Watercraft hull insurance, Basis

General insurance conditions

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 insurance conditions for watercraft hull insurance, Basis. Risk carrier: Württembergische Versicherung AG, Kornwestheim.

Part A: what does your watercraft hull insurance cover?

A-1 Subject matter of the insurance

A-1.1 Insured are the watercraft with all permanently installed parts, including the machinery and technical installations, the nautical equipment (for example navigation, night vision and hand held radio devices, binoculars and so on), the accessories, the inventory (with the exception of the items named under A-1.2.1), and masts, booms, standing and running rigging and sails.

A-1.2 There is in particular no cover for:

- cash, valuables such as furs, jewellery, paintings, antiques and luxury items, and items of sentimental value of any kind;
- musical instruments;
- food, drink and tobacco;
- personal effects such as towels, glasses, mobile phones, laptops.

A-1.3 So far as applied for and documented with a sum insured in your policy schedule or its endorsements, the following are also co-insured:

- the tender;
- the boat trailer;
- the outboard engine;
- watersports equipment.

A-1.4 Where applied for and documented in your policy schedule or its endorsements, jet skis or electric or hybrid boats are also co-insured. In that case the provisions under A-9 and A-10 respectively apply.

A-2 Geographical scope

A-2.1 Cover exists:

A-2.1.1 on all waters within the cruising area documented in your policy schedule or its endorsements;

A-2.1.2 during a stay ashore, including hauling out and launching, or during a repair, inspection or overhaul at a berth objectively suitable for watercraft;

A-2.1.3 during transport, including river transport, by suitable means of transport.

A-2.2 Cover for exceeding the cruising area agreed in the policy schedule exists only where this has been expressly agreed with us in advance.

A-2.3 The selectable cruising areas are:

- EU inland waters, including all inland waters lying within the geographical boundaries of Europe;
- EU inland waters, North Sea, Baltic Sea, including the Kattegat and Skagerrak, the North Sea bounded by the line Bergen to Wick and Land's End to Ushant;
- EU inland waters, North Sea, Baltic Sea, Mediterranean, including the coastal areas of Morocco. Further coasts of the North African and Middle Eastern states are excluded;
- EU inland waters, North Sea, Baltic Sea, Mediterranean (excluding the North African and Middle Eastern states), the European Atlantic coast and the Atlantic, bounded to the south of the 60th parallel (north), to the north of the 25th parallel (north) and to the east of the 20th meridian (west), and the Black Sea excluding the coastal waters of Ukraine, Russia and Georgia;
- worldwide.

A-2.2.1 Where the worldwide cruising area under A-2.3 e is selected, the digital NAMMERT logbook must be kept whenever the position changes by more than 300 nautical miles. If a loss occurs outside the reported position, we are entitled to reduce the indemnity by up to 50 per cent.

A-3 Scope of the insurance

A-3.1 Cover exists for total loss of or damage to the craft including its co-insured parts through the following events:

A-3.1.2 Natural forces such as storm and hail, lightning strike and earthquake.

- Storm is a weather related movement of air of at least force 8 on the Beaufort scale (wind speed 62 km/h).
- Hail is solid precipitation in the form of grains of ice.
- Lightning strike is the direct passage of lightning to property. Overvoltage, overcurrent or short circuit damage to electrical installations and devices may also be lightning damage.
- Earthquake is a naturally caused tremor of the ground triggered by geophysical processes inside the earth.

A-3.1.3 Fire and explosion. Fire means a fire with flames that arose without a hearth intended for it, or left such a hearth, and is able to spread under its own power. Explosion is a suddenly occurring release of force based on the tendency of gases or vapours to expand.

A-3.1.4 Insured is theft of the entire craft.

Note on the numbering: the German original begins this list at A.3.1.2. There is no A-3.1.1.

A-4 Mitigation of loss, salvage and wreck removal costs

A-4.1 We reimburse expenditure, including unsuccessful expenditure, incurred in the insured event to avert or mitigate a covered loss on our instructions, or where in the circumstances you were entitled to consider it necessary, even where the expenditure together with the indemnity exceeds the agreed sum insured.

A-4.2 Expenditure on the salvage, wreck removal and disposal of the insured watercraft is co-insured within the scope of these conditions, irrespective of the amount of the indemnity for damage to or loss of the craft, up to a maximum of the sum insured per insured event, where a state or the competent authority has arranged or ordered the salvage, wreck removal or disposal on the basis of statutory provisions.

