks set down in the insurance policy and its endorsements, provided they do not arise from the possession or operation of aircraft, motor vehicles or watercraft subject to compulsory insurance, or from other risks subject to mandatory insurance
 - 3.1.3 any new risks which ensue for the policyholder after conclusion of the insurance contract (automatic extension of cover) and which are explained in No. 4 below.
 - 3.2 Insurance cover also extends to aggravation of the insured risk arising from amendments to existing laws or the issuing of new legal provisions. In this case, however, the policyholder is entitled to cancel the policy subject to the provisions set down in No. 21 below.
4. **Automatic extension of cover**
 - 4.1 New risks arising after conclusion of the insurance contract are automatically insured within the terms of the existing agreement.
 - 4.1.1 However, at the request of the insurer, which may take the form of a printed note on the premium invoice, the policyholder is obliged to notify the insurer, within one month of receiving such a request, of any new risk that has arisen in the meantime. If the policyholder fails to notify the insurer in good time, the insurance cover for that risk shall lapse retroactively from the inception of said risk.

- If an insured event occurs before the new risk has been notified to the insurer, it is up to the policyholder to prove that the new risk arose after conclusion of the insurance contract but before the time-limit for notification had elapsed.
- 4.1.2 The insurer is entitled to request payment of an appropriate premium for the new risk. If agreement on the amount of the premium is not reached within a month of notification being received, insurance cover for the new risk shall lapse retroactively from the inception of said risk.
- 4.2 Insurance cover for any new risks from their point of origin to the time when agreement is reached in the sense of No. 4.1.2 above is limited to EUR 500,000 for bodily injury and EUR 150,000 for property damage, and where agreed, for pure financial losses.
- 4.3 Automatic extension of cover does not extend to risks
- 4.3.1 arising out of the policyholder's capacity as proprietor, owner, operator or pilot of motor vehicles, aircraft or watercraft if said vehicles are subject to compulsory registration and insurance, and require a licence to operate;
- 4.3.2 arising out of the policyholder's capacity as proprietor, owner or operator of railways;
- 4.3.3 which are subject to mandatory insurance;
- 4.3.4 which will exist for less than one year and which must, therefore, be insured via short-term insurance agreements.

5. Insurance benefits

- 5.1 The insurance cover comprises investigation of the policyholder's liability, defence against unjustified claims, and indemnification of the policyholder for compensation he/she has been required to pay on the grounds of a legitimate claim.
- Legitimate claims are those founded on any admission given or approved by the insurer, on any out-of-court settlement concluded or approved by the insurer, or on any judicial ruling. Admissions or out-of-court settlements given or made by the policyholder without the approval of the insurer shall be binding upon the insurer only insofar as the claim would have stood even without the admission or out-of-court settlement.
- If the payment obligation of the insurer has been established, the payment must be made within two weeks.
- 5.2 The insurer is authorised to issue, in the policyholder's name, all declarations that he deems expedient in the context of his obligation to settle or defend the claim.
- If the policyholder becomes involved in a lawsuit with an injured party or the latter's estate over a claim arising out of an insured event, the insurer is entitled to conduct the defence at his own expense in the policyholder's name.
- 5.3 If the insurer desires or approves the retention of defence counsel for the policyholder in criminal proceedings arising from an occurrence which may result in a third-party liability claim covered by the insurance, the insurer shall bear the standard fees of legal representation as laid down in the scale of charges for the legal professions, or such higher defence fees as may have been agreed with the insurer.
- 5.4 If the policyholder or another insured person becomes entitled to avoid or reduce an annuity awarded for an insured event, the insurer is empowered to exercise this right as well.

6. Benefit limitations

- 6.1 The limits of indemnity indicated in the insurance policy constitute the maximum amounts payable by the insurer for any one claim. This also applies if the insurance cover extends to several persons liable to pay damages.
- 6.2 Unless otherwise agreed, the aggregate amount which the insurer will pay for all occurrences during any one insurance year are limited to twice the agreed limit of indemnity per occurrence.
- 6.3 Several insured events occurring during the same policy period shall be deemed to be one and the same occurrence if they
- are attributable to the same cause,
 - are attributable to causes that are intrinsically connected in nature and in time,
 - result from the repeated distribution of goods with the same intrinsic defects.
- 6.4 Subject to special agreement, the policyholder may agree to assume a certain amount, stipulated in the insurance policy and its endorsements, of the compensation payable in respect of a claim (deductible).
- Unless otherwise agreed, the insurer is obliged, in cases such as these too, to provide defence against unfounded claims.
- 6.5 The insurer's outlay for such expenses does not count towards the limits of indemnity.

