Legal expenses insurance, Basis

General conditions for legal expenses insurance (ARB WRS Basis 1-2025nam)

German law applies, and the German wording alone is binding. The binding text is the German original, available at www.nammert.com/bedingungen.php. This translation is a courtesy so that you can read what you are buying. It is not a contract document. Where the English and the German text differ, the German text decides. The numbering follows the German original clause by clause.

General conditions for legal expenses insurance, Basis (ARB WRS Basis 1-2025nam). Risk carrier: Württembergische Versicherung AG, Kornwestheim.

These conditions are built on the modular principle. Each module covers your need for legal expenses cover in one area of life. The clauses are assigned to the individual types of contract (traffic) by the following letter key. Clauses or sections that apply to all types of contract carry the assignment A.

- General: A
- Traffic: V

Basis 1 Purpose of legal expenses insurance (A)

You wish to pursue your legal interests. We provide the services required for that. The scope of our services is described in the insurance application, in the policy schedule and in these insurance conditions.

Basis 2 What legal expenses cover do you have? (A)

You have insured the following areas (contract forms):

- traffic legal expenses cover (V).

Basis 2.1 Who and what is insured? (A)

For legal reasons we point out the following to you: without prejudice to the other contract provisions, cover exists only so far as and for as long as no economic, trade or financial sanctions or embargoes of the European Union or of the Federal Republic of Germany that are directly applicable to the contracting parties stand in the way. This also applies to economic, trade or financial sanctions or embargoes of the United States of America, so far as legal provisions of the European Union or of the Federal Republic of Germany do not stand in the way.

Basis 2.1.1 Insured areas of life (A)

In traffic legal expenses cover (V):

You have cover when you pursue legal interests as

- owner,
- keeper,
- acquirer,
- lessee or hirer,
- driver

of watersports craft and of motor vehicles with boat trailers attached.

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The motor vehicles and watersports craft or boat trailers must either:

- be registered to you at the conclusion of the contract or during the term of the contract, where that is required by law,
- carry an insurance plate (a so called number plate) in your name,
- be watersports craft not subject to registration that are your property, or
- be hired by you for temporary use.

You also have cover on journeys with the insured private watersports craft or motor vehicle with a boat trailer attached for the purpose of carrying on a commercial, freelance or other self-employed activity.

You are furthermore insured as driver of and passenger on other people's or your own watersports craft.

You also have cover when you take part in public waterway traffic, namely

- as a passenger,
- as a swimmer,
- as a watersports participant (for example surfer or jet ski rider).

The following types of cover (2.2) are included in traffic legal expenses cover:

- damages legal expenses cover
- administrative legal expenses cover in traffic matters
- criminal legal expenses cover
- regulatory offences legal expenses cover
- legal advice by telephone

Basis 2.1.2 Co-insurance (A)

Co-insured are:

- your spouse or registered civil partner,
- your unmarried or unregistered partner living with you in the same household,
- the minor children of you and of your co-insured partner (including stepchildren, adopted children and foster children),
- the unmarried adult children of you and of your co-insured partner (including stepchildren, adopted children and foster children). The children must not be living in a registered civil partnership. The co-insurance of adult children ends in any event at the point at which they first take up an occupation intended to be permanent and receive an income for it. It also ends when your adult child has completed training and claims social benefits (for example unemployment benefit, "Hartz IV"),

All provisions of this legal expenses contract also apply to these co-insured persons.

If a co-insured person requests cover, you may object. (Why may you object if a co-insured person requests cover? You are our policyholder and may, for example, decide whether we are to pay costs for co-insured persons.)

Exception: you may not object in the case of your spouse or registered civil partner.

Cover also exists for claims to which natural persons are entitled by law if you or a co-insured person has been injured or killed. (Example: if you are seriously injured in a traffic accident, your closest relatives have cover and can use it to assert maintenance claims against the other party to the accident. A "natural person" is a human being, as opposed to a "legal person", which is for example a GmbH, an AG or a registered association.)

In traffic legal expenses cover the following also applies (V):

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Insured are all persons (co-insured persons) in their capacity as authorised drivers or authorised passengers of the insured watersports craft. (Authorised is every person who operates or uses the watersports craft with your consent.)

Basis 2.2 In which areas of law are you insured (types of cover)? (A)

Depending on the insured areas of life (contract forms) agreed, the cover comprises the following types of cover:

Basis 2.2.1 Damages legal expenses cover (V)

for enforcing your claims for damages.

Such claims for damages must not, however, also be based on a breach of contract or on an infringement of a right in rem in land, buildings or parts of buildings (rights in rem are rights that have effect against everyone and must be respected by everyone, for example ownership).

(This means, for example, that in traffic legal expenses cover we cover claims for damages against the other party to an accident involving your watersports craft, but not claims arising from defective work by a tradesman, such as a boat repair.)

Basis 2.2.2 Administrative legal expenses cover in traffic matters (V)

to pursue your legal interests in traffic law matters before administrative authorities and administrative courts.

Basis 2.2.3 Criminal legal expenses cover (V)

for your defence if you are accused of a criminal misdemeanour. (Misdemeanours are criminal offences punishable by a minimum term of imprisonment of less than one year or by a fine.)

You have cover under the following conditions:

- the misdemeanour is punishable by law when committed intentionally and when committed negligently, and
- you are accused of negligent conduct.

If, however, you are accused of intentional conduct, you initially receive no legal expenses cover. If you are not convicted of intentional conduct, you receive cover retrospectively. If the accusation changes during the proceedings to negligent conduct, cover exists from that point.

You therefore have no cover in the following cases:

- You are accused of a felony (for example perjury, robbery).
- You are accused of a misdemeanour that can only be committed intentionally (for example insult, theft, dangerous bodily harm). It does not matter whether the accusation is justified or how the criminal proceedings end.

For traffic legal expenses cover the following applies by way of derogation (V):

If you are accused of a traffic law misdemeanour, that is, a misdemeanour connected with waterway traffic, you receive cover.

Exception: a court finds with final and binding effect that you committed the misdemeanour intentionally. You are then obliged to reimburse us the costs incurred. You have no cover if you are accused of a felony. (A felony is a criminal offence punishable by a minimum term of imprisonment of one year.)

Basis 2.2.4 Regulatory offences legal expenses cover (V)

for your defence if you are accused of a regulatory offence. (Example: you cause impermissible noise.)

Basis 2.2.5 Legal advice by telephone (A)

for initial advice or initial information by telephone in all legal matters, including in areas of law that are not insured or not insurable, from a lawyer admitted in Germany who is arranged by us or by a service provider instructed by us. German law must be applicable.

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Basis 2.3 Scope of benefits (A)

We provide and arrange services so that you can pursue your interests to the extent explained below.

In each insured event we pay at most the sum insured agreed in our contract. By way of derogation, an unlimited sum insured applies to the type of cover damages legal expenses cover.

We add together payments for you yourself and for co-insured persons in the same insured event. This also applies to payments on the basis of several insured events that are connected in time and cause.

Basis 2.3.1 Scope of benefits in Germany (A)

2.3.1.1 To enable you to settle a conflict by agreement, we bear the reasonable costs, up to 10,000 euros per mediation, of a mediator proposed by us.

(Mediation is a confidential and structured procedure in which parties, with the help of a mediator, voluntarily and on their own responsibility seek to settle their conflict by agreement.)

The mediation may take place in the presence of the parties, by telephone or online.

If persons who are not insured take part in the mediation, we bear the proportion of the costs that falls on you and on co-insured persons (example: you and your spouse have a conflict with a third party. The costs of the mediator are split equally between the parties. We bear the costs that fall on you and your spouse. The third party must pay their share of the costs, that is, 50 per cent, themselves).

We are not responsible for the work of the mediator.

The risk exclusions under clause 3.2 do not apply.

2.3.1.2 The remuneration of a lawyer who represents your interests. (If you instruct more than one lawyer, we do not bear the additional costs that arise from this. Nor do we bear additional costs because of a change of lawyer.)

We reimburse at most the statutory remuneration of a lawyer who is or would be based at the place of the competent court. The statutory remuneration is determined by the German Lawyers' Remuneration Act (RVG).

We also bear the travel costs and absence allowances for a visit to you by the lawyer acting for you up to a distance of 100 kilometres, if the visit is necessary because of special circumstances (mobile lawyer: for example in the event of illness, accident, being indispensable at the company). We reimburse the travel costs and absence allowances up to the rates that apply to business trips of German lawyers.

Do you live more than 100 km in a straight line from the competent court? Then we bear further lawyer's costs, namely up to the statutory remuneration of a lawyer who only conducts the correspondence with the lawyer at the place of the competent court (a so called correspondence lawyer). Alternatively, we bear travel costs and absence allowances of the lawyer acting for you in the same amount.

This applies only to the first instance.

Exception: in criminal and regulatory offences legal expenses cover we do not bear these further costs.

Do you live more than 50 kilometres in a straight line from the competent court?

Then, in your court dispute, we additionally bear the travel costs to the competent court actually and necessarily incurred, if you have to appear there as the accused or as a party. The costs are borne up to the rates that apply to business trips of German lawyers.

2.3.1.3 For traffic legal expenses cover the following applies (V):

We bear your costs for an expert if the following conditions are met:

The expert has the necessary technical expertise. Experts are deemed technically competent if they have been appointed by a state or state recognised body or certified by a body accredited under the DIN/ISO standards applicable at the time.

The assumption of costs applies in the following cases:

- In cases of defence in traffic law criminal proceedings and regulatory offence proceedings.

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- When you pursue your legal interests arising from purchase and repair contracts for watersports craft and boat trailers.

Basis 2.3.2 Scope of benefits abroad (A)

2.3.2.1 In the case of an insured event abroad, we bear the costs of a lawyer who acts for you at the competent court abroad.

This may be either:

- a foreign lawyer based at the place of the competent court, or
- a lawyer in Germany.

We remunerate the lawyer in Germany as if the legal dispute were taking place at the location of their law office in Germany. This remuneration is limited to the statutory remuneration.

Is a foreign lawyer acting for you and do you live more than 100 km in a straight line from the competent court (abroad)? Then we additionally bear the costs of a lawyer at your place of residence. We then pay this lawyer up to the statutory remuneration of a lawyer who conducts the correspondence with the lawyer at the place of the competent court (a so called correspondence lawyer).

This applies only to the first instance.

If the lawyer's work is limited to the following services, we bear, unless otherwise agreed in these conditions, costs of at most 250 euros plus VAT per insured event:

- your lawyer gives you oral or written advice,
- gives you information, or
- prepares an expert opinion for you.

For traffic legal expenses cover the following applies (V):

Do you have an insured event that occurred as a result of a traffic accident elsewhere in Europe outside Germany, and do you have claims arising from it? Then settlement must first be sought with the claims representative or with the compensation body in Germany. Only if this settlement has been unsuccessful do we also bear costs for pursuing the claim abroad.

We bear the additional costs of the settlement in Germany within the scope of the statutory fees, namely up to a 1.5 fee under section 13 of the German Lawyers' Remuneration Act (RVG) for the lawyer's entire work.

2.3.2.2 For traffic legal expenses cover the following applies (V):

We bear the usual remuneration of an expert based abroad. We do so if you wish to assert claims for compensation because of damage to a watercraft or a boat trailer that occurred abroad.

2.3.2.3 We bear your costs for a journey to a foreign court if (A):

- you have to appear there as the accused or as a party to the proceedings, and
- you can avoid legal disadvantages only by appearing in person.

We bear the costs actually incurred up to the rates that apply to business trips of German lawyers.

2.3.2.4 We arrange for the translation of documents and for the appointment of an interpreter, if this is necessary in order to pursue your legal interests abroad. In doing so we also bear the costs incurred for the translation or for the work of the interpreter.

2.3.2.5 All provisions concerning the lawyer also apply to legally and technically competent representatives based there.

2.3.2.6 If you have paid these costs in a foreign currency, we reimburse them to you in euros. As the basis for settlement we use the exchange rate of the day on which you advanced the costs.

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Basis 2.3.3 In addition, we provide the following in Germany and abroad:

2.3.3.1 We bear

- the court costs, including the compensation for witnesses and experts called by the court,
- the costs of the bailiff,
- the costs of proceedings before administrative authorities that the authority charges you, including the compensation for witnesses and experts called by the administrative authority, and the costs of administrative enforcement.

2.3.3.2 We bear the fees of arbitration or conciliation proceedings, namely up to the amount of the fees that would arise if a competent state court of first instance were seised.

2.3.3.3 We bear the lawyer's and court costs of your opponent in the proceedings if you are obliged to reimburse these costs of the proceedings on the basis of a court order on costs.

2.3.3.4 We bear the costs of a sign language interpreter if this is necessary in order to pursue your legal interests.

2.3.3.5 We reimburse the costs that we have to bear if you prove that you

- are obliged to pay them, or
- have already paid these costs.

2.3.3.6 To spare you temporarily from criminal prosecution measures, we pay a bail deposit for you where necessary. This takes the form of an interest free loan of up to 200,000 euros.

In the private waterway traffic sphere, a security deposit required by law is also made available as part of the bail benefit, so far as it exceeds an amount of 1,000 euros to be borne by the policyholder themselves.

2.3.3.7 We bear the costs of the insured proceedings to be borne by you, including proceedings for the enforcement of sentences.

Basis 2.4 Conditions for the entitlement to cover

You are entitled to cover if an insured event has occurred.

You have this entitlement, however, only if the insured event occurred after the start of cover and before its end.

The insured event is:

2.4.1 In damages legal expenses cover, the first event in which the damage occurred or is alleged to have occurred.

2.4.2 In criminal legal expenses cover and in regulatory offences legal expenses cover, the point in time at which the offence alleged was committed or is alleged to have been committed.

2.4.3 Unless otherwise provided, the point in time at which you or another person (for example the opponent or a third party) infringed or is alleged to have infringed legal duties or legal provisions.

2.4.4 If your insured event extends over a period of time, its beginning is decisive.

2.4.5 If several insured events are the cause of your entitlement to cover, the first is decisive. If this first insured event occurs within the term of the contract, you receive cover. If this first insured event occurred before the start of the contract, you have no entitlement to cover.

In your favour, insured events that occurred more than one year before the start of cover are disregarded.

Basis 3 What is not insured? (A)

Basis 3.1 Exclusions in time

3.1.1 You have cover for insured events without any waiting period being taken into account.

3.1.2 In the following cases you have no cover:

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3.1.2.1 The insured event does occur after the start of cover. It was, however, preceded by your having, before the start of the insurance,

- made an application to an authority (example: accident report to an employers' liability insurance association, reissue of a driving licence);
- made an application for benefits under another insurance contract (example: claim to an occupational disability pension or to an accident disability benefit);
- exercised a right of cancellation, and the insured event is connected with the termination of the cancelled contract (example: you have cancelled a boat hire contract and after the start of the insurance there is a dispute about the deposit).

In your favour, applications and cancellations that were made or exercised more than one year before the start of cover are disregarded.

3.1.2.2 You report an insured event to us but at that time have no longer been insured with us for the area concerned for more than three years.

Basis 3.2 Exclusions as to content

In the following cases you have no cover:

3.2.1 Any pursuit of interests causally connected with

- war, hostile acts, riot, civil unrest, strike, lockout or earthquake,
- nuclear damage and genetic damage. This exclusion does not apply to damage from medical treatment,
- damage to health and damage to land, buildings or parts of buildings caused by fracking or by emissions caused by this process,
- mining damage and impairments caused by mining related immissions (these are effects such as vibrations) on land, buildings or parts of buildings.

3.2.2 Any pursuit of interests causally connected with

- the purchase or sale of a plot of land that is to be built on;
- the purchase or sale of a building or part of a building that you or co-insured persons do not use yourselves for residential purposes;
- the planning or construction of a building or part of a building that is in your ownership or possession or that you wish to acquire or take possession of;
- the structural alteration, subject to approval or notification, of a plot of land, a building or part of a building. This plot of land, building or part of a building is in your ownership or possession, or you wish to acquire it or take possession of it.

You also have no cover for the financing of any of the projects named under 3.2.2.

3.2.3 You wish to defend against claims for damages. (Example: you have a traffic accident and the opponent wants damages from you. This is insured not under legal expenses insurance but under liability insurance.)

3.2.4 Disputes arising from collective labour or civil service law (for example co-determination rights in companies and establishments).

3.2.5 Disputes arising from the law of commercial companies or from employment relationships of legal representatives of legal persons (for example the managing director of a GmbH or the members of the management board of an Aktiengesellschaft).

3.2.6 Disputes causally connected with patent, copyright, trade mark, registered design or utility model rights or other intellectual property rights.

3.2.7 Disputes arising from cartel law or other competition law.

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3.2.8 Disputes causally connected with the acquisition, disposal, management and financing of capital investments.

Excepted from this are:

- goods for your own use or consumption

3.2.9 Disputes causally connected with

- the granting of loans,
- gaming or betting contracts,
- prize notifications.

3.2.10 Disputes in the field of family law, civil partnership law and inheritance law.

3.2.11 You wish to take action against us or our claims settlement company.

3.2.12 Disputes concerning

- the tax valuation of land, buildings or parts of buildings,
- development charges and other charges levied on adjoining owners.

Exception:

- The charges concerned are recurring charges levied for the supply of services to the land. *(The German original reads "Es handelt sich umlaufend erhobene Gebühren"; a word is missing, the sense of "um laufend" is rendered here.)*

3.2.13 Disputes causally connected with deleted content on social media and on online platforms of which you are or are alleged to be the author.

3.2.14 You pursue your legal interests

- before constitutional courts, or
- before international or supranational courts (for example the European Court of Justice).

3.2.15 Any pursuit of interests causally connected with insolvency proceedings that have been opened or are to be opened over your assets (for example: compulsory auction of the watersports craft following your insolvency application).

3.2.16 Disputes

- in expropriation, planning approval and land consolidation matters,
- in matters governed by the German Federal Building Code (Baugesetzbuch).

3.2.17 Regulatory offence or administrative proceedings are conducted against you because of a stopping or parking violation.

Exception: this does not apply to a stopping or parking violation committed in Germany if the German Fines Catalogue Ordinance (BKatV) provides for an entry of points in the central traffic register for it.

3.2.18 There are disputes

- between you and other policyholders under the same insurance contract,
- brought by co-insured persons against you,
- between co-insured persons.

3.2.19 Disputes between other partners (partners who are neither married nor registered, of whatever sex) if these disputes are causally connected with the partnership. This also applies if the partnership has ended.

3.2.20 Claims or liabilities are assigned to you or have passed to you after an insured event has already occurred. (Example: your work colleague has a traffic accident and assigns his claims for damages to you. You wish to assert

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these against the other party to the accident. This is not insured.)

3.2.21 You wish to assert the claims of another person (example: you have a friend's claims for damages against a third party assigned to you in order to assert them. This is not insured.) or you are to answer for the liabilities of another person. (Example: your work colleague buys a watercraft. You stand surety for the loan agreement with the boat seller. Disputes arising from the contract of surety are not insured.)

3.2.22 In the areas of law under 2.2.1, 2.2.2 and 2.2.3 there is a causal connection with a criminal offence committed intentionally by you or by a co-insured person.

If this becomes known only later, you are obliged to repay the benefits we have provided.

3.2.23 Any pursuit of interests causally connected with a planned or exercised commercial, freelance or other self-employed activity.

Exceptions:

- in traffic legal expenses cover you have cover on journeys with the insured private watersports craft and motor vehicle with a boat trailer attached for the purpose of carrying on a commercial, freelance or other self-employed activity.

3.2.24 You wish to pursue interests in connection with the acquisition or disposal of part use rights (timesharing) in:

- land,
- buildings,
- parts of buildings.

3.2.25 Disputes in proceedings in the field of asylum law and the law on foreigners and migration, and in the field of the law on securing a means of subsistence.

3.2.26 Disputes in proceedings on the allocation of university places.

3.2.27 Disputes in administrative proceedings in connection with the granting or refusal of a subsidy in the commercial sphere.

Basis 3.3 Limitation of our obligation to pay

We cannot reimburse the following costs:

3.3.1 Costs that you have assumed without being legally obliged to do so.

3.3.2 Costs that arose in an amicable settlement and that do not correspond to the ratio of the result you sought to the result achieved. (Example: you claim damages of 10,000 euros. In a settlement with the opponent you obtain an amount of 8,000 euros, that is, 80 per cent of the result sought. In this case we bear 20 per cent of the costs incurred, namely for the part that you were unable to enforce.) This relates to the total costs of the dispute.

Exception: a different allocation of costs is prescribed by law.

3.3.3 You also reach agreement on undisputed or uninsured claims. In this case we do not pay the costs attributable to them.

3.3.5 *(The German original has no clause 3.3.4; the numbering jumps from 3.3.3 to 3.3.5.)* Costs of enforcement measures (for example: costs of a bailiff)

- that arise from the fourth or any further enforcement measure per enforceable title,
- that are initiated later than five years after the enforceable title became final ("enforceable titles" are for example an enforcement order and a judgment).

3.3.6 Costs of proceedings for the enforcement of sentences of any kind in which the court imposed a fine or regulatory fine of less than 250 euros.

