



YACHT LIABILITY INSURANCE TERMS AND CONDITIONS (YHB 2019)

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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I. Insurance cover

§ 1 OBJECT OF THE AGREEMENT

1. The insurer grants the policy holder insurance cover for the case that, during the period of insurance, due to the occurrence of an insurance event that causes death or personal injury to persons (personal injury) or damage or loss of property (material loss) a claim is made against him by a third party for compensation on the basis of statutory liability provisions of private law.
2. The insurance cover encompasses the statutory liability of the policy holder as the operator (ownership, possession and use of water sport vehicles), exclusively for private purposes. Commercial hires (bareboat charter) or other commercial use (e.g. charter with skipper or berth charter) is only included in the insurance if this is agreed in the insurance certificate.

The following is/are insured:

- a) the personal statutory liability of the skipper/ person in charge of the vessel and the other persons authorised with its operation.
- b) the ownership and use of watersport vehicles and dinghies with auxiliary engines up to a maximum engine power of 50 HP as well as diving equipment. The latter is only insured when the person using it is in possession of a diving license.
- 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) the statutory liability due to damage/loss arising when participating in motor boat races and sailing regattas or during the journeys to and from events of this kind.
- f) the statutory liability of the insured persons where the said persons are requested to provide assistance to a boat in distress and where damage is caused to the said boat as a result of the relevant measures undertaken to provide assistance - e.g. damage caused during the time that two vessels are joined with one another by a line.
- g) the personal statutory liability of the policy holder arising from sailing or operating a vessel belonging to a third party which he has hired provided this was not done in return for a fee - charter - or which he only sails or operates by way of providing a gratuitous service. This insurance cover is only available once other insurance arrangements have been exhausted and excludes claims of the owner arising from damage occurring to the boat as sailing or being used.

- h) Insured are third party claims:
 - › of co-insured persons with respect to one another
 - › of family members (deviating from § 3 II Number 2a) by reason of personal injury or damage to property (material loss) provided such claims exceed EUR 150,00Not insured are:
 - › Damages on the insured vessel itself
 - › Claims arising from work-related accidents of crew members employed by the policy holder or the owner. Insured are under this contract the statutory recourse claims of the social insurance institutions and possibly work accident insurers of the employed persons.
- i) the statutory liability - deviating from § 3 I Number 4a - arising from the damage of hired storage areas and moorings/berths, that are used for the private purpose of securely storing the boat / yacht. The policy holder is liable to pay an excess of EUR 250,00 in respect of each instance of damage of this type.
- j) the statutory liability included under the agreement arising from financial losses sustained as a result of insured events which occur during the insured period (but see § 3 I Number 9). The policy holder is liable to pay an excess amounting to 20% of losses of this type, the minimum amount payable in this regard being EUR 50,00.
- k) Search- and rescue costs, resulting from unintentional use of emergency rescue devices such as Epirb or GMDSS originated without an emergency situation actually occurring. The insurance cover is valid unless otherwise reimbursed.

3. Damage sustained abroad

The insurance cover encompasses the statutory liability arising from loss events irrespective of where in the world these may occur, provided that no contrary marine navigational limits have been agreed under the policy. The insurer pays compensation in the Euro currency.

The obligation of the insurer is deemed to have been fulfilled at the time that the Euro sum has been processed for payment with a foreign bank.

Contrary to the above, insurance cover is provided where the vessel is seized in a foreign port whereby any security or deposit required to be paid is insured only to a maximum sum equal to EUR 100.000,00 at the time in question.

4. 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, excluded are water pollution damages
 - › by discharging substances harmful to water or by other conscious action on waters. This applies also if discharging or introduction is required to save other legal interests.
 - › due to operational dripping or leakage of oil or other liquids from tank caps, refueling equipment or engine facilities of the sports boat.
- 2) The insurance cover does not extend to liability claims against those persons (policy holder or any co-insured party) 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, illegal strikes or indirectly caused by interventions or action of public authorities.
- 4) Included are:
 - › damages caused by force majeure, insofar as elementary natural forces have had an effect;
 - › For environmental damage outside the scope of the EU Environmental Liability Directive (2004/35/EC), public law obligations or claims for remediation of environmental damage to waters and soils are also covered. Insurance cover is provided in accordance with the EU Environmental Directive or German laws. The sum insured (sublimit) for such damages is EUR 15,000.00 per claim (2-fold maximised per annum).
- 5) The insurer will assume those costs, including those expended in vain, which the policy holder for the purpose of avoiding or reducing the loss (loss minimisation costs) was entitled to deem as imperative, as well as the costs of an assessor not appointed by the court, that taken together with the payable compensation does not exceed the combined sum insured.

Court costs and attorney expenses are covered by the provision in § 2 VII. Loss minimisation costs and the costs of a non-court appointed assessor expended upon the instruction of the insurer will be compensated to the extent that, when added to the payable compensation, these exceed the combined sum insured.