- 6.6 If the amount of all legitimate claims arising from an insured event exceed the limit of indemnity, the insurer will pay only that proportion of the costs of legal proceedings that corresponds to the ratio of the limit of indemnity to the total amount of the claim.
- 6.7 If the policyholder is required to pay the claimant a disability pension, the capital value of which exceeds the limit of indemnity or any amount remaining under that limit after all other indemnities in respect of the same occurrence have been paid, the insurer shall reimburse only that proportion of the pension which corresponds to the ratio of the limit of indemnity or the remainder thereof to the capital value of the pension.
- The annuity value is calculated on the basis of the provisions set out in the German ordinance on motor third-party liability insurance, as amended, at the time the insured event occurred. In calculating the sum with which the policyholder must participate in on-going annuity payments, if the capital value of the annuity exceeds the insured sum or remainder of the insured sum after deduction of other payments, the other payments are deducted in full from the sum insured.
- 6.8 If settlement of a third-party liability claim by admission, satisfaction or compromise, at the discretion of the insurer, is obstructed by the policyholder, the insurer shall not be required to bear any additional settlement, interest, or any other costs incurred as a result of and as of the time of the obstruction.

7. Exclusions

- Unless otherwise expressly agreed in the insurance policy or the endorsements thereto, insurance cover shall not extend to the following:
- 7.1 Insurance claims made by any persons who have deliberately caused the damage in question.
- 7.2 Insurance claims made by any persons who have
- marketed products, or
 - rendered work or other services
- in full knowledge of the defective nature or harmfulness of said goods or services.
- 7.3 Liability claims on the grounds of a contractual agreement or express warranty that are above and beyond the scope of statutory liability.
- 7.4 Liability claims
- 7.4.1 made by the policyholder himself or the persons named in No.7.5 below against other persons insured under the policy, between two or more policyholders of one and the same insurance contract,
- 7.4.2 between two or more persons insured under the same insurance contract.
- 7.4.3 These exclusions apply to liability claims made by relatives of the above-mentioned person(s) who are members of the latter's household.
- 7.5 Liability claims made against the policyholder
- 7.5.1 based on incidents involving the relatives of the policyholder who are members of the latter's household or who are among the other persons insured under the insurance contract.

- Relatives shall be deemed to be the policyholder's spouse, the policyholder's civil partner within the terms of the German Civil Unions Act ("Lebenspartnerschaftsgesetz") or a comparable civil union under the laws of a foreign state, parents and children, adoptive parents and children, parents-, sons- and daughters-in-law, step-children and -parents, grandparents and grandchildren, brothers and sisters, and foster-parents and -children (persons who are attached to each other in the manner of parents and children through a family-like relationship of long standing).
- 7.5.2 by the legal representatives of the policyholder if the latter is legally incapacitated or of limited legal capacity;
- 7.5.3 by the legal representatives of the policyholder if the latter is a legal entity under private or public law, or an association without legal status;
- 7.5.4 by the partners of the policyholder if they are personally liable without limitation and the policyholder is a general commercial partnership, a limited partnership or a civil-law association;
- 7.5.5 by his partners, if the policyholder is a registered partnership;
- 7.5.6 by his liquidators and administrators.
- 7.5.7 The exclusion clauses listed under Nos. 7.5.2 to 7.5.6 above also apply to liability claims by relatives of the persons mentioned thereunder if they share a common household.
- 7.6 Claims for damage to third-party effects and all pure financial losses where the policyholder has rented, leased, borrowed this property or acquired it through unlawful acts, or they are subject to a special administration.
If the prerequisites for the above exclusion are present in the persons of the employees, workers, officials, authorised representatives or agents of the policyholder, the insurance cover also lapses, both for the policyholder and for any persons co-insured under the policy.
- 7.7 Claims for damage to third-party effects and all pure financial losses where
- 7.7.1 the damage has occurred through business or occupational activities carried out by the policyholder on these effects (processing, repair, transportation, testing, etc.); in the case of immovable effects, this exclusion only applies if the effects or parts thereof were directly affected by the activity;
- 7.7.2 the damage has occurred through the policyholder using these effects to carry out his/her commercial or occupational activities (i.e. as tools, auxiliary agents, material storage area, etc.); in the case of immovable effects, this exclusion only applies if the effects or parts thereof were directly affected by the activity;
- 7.7.3 the damage has occurred through business or occupational activities carried out by the policyholder and the effects – if immovable effects are involved – or parts thereof were in the immediate vicinity of the activity; this exclusion does not apply if the policyholder can prove that, at the time of the activity, he/she had taken all the necessary steps to prevent damage occurring.
- 7.7.4 If the prerequisites for the above exclusion are present in the persons of the employees, workers, officials, authorised representatives or agents of the policyholder, the insurance cover also lapses, both for the policyholder and for any persons co-insured under the policy.
- 7.8 Claims for damage to third-party effects and all pure financial losses to objects manufactured or supplied, or to work performed by the policyholder (or by third parties on his behalf or for his account) as a result of any cause inherent in the manufacture or supply.
This also applies if the cause of the damage was located in a single, defective component of the object or in one part of the service rendered, and resulted in the impairment or destruction of the object or service as a whole.
- This exclusion applies also if a third party has manufactured or supplied goods, or performed work or rendered any other services on behalf of or for the account of the policyholder.
- 7.9 Liability claims resulting from loss events occurring abroad; however, claims pursuant to Art. 110 of the German social security regulations (Sozialgesetzbuch VII) are covered.
- 7.10.1 Claims for damages brought against the policyholder for environmental damage pursuant to the German Environmental Impairment Act or other national legislation based on EU Environmental Liability Directive (2004/35/EC). This applies also to cases where third parties file claims against the policyholder under private law for damages arising out of such environmental damage. Insurance cover shall, however, remain for claims for damages brought against the policyholder by third parties which, even in the absence of the German Environmental Impairment Act or other national legislation based on EU Environmental liability Directive (2004/35/EC), could have been asserted on the basis of statutory liability provisions under private law.
This exclusion does not apply to the insurance of personal liability risks.
- 7.10.2 Third-party liability claims for losses as a result of environmental damage. These include damage caused by fire and/or explosion.
This exclusion does not apply
- a) to the insurance of personal liability risks;
 - b) to environmental damage caused by products (also waste products) produced or delivered by the policyholder, through work or other activities after implementation or after completion of the work (product liability).
Insurance cover does not, however, extend to environmental damage resulting from the planning, production, delivery, assembly, dismantling, repair or maintenance of
 - installations intended for the production, processing, storage, depositing, conveying or disposal of substances harmful to waterbodies (Waterbodies Act [WHG] installations);
 - installations set out in appendices 1 or 2 of the German Environmental Liability Act (UmweltHG installations);
 - installations which, in accordance with environmental protection regulations, must be authorised or declared; or other related components which are clearly intended for use in such installations.
- 7.11 Liability claims for damage due to asbestos, or substances or products containing asbestos.
- 7.12 Liability claims for damage directly or indirectly connected to energy-rich ionising radiation (e.g. alpha, beta and gamma radiation emitted from radioactive substances, as well as radiation generated by x-rays).
- 7.13 Liability claims for damage due to
- 7.13.1 genetic engineering,
 - 7.13.2 genetically modified organisms ("GMOs")
 - 7.13.3 products which
 - contain compounds of GMOs,
 - were made from or with the aid of GMOs.
- 7.14 Liability claims for property damage arising from
- 7.14.1 waste water, unless this is domestic waste water,
 - 7.14.2 subsidence of sites, or landslides,
 - 7.14.3 flooding caused by standing or flowing water.
- 7.15 Liability claims for damage arising from the exchange, transmission or provision of electronic data, unless this damage was caused by
- 7.15.1 data having been deleted, suppressed, rendered unusable or modified,
 - 7.15.2 data having not been entered or saved correctly,
 - 7.15.3 access to electronic data exchange networks having been interrupted,

- 7.15.4 confidential data or information having been transmitted.
- 7.16 Liability claims due to damage arising from naming or personality rights.
- 7.17 Liability claims due to hostility, mobbing, harassment, unfair treatment and other forms of discrimination.
- 7.18 Liability claims for personal injury/harm resulting from the transmission of an illness of the policyholder, as well as material/property damage caused by animals belonging to, kept by or sold by the policyholder, unless the policyholder can prove that he has not acted in a malicious or grossly negligent manner.

Inception of the insurance cover/premium payment

8. Inception of the insurance cover

Insurance cover commences at the time stated in the policy document, provided that the policyholder has paid the initial or single premium within the period provided for in No. 9.1. The invoiced premium includes the insurance tax payable by the policyholder at the statutory rate applicable.

9. Payment of premiums and consequences of late payment / initial or single premium

- 9.1 The initial or single premium is payable immediately upon conclusion of the insurance contract, but no earlier than on the date of inception of cover.
If the premium for the year is payable in instalments, the initial premium is considered to be the first instalment of the first annual premium.
 - 9.2 If the policyholder fails to pay the initial or single premium in good time but at some later date, the insurance cover shall incept at that later date. This does not apply if the policyholder can prove that the non-payment is due to reasons beyond his control. If the premium has not yet been paid when a covered event occurs, the insurer is exempt from his obligation to pay only if he drew the policyholder's attention to the legal consequence of not paying the premium by way of a separate written advice or clear notification in the policy document.
 - 9.3 If the policyholder fails to pay the initial or single premium in good time, the insurer can withdraw from the policy for as long as the premium has not been paid. The insurer is not entitled to withdraw if the policyholder can prove that the non-payment is due to reasons beyond his control.
 - 9.4 If the first premium is not paid on time, the policyholder is considered as being in default 30 days after the expiry of the objection period of 14 days as set out in the policy document and after receipt of a payment request, unless the policyholder is not responsible for the delayed payment. The insurer is entitled to request compensation for the loss incurred through the delay.
- ### **10. Payment of premiums and consequences of late payment / renewal premium**
- 10.1 Unless otherwise agreed, the renewal premiums are payable on the first day of the first month of the agreed premium-payment period.
Payment shall be deemed to have been made on time if it is made at the time stated in the policy document or in the premium statement.
 - 10.2 If any renewal premium is not paid on time, the policyholder will - without a reminder having been sent - be deemed in arrears, unless the delay in payment is due to reasons beyond his control.
The insurer is entitled to request compensation for the loss incurred through the delay.
If any renewal premium is not paid on time, the insurer may, by written notice and at the policyholder's expense, set a period of grace of at least two weeks, within which the premium must be paid. This provision is effective only if it contains a breakdown of the individual amounts outstanding, the interest, and the costs, and explains the legal consequences in accordance with Nos. 10.3 and 10.4 that are associated with the expiry of this period.

- 10.3 If the policyholder is still in arrears with the payment upon expiry of this period, insurance cover will be suspended until such time as the payment is made, provided that the policyholder was informed of this consequence in the payment request as per No. 10.2, paragraph 3 above.
 - 10.4 If the policyholder is still in arrears with the payment upon expiry of this period, the insurer may serve notice to terminate the insurance contract without a period of grace, provided that the policyholder was informed of this consequence in the payment request as per No. 10.2 paragraph 3 above.
This notice of termination may be served even at the time when the period of grace is set if the policyholder is still in default with payment at that time; this fact shall be brought to the attention of the policyholder expressly in the payment request as per No. 10.2, paragraph 3 above.
If the insurer exercises this right of termination but the policyholder pays the outstanding amount within one month, the contract is re-instated.
However, insurance cover is not re-instated for insured events which may occur between expiry of the period of grace as per No. 10.3 and payment of the outstanding amount.
- ### **11. Timeliness of payments in the case of direct debiting**
- If payment of the premium by direct debit from a bank account has been agreed, payment shall be deemed to have been made on time if the premium can be debited on the due date and the policyholder does not revoke an authorised debit.
If the insurer is unable to debit a due premium through no fault of the policyholder, payment shall be deemed to have been made on time if it is made without delay upon receipt of the insurer's written request for payment.
If the amount due cannot be drawn because the policyholder has revoked the direct debit authorisation or for other reasons for which the policyholder is responsible, the insurer may insist on future payments being made by a procedure other than by direct debit. The policyholder is not obliged to transfer the premium amount until the insurer requests him in writing to do so.
- ### **12. Payment by instalment and consequences of late payment**
- If the premium for the year is payable in instalments, the remaining instalments become due immediately if the policyholder falls into arrears on any one instalment. The insurer may insist on annual advance payments in the future.
- ### **13. Premium adjustment**
- 13.1 The policyholder must, when requested by the insurer, which can be by way of a notice printed on the premium invoice, indicate whether and what changes to the insured risk have occurred in the details given for the purpose of assessing the premium. This information must be provided within one month of receipt of the request. At the request of the insurer, these details must be verified. Incorrect details to the detriment of the insurer entitle the insurer to impose on the policyholder a contractual penalty amounting to three times the amount of the determined premium difference, unless the policyholder can prove that the incorrect details were provided through no fault of his own.
 - 13.2 On the basis of the notification of changes or other findings, the premium is corrected in accordance with the time of the change (premium adjustment). In the event of a risk ceasing to exist, any reduction in premium is calculated as of the time the insurer received notification. However, the new premium calculated may not be less than the minimum premium agreed in the insurance contract. Any increases or reductions in minimum premium that occurred in accordance with No. 15.1 after taking out the insurance, will be taken into account.
 - 13.3 If the policyholder fails to submit the above notification in good time, the insurer can, for the period for which the details were to be given, demand payment of an additional premium amounting to the premium already paid for this period.

- If the details are subsequently provided, the premium will be adjusted accordingly. In this case, the insurer is obliged to reimburse the policyholder for any excess premium paid only if the details are provided within two months of notification of the increase in premium being received.
- 13.4 The above provisions also apply to insurance contracts for which the premiums are paid for several years in advance.

14. Premiums in the case of premature termination

If the insurance contract is terminated before the expiry of the insurance period, the insurer is entitled, unless otherwise stipulated by law, only to that part of the premium corresponding to the period actually covered.

15. Premium alignment

- 15.1 Insurance premiums are subject to alignment. If premiums are calculated on the basis of a salary, building or turnover sum, premium adjustment does not take place. Minimum premiums are subject to alignment irrespective of the way in which they were calculated.
- 15.2 On 1st July each year, an independent trustee determines the percentage by which average claims payments made in the past calendar year by insurers authorised to provide general liability insurance has increased or decreased compared to the previous year. The figure calculated is then rounded down to the next lowest whole number divisible by five. Claims payments are also considered to be costs incurred in individual claims for determining the basis and amount of the insurance benefits payable. The average of the claims payments in a calendar year is the sum of the claims payments made during the year divided by the number of newly registered claims within the same period.
- 15.3 In the event of an increase the insurer is entitled, and in the event of a decrease obliged to adjust the following year's premium by the percentage resulting from No. 15.2 above (premium alignment). The change in premium for the following year is notified to the policyholder with the premium invoice. If the average of the insurer's claims payments has increased in each of the last five calendar years by a percentage lower than that determined by the trustee for each of these years in accordance with No. 15.2 above, the insurer may increase the premium for the following year only by the percentage by which his claims payments have increased in the previous calendar year in accordance with his internal company figures; this increase must not exceed that which would result in accordance with the above paragraph.
- 15.4 If the change in accordance with Nos. 15.2 or 15.3 above is under 5 percent, premium adjustment does not take place.

Policy period, termination / cancellation of the insurance

16. Policy period, termination of the insurance

- 16.1 The insurance is concluded for the period indicated in the policy document.
- 16.2 With a policy period of at least one year, the policy renews automatically by one year at the end of the agreed period unless the other party has received written notice of termination at least three months prior to expiry.
- 16.3 In the case of a policy period of less than one year, the policy ends at the envisaged time without notice being required.
- 16.4 In the case of a policy duration of more than three years, the policyholder may cancel the policy at the end of the fifth year or each following year; written notice of cancellation must be received by the other party at least three months before the end of the insurance year in question.

17. Insured risk ceases to exist

If insured risks cease to exist either in part or in full, the insurer is entitled to the premium which he could have charged if the insurance cover for these risks had been applied for only up to the point in time at which he became aware of the cessation.

18. Cancellation due to premium alignment

If the premium increases as a result of the premium alignment in accordance with No. 15.3 above without the scope of the insurance cover changing, the policyholder may cancel the insurance policy with immediate effect within one month of notification by the insurer, but at the earliest at the time at which the premium increase was to take effect. The insurer must point out the right of cancellation to which the policyholder is entitled upon notifying him of the premium increase. The policyholder must receive this notification no later than one month before the premium increase becomes effective. An increase in insurance tax does not constitute a cancellation right.