A-5 Exclusions

A-5.1 The following perils are excluded:

A-5.1.1 war, civil war or warlike events, and the presence of instruments of war as a consequence of one of these perils;

A-5.1.2 the hostile use of instruments of war, irrespective of whether the use is connected with war, civil war or warlike events;

A-5.1.3 the use of chemical, biological or biochemical substances or of electromagnetic waves as weapons with an effect dangerous to the public, or the use of electronic means to cause harm, without regard to other contributing causes;

A-5.1.4 nuclear energy or other ionising radiation. Compensation for damage caused by nuclear energy is governed in the Federal Republic of Germany by the Atomic Energy Act. Operators of nuclear installations are obliged to provide cover and take out, among other things, liability insurance for that purpose;

A-5.1.5 strike, lockout, industrial unrest, terrorist or political acts of violence, irrespective of the number of persons involved, riot and other civil commotion;

A-5.1.6 confiscation, deprivation or other acts of sovereign authority.

A-5.2 We pay no compensation for losses caused by

- the craft being unfit to travel or unseaworthy from the outset;
- the craft being operated by an unqualified person and without holding the licence officially prescribed for the craft and/or for the cruising area;
- loose objects of any kind being lost or going overboard;
- design, manufacturing or material defects, and wear in ordinary use, in each case on the parts directly affected; any damage to or loss of insured items as a direct consequence of this is co-insured;
- operational damage to machinery, which also includes direct short circuit damage and its consequential damage;
- defective maintenance or a maintenance backlog;
- rot, mould, woodworm, animal bite;
- rust, oxidation, corrosion, osmosis or cavitation;
- weather influences such as rain, snow, ice, heat, frost or the effect of the sun, unless they arose as a consequence of insured elemental perils;
- embezzlement or fraud;
- breaches of official regulations, of the regulations of a transport undertaking, and damage through a court order or enforcement;
- improper loading and securing during transport;
- theft of loose parts that were not properly packed, covered and lashed down, or that were inside the watercraft while it was unlocked.

A-5.3 We further pay no compensation for losses arising

- where the watercraft lies unmanned off an open coast for more than 24 hours and it is not ensured that the watercraft can be moved without delay if danger threatens;
- during participation in motorboat races or in practice runs connected with them;
- during participation in regattas (genuine competitions) or in practice runs connected with them (club regattas);
- during uses other than those named in A-1.1 or additionally named in the policy schedule.

A-5.4 We pay no compensation for theft of the watercraft by third parties where it is stored improperly ashore on an unenclosed, unlocked site or in an unlocked building. Waterside properties count as enclosed if only the water side is open.

A-5.5 We pay no compensation for theft of the trailer where it has not been protected against unauthorised uncoupling from the towing vehicle by an additional chain or steel cable and security lock, or by a comparable securing device available from specialist dealers. The same applies where, when the trailer is parked uncoupled, it has not been secured by a device available from specialist dealers against unauthorised coupling, or by a wheel clamp.

A-5.6 Indirect losses (diminution in value, impairment of racing capability, lost benefits of use and so on) are not compensated. For example, we make no compensation payment if you cannot use or hire out your craft because of a repair that takes a long time.

A-5.7 Third party liability claims are in principle excluded from cover under these conditions.

A-6 Causing the insured event

If the insured event is caused intentionally, we are not obliged to pay. If it is caused through gross negligence, we are entitled to reduce our payment in a proportion corresponding to the severity of the fault of the person causing it (you, the operator of the craft or the occupants).

A-7 Insured value

A-7.1 The insured value is the current value. Current value is the amount required to replace items of the same kind and quality on the day of the loss, less an amount corresponding to the condition of the insured items (age, wear, use and so on). The sum insured recorded in the policy and its endorsements is the maximum indemnity.

A-7.2 If the total value proved is lower than the sum insured, we are entitled to reduce our payment in a corresponding proportion.

A-7.3 On value adjustments, an increase in the insured value is possible at any time on production of purchase invoices or expert reports. The sum insured is based on the total value of the craft after its modifications.

A-8 Amount of the indemnity

A-8.1 In the event of total loss of the insured item without prospect of recovery, or of destruction, and in the case of partial or repairable damage, we reimburse the necessary and substantiated replacement or reinstatement costs as follows:

- up to 3 years: current value without an age related deduction;
- after 3 years: current value with a 20 per cent age related deduction;
- after 5 years: current value with a 35 per cent age related deduction;
- from 10 years: current value with a 50 per cent age related deduction.

The maximum indemnity is limited to the agreed sum insured.