3.3.7 Costs that another person would be obliged to bear if the legal expenses insurance contract did not exist.

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Basis 3.4 Refusal of cover because of insufficient prospects of success or because of wantonness, binding opinion procedure (Stichentscheid)

3.4.1 We may refuse cover if, in our view,

3.4.1.1 the pursuit of your legal interests under 2.2.1, 2.2.2 and 2.2.3 has no sufficient prospect of success, or

3.4.1.2 you wish to pursue your legal interests wantonly. Wantonness exists where the costs likely to be incurred are grossly disproportionate to the success sought. In this case we cannot pay, because the legitimate interests of the community of insured persons would be impaired.

In both of these cases we must notify you of the refusal in writing without undue delay, giving reasons. ("Without undue delay" does not necessarily mean "immediately", but "without culpable hesitation, that is, as quickly as reasonably possible".)

3.4.2 What happens if we refuse an obligation to pay under 3.4.1 and you do not agree?

In this case you may have the lawyer acting for you, or still to be instructed, give a reasoned opinion on the following questions:

- Is there a sufficient prospect of success, and
- is the enforcement of your legal interests in reasonable proportion to the success sought?

We bear the costs of this opinion.

The lawyer's decision is binding on you and on us, unless this decision obviously deviates considerably from the actual factual or legal situation.

3.4.3 So that the lawyer can give the opinion, you must inform him fully and truthfully about the facts. You must also state the evidence. If you do not comply with these obligations, your cover lapses.

Basis 4 What must you observe? (A)

Basis 4.1 Conduct in the insured event, fulfilment of duties

Duties are all the rules of conduct that you and the insured persons must observe in order to keep the entitlement to cover.

4.1.1 What must you do if an insured event occurs and you need cover?

4.1.1.1 You must notify us of the insured event without undue delay, by telephone where appropriate. ("Without undue delay" does not necessarily mean "immediately", but "without culpable hesitation, that is, as quickly as reasonably possible".)

4.1.1.2 You must

- inform us fully and truthfully about all the circumstances of the insured event, and
- state all evidence, and
- make documents available to us on request.

4.1.1.3 You must, as far as possible, agree measures that cause costs with us, so far as this is reasonable for you. (Examples of measures that cause costs: instructing a lawyer, bringing an action or lodging an appeal.)

4.1.1.4 When the insured event occurs, you must as far as possible take care to avert and reduce the loss, see section 82 of the German Insurance Contract Act (VVG).

4.1.2 We confirm to you the scope of cover that exists for the specific insured event.

If, however, you take measures to enforce your legal interests

- before we have confirmed the scope of cover, and
- do such measures give rise to costs?

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Then we bear only the costs that we would have had to bear had cover been confirmed before these measures were initiated.

4.1.3 You may choose the lawyer.

We choose the lawyer

- if you request this, or
- if you do not name a lawyer and the immediate instruction of a lawyer appears necessary to us.

If we choose the lawyer, we instruct him in your name. We are not responsible for the work of the lawyer.

4.1.4 After instructing the lawyer you must do the following:

inform your lawyer

- fully and truthfully,
- state the evidence,
- provide the information possible,
- obtain the necessary documents, and

give us information on the status of your matter on request.

4.1.5 If you intentionally breach one of the duties named in 4.1.1 and 4.1.4, you lose your cover.

In the event of a grossly negligent breach of a duty, we are entitled to reduce our benefit in proportion to the severity of your fault. (Example of "grossly negligent conduct": someone breaches the necessary care to an unusually high degree.)

If you breach a duty to provide information or to clarify after the insured event has occurred, this too may lead to the complete or partial loss of cover. This presupposes, however, that we have previously informed you of these duties by separate notification in text form (example: letter or email).

Cover remains in place if you prove that you did not breach the duties with gross negligence.

Cover also remains in place in the following case:

You prove that the breach of duty was not the cause

- of the occurrence of the insured event,
- of the establishment of the insured event, or
- of the establishment or the scope of our benefit (for example: you did not agree the lodging of the appeal with us. On subsequent examination, however, we would have confirmed the assumption of costs even if it had been agreed in good time).

Cover does not remain in place if you breached your duty fraudulently.

4.1.6 You may assign your claims to insurance benefits only with our consent. ("Assign" means: you transfer your claims to insurance benefits that you have against us to your lawyer or to another person.) Our consent must be given in text form.

Exception: the requirement of consent does not apply if you have monetary claims against us (for example: you have exceptionally paid a court costs invoice in advance).

If we are to release you from cost invoices not yet paid, there is no monetary claim.

4.1.7 If another person (for example: your opponent in the proceedings) must reimburse you costs of pursuing your rights, this claim passes to us. But only if we have already paid the costs.

You must hand over to us the documents we need to enforce this claim. You must also cooperate in enforcing the claim if we so request.

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If you intentionally breach this duty and we therefore do not obtain reimbursement of these costs from the others, we need not reimburse any further costs beyond the costs already paid. If you acted with gross negligence, we are entitled to reduce the costs in proportion to the severity of your fault. You must prove that you did not act with gross negligence. (Example of "grossly negligent conduct": someone breaches the care required in ordinary dealings to an unusually high degree.)

4.1.8 Has another person (for example: your opponent in the proceedings) reimbursed you costs of pursuing your rights, and were these previously paid by us? Then you must repay these costs to us.

Basis 4.2 Further special rules of conduct and duties in traffic legal expenses cover (V)

If we are to take on an insured event for you, the following conditions must be met:

- The driver must hold the prescribed licence when the insured event occurs.
- The driver must be entitled to operate the craft.
- The watersports craft must be registered where required by law, and the boat trailer must have an insurance plate (a so called number plate).

What happens if these conditions are breached?