19. Cancellation due to an insured event

- 19.1 Notice of cancellation can be served on the insurance policy if
- the insurer has paid a claim, or
 - a lawsuit concerning a liability claim insured under the policy has been served to the policyholder (to the insurer in the case of compulsory insurance).
- The written cancellation notice must be received by the other party within one month of the claim being paid or the lawsuit being served.
- 19.2 Cancellation by the policyholder becomes effective immediately on receipt by the insurer. However, the policyholder can stipulate that the cancellation should take effect at a later date, but at the latest at the end of the current insurance period. Cancellation on the part of the insurer becomes effective one month after it was received by the policyholder.

20. Cancellation due to the sale of insured entities

- 20.1 If a company which has taken out third party liability insurance is sold to a third party, the latter will assume the rights and obligations of the policyholder arising from the insurance relationship for the duration of ownership. This also applies if a company is taken over by a third party (new owner) on the basis of a usufruct, lease agreement or similar relationship.
- 20.2 In this event, the insurance relationship may be cancelled in writing
- by the insurer vis-à-vis the third party with one month's notice,
 - by the third party vis-à-vis the insurer with immediate effect or to the end of the current insurance period.
- 20.3 The right of cancellation lapses
- if the insurer fails to exercise his right within a month of becoming aware of the transfer to the third party;
 - if the third party fails to exercise his right within one month of the transfer, whereby the cancellation right remains in existence for one month from the time the third party became aware of the insurance.
- 20.4 If the transfer to the third party takes place during a current insurance period, the former policyholder and the third party are jointly and severally liable for paying the insurance premium for this period.
- 20.5 The former policyholder or the third party must notify the insurer of the transfer of the company without delay.

In the event of a culpable breach of the obligation to notify, insurance cover will lapse if the insured event occurs later than one month after the time at which the insurer should have been notified, and the insurer failed to conclude the insurance treaty presently in force with the seller with the new owner.

The insurance cover is restored and applies to all claims which arise at least one month after the time the insurer becomes aware of the sale. This only applies, however, if the insurer has not exercised his right of cancellation during this month. The insurance cover will not lapse despite breach of the obligation to notify if the insurer was aware of the sale at the time he should have been notified.

21. **Cancellation due to aggravation of risk or new legislation coming into effect**

If the insured risk is aggravated due to new or amended legislation, the insurer may cancel the insurance contract with one month's notice. This right to cancellation lapses if the insurer fails to exercise it within one month of becoming aware of the aggravation of the risk.

22. **Double insurance coverage**

22.1 Double insurance coverage is said to exist when one and the same interest is insured against the same risk in several different insurance policies.

22.2 If double insurance has come about without the policyholder's knowledge, he may request that the more recently concluded contract be annulled.

22.3 The right to annulment lapses if not exercised by the policyholder within a month of becoming aware of the double insurance. The annulment takes effect on the date on which the annulment request reaches the insurer.

Policyholder's duties

23. **Duty of precontractual disclosure**

23.1 **Completeness and accuracy of material facts and circumstances**

Up to the time when he submits his declaration, the policyholder shall render to the insurer a faithful and complete account, in writing, of all material facts and circumstances known to him that might influence the insurer's decision to conclude the contract with the proposed content, and, in particular, to answer the questions the insurer has set down in writing.

Further, the policyholder shall provide answers to questions set down by the insurer in writing within the meaning of sentence 1 above after the declaration has been submitted but before the proposal has been accepted.

A material fact is a circumstance that would influence the insurer's decision to accept or decline the insurance contract. If the policy is taken out by an authorised representative of the policyholder and if this person is aware of the material facts and circumstances, the policyholder must submit to being treated as if he had himself had such knowledge or had concealed such circumstances with intent to deceive.

23.2 **Withdrawal from the insurance contract**

23.2.1 Incomplete or inaccurate declarations concerning material facts and circumstances entitle the insurer to withdraw from the insurance contract.

23.2.2 The insurer does not have the right to withdraw from the contract if the policyholder can prove that the incomplete or inaccurate material facts and circumstances were not submitted deliberately or as a result of gross negligence. The insurer's right to withdraw from the contract due to a grossly negligent breach of precontractual duty to disclose does not apply if the policyholder can prove that the insurer would have concluded the insurance contract anyway, even if he had been aware of the undeclared facts and circumstances, albeit with different terms and conditions.