A-8.2 Transport costs caused by the insured event (for example to the repair yard) are reimbursed like reinstatement costs. Those transport costs are set off against the sum insured.

A-8.3 Achievable proceeds from residual values are set off against the indemnity. You cannot avoid that set off by placing the remains at our disposal, and you are not entitled to do so of your own accord.

A-8.4 Further costs.

A-8.4.1 Value added tax on indemnity amounts is reimbursed only if and so far as it has actually been incurred by you and there is no entitlement to deduct input tax. Transport costs, freight costs, standing costs, holding costs and other items not attributable to the value of materials and labour are likewise reimbursed only where they have actually been incurred. Crane costs are reimbursed where they were incurred because of the loss.

A-8.4.2 We reimburse experts' costs only where we arranged for the expert to be instructed or consented to it.

A-9 Jet ski clause

If you have insured a jet ski and this is documented in your policy schedule or its endorsements, the following provisions apply by way of amendment to these conditions:

A-9.1 Obligations before the occurrence of the insured event.

A-9.1.1 At night (22:00 to 08:00) and during your permanent absence from the berth (including in winter storage), the jet ski must be secured against unauthorised use, for example by being placed in a locked room, building or property, secured with a safety line to a jet ski pontoon, or housed in a marina in a way protected against external interference. Permanent absence is a period during which use of the jet ski is interrupted for a longer time and separate securing measures are typically required by objective standards.

A-9.2 Exclusions.

A-9.2.1 In addition to A-5, damage to the engine through water hammer is excluded from cover, unless the damage arose as a direct consequence of a collision of the jet ski with a fixed object.

A-9.2.2 In addition to A-5, damage to the hull of the jet ski is excluded so far as the damage does not restrict use for the intended purpose.

A-10 Electric or hybrid boat clause

If you have insured an electric or hybrid boat and this is documented in the policy schedule or its endorsements, the following provisions apply in addition:

A-10.1 Indemnity limits. In addition to A-8, the following indemnity limits apply to the following losses:

- consequential damage from animal bites or short circuit is insured up to a maximum of 10,000 euros;
- clearance and disposal costs arising from damage to the batteries are insured up to 1,500 euros;
- for your own charging station, cover exists up to 1,500 euros.

A-10.2 Obligations before the occurrence of the insured event. The battery must be properly recharged at regular intervals. This applies in particular to the time in winter storage.

A-10.3 Exclusions. Excluded are losses caused by:

- do it yourself work on the battery (tinkering);
- improper charging of the battery;
- deep discharge, meaning the state in which a cell of a battery is discharged at any current such that the voltage falls below the discharge cut off voltage;
- fire as a result of deep discharge.

Also excluded are:

- losses involving drive systems that are not CE certified;
- wear of the battery.

A-11 Private hiring out for up to 30 days in the insurance year

Where applied for and documented in the policy schedule or its endorsements, cover also applies where the watercraft is occasionally hired out privately. The conditions are that

- the hire period does not exceed 30 days in total in the insurance year, and
- the handover is based on a tenancy relationship under sections 535 et seq. of the German Civil Code (BGB).

We pay on a subsidiary basis, that is, we step in only if and so far as no other insurer is obliged to pay compensation or can be called upon.

A-12 Hiring out for more than 30 days in the insurance year, commercial hiring out

Where applied for and documented in the policy schedule or its endorsements, cover also applies where the watercraft is hired out for more than 30 days in the insurance year or hired out commercially. The condition is that the handover is based on a tenancy relationship under sections 535 et seq. BGB.

We pay on a subsidiary basis, that is, we step in only if and so far as no other insurer is obliged to pay compensation or can be called upon.

A-13 Disposal of the insured item

A-13.1 Legal relationships after transfer of ownership.

A-13.1.1 If you dispose of the insured item, the acquirer takes your place in the insurance contract under section 95(1) of the German Insurance Contract Act (VVG). This happens at the time ownership passes. From that point the acquirer takes over your rights and duties under the insurance relationship.

A-13.1.2 The seller and the acquirer are jointly and severally liable for the premium under section 95(2) VVG. That applies to the premium of the insurance period in which ownership passes.

A-13.1.3 We need only accept the acquirer's entry into the insurance contract as against us once we learn of it, under section 97(1) sentence 1 VVG.

A-13.2 Rights of cancellation.

A-13.2.1 Under section 96(1) VVG we are entitled to cancel the insurance contract as against the acquirer. In doing so we must give one month's notice. That right of cancellation lapses if we do not exercise it within one month of learning of the disposal.

A-13.2.2 The acquirer is entitled to cancel the insurance contract with immediate effect, or with effect from the end of the current insurance period, in text form (for example email, fax or letter). The right of cancellation lapses if they do not exercise it within one month of the acquisition. If the acquirer is unaware that insurance exists, the right of cancellation lapses one month after they learn of it.

A-13.2.3 In the case of cancellation under A-18.2.1 and A-18.2.2, the seller alone is liable for payment of the premium.

A-13.3 Duties of notification.

A-13.3.1 The disposal must be notified to us without delay by the seller or the acquirer in text form (for example email, fax or letter).

A-13.3.2 If notification has not been made, we are not obliged to pay in the insured event. This applies only if both of the following conditions are met: the insured event occurred later than one month after the point at which the notification should have been received, and we prove that we would not have concluded the existing contract with the acquirer.

A-13.3.3 By way of derogation from A-17.3.2 we are obliged to pay in the following cases:

A-13.3.3.1 we knew of the disposal at the point at which the notification should have reached us; or

A-13.3.3.2 at the time of the insured event the period for cancellation by us had already expired and we had not cancelled.

Part B: when does your insurance begin and end? What must you observe when paying the premium?

B 1 Inception of cover, payment of the premium

B 1.1 Inception of cover

Cover begins at the time stated in the policy schedule. This is subject to the provisions on the consequences of late payment or non payment of the first or single premium.

B 1.2 Payment of the premium, insurance period

B 1.2.1 Payment of the premium. Depending on what has been agreed, premiums are paid either by ongoing payments monthly, quarterly, half yearly or annually, or as a single premium in advance.

B 1.2.2 Insurance period. The insurance period is one year. That also applies where the agreed contract term is longer than one year. Where the agreed contract term is shorter than one year, the insurance period corresponds to the contract term.

B 1.3 Due date of the first or single premium, consequences of late payment or non payment

B 1.3.1 Due date. The first or single premium is to be paid without delay after the agreed inception date stated in the policy schedule. This applies irrespective of the existence of a right of withdrawal.

Where the agreed inception date lies before conclusion of the contract, the first or single premium is to be paid without delay after conclusion of the contract.

If you do not pay without delay after the point determined in paragraph 1 or 2, cover begins only once payment has been initiated.

Where the policy schedule departs from your application or from agreements made, the first or single premium is payable at the earliest one month after receipt of the policy schedule.

B 1.3.2 Our right of rescission in the event of default. If the first or single premium is not paid on time in accordance with B 1.3.1, we may rescind the contract for as long as payment has not been initiated. Rescission is excluded if you are not responsible for the non payment.

B 1.3.3 Our release from the obligation to pay. If you do not pay the first or single premium on time in accordance with B 1.3.1, we are not obliged to pay for an insured event occurring before payment of the premium. The condition is that we drew your attention to this legal consequence of non payment by separate notification in text form (for example email, fax or letter) or by a conspicuous notice in the policy schedule. The release from the obligation to pay applies only if you are responsible for the non payment.

B 1.4 Subsequent premium

B 1.4.1 Due date. A subsequent premium falls due, in accordance with the agreed payment frequency, at the beginning of the month, quarter, half year or year, or at another agreed time. Payment counts as timely if it is initiated by the due date.

B 1.4.2 Default and damages. If a subsequent premium is not paid on time, you fall into default without a reminder. This applies only if you are responsible for the late payment. If you are in default with payment of a subsequent premium, we are entitled to demand compensation for the loss caused to us by the default.

B 1.4.3 Reminder. If a subsequent premium is not paid on time, we may request payment from you at your cost in text form (for example email, fax or letter) and set a payment deadline (a reminder). The payment deadline must be at least two weeks from receipt of the request for payment. The reminder is effective only if we itemise, per contract, the outstanding amounts of premium, interest and costs, and point out the legal consequences (release from the obligation to pay, and the right to cancel).

B 1.4.4 Release from the obligation to pay after a reminder. If an insured event occurs after the payment deadline set in the reminder has expired, and at the time of the insured event you are in default with payment of the premium or of interest or costs, we are released from the obligation to pay.

B 1.4.5 Cancellation after a reminder. If you are in default with payment of the amounts owed, we may, after expiry of the payment deadline set in the reminder, cancel the contract with immediate effect without observing a period of notice. The cancellation may be combined with the setting of the payment deadline. On expiry of the deadline the cancellation becomes effective if you are in default with payment at that time. Your attention must be drawn to this expressly when cancelling.

B 1.4.6 Payment of the premium after cancellation. The cancellation becomes ineffective if payment is initiated within one month of the cancellation. Where the cancellation was combined with the payment deadline, it becomes ineffective if payment is initiated within one month of the deadline expiring. Our release from the obligation to pay under B 1.4.4 continues until payment is made.

B 1.5 Direct debit procedure

B 1.5.1 Your duties. Where the direct debit procedure has been agreed for collecting the premium, you must ensure that the account has sufficient funds at the time the premium falls due. If the premium due could not be collected by us through no fault of yours, payment is still timely if it is made without delay after a request for payment issued by us in text form (for example email, fax or letter).

B 1.5.2 Failed direct debit collection. If you are responsible for one or more premiums not being collectable despite repeated attempts at collection, we are entitled to cancel the SEPA direct debit mandate in text form (for example email, fax or letter). In the cancellation we must point out that you are obliged to transmit the outstanding premium and future premiums yourself. Handling fees charged by banks for a failed direct debit collection may be invoiced to you.

B 1.6 Premium on early termination of the contract

B 1.6.1 General principle. On early termination of the contract we are entitled only to the part of the premium corresponding to the period during which cover existed.

B 1.6.2 Premium or handling fee on withdrawal, rescission, avoidance and absence of an insured interest.

B 1.6.2.1 If you withdraw your contractual declaration within 14 days, we have to refund only the part of the premiums attributable to the period after receipt of the declaration of withdrawal. The condition is that in the notice of withdrawal we drew your attention to the right of withdrawal, the legal consequences of withdrawal and the amount payable, and that you agreed that cover should begin before the end of the withdrawal period. If the notice of withdrawal under sentence 2 was not given, we must in addition refund the premium paid for the first insurance year. This does not apply if you have made use of benefits under the insurance contract.

B 1.6.2.2 If we rescind the insurance contract for breach of a pre contractual duty of disclosure, we are entitled to the premium up to receipt of the declaration of rescission. If the insurance contract is terminated by rescission on our part because the single or first premium was not paid on time, we are entitled to an appropriate handling fee.

B 1.6.2.3 If the insurance contract is terminated by avoidance on our part for fraudulent misrepresentation, we are entitled to the premium up to receipt of the declaration of avoidance.

B 1.6.2.4 If the insured interest ceases completely and permanently after inception of the insurance, we are entitled to the premium we could have claimed if the insurance had been applied for only up to the point at which we learned of the cessation of the interest.

B 1.6.2.5 You are not obliged to pay the premium where the insured interest does not exist at inception of the insurance, or where, in the case of an insurance taken out for a future undertaking or another future interest, the interest does not arise. We may, however, charge an appropriate handling fee. If you insured a non existent interest with the intention of obtaining an unlawful financial advantage, the contract is void. In that case we are entitled to the premium up to the point at which we learned of the circumstances giving rise to the nullity.

B 2 Term and end of the contract, cancellation

B 2.1 Term and end of the contract

B 2.1.1 Contract term. The contract is concluded for the period stated in the policy schedule.

B 2.1.2 Tacit renewal. Where the contract term is at least one year, the contract is extended by one year at a time. It is not extended if a cancellation has reached one of the contracting parties in good time before the end of the respective contract term.

B 2.1.3 Contract term of less than one year. Where the contract term is less than one year, the contract ends at the agreed time without the need for cancellation.

B-2.2 Cancellation

B-2.2.1 Ordinary cancellation. The contract may be cancelled by either contracting party with effect from the end of the insurance year, but at the earliest as at the agreed expiry, giving three months' notice. Cancellation by us becomes effective only if it has reached you at the latest three months before the cancellation date.

B-2.2.2 Cancellation after the occurrence of the insured event. After the insured event has occurred, either contracting party may cancel the insurance relationship. The cancellation must have reached the other party in text form (for example email, fax or letter) at the latest one month after the conclusion of the enquiries necessary to establish the insured event and the extent of our payment.

If you cancel, your cancellation becomes effective when it reaches us. You may, however, provide that the cancellation is to take effect at a later time, but at the latest at the end of the current insurance period.

Our cancellation becomes effective one month after it reaches you.

B-3 Obligations

B-3.1 Duty of disclosure

B-3.1.1 Completeness and accuracy of information about circumstances material to the risk. Up to the point at which you make your contractual declaration you must disclose to us all risk circumstances known to you about which we have asked in text form and which are material to our decision to conclude the contract with the agreed content. You are also under a duty of disclosure so far as we ask questions within the meaning of the first sentence after your contractual declaration but before acceptance of the contract. Circumstances are material to the risk where they are capable of influencing our decision to conclude the contract at all, or to conclude it with the agreed content. Where the contract is concluded by your representative and that representative knows of the circumstance material to the risk, you must be treated as though you had known of it yourself or had fraudulently concealed it.

B-3.1.2 Rescission.

1 Incomplete and incorrect information about circumstances material to the risk entitles us to rescind the insurance contract.

2 We have no right of rescission if you prove that neither you nor your representative gave the incorrect or incomplete information intentionally or through gross negligence. Our right of rescission for a grossly negligent breach of the duty of disclosure does not exist if you prove that we would have concluded the contract even had we known the undisclosed circumstances, albeit on different terms.

3 In the event of rescission there is no cover. If we rescind after the occurrence of the insured event, cover may not be refused if you prove that the circumstance disclosed incompletely or incorrectly was causal neither for the occurrence of the insured event nor for establishing or determining the extent of the payment. Even in that case, however, there is no cover if you breached the duty of disclosure fraudulently. We are entitled to the part of the premium corresponding to the contract period elapsed up to the point at which the declaration of rescission takes effect.

B-3.1.3 Change of premium or right of cancellation. If our right of rescission is excluded because the breach of a duty of disclosure was based neither on intent nor on gross negligence, we may cancel the contract giving one month's notice. The right of cancellation is excluded if you prove that we would have concluded the contract even had we known the undisclosed circumstances, albeit on different terms.

If we can neither rescind nor cancel because we would have concluded the contract even had we known the undisclosed circumstances, but on different terms, those other terms become part of the contract retrospectively at our request. If you are not responsible for the breach of duty, the other terms become part of the contract from the current insurance period.

If the contractual adjustment increases the premium by more than 10 per cent, or if we exclude cover for the undisclosed circumstance, you may cancel the contract without notice within one month of receiving our notification.

We must assert the rights available to us under B-3.1.2 and B-3.1.3 in writing within one month. The period begins at the point at which we learn of the breach of the duty of disclosure on which the right asserted is based. We must state the circumstances on which we base our declaration; we may state further circumstances subsequently in support of our declaration if the one month period has not expired for them.

We have the rights under B-3.1.2 and B-3.1.3 only if we drew your attention to the consequences of a breach of the duty of disclosure by separate notification in text form. We cannot rely on the rights named in B-3.1.2 and B-3.1.3 if we knew of the undisclosed risk circumstance or of the incorrectness of the disclosure.

B-3.1.3 Avoidance. (The German original numbers this clause B-3.1.3 a second time.) Our right to avoid the contract for fraudulent misrepresentation remains unaffected. In the event of avoidance we are entitled to the part of the premium corresponding to the contract period elapsed up to the point at which the declaration of avoidance takes effect.

B-3.2 Obligations after the occurrence of the insured event

After the occurrence of the insured event you have the following duties:

B-3.2.1 To report every insured event to us in writing without delay. Losses through fire, explosion, theft, burglary and vandalism must be reported without delay to the nearest police station and, in a harbour area, additionally to the competent administration.

B-3.2.2 You are obliged to take, on your own initiative, all reasonable measures that come into consideration as suitable for averting and mitigating the insured event. So far as we have given instructions on this, those instructions are to be followed.

B-3.2.3 You are obliged to answer all questions put to you in connection with the insured event correctly and completely, to the best of your knowledge and belief.

B-3.2.4 Before reinstatement begins you must give us the opportunity to inspect and establish the insured event, and permit us every investigation into the cause and amount of the insured event and into the extent of our obligation to indemnify. You must give us every piece of information in writing on request and produce documents, so far as that can reasonably be expected of us.

B-3.2.5 If you have a claim against a third party for compensation of the insured event, you are obliged to give us all the information and documents necessary to assert the claim.

B-3.2.6 A sale of damaged items is not permitted before the insured event has been acknowledged, without our consent.

B-3.2.7 The installation of a tracking device is likewise part of the pre contractual duty of disclosure. If proof cannot be provided, we are entitled to reduce the payment by 25 per cent of the indemnity.

B-3.2.8 The provisions on your duties apply accordingly to the persons to whom you hand over your boat for use.