An approval given by the insurer in respect of measures undertaken by the policy holder or a third party for the purpose of avoidance or diminution of the loss does not constitute an instruction issued on the part of the former.

5. Public-law obligations or claims for the remediation of environmental damage according to Umweltschadensgesetz (USchadG)

- 1) Notwithstanding §1 Number 1, the insurance also covers public-law obligations or claims for the remediation of environmental damage according to Environmental Damage Act (USchadG), as far as during the effectiveness of the insurance contract
 - > the harmful emissions have suddenly, accidentally and improperly been discharged into the environment or
 - > another kind of damage is caused suddenly, accidentally and contrary to the regulations.

Even without the existence of the above named damage, insurance cover exists for environmental damage caused by storage, use or other handling of or with products of a third-part only if the environmental damage is attributable to design, production or instruction errors of these products. However, there is no insurance cover if the error at the time of placing on the market of the used products according to the state of science and technology could not have been recognized (development risk). Environmental damage is

- > damage to protected species and natural habitats,
 - > damage to waters, including groundwater, damage to the soil.
- 2) Not insured are:
 - 2.1.) duties or claims as far as they apply against the persons (policy holders or a co-insured person) who caused the damage by awareness of laws, regulations or directed governmental order against the policy holder, or orders protecting the environment.
 - 2.2.) Obligations or claims because of damages
 - a) arising through unavoidable, necessary or accepted effects on the environment.
 - b) for which the policyholder is covered by another insurance contract (e.g. water pollution liability insurance) or could have had insurance coverage.
 - 3) For this environmental damage insurance each insured event is covered by a separate sum stated in the insurance policy as the amount of the insured sum. The total benefit per insurance year is the simple of this coverage.
 - 4) Foreign countries

Notwithstanding § 1 Number 3, the scope of this insurance contract is covered within the scope of the EU Environmental Liability Directive (2004/35 / EC). Insurance cover exists - insofar as deviating from § 1 Number 3 and § 1 Number 5.1 - also for obligations or claims according to national implementation laws of other EU Member States, provided that such obligations or claims are consistent within the scope of the above mentioned EU guidelines.

§ 2 START AND SCOPE OF THE INSURANCE COVER, PAYMENT

I. Start of the insurance cover / premium and insurance tax

1. The insurance cover starts at the time specified in the insurance certificate provided the policy holder has paid the first or single premium on time.
2. The amount set out in the invoice includes the insurance tax payable by the policy holder according to the rate prescribed by statute.

II. Payment and consequences of delayed payment / first premium

1. The initial or single premium is due immediately upon two weeks from the time the insurance policy is received by the policy holder.

Where it is agreed that the annual premium will be paid in instalments, the first premium is deemed only to be the first instalment on the first annual premium.
2. If the policy holder does not pay the initial or single premium on time, but at a later time instead, the insurance cover only starts at the later time. This foregoing does not apply where the policy holder demonstrates that he is not responsible for the delay in payment. The insurer is entitled to withhold the payment of compensation in respect of insured events that occur prior to the payment of the premium only if the policy holder

has been informed of the legal consequences of non-payment in text form or by means of a prominent notice to this effect included in the insurance policy.

3. If the policy holder fails to pay the initial or single premium on time, the insurer is entitled to cancel the agreement so long as the premium remains unpaid. The insurer may not cancel the agreement where the policy holder demonstrates that he is not responsible for the delay in payment.

III. Payment and consequences of delayed payment / renewal premium

1. The renewal premiums are due on the first day of each month of the insured period unless otherwise agreed.

Payment is deemed as being on time provided it takes place by the time stipulated in the insurance policy or the premium invoice.
2. If the following premium is not made on time, the policy holder is in default without the requirement for the issue of a reminder, unless he is not responsible for the delayed payment. The insurer shall issue the policy holder with a written demand of payment stipulating a period for payment of at least two weeks.

In the event that a following premium is not paid when due, the insurer is entitled, at the cost of the policy holder, to stipulate a period for payment in writing. This period must be at least two weeks. This written stipulation is only effective if it contains a detailed breakdown of the outstanding premium, interest and costs, as well as describing the legal consequences associated with the expiry of the period pursuant to § 2 III Number 3 and § 2 III Number 4. The insurer is entitled to demand compensation for losses it sustains due to the delay.

3. If, following the expiry of this period for payment, the policy holder remains in default, from this time there is no longer any insurance cover provided the policy holder was advised of this consequence pursuant to Paragraph 2 III Number 2. 2.
4. If the policy holder remains in default after the expiry of this period for payment, the insurer is entitled to terminate the agreement without further notice, provided it informed the policy holder of this legal consequence with the issue of the payment demand pursuant to § 2 III Number 2 Abs. 3.

If the insurer terminates the agreement and the policy holder pays the outstanding amount within one month, the agreement will continue. No insurance cover is available, however, in respect of insured events arising between receipt of the termination and the time of payment.

IV. Due payment with authorised direct debit procedure

If it has been agreed that the premium will be directly debited from an account, the payment is deemed to be made on time if the amount could be debited on the due date and the policy holder did not countermand the authorised direct debit.

If the due premium could not be collected at no fault of the policy holder, the payment is nevertheless deemed to be made on time when made immediately following the issue of a demand for payment made by the insurer through a written communication.

If it is not possible to collect the premium because the policy holder countermanded the direct debit authorisation, or if the policy holder is for other reasons responsible for failure to collect the premium, the insurer is entitled to demand a method of payment other than the direct debit procedure. The policy holder is only obliged to pay the premium once he has received a demand for payment from the insurer made by written communication.

V. Payment by instalments and consequences of a delay in payment

If it has been agreed that the annual premium will be paid in instalments, the outstanding instalments will be due immediately if the policy holder is in default of payment in respect of one instalment.

The insurer is also entitled for the future to demand one single payment of the full annual premium.

VI. Insurance compensation payment / Power of attorney of the insurer

1. The insurance cover encompasses the verification of the issue of liability, the defence against unjustified claims for compensation, and the indemnification of the policy holder with respect to valid compensation claims. Claims for compensation are deemed valid if the policy holder is made liable to pay compensation pursuant to a legal provision or final judicial decision, or through acknowledgement or settlement of a claim, and the insurer is legally bound by the claim. Declarations of the policy holder with respect to

acknowledgements or settlement issued or made without the approval of the insurer are only binding on the latter insofar as the claim would have been established without the fact of the acknowledgement or settlement.

If the obligation of the policy holder to pay compensation is determined with binding effect on the insurer, the insurer must, within two weeks, indemnify the policy holder in respect of the third party claim.

2. The insurer is authorised to issue all those declarations on behalf of the policy holder that it considers expedient for processing the claim or avoiding the compensation claim. Where an insured event leads to a legal dispute against the policy holder relating to compensation claims, the insurer will be entitled to conduct the case. It will conduct the legal dispute at its own cost on behalf of the policy holder.
3. If, in the course of criminal proceedings arising from an insured event that could lead to a compensation claim within the terms of the insurance cover, the insurer requires or approves the appointment of defence counsel, it will assume the costs of this appointment as defined under the standard fee ordinance or the higher costs of the defence counsel as separately agreed with it.
4. If the policy holder or co-insured acquires the right to demand cancellation or diminution of a pension by periodical payments, the insurer is entitled to exercise this right.

VII. Limitation of payable compensation

1. The payable compensation in respect of every insured event is limited to the agreed insured amount. This remains the case where the insurance cover extends to several persons under obligation.
2. Unless otherwise agreed, the compensation payable in respect of all insured events occurring within one insurance year is limited to twice the agreed insured amount.
3. Where several insured events occur during the validly insured period, these will be deemed to constitute one insured event occurring at the time of the first insured event, if these are related
 - › to the one and the same cause,
 - › to similar causes with an interlinked factual and temporal basis, or
 - › to the delivery of goods with the same defect.
4. Where separately agreed, for each insured event the policy holder will be obliged to pay a contributory amount to the compensation payment as defined in the insurance certificate (excess). Unless otherwise agreed, in this case the insurer remains obliged to nullify unjustified claims for compensation.
5. Expenses of the insurer for costs are not counted as benefits on the sums insured. For liability claims brought under the laws of the United States or Canada the following special regulation apply, regardless of the place of jurisdiction: Expenses of the insurer for costs are credited as benefits against the sum insured. Costs include: expenses for lawyer, surveyor, witness and court; expenses to avert or reduce the damage on or after the occurrence of the insured event, as well as damage assessment costs, including travel expenses not relating to the insurer itself. The above also applies if the costs were incurred on the proper instructions of the insurer.
6. If the justified liability claims arising from an insured event exceed the insured sum, the insurer bears the legal costs in proportion of the insured sum to the total amount of these claims.
7. If the policy holder is to make payment of a pension on a periodical basis and the capital value of the periodic performance owed exceeds the insured amount, or where the remaining amount - following the deduction of any other payments arising from the insured event - exceeds the insured amount, the entitlement to compensation by periodical payment will only be paid by the insurer on the basis of the ratio of the insured amount, or the remaining amount, to the capital value of the periodic performance owed. The value of the periodic performance owed as compensation is calculated pursuant to the corresponding provision of the German ordinance relating to insurance cover under vehicle liability insurance (KfzPflVV) as applicable at the time of the insured event.
8. In the event that the acknowledgement, satisfaction or settlement as demanded by the insurer is not forthcoming due to the refusal of the policy holder, the insurer is not liable for the additional expense relating to payable compensation, interest and costs from the time of that refusal.