Then cover exists only for those insured persons who knew nothing of this breach, that is, persons who acted without fault or with no more than slight negligence. If the breach was grossly negligent, we are entitled to reduce our benefit according to the severity of the fault. (Example of "grossly negligent conduct": someone breaches the generally customary care to an unusually high degree.)

If the insured person proves that their lack of knowledge was not grossly negligent, cover remains in place.

Cover also remains in place in the following cases:

The insured person or the driver proves that the breach was not the cause of

- the occurrence of the insured event,
- the establishment of the insured event, or
- the scope of the benefit to be provided by us.

Basis 5 In which countries are you insured? (A)

Basis 5.1 Where you have cover

You have cover if a court or authority in the following areas has or would have legal jurisdiction and you pursue your legal interests there:

- in Europe,
- in the states bordering the Mediterranean,
- in the Canary Islands,
- in the Azores,
- on Madeira.

Exception: in administrative legal expenses cover, cover exists only where a German court or a German authority has jurisdiction.

Basis 5.2 Where you have cover with restrictions

For the pursuit of your legal interests outside the territorial scope under 5.1, we bear the costs up to a maximum amount of 200,000 euros.

We do so under the following conditions:

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- your insured event must have occurred there during a stay of no more than 24 months,
- cover must not be limited to German courts (see the exceptions to clause A 5.1),
- you are not pursuing interests in connection with the acquisition or disposal of rights in rem,
- you are not pursuing interests in connection with contracts under the law of obligations arising from a commercial, freelance or other self-employed activity.

Basis 6 When does your legal expenses insurance begin and end? (A)

Basis 6.1 Start of cover

Cover begins at the time stated in the policy schedule. The condition for cover is that you pay the first or single premium without undue delay after the expiry of 14 days from receipt of the policy schedule (see 7.4.1).

Basis 6.2 Duration and end of the contract

Basis 6.2.1 Contract term

The contract is concluded for the period stated in the policy schedule.

Basis 6.2.2 Tacit renewal

Where the contract term is at least one year, the contract renews for one year at a time. It does not renew if one of the contracting parties has received a cancellation in good time before the expiry of the current contract term.

6.2.2.1 You may cancel the contract on any day. This also applies in the first insurance year. Your cancellation takes effect only if we have received it in text form (for example email, fax or letter).

6.2.2.2 We may cancel the contract in each case with effect from the end of the insurance year, but at the earliest as at the agreed expiry, giving three months' notice. Our cancellation takes effect only if you have received it no later than three months before the cancellation date.

Basis 6.2.3 End of the contract

Where the contract term is less than one year, the contract ends at the intended time without the need for cancellation.

Where the contract term is more than three years, you may nevertheless cancel the contract on any day, even in the first insurance year.

6.2.4 Is cover no longer needed because external circumstances have changed? (Example: you inform us that you no longer have a motorboat.) Then the following applies (unless otherwise agreed):

6.2.4.1 The contract ends as soon as we have learned that the external circumstances have changed. We are entitled to premiums only pro rata up to that point.

6.2.4.2 Cover continues beyond your death until the end of the insurance period. This applies if the premium had been paid on the day of death and the insurance has not ended for other reasons. If the next premium due is paid, cover remains in place.

Whoever paid the premium, or for whom it was paid, becomes the policyholder in place of the deceased. Within one year of the day of death, that person may demand that the insurance contract be terminated with effect from the day of death.

Basis 6.2.5 Cancellation after an insured event

6.2.5.1 If we refuse your cover although we are obliged to pay, you may cancel the contract early. We must receive the cancellation within one month after you have received our refusal.

6.2.5.2 Have at least two insured events occurred within twelve months, and does cover exist for them? In this case both you and we may cancel the contract early.

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When must you or we cancel? We or you must receive the cancellation within one month after we have confirmed our obligation to pay for the second insured event. The cancellation must be made in text form (example: letter or email).

If you cancel, your cancellation takes effect as soon as we receive it. You may, however, specify that the cancellation is to take effect at a later point in time, but at the latest at the end of the insurance year. Our cancellation takes effect one month after you have received it.

Basis 7 When and how must you pay your premium? (A)

Basis 7.1 Payment of premiums

Depending on what has been agreed, you may pay the premiums monthly, quarterly, half yearly or annually. The insurance period accordingly comprises

- one month for monthly premiums,
- one quarter for quarterly premiums,
- one half year for half yearly premiums, and
- one year for annual premiums.

Basis 7.2 Insurance year

The insurance year in principle lasts twelve months. If, however, the agreed contract term does not consist of whole years, the first insurance year is shortened accordingly. The following insurance years up to the agreed expiry of the contract are each whole years. (Example: with a contract term of 15 months, the first insurance year is 3 months and the following insurance year 12 months.)

Basis 7.3 Insurance tax

The insurance premium includes the insurance tax, which you must pay at the rate laid down by law from time to time.

Basis 7.4 Payment and consequences of late payment, first premium

Basis 7.4.1 Due date of payment

When you receive the policy schedule from us, you must pay the first premium without undue delay after the expiry of 14 days. ("Without undue delay" does not necessarily mean "immediately", but "without culpable hesitation, that is, as quickly as reasonably possible".)

Basis 7.4.2 Later start of cover

If you pay the first premium at a later point in time, cover begins only from that later point in time. We must, however, have drawn your attention to this consequence of late payment, in text form (example: letter or email) or by a conspicuous notice in the policy schedule.

If you prove to us that you are not responsible for the late payment, cover begins at the agreed point in time.

Basis 7.4.3 Rescission

If you do not pay the first premium in good time, we may rescind the contract for as long as the premium has not been paid. We cannot rescind if you prove that you are not responsible for the late payment.

Basis 7.5 Payment and consequences of late payment, subsequent premium

7.5.1 The subsequent premiums fall due at the agreed point in time in each case.

Basis 7.5.2 Default

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If you do not pay a subsequent premium in good time, you are in default, even without having received a reminder from us. We are then entitled to demand compensation for the loss we have suffered through the default (see 7.5.3).

You are not in default if you are not responsible for the late payment.

Basis 7.5.3 Demand for payment

If you do not pay a subsequent premium in good time, we may grant you a period for payment. This is done in text form (example: letter or email) and at your cost. This period for payment must be at least two weeks.

Our demand for payment is effective only if it contains the following information:

- the outstanding amounts, the interest and the costs must be individually quantified, and
- the legal consequences associated with exceeding the period under 7.5.4 must be stated.

Basis 7.5.4 What are the legal consequences of exceeding the period?

- Loss of cover
  If you have still not paid after the period for payment has expired, you have no cover from that point until payment. We must, however, have drawn your attention to the loss of cover in our demand for payment under 7.5.3.
- Cancellation of the insurance contract
  If you have still not paid after the period for payment has expired, we may cancel the contract without notice. We must, however, have drawn your attention to the possibility of cancellation without notice in our demand for payment under 8.5.3. *(The German original refers here to 8.5.3; the demand for payment is governed in 7.5.3.)*
  If we have cancelled your contract and you then pay the amount demanded within one month, the contract continues. You then have no cover, however, for insured events that occurred between the expiry of the period for payment and your payment.

Basis 7.6 Timely payment under a SEPA direct debit mandate

7.6.1 If we have agreed to collect the premium from an account, payment counts as made in good time if

- the premium can be collected on the due date, and
- you do not object to the collection.

What happens if the premium due cannot be collected through no fault of yours? In this case payment is still in good time if you pay without undue delay after a demand in text form (example: letter or email). ("Without undue delay" does not necessarily mean "immediately", but "without culpable hesitation, that is, as quickly as reasonably possible".)

Basis 7.6.2 Termination of the direct debit procedure

If you are responsible for the fact that the premium due cannot be collected, we are entitled to demand a different method of payment in future. You need not pay, however, until we have asked you to do so in text form (example: letter or email).

Basis 7.7 Premium on early termination of the contract

In this case we are entitled only to the part of the premium that corresponds to the period of cover. This applies unless otherwise provided.

Basis 7.8 Premium adjustment

Basis 7.8.1 Why do we adjust the premium?

The premiums are your consideration for our promise of benefits. We need the premiums so that we can meet our obligations to pay in all insured claims. We therefore check every year whether the premium needs to be adjusted

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because of a change in the claims requirement.

The determination of the change value (see 7.8.2) may result in the premium being increased or reduced or remaining at its previous level.

Basis 7.8.2 Determination of the change value as the basis for the premium adjustment

The change value determined is decisive for the question of whether the premium remains at its previous level.

7.8.2.1 Statistical determination by an independent trustee

By 1 July of each year an independent trustee determines a change value for the premium adjustment. In making the determination, the trustee uses the data of as large a number as possible of companies that offer legal expenses insurance, so that the value determined reflects the entire legal expenses insurance market as well as possible.

The determination of the change value is based on the following question (method of calculation):

By what percentage has the requirement for payments (that is, the product of claims frequency and average claims payments) in the last calendar year increased or decreased compared with the calendar year before last (reference years)?

(The claims frequency of a calendar year is the number of risks in that year. *(The German original reads "die Anzahl der in diesem Jahr Risiken"; words are missing between "diesem Jahr" and "Risiken".)* In other words: the claims frequency states for what percentage of the insured contracts a claim has been reported. To calculate the average claims payments of a calendar year, all insured events settled in that year are considered. The sum of the total payments made for these insured events is divided by their number.)

Changes resulting from improvements in benefits (for example: inclusion of a new type of cover) are taken into account by the trustee only if the improvements in benefits formed part of the benefits in both comparison years.

The trustee determines the change value separately for the following contract groups:

- traffic legal expenses cover,

Within each contract group, the change value is determined separately for contracts with and without a deductible. The change values so determined apply uniformly to all contracts with or without a deductible combined in the group.

The trustee rounds a change value not divisible by 2.5 down to the next lower positive number divisible by 2.5 (for example, 8.4 per cent is rounded down to 7.5 per cent), or up to the next higher negative number divisible by 2.5 (for example, minus 8.4 per cent is rounded up to minus 7.5 per cent). Change values in the range from minus 5 per cent to plus 5 per cent are not rounded.

7.8.2.2 Determination on the basis of the company's own figures

On the basis of our company's own figures, we determine by 1 July of each year the change value individual to our company. In doing so we apply accordingly the rules that apply to the determination by the independent trustee (see 7.8.2.1).

Basis 7.8.3 Which change value is decisive for the adjustment of the premium?

Principle: for the premium adjustment (increase or reduction), the change value determined by the independent trustee (see 7.8.2.1) is in principle decisive.

Exception: we compare our company individual change value with the value determined by the trustee under 7.8.2.1. Our company individual value is decisive for the premium adjustment if this comparison shows

- that our value is below the value determined by the trustee, and
- that this was also the case in the last two calendar years in which a premium adjustment was permissible.

The calendar years to be considered need not necessarily follow one another directly.

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Basis 7.8.4 No premium adjustment

No premium adjustment is made if the change value determined by the independent trustee (see 7.8.2.1) is less than plus 5 per cent and greater than minus 5 per cent. This change value is taken into account when determining the conditions for the next premium adjustment. (This is done by keeping the reference year until the 5 per cent threshold is reached. The requirement for payments of the respective previous year is always compared with the requirement for payments of the "retained" reference year.)

Irrespective of the amount of the change value, no premium adjustment is made for contracts in which 12 months have not yet expired since the start of the insurance.

Basis 7.8.5 Increase or reduction of the premium

If the decisive change value is plus 5 per cent or more, we are entitled to increase the premium accordingly. The adjusted premium must not be higher than the tariff premium applicable to new contracts.

If the decisive change value is minus 5 per cent or less, we are obliged to reduce the premium accordingly.

Basis 7.8.6 When does the premium adjustment take effect?

The premium adjustment takes effect at the beginning of the second month following our notification of the premium adjustment. It applies to all premiums falling due after our notification from and including 1 October.

In the notification we draw your attention to your extraordinary right of cancellation (see 7.8.7).

Basis 7.8.7 Your extraordinary right of cancellation

If the premium increases, you may cancel the insurance contract with immediate effect. You may, however, cancel at the earliest at the point in time at which the premium increase takes effect (see 8.8.5). *(The German original refers here to 8.8.5; when the premium adjustment takes effect is governed in 7.8.6.)* We must receive your cancellation within one month after you have received our notification of the premium adjustment.

If the premium increases solely because of an increase in insurance tax, you have no right of extraordinary cancellation.

Basis 7.9 Change in material circumstances on which the premium is based

7.9.1 If after the conclusion of the contract a circumstance arises that justifies a higher insurance premium than the one agreed, we may demand this higher premium from that point. For with it we cover a higher risk (example: you have insured a motor yacht with us and now additionally acquire a jet ski).

If we cannot insure this higher risk even for a higher premium, we must exclude cover against this risk.

In the following cases you may cancel the insurance contract:

- your premium increases by more than 10 per cent, or
- we refuse to cover the higher risk.

In these cases you may cancel the contract without notice within one month after you have received our notification. In our notification we must draw your attention to your right of cancellation.

After we have learned of the increase in risk, we must exercise our right to change the premium within one month.

7.9.2 If after the conclusion of the contract a circumstance arises that justifies a lower insurance premium than the one agreed, we may from that point demand only this lower premium. You must notify us of this circumstance within two months. If you inform us after the expiry of two months, your insurance premium is reduced only from the point in time at which you informed us.

7.9.3 If we ask you to provide us with the information necessary to calculate the premium, you must send it to us within one month. If you do not comply with this obligation, we may cancel the insurance contract with one month's notice, unless you prove to us that you did not act intentionally or with gross negligence. (Example of "grossly negligent conduct": someone breaches the care required in ordinary dealings to an unusually high degree.)

In the following cases you have no cover:

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- You intentionally provide false information within the period.
- You intentionally omit necessary information.
- The insured event occurs later than one month after the point in time at which you should have informed us of the increase in risk. Your cover does not lapse if the information necessary to calculate the premium was already known to us.

If you have concealed information or provided incorrect information with gross negligence, we may reduce the scope of our benefits in proportion to the severity of your fault.

You must prove that you did not act with gross negligence. (Example of "grossly negligent conduct": someone breaches the care required in ordinary dealings to an unusually high degree.)

Exception: in the following cases you nevertheless have cover:

- You prove to us that the change neither influenced the occurrence of the insured event nor increased the scope of our benefit.
- The period for our cancellation has expired and we have not cancelled.

The rules just described are not applied if

- the change is so insignificant that it would not lead to an increase in premiums, or
- it is evident that this change is intended to be co-insured.

Basis 8 When do claims under the insurance contract become time barred? (A)

Basis 8.1 Statutory limitation

Claims under the insurance contract become time barred after three years. The calculation of the period is governed by the general provisions of the German Civil Code (BGB).

Basis 8.2 Limitation is suspended

If you have notified us of a claim under your insurance contract, limitation is suspended. The suspension runs from the notification until the point in time at which you receive our decision in text form. (That is: in calculating the limitation period we disregard, in your favour, the period from the notification until our decision reaches you.)

Basis 9 Which law applies and where is the place of jurisdiction? (A)

Basis 9.1 Applicable law

German law applies to this insurance contract.

Basis 9.2 Actions against the insurance company

If you wish to sue us, you may bring the action at the following places:

- at the seat of the insurance company or at the seat of the branch responsible for your contract,
- or, if you are a natural person, also at the court of your place of residence. (A "natural person" is a human being, as opposed to a "legal person", which is for example a GmbH, an AG or a registered association.) If you have no place of residence, you may bring the action at the court of your habitual abode.

Basis 9.3 Actions against the policyholder

If we have to sue you, we may bring the action at the following places:

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- If you are a natural person, at the court of your place of residence. (A "natural person" is a human being, as opposed to a "legal person", which is for example a GmbH, an AG or a registered association.) If you have no place of residence, we may bring the action at the court of your habitual abode.
- If your place of residence or habitual abode is not known at the time the action is brought, at the seat of our insurance company or at the seat of the branch responsible for your contract.
- If you are a legal person or a general partnership, a limited partnership, a civil law partnership or a registered partnership company, the court at your seat or your branch has jurisdiction.

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