23.2.3 If the insurer withdraws from the contract, the insurance cover lapses.

If the insurer withdraws from the contract after a loss event has already occurred, he may not refuse cover if the policyholder can prove that the incomplete or inaccurate information disclosed influenced neither the loss event occurring nor the size or scale of the payment obligation. In this case too, however, insurance cover will lapse if the policyholder breached the duty of disclosure with malicious intent.

However, the insurer retains his entitlement to the part of the premium which corresponds to the policy period that had elapsed at the time the declaration of withdrawal became effective.

23.3 **Premium adjustment or right to cancel the contract**

If the insurer is unable to withdraw from the contract because the policyholder can prove that the incorrect or incomplete declarations were made through no fault of his own, the insurer is entitled to cancel the insurance policy with one month's written notice.

The insurer's right to cancel does not apply if the policyholder can prove that the insurer would have concluded the insurance contract anyway, even if he had been aware of the undeclared facts and circumstances, albeit with different terms and conditions.

If the insurer is not entitled to withdraw or cancel because it has been proved that he would have concluded the insurance contract even if he had been aware of the undeclared facts and circumstances, albeit with different terms and conditions, he may request for these amended terms and conditions to be incorporated into the insurance contract with retroactive effect. If the policyholder was not responsible for the breach of duty, the amended terms and conditions will be incorporated into the insurance contract as from the current period of insurance.

If, as a result of the contract amendment, the insurer increases the premium by more than 10% or excludes the hitherto undeclared circumstance from insurance cover, the policyholder is entitled to cancel the insurance contract without notice within a month of receiving the notification from the insurer.

The insurer must exercise the rights to which he is entitled in accordance with Nos. 23.2 and 23.3 above in writing within one month of the time at which he became aware of the breach of duty of disclosure upon which his rights are founded. He must state the circumstances on which his claim is based and may submit further circumstances justifying his case at a later date provided that the one-month deadline has not passed.

The insurer is entitled to exercise his rights under Nos. 23.2 and 23.3 above only if he has drawn the policyholder's attention to the legal consequences of a breach of duty of precontractual disclosure.

The insurer is not entitled to exercise his rights under Nos. 23.2 and 23.3 above if he was aware of the undeclared material circumstance the inaccurate disclosure.

23.4 **Lapsing of the insurer's rights**

The insurer's rights under Nos. 23.2 and 23.3 above lapse five years after the insurance contract was concluded. This does not apply to insured events that occurred before this period ended. The period extends to 10 years if the policyholder or his authorised representative deliberately or fraudulently breached the duty of disclosure.

23.5 **Avoidance**

The insurer's right to avoid the contract on the grounds of fraudulent misrepresentation of material circumstances remains unaffected. In the event of avoidance, the insurer retains his entitlement to the part of the premium which corresponds to the policy period that had elapsed at the time the declaration of avoidance became effective.

24. **Duties before the occurrence of an insured event**

The policyholder is obliged to rectify, within a reasonable time, any circumstances that represent a particular hazard and which the insurer has reasonably required to be rectified. This does not apply if rectification of the hazards is deemed unreasonable in consideration of both parties' interests. Any circumstances that have already given rise to a claim are deemed per se to represent a particular hazard.

25. Duties after the occurrence of an insured event

- 25.1 The insurer must be informed of any insured event within a week of it occurring, even if claims have yet to be made.
- 25.2 The policyholder must ensure that the loss/damage is averted and/or minimised as far as possible. The policyholder must observe all reasonable instructions given by the insurer. In particular, the policyholder must supply the insurer with detailed and accurate loss reports and assist him in investigating and settling the claim. He must inform him of all material facts relevant to the claim, and must submit to the insurer all the documents which, in the latter's opinion, are material to the assessment of the claim.
- 25.3 If a liability claim is made against the policyholder, a judicial inquiry instituted or a payment order issued, or if he is served with court notice, the policyholder shall likewise notify the insurer immediately.
- 25.4 He must, within the prescribed time limits and without waiting for instruction from the insurer, enter formal appeal against any payment order or any order by a public authority requiring him to make compensation and must avail himself of all legal remedies at his disposal.
- 25.5 If legal proceedings ensue with regard to a claim, the policyholder must entrust the conduct of the case to the insurer, grant the lawyer appointed or designated by the insurer power of attorney, and submit to such lawyer all information and documents considered necessary by the lawyer or the insurer.