§ 3 EXCLUSIONS

I. Unless otherwise expressly agreed in the insurance certificate or amendments made to it, the insurance cover does not extend to:

1. Claims for compensation that by way of agreement or specific commitment extend beyond the statutory liability of the policy holder.
2. Claims for compensation by reason of damage to property caused by sewage.
3. Claims by reason of damage/loss to third party property and all financial loss resulting from that, if the policy holder hired, leased, rented, borrowed this property or acquired it through unlawful interference with the possession of a third party. But see § 1 Number 2i.
4. Liability claims for damages that are directly or indirectly related with high-energy ionizing radiation (e.g. alpha, Beta and gamma rays as well as neutrons or radiation generated in particle accelerators) as well as with laser and maser beams.*
5. Claims resulting from damage/loss caused by asbestos or substances or product containing asbestos.
6. Damage/loss caused where, at the time of the occurrence of the insured event, the skipper/person in charge of the vessel does not have the officially prescribed permit to sail/operate the insured craft. The obligation to pay compensation to the policy holder endures where, without culpability, he could reasonably assume the skipper/person in charge of the vessel to be in possession of such a permit or where the craft was sailed/operated without permission.
7. Damage/loss arising from prohibited use or handling of flammable or explosive substances.
8. Relating to the personal statutory liability of the parascender.
9. The following loss relating to financial losses (§ 1 Number 2j)
 - › damage/loss arising from objects made or supplied by the policy holder or work services performed by it (or so done by a third party on behalf of or for the account of the policy holder);
 - › Damage/loss from emissions (e.g. noise, odours, vibrations);
 - › Planning, advisory, building or assembly management, examination or expert assessment activities;
 - › Activities connected with monetary, loan, insurance, real estate, leasing or similar financial business, with payment transactions of all types, with cash management as well as punishable breaches of trust and embezzlement;
 - › The infringement of industrial property rights and copyrights as well as the infringement of restrictive practices law/antitrust law and competition law;
 - › The granting of licenses and patents;
 - › Failure to fulfill periods of notice, deadlines, estimates and quotations;
 - › Advice, recommendations or instructions to economically affiliated companies and as well the inadequacy and/or absence of financial control activities;
 - › Activities connected with data processing, rationalisation and automation, issue of information, translation, travel agency and travel organisation activities;
 - › Deliberate deviation from statutory or governmental provisions, from instructions or conditions of the customer or other deliberate breaches of duties;
 - › Loss of property, including money, securities and valuables as well as cheques and credit cards.
10. Liability claims by reason of loss resulting from hostile actions, harassment, nuisance, unfair treatment or other discrimination.

II. The following remain excluded from insurance cover:

1. Insurance claims of all persons who have deliberately caused the damage/loss.
2. Liability claims
 - a) arising from claims made by family members of the policy holder who live with him in the same household or who are among the group of persons co-insured under the insurance agreement (but see § 1 Number 2h);
 - b) between two or more policy holders under the same insurance agreement;

* Compensation in respect of damage/loss caused by nuclear energy is governed by the German Atomic Energy Act (Atomgesetz). The operators of nuclear facilities are obliged to provide compulsory cover and arrange liability insurance for this purpose.

- c) from legal representatives of persons who are incapable of entering into legal transactions or have restricted legal capacity;
- d) from fully liable partners of trading companies with no legal capacity;
- e) from legal representatives of legal persons under private or public law, or associations with no legal capacity;
- f) from liquidators.

Family members are deemed to include spouses, partners as defined under the German Civil Partnership Act (Lebenspartnerschaftsgesetz) or similar partnerships pursuant to the law of other States, parents and children, adoptive parents and adopted children, parents and sons and daughters-in law, stepparents and children, grandparents and grandchildren, siblings as well as foster parents and children (persons who have a bond with one another established by living together for a long period of time like parents and children in an enduring family-like arrangement).

The exclusions contained in b) to f) also extend to the liability claims of the family members of the persons specified therein, where these persons live together in the same household.

3. Liability claims caused by particularly hazardous circumstances where the insurer reasonably could and did demand that the policy holder take remediate action within a reasonable period of time to eliminate the hazard and failed to do so. A circumstance that led to damage/loss is automatically regarded as particularly hazardous.
4. Not covered are liability claims
 - › arising from claims for compensation with punitive character, in particular punitive or exemplary damages.
 - › according to Articles 1792 et seq. and 2270 and the associated recourse claims under Articles 1147 of the French Civil Code or similar provisions other countries.

II. The insured event / duties of the policy holder / Policy holder's precontractual duties of disclosure

§ 4 THE INSURED EVENT

The loss event is the event the consequence of which is a direct loss sustained by the third party. The time of the cause of the loss that led to the loss event is irrelevant.

§ 5 POLICY HOLDER'S PRE-CONTRACTUAL DUTIES OF DISCLOSURE

1. Completeness and accuracy of the information relating to the risk-related circumstances

Prior to making the contractual statement (proposal for a policy), the policy holder is to disclose to the insurer all risk-related circumstances known to him/her. The insurer will undertake an inquiry in this respect by means of a written communication, by fax or e-mail and the information given in response here is of fundamental importance to the insurer in reaching its decision to conclude the contract under the agreed conditions. The policy holder is also to make appropriate disclosures in response to questions from the insurer pursuant to sentence 1 issued following his contractual statement but prior to accepting the policy holder's proposal for insurance.

Circumstances are deemed to be risk-relevant where the nature of these is such as to influence the decision of the insurer to conclude an agreement under the agreed terms and conditions or even conclude an agreement at all.

If the agreement is concluded by a representative of the policy holder who is aware of the risk-relevant circumstances, the policy holder himself will be deemed to have knowledge of the risk-relevant circumstance or intentionally misrepresented this by silence.

2. Cancellation

2.1 The insurer is entitled to cancel the insurance agreement where incomplete or inaccurate information has been given with regard to the risk-related circumstances.

This also applies in the case where a circumstance is not notified, or is inaccurately notified, because the policy holder deliberately failed to become aware of the relevant circumstances. The cancellation must be declared within one month. This period starts with the time that the insurer became aware of the breach of the duty of disclosure. The cancellation is performed by issuing a declaration to the policy holder.

2.2 The insurer is not entitled to cancel the agreement where the policy holder demonstrates that neither he nor his representative gave inaccurate or incomplete information either intentionally or through gross negligence.

The insurer is not entitled to cancel the agreement due to a grossly negligent breach of the duty of disclosure, where the policy holder can demonstrate that the insurer would still have concluded the agreement, even under other terms and conditions, had it known of the non-disclosed information.

2.3 There is no insurance cover following cancellation of the agreement.

If the insurer cancels the agreement following the occurrence of an insured event, it may not refuse payment of the insurance cover if the policy holder is able to demonstrate that the incomplete or inaccurately disclosed information did not have any causal connection with the occurrence of the insured event nor was relevant for the determination or scope of the compensation payment. However, even if this was the case, if the policy holder fraudulently breached his duty of disclosure, he will not be entitled to insurance cover. The insurer remains entitled to receive insurance premiums for that part of the contractual period remaining prior to the declaration of cancellation becoming effective.

3. Increase in premium or right of termination

If the insurer is not entitled to cancel the agreement because the breach of the duty of disclosure was not intentional nor the result of gross negligence, the insurer may terminate the agreement in writing giving a one-month period of notice. The right to terminate the agreement is excluded where the policy holder is able to demonstrate that the insurer would still have concluded the agreement, even under other terms and conditions, had it known of the non-disclosed information.

If the insurer is not entitled to cancel or terminate the agreement on the grounds that it would still have concluded the agreement, but in return for other terms and conditions, had it known of the non-disclosed circumstances, then it may demand that these other terms and conditions are retrospectively made an effective part of the agreement.

If the policy holder is not responsible for the breach of the duty of disclosure, these other terms and conditions only become an integral part of the agreement as of the current insurance period.

If the modification of the agreement entails an increase in the premium by more than 10% or the insurer declines to provide insurance cover in respect of the non-disclosed circumstances, the policy holder is entitled to cancel the agreement in writing within one month of receiving the relevant notification from the insurer.

The insurer is obliged to exercise the rights to which it is entitled under § 5 Number 2 and 5 Number 3 in writing within one month. The time period starts from that point in time when it becomes aware of the breach of the duty of disclosure upon which it is basing the rights to which it has become entitled. The insurer must state the reasons on the basis of which it is making its declaration; it is entitled to subsequently give additional information of the circumstances on which it is basing its declaration, provided the one-month period for doing so has not yet expired.

The insurer is only entitled to the rights pursuant to §§ 5 Number 2 and 3, if it has instructed the policy holder in a special written communication of the consequences of any breach of the duty of disclosure.

The insurer may not avail of the rights granted under §§ 5 Number 2 and 3 if it was aware of the non-disclosed risk-related circumstance or the inaccuracy of the disclosure.

4. Contestation

The insurer remains entitled to rescind the agreement on the grounds of fraudulent misrepresentation. Where the agreement is rescinded the insurer remains entitled to the payment of the insurance premium for the remaining contractual period until the declaration of rescission becomes effective.

§ 6 DUTIES (WARRANTIES) PRIOR TO THE OCCURRENCE OF THE INSURED EVENT

When demanded by the insurer the policy holder is obliged to nullify particularly hazardous circumstances within a reasonable period.

This does not apply where the nullification is unreasonable taking into consideration the interests of the two parties. A circumstance that led to damage/loss is automatically regarded as particularly hazardous.

§ 7 DUTIES (WARRANTIES) FOLLOWING THE OCCURRENCE OF THE INSURED EVENT

1. The policy holder shall notify the insurer immediately upon the occurrence of any insured event, irrespective of whether or not a claim for compensation is made.

2. Where possible the policy holder must take measures for the avoidance and diminution of the damage/loss.
Where reasonable, the policy holder shall follow the instructions of the insurer. He will provide the insurer with detailed accurate loss reports and assist it with the ascertainment of the loss and settlement of the claim. All information deemed by the insurer to be necessary for processing the claim must be disclosed and all relevant documentation likewise made available.
3. The policy holder must notify the insurer immediately in the event that a claim for compensation is made against him, if an action is commenced against him by public prosecutors, governmental agencies or a court of law, if a payment collection letter has been issued against him or if he is served a third party notice by court or if a dispute in court is announced to him.
4. Where a court or governmental agency order is issued against the policy holder with respect to a payment of compensation, he shall lodge a defence or initiated other appropriate legal remedies within the stipulated period. The insurer is not required to issue instructions with respect to this duty.
5. If a liability claim is asserted against the policy holder in a court of law, he shall delegate the conduct of the suit to the insurer.
The insurer will appoint legal counsel to act on behalf of the policy holder. The policy holder must issue the legal counsel with the appropriate powers of attorney and shall furthermore disclose all necessary information and requested documentation.

§ 8 LEGAL CONSEQUENCES OF BREACH OF WARRANTY

1. If the policy holder breaches a warranty under this agreement, which he is to fulfil prior to the occurrence of an insured event, the insurer is entitled, for a period of one month after learning of the breach of obligation, to terminate the agreement without notice. The insurer does not have any right of termination if the policy holder is able to demonstrate that the breach of warranty was not the result of an intentional act or gross negligence.
2. If a warranty under this agreement is deliberately breached, the policy holder will lose his insurance cover. Where a warranty has been breached as the result of gross negligence, the insurer is entitled to reduce any payment of compensation in accordance with the degree of culpability on the part of the policy holder.
The complete or partial loss of insurance cover for the breach of a duty of disclosure or information arising following the occurrence of an insured event is only permissible where the insurer has informed the policy holder of this legal consequence in written form.
If the policy holder can demonstrate that he did not breach the warranty as a result of gross negligence, the insurance cover shall remain effective.
The insurance cover also remains effective where the policy holder demonstrates that the breach of warranty had no causal connection with the occurrence of the insured event or was not relevant to the determination of the insured event or the extent of the compensation payable by the insurer. This does not apply in the event that the policy holder is acting fraudulently in breaching his duties.
Where the insurer opts to exercise the right of termination to which it is entitled under § 8 Number 1 the foregoing conditions shall apply nevertheless.

III. General Conditions

1. If the insurance extends to liability claims against persons other than the policy holder himself, the conditions which are applicable for him shall be likewise applied to the co-insured. The conditions relating to future risks cover, i. e. provident insurance (Number 4) do not apply where the new risk is only established with respect to the co-insured.
The exercise of the rights arising from the insurance agreement may only be exercised by the policy holder.
He is jointly liable with the co-insured for the fulfilment of the warranties.
2. Claims of the policy holder or of the persons identified in § 3 II Number 2 against the insured persons are excluded from this insurance cover as are claims within the group of insured persons.
3. Prior to its final determination the indemnity claim may not be assigned or used as collateral security without the approval of the insurer.
An assignment in favour of the third party sustaining the loss is admissible.

4. An agreement may be made for the policy holder to pay an excess in respect of a compensation payment. This excess will be specified in the insurance certificate.

§ 9 PREMIUM IN CASE OF PREMATURE TERMINATION OF THE AGREEMENT

Unless stipulated to the contrary elsewhere in legislation, where the agreement is terminated prematurely the insurer is only entitled to that part of the premium corresponding to the exhausted contractual period, provided a minimum premium has not been agreed.

§ 10 DURATION OF THE AGREEMENT, TERMINATION, END OF INSURED RISK, MULTIPLE INSURANCE

1. **Duration and end of the agreement**
 - 1.1 The agreement is concluded for the period specified in the insurance policy.
 - 1.2 Where the contractual period is for one year or more, the agreement will be renewed for a further year each time it is not cancelled by one of the contractual parties not later than one month before the end of the respective insurance year.
 - 1.3 Where the contractual period is less than one year, the agreement will cease to have effect at the specified time without the requirement for the issue of notice to cancel.
 - 1.4 Where the agreed contractual period is longer than three years, the agreement may be cancelled to the end of the third year or each subsequent year thereafter; the notice to cancel must be received by the other contractual party no later than three months prior to the end of the relevant insurance year.
2. **End of the insured risk**
If insured risks cease to exist, fully and permanently, this ends the insurance arranged in respect of those risks. The insurer is entitled to that premium that it would have charged had the insurance of those risks only been applied up to the time that the insurer became aware the risk had ended.
3. **Termination after occurrence of an insured event**
 - 3.1 The insurance arrangement can be terminated if
 - › the insurer has paid out a sum of compensation or
 - › the policy holder receives notice of the commencement of legal proceedings against him in respect of a liability claim covered by the insurance agreement.
 The notice to terminate must be received in writing by the other contractual party no later than one month following the payment of compensation of the notice of the suit.
 - 3.2 Where the policy holder terminates the agreement, the termination is immediately effective once received by the insurer.
The policy holder may decide, however, that the termination will become effective at a later point in time, but no later than at the end of the current insurance year. A declaration of termination issued by the insurer becomes effective one month after receipt by the policy holder.
4. **Multiple insurance**
 - 4.1 Multiple insurance exists where the risk is insured under several insurance agreements.
 - 4.2 If multiple insurance exists and the policy holder was unaware of this fact, he may demand that the later agreement be rescinded.
 - 4.3 The right of rescission is extinguished if the policy holder fails to make any declaration within one month of learning of the multiple insurance. The rescission takes effect at the time that the insurer receives the relevant declaration.

§ 11 PERIOD OF LIMITATION

The rights established under this agreement will lapse after three years.
The calculation of this period is defined in the general provisions of the German Civil Code (BGB).
If a claim arising from this insurance agreement is notified to the insurer, the limitation period is suspended until that time when the claimant receives the written communication of the decision of the insurer.

§ 12 APPLICABLE LAW

This agreement is governed by the law of Germany.

§ 13 COURT IN CHARGE

1. The competent court for hearing claims arising under this agreement against the insurer will be the court with jurisdiction either for the insurer's registered address or for the branch office responsible for the insurance agreement.
If the policy holder is a natural person, the claim may be heard before that court with jurisdiction for the district in which the person, at the time of the filing of the relevant lawsuit, has his registered address or, where the person does not have a registered address, his usual place of residence.
2. If the policy holder is a natural person, the competent court for hearing claims arising under the insurance agreement will be the court with jurisdiction for the district in which the person has his/her registered address or, where the person does not have a registered address, his/her usual place of residence. If the policy holder is a legal person the appropriate court will also be that court with jurisdiction for the registered address of the policy holder or its branch office.
The same applies where the policy holder is a general partnership (Offene Handelsgesellschaft), a private limited partnership (Kommanditgesellschaft), a partnership under the Civil Code (Gesellschaft bürgerlichen Rechts) or a registered partnership (Partnerschaftsgesellschaft).
3. If the registered address or usual place of residence is not known at the time proceedings are commenced, the appropriate court for hearing disputes arising from this agreement against the policy holder will be the court with jurisdiction either for the insurer's registered address or the branch office responsible for the insurance agreement.

§ 14 DECLARATIONS AND NOTIFICATIONS

1. All declarations and notifications submitted to the insurer must be issued in written form. They can be communicated with equivalent legal effect to Hamburger Yacht-Versicherung Schomacker Versicherungsmakler GmbH.
2. In the event that the policy holder has failed to notify the insurer of a change in his/her/its address, for the purposes of issuing a declaration to the policy holder it is sufficient to send a letter by registered mail to his/her/its last known address.
The declaration is deemed received three days following dispatch of the letter. The same applies in the event of a change of name of the policy holder.

§ 15 SANCTION CLAUSE

1. The insurer will not provide any insurance cover or other benefits if this results in the insurer being subject to sanctions, prohibitions or restrictions according to valid economic or trade sanctions.

The following clauses apply only if these are expressly agreed and stated in the policy:

TOWING TRAILER AND SLIP TRAILER CLAUSE (2008)

The following applies for towing trailer / slip trailers for which insurance is not obligatory:

Under the terms of the agreement insurance cover is extended to the statutory liability as possessor, owner and policy holder of a towing trailer/slip trailer insofar as this is not attached to a towing vehicle (insurance cover is provided here under the vehicle liability insurance).

In addition, insurance cover is extended to the statutory liability with respect to the German Road Traffic Act (StVG), the obligatory insurance law (PfIVG) and the General Terms and Conditions for Motor Insurance (AKB, updated 01/01/2008).

Private liability insurance (PHV), that cover the towing trailer/slip trailer unattached to the towing vehicle, takes precedence over this trailer insurance (subsidiary cover).

The insured amount is EUR 50 Mio. in total for personal injury, property damage or financial loss, whereby personal injuries are covered up to a maximum of EUR 8,0 Mio. per injured person.