B-3.3 Legal consequences of a breach of obligation

If in the event of a claim you intentionally breach one of the obligations named in B-3.2, you have no cover. If you breach one of your obligations through gross negligence, we are entitled to reduce the insurance benefit in a proportion corresponding to the severity of your fault. If you prove that you did not breach the duty through gross negligence, cover remains in place. We are released from the obligation to pay, wholly or in part, only if we drew your attention to this legal consequence by separate notification in text form. We are, however, obliged to pay so far as you prove that the breach of obligation was causal neither for the occurrence or establishment of the insured event nor for establishing or determining the extent of our obligation to pay. This does not apply if you breached the obligation fraudulently. These provisions apply irrespective of whether we have exercised our right of cancellation under clause B-2.2.

B-4 Increase in risk

B-4.1 An increase in risk exists where, after you make your contractual declaration, the circumstances actually present are changed such that the occurrence of the insured event, or an enlargement of the loss, or an unjustified claim on us would become more likely. An increase in risk may in particular, but not only, exist where a circumstance material to the risk about which we asked before conclusion of the contract changes. An increase in risk exists in particular where the craft is hired out, chartered out or otherwise handed over to third parties for payment, unless this was agreed with us; exceeding the cruising limits set out in the policy schedule is permissible under these conditions only by agreement with us, case by case, before the risk begins.

B-4.2 After making your contractual declaration you may not bring about an increase in risk, or permit a third party to bring one about, without our prior consent. If you subsequently realise that you have brought about or permitted an increase in risk without our prior consent, you must notify this to us without delay. An increase in risk that occurs after your contractual declaration independently of your will must be notified without delay after you learn of it.

B-4.3 If you breach your duty under B-4.2, we may cancel the contract without notice where you breached your duty intentionally or through gross negligence. Where the breach is based on simple negligence, we may cancel the contract giving one month's notice. We may not cancel if you prove that you are not responsible for the breach of duty. If an increase in risk in the cases under B-4.2 becomes known to us, the contract may be cancelled giving one month's notice.

B-4.4 Instead of cancelling, we may from the time of the increase in risk demand an increased premium corresponding to our business principles, or exclude cover for the higher risk. If in that case the premium increases by more than 10 per cent, or if we exclude cover for the higher risk, you may cancel the contract within one month of receiving our notification without observing a period of notice. In the notification we must draw your attention to that right of cancellation.

B-4.5 Our rights to cancel or to adjust the contract lapse if they are not exercised within one month of our learning of the increase in risk, or if the state that existed before the increase in risk has been restored.

B-4.6 If the insured event occurs after an increase in risk, we are not obliged to pay where you breached your duties under B-4.2 intentionally. If you breached those duties through gross negligence, we are entitled to reduce our payment in the proportion corresponding to the severity of your fault. The absence of gross negligence must be proved by you.

B-4.7 In the case of an increase in risk under B-4.2 we are not obliged to pay, where your duties were breached intentionally, if the insured event occurs later than one month after the point at which the notification should have reached us. If you breach your duties through gross negligence, B-4.6 sentences 2 and 3 apply accordingly. Our obligation to pay remains in place if the increase in risk was known to us at the point named in sentence 1.

B-4.8 Our obligation to pay further remains in place

1. so far as you prove that the increase in risk was not causal for the occurrence of the insured event or for the extent of the obligation to pay, or
2. where at the time of the occurrence of the insured event the period for our cancellation had expired and no cancellation had been made.

B-5 Due date of the payment after an insured event

B-5.1 Our payments fall due two weeks after the conclusion of the enquiries necessary to establish the insured event and the extent of our payment.

B-5.2 If those enquiries are not concluded within one month of the insured event being notified, you may demand payments on account of the amount we are likely to have to pay as a minimum. The running of the period is suspended for as long as the enquiries cannot be concluded through your fault.

B-5.3 In all cases of theft, the indemnity falls due at the earliest two months after the loss notification reaches us.

B-5.4 If the whereabouts of stolen items are established, you are obliged to take the items back only if a period of no more than two months has elapsed between the loss notification and the point at which you can bring the items back into your possession.

B-5.5 We are entitled, but not obliged, to take over insured items in the event of a claim against payment of the insured value.

B-5.6 Where, in connection with an insured event, an official or criminal investigation or proceedings have been initiated against you, the operator of the craft or one of the occupants for reasons whose outcome may also be material to the claim for indemnity, we are entitled to defer our decision on whether and to what extent we are liable until the investigation or proceedings have been finally concluded.

B-5.7 The rights under this insurance may be neither transferred nor pledged by you without our express consent.

B-6 Premium adjustment and right of cancellation after a premium adjustment

In order to ensure that the obligations under the insurance contracts can be met permanently and that rating is risk appropriate, we are entitled annually, and obliged every three years, to review by way of a new calculation of the premiums for existing contracts whether the premiums can be maintained or whether an adjustment (increase or reduction) must be made. We may choose the beginning of the three year period freely.

The following rules apply to the review of the premiums:

- It is always to be carried out on the basis of a sufficiently large number of separable risks. We also apply the recognised principles of actuarial mathematics and insurance technique.
- Insurance contracts that (according to actuarial principles) can be expected to have a similar risk development are grouped into risk groups for the review.
- In the review we compare whether the technical bases of calculation for determining the expected claims expenditure have changed: the number of claims observed in the risk groups compared with the number calculated in the technical bases of calculation, and the average claims expenditure per claim. Only changes that have arisen since the last calculation of the premiums may be taken into account here. The allowance for profit may be taken into account; individual premium loadings or discounts are left out of account.
- We are in principle entitled to apply an inflation adjustment using a generally recognised index.
- A premium adjustment is not made where the change in the insurance benefits is to be regarded as only temporary.
- Company internal and cross company data come into consideration as the data basis for the calculation; cross company data are provided among others by the German Actuarial Association (DAV) and the German Insurance Association (GDV).

If the review shows a change of at least 5 per cent (the de minimis threshold), we are entitled in the case of an increase, and obliged in the case of a reduction, to adjust the premiums for the existing insurance contracts. If the review establishes a change of less than 5 per cent, no premium adjustment takes place.

If the premiums determined for existing insurance contracts are higher than the premiums for contracts to be newly concluded, and the tariffs for existing and for newly concluded contracts contain the same calculation features and the same scope of cover, we may charge for the existing contracts at most the premiums for contracts to be newly concluded. The new premium takes effect at the beginning of the next insurance year. For a premium increase, however, this applies only if we have, in text form (for example email, fax or letter),

1 notified you of the premium increase, pointing out the difference between the old and the new premium, one month before it takes effect, and

2 informed you of your right of cancellation.

Where the premium increases, you may cancel the insurance contract within one month of receiving our notification with immediate effect, but at the earliest as at the point at which the increase takes effect. Otherwise the contract continues with the changed premium.

B-7 Embargo provision

Notwithstanding the other provisions of the contract, cover exists only so far as and for as long as no economic, trade or financial sanctions or embargoes of the European Union or the Federal Republic of Germany 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 the Federal Republic of Germany do not stand in the way.

Part C: what further provisions must be observed?

Note: in the German original, Part C is printed twice, word for word, on pages 20 to 22. It is given here once.

C-1 Declarations and notifications, change of address

C-1.1 Form, competent office

1 Declarations and notifications intended for us that concern the insurance contract and are made directly to us must be made in text form (for example email, fax or letter). This does not apply so far as written form is required by law or these conditions provide otherwise.

2 Declarations and notifications are to be addressed to the office designated as competent in the policy schedule.

C-1.2 Failure to notify a change of address or name

If you have not notified a change of your address, sending a registered letter to the last address known to us is sufficient for a declaration of intent that must be made to you. The declaration counts as received three days after the letter is sent. This applies accordingly where a change of name has not been notified to us.

C-1.3 Limitation

1 Claims under the insurance contract become time barred after three years. Limitation begins at the end of the year in which the claim arose and the creditor learned of the circumstances giving rise to the claim and of the identity of the debtor. Grossly negligent ignorance is equivalent to knowledge.

2 Where a claim under the insurance contract has been notified to us, the period between notification and receipt by the claimant of our decision communicated in text form (for example email, fax or letter) does not count towards the calculation of the period.

C-2 Court and local jurisdiction, applicable law

C-2.1 Actions against us

1 For actions under the insurance contract against us, court jurisdiction is determined by our registered seat.

2 The court in whose district you have your seat, the seat of your branch or your residence at the time the action is brought, or, in the absence of such, your habitual abode, also has jurisdiction.

3 If, however, after conclusion of the contract you move your seat, the seat of your branch or, in the absence of such, your habitual abode abroad, the courts of the state in which we have our seat have jurisdiction.

C-2.2 Actions against you

For actions under the insurance contract against you, court jurisdiction is determined by the seat of your branch or your residence or, in the absence of such, your habitual abode. If the residence or habitual abode is not known at the time the action is brought, court jurisdiction for actions under the insurance contract against you is determined by our seat or by our branch responsible for the insurance contract.

C-2.3 Applicable law

German law applies to this contract and, in addition, the provisions of the German Insurance Contract Act (VVG). This is the clause on which the notice at the top of this page rests.

C-3 Final provision

So far as the insurance conditions do not provide otherwise, the statutory provisions apply.