26. Legal consequences of a breach of duties

- 26.1 If the policyholder breaches a contractual duty he should have fulfilled before the insured event occurred, the insurer is entitled to cancel the policy without notice within one month of becoming aware of the breach of duty. The insurer does not have the right to withdraw from the contract if the policyholder can prove that the breach of duty was committed neither deliberately nor as a result of gross negligence.
- 26.2 If the policyholder breaches a contractual duty deliberately, insurance cover will be lost. If the policyholder breaches a contractual duty through gross negligence, the insurer is entitled to reduce the benefits payable in proportion to the degree of culpability of the policyholder. Full or partial loss of insurance cover due to a breach of contractual duty after the insured event is subject to the insurer having notified the policyholder in writing of the legal consequences of such a breach. If the policyholder can prove that the breach of duty was not the result of a grossly negligent act, insurance cover will remain intact. Likewise, insurance cover will remain intact if the policyholder can prove that the breach of duty influenced neither the loss event occurring nor the size or scale of the insurer's payment obligation. This does not apply, however, if the policyholder breached the duty with malicious intent. The above provisions apply regardless of whether the insurer exercises his right under No. 26.1 above to cancel the contract.

Other provisions

27. Other persons insured

- 27.1 Insofar as insurance cover extends to liability claims against persons other than the policyholder himself, all the provisions of the insurance contract referring to the policyholder shall apply correspondingly to such other persons. The provisions governing the automatic extension of cover (No. 4) do not apply if the new risk arises solely on the basis of a co-insured person.

- 27.2 The policyholder alone may exercise the rights deriving from the insurance contract; he is jointly responsible with the insured persons for the fulfilment of the contractual obligations.

28. Prohibition of assignment

Rights or benefits under the insurance contract may not, except with the express consent of the insurer, be assigned or pledged to others before their final verification. Assignment of rights to the injured third party is permitted.

29. Notifications, declarations of intent and changes of address

- 29.1 All notifications or declarations of intent to the insurer must be sent to the insurer's head office or to the branch office designated as competent in the insurance document or any endorsements thereto.
- 29.2 If the policyholder fails to inform the insurer of a change of business address, any declaration of intent to be made to the policyholder may be sent by registered letter to the last address known to the insurer. The declaration will be deemed as having been received three days after the letter was dispatched. The same applies to any change of name on the part of the policyholder.
- 29.3 If the policyholder has taken out the insurance for his company, the provisions of No. 29.2 above will apply in the event of any relocation of the company headquarters.

30. Time limits

- 30.1 Claims arising from this insurance contract are subject to a limitation period of three years as set down in the general provisions of the German Code of Civil Law.
- 30.2 If the policyholder has reported a claim to the insurer, the limitation period is suspended until the policyholder has received a decision in writing from the insurer.

31. Legal venue

- 31.1 The venue for legal actions brought against the insurer on the basis of the insurance contract rests with the competent court at the domicile of the insurer or of his branch office in charge of the insurance contract. If the policyholder is a natural person, the court of the policyholder's place of abode at the time the claim was lodged or, in the absence thereof, his normal place of residence, is also responsible.
- 31.2 If the policyholder is a natural person, claims made against him arising from the insurance contract must be brought before the court of the location of his place of abode or, in the absence thereof, his normal place of residence. The same applies if the policyholder is a general commercial partnership, a limited partnership, a civil-law association or an incorporated society.
- 31.3 If neither the policyholder's place of abode nor his normal place of residence are known at the time the claim is lodged, the legal venue for actions brought against the policyholder on the basis of the insurance contract rests with the competent court at the domicile of the insurer or of the relevant branch office in charge of the insurance contract.

32. Applicable law

This contract is governed by German law.

Sitz: München
Handelsregisternummer
Amtsgericht München HRB 234855

Umsatzsteuer-ID DE8057884
Versicherungsumsätze sind
umsatzsteuerfrei
Vorsitzender des Aufsichtsrats:
Stefan Lehmann

Vorstand
Dr. David Stachon (Vorsitzender)
Dr. Rainer Sommer
Roland Stoffels

Ein Unternehmen der 
GENERALI