PREMIUM CLAUSE FOR YACHT LIABILITY INSURANCE

1. Contrary to Number I. § 1 Number. 2 b) of the YHB 2019 insurance cover is deemed to extend to the ownership and use of dinghies with auxiliary engines without restriction as to the engine power.
2. **Cover for unenforceable claims**
 - 2.1 Insurance cover is extended to cases where the insurance cover and /or other co-insured persons suffer personal injury or damage to property due to the occurrence of an insured event during the period of validity of this premium clause. This insurance cover is provided on the condition that the third-party (injuring party) is obliged under the liability provisions of private law to compensate the loss or injury but the compensation claim cannot be enforced.
 - 2.2 The obligation to pay compensation arises where
 - a) against the injuring party a final enforceable judgment is obtained or a payment order that cannot be appealed is issued, or
 - b) a judicially enforceable settlement was concluded with the injuring party or
 - c) a notarised acknowledgement of debt with a submission to execution clause is issued by the injuring party, on the basis of which it is established that the injuring party personally submits to immediate enforcement levied over all its assets and every reasonable attempt at enforcement has failed:
The obligation to pay compensation is conditional on the debt instrument as defined under Number 2.2.a) - c) having been issued in a member state of the European Union, in Norway or Switzerland.
An attempted enforcement has failed where the policy holder and the other co-insured persons can demonstrate that, there is no prospect of satisfaction, for example because the injuring party has submitted the assurance in lieu of oath (relating to debt and assets) within the last three years.
 - 2.3 Compensation will be paid to the amount of the entitled compensation claim or that part of the compensation claim that could not be executed. The maximum compensation payment is based on the insured amounts agreed in the policy with respect to personal injury and damage to property.
 - 2.4 The excess payable in respect of each loss event is EUR 1000,00.
 - 2.5 The compensation will only be paid upon presentation of the original debt title, the original documents of enforcement and other documentation establishing the failure of the efforts at enforcement.
The policy holder and the other co-insured persons are obliged to assign their claims against the injuring party to the insurer up to the value of the compensation paid.
Third parties cannot derive any rights under this agreement.
3. **Skipper Liability Insurance**
 - 3.1 Contrary to Number I. § 1 Number 2 g) of YHB 2019 insurance cover is extended to the statutory liability of the policy holder and the co-insured persons arising from the sailing or operation of third-party owned vessels, which were chartered or hired by the policy holder.
 - 3.2 Contrary to Number I. § 3 I Number 4 a) of the YHB 2019, insurance cover is extended to the statutory liability of the policy holder and the co-insured persons for damage/loss caused by gross negligence to the chartered or hire vessel/water craft and/or its equipment, inventory and accessories. The payable excess for each event of damage/loss is EUR 2.500,00. The insured amount payable under the insurance is EUR 100.000,00 per event of damage/loss. The total compensation payable in any one insurance year is limited to twice this insured amount.
 - 3.3 This insurance covered is provided on a subsidiary basis. Within the terms of this clause insurance cover is only extended to claims which (including partially) are proven not to be covered by alternative insurance agreements (including those with other companies).
4. **Loss of No-Claims-Bonus with boats borrowed free of charge**
Also covered is the statutory liability of the policy holder and the co-insured persons due to financial losses of a third party whose yacht or boat is used with his consent and a loss or damage results in downgrading or loss of the no-claims-bonus in his hull insurance. Covered is the sum of the additional premium due to downgrading in a bonus system. The additional premium is calculated from the difference between the

sum of the following five annual premiums after the loss and the sum of these premiums prior to the downgrading. Not covered are claims from using watersport vehicles which are rented or used as part of a work/employment contract.

5. Incorrect refueling

Covered is the statutory liability of the policy holder from incorrectly refueling a boat borrowed, chartered or rented, the compensation is limited to EUR 1.500,-

6. Loss of boat keys

Covered is the statutory liability of the policy holder from losing boat keys of somebody else's property (including master keys) and code cards which were lawfully in the custody of the policy holder.

The insurance cover is limited to:

- 1) costs for the necessary replacement or reprogramming of locks and locking systems.
- 2) costs for temporary security measures (e.g. emergency lock) and property protection up to 14 days from the date the loss of key was known.

Not covered are:

- 1) claims for compensation arising consequential due to the loss of keys or code cards (e.g. burglary or theft of the boat).
- 2) claims for compensation resulting from the loss of keys or code cards to safes as well as to other movable things (e.g. car keys, furniture keys).

The maximum compensation of the insurer payable from this contract for material loss respectively the insured sum is limited to EUR 30.000,- for each event of loss. The total compensation payable for these claims in any one insurance year is limited to twice of this insurance sum.

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Hamburger Yacht-Versicherung
Schomacker Versicherungsmakler GmbH
Managing Director: Andreas Medicus, Volker Reichelt
District Court of Hamburg, Commercial Register 65561
Katharinenhof / Zippelhaus 2 · D-20457 Hamburg
PHONE +49 (0)40 - 36 98 49 - 0 · FAX +49 (0)40 - 36 98 49 - 11
WWW.SCHOMACKER.DE