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## TERMS AND CONDITIONS OF PREUSS YACHT HULL INSURANCE FORM 2008/04

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### 1. Prerequisites for Insurance Cover

- 1.1. The present terms and conditions for yacht hull insurance shall apply to yachts solely in private usage.
- 1.2. Where a yacht is not solely in private usage, this shall be subject to prior written agreement with PREUSS Yachtversicherungen, hereinafter referred to as Preuss. The occasional carriage of fare-paying passengers shall not be deemed commercial usage unless operated on a commercial scale.
- 1.3. Participation in boat races and regattas shall likewise be subject to specific prior agreement with Preuss or the insurer.

### 2. Insured Risks (All-risks Cover)

The insurance policy shall cover all risks to which the insured items are exposed during the term of the insurance.

### 3. Subject of Insurance

- 3.1. Insurance cover shall be provided for the vessel specified in the policy and application including machinery, gear and equipment, the accessories necessary for use of the yacht as well as spare parts and tools.
- 3.2. The following shall be moreover insured where a separate insurable value was stated in the application:
  - Dinghy and inflatable life-raft;
  - Outboard motor including fuel tank and accessories;
  - Personal effects up to a maximum insured value of 10,000.-- EUR; the items to be insured must be itemised separately in the application or in a list appended to same. Personal effects shall be understood to mean items of personal usage such as photographic and video cameras as well as items of clothing required to take part in water sports (oilskin, wet weather clothing), albeit not binoculars/telescopes, sextants, nautical literature and charts, GPS devices, walkie-talkies, handheld PCs etc.;
  - Surfboards including rig as well as water skis.

### 4. Insurable Value / Agreed Value

- 4.1. The insurable value shall be the value when new (replacement value for new items of a similar type). The amount of this value is fixed as the amount of the loss to be paid in relation to the total sum insured shown in the policy. It may only be changed in terms of amount by mutual agreement between the policyholder and the insurer.
- 4.2. The defence of underinsurance shall be excluded.

### 5. Application

- 5.1. The insurance for the vessel shall cover the sailing area specified in the policy whether the vessel be afloat, onshore or being brought to shore or put afloat and during the performance of all work on the vessel. The insurance shall likewise cover any damage falling within the scope of the terms and conditions which comes about during

transportation with a suitable means of conveyance by land or by water where the items have been properly loaded and secured. In the framework of transportation the insurance shall cover damage occurring to the vessel independently of an accident to the means of conveyance.

- 5.2. Items belonging to the insured vessel which have been temporarily removed shall likewise be deemed to be insured where kept in a locked room.

### 5.3 Sailing areas

- **Area A1:** European inland waters, rivers and canals, waters of the Baltic Sea, Kattegat and Skagerrak, North Sea, English Channel. The boundaries shall run:
  - a) from the town of Thurso in the north of Scotland along the islands of Orkney and Shetland on the western side (three-mile zone) and continuing in a straight line to the entrance of the Trondheim Fjord, whereby travel in the Trondheim Fjord shall also be insured.
  - b) In a straight line from Land's End in the south of England, crossing the English Channel to the town of Brest on the continent.
- **Area A:** As described under A 1 extending to include the Irish Sea as well as the adjacent waters of the Atlantic up to 65° North, 30° West and 20° North; the Mediterranean including the entire coast of North Africa, the Canary Islands, Madeira and the Azores, straits as well as the Dardanelles, the Black Sea and the Sea of Asov.
- **Area B:** As described under A, waters of the Atlantic up to 40° South without any limitation to the west, including the adjacent waters of North America and Canada as well as the Caribbean.
- **Area C:** Worldwide. This area is only insurable subject to prior written agreement.

- 5.4. It shall be possible to cross trip boundaries against payment of an additional premium and/or an increase in the excess, whereby this shall be the subject of prior written notification. The unplanned crossing of trip boundaries (e.g. to avoid an area of poor weather) shall be also insured. They must however be immediately reported to Preuss and in the event of a loss, the excess applicable to the respective sailing area shall be charged.

- 5.5. Hurricane clause: Between the period from 15.06 – 30.11. in each year losses occurring caused by named storms and/or tempests (hurricanes) with wind speeds exceeding 118 km/h and/or 32.7 m/s in the following sailing area shall not be deemed to be covered by the insurance: between 13 degrees to 35 degrees north latitude and 55 degrees to 100 degrees west longitude.

### 6. Costs of Loss Minimisation (Sue & Labour) and Wreck Clearance

- 6.1. Loss minimisation costs: The insurance shall additionally cover expenditure – including where incurred to no avail – that was deemed appropriate by the policyholder in the insured event to avert or minimise the loss.
- 6.2. Wreck clearance: The costs of salvage and wreck clearance shall be additionally insured up to max. 2,000,000.-- EUR. The prerequisite in this regard shall be that this was preceded by an insured event, and the policyholder was obliged to effect clearance of the wreck or assume the costs incurred thereby.

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Inhaberin: Claudia Masson · Handelsregister: Göttingen HRA 200 363

## 7. Exclusions

- The following shall not be insured:
- Money, instruments of any kind with cash value, documents, spectacles, jewellery, watches, furs, musical instruments, paintings and other valuables, foodstuffs and stimulants, consumer goods and weapons of any kind.
- Indirect losses (e.g. loss in value, impairment of racing performance);
- Damage due to unseaworthiness or unfitness as a seagoing vessel where such circumstances were in existence on commencement of the trip and the policyholder or the skipper appointed by the policyholder was aware or must have been aware of same;
- Damage due to design faults, manufacturing flaws, defects in material and normal wear and tear, in each case only occurring to parts directly concerned. Consequential losses resulting herefrom shall be additionally insured under the present terms and conditions;
- Damage caused by the performance of work, effects of the weather (such as rain, snow, frost, exposure to sunlight, heat), osmosis, rust, oxidation, decomposition, worm damage, rats, mice or vermin;
- Damage due to war, civil war or warlike events as well as (including independently of a state of war) due to the presence or usage of mines, torpedoes, bombs or other implement of war, due to riot, looting or other civil unrest, strike, lockout, seizure, dispossession or other sovereign acts;
- Damage which occurs while the vessel is used for purposes other than for sports or pleasure (e.g. chartering-out / hire) unless an extension has been agreed in the policy;
- Damage due to the infringement of statutory provisions, official regulations, court orders and their enforcement;
- Damage due to embezzlement and fraud;
- Damage caused by nuclear energy or other ionising radiation;
- Damage due to terrorist acts or political acts of violence;
- Damage caused by the use of chemical, biological or biochemical substances or electromagnetic fields or waves as weapons.

## 8. Obligations of Notification on Conclusion or Amendment of Contract

- 8.1. The insurer agrees to provide insurance cover trusting on the fact that the material circumstances relevant for conclusion of the contract and assumption of the risk to be insured have been disclosed in full and in accordance with the truth.
- 8.2. The policyholder shall until contractual acceptance inform the insurer of the perils known to him to exist which are of significance for the insurer's decision whether to conclude a contract with the agreed content and about which the insurer has made enquiry in written form. This shall likewise apply where the insurer makes enquiry at a later date, however prior to acceptance of the contract. Any breach of this obligation of notification shall entitle the insurer to withdraw from the contract according to §§ 19 to 21, 29 German Insurance Contract Act (VVG), and so be discharged from liability, or to terminate same or amend said contract.
- 8.3. The right of the insurer to rescind the contract pursuant to §§ 22 German Insurance Contract Act and 123 German Civil Code (BGB) due to fraudulent misrepresentation shall remain unaffected thereby.

## 9. Aggravation of Risk

- 9.1. In accordance with § 23 German Insurance Contract Act the policyholder shall following contractual acceptance neither bring about nor permit any aggravation of risk without the approval of the insurer.

Should he subsequently realise that he has brought about or permitted an aggravation of risk without the approval of the insurer or where he learns that an aggravation of risk has come about without his will, the policyholder shall immediately notify the insurer of such aggravation of risk.

- 9.2. Aggravation of risk shall in particular be deemed to exist where the vessel is surrendered to third parties or is used without the necessary sailing licence.
- 9.3. Should the policyholder fail to comply with any of the negative duties or obligations of notification applicable to the aggravation of risk, the insurer may according to §§ 24 to 27, 29 German Insurance Contract Act be not only entitled to effect termination or to increase the premiums, but also be either wholly or partially discharged from liability.

## 10. Causing of an Insured Loss

- 10.1. The insurer shall not be liable where the insured loss is brought about through intent on the part of the policyholder, the authorised skipper or a passenger.
- 10.2. Where the insured loss is brought about through gross negligence on the part of the policyholder, the authorised skipper or a passenger, the insurer shall be entitled to reduce payment in proportion to the level of blame involved thereby.

## 11. Due Dates for Premiums

- 11.1. The first premium shall become due immediately after conclusion of the contract. The insurance cover shall not commence prior to payment unless a provisional cover note has been issued in writing. The provisional cover note shall expire with retroactive effect where the first premium is not immediately paid following transmission of the policy.
- 11.2. Subsequent premiums shall be paid on the respective due dates. The obligation regarding payment of the premium shall have been satisfied where the amount of the premium has been received by the insurer. Policyholders engaged on long-distance trips shall ensure the payment of subsequent premiums by means of direct debit and the appointment of an authorised contact. Where a standing order is not honoured or a subsequent premium is not paid on time, the consequences provided for by § 38 German Insurance Contract Act shall take effect 14 days after receipt of a payment reminder forwarded to the contact address of the policyholder, and the insurer shall be discharged from the liability to pay in the event of a loss. Said payment reminder shall be deemed to have been received in each case, including where not delivered to the policyholder in person.

## 12. Renewal of Insurance Contract

The contract shall be tacitly renewed by one year in each case unless terminated in writing by one of the parties at the latest three months prior to expiry.

## 13. Sale of Insured Vessel

Where the insured vessel is sold, the policy shall pass with all rights and obligations to the purchaser from the time of the change in ownership. The policyholder shall immediately notify Preuss or the insurer of the sale, stating the name and address of the purchaser. The purchaser shall be entitled to terminate the contract of insurance within one month with immediate effect or on expiry of the insurance period. Where the contract of insurance ends by virtue of the above provisions, the unused part of the premium shall be refunded to the vendor. The provisions of §§ 95 – 99 German Insurance Contract Act shall apply.

#### 14. Obligations of Policyholder with a Claim and Ascertainment of Loss

- 14.1. The policyholder shall immediately notify the insurer or Preuss in writing of any loss relating to the policy. He must avert any further damage as far as he is able and ensure minimisation of the damage that has already come about and shall – where permitted by the circumstances – obtain instructions from the insurer.
- 14.2. Any loss due to fire or theft shall be immediately reported to the responsible police department. A list of stolen items must be submitted to the police. Preuss or the insurer must be sent a copy of the police report and notified of the result of the investigation.
- 14.3. Where the policyholder holds a claim to compensation against a third party, said claim shall be safeguarded by means of a written admission of liability and all information required to assert same forwarded in writing to Preuss or the insurer.
- 14.4. Where a loss occurs while the insured items were in the safekeeping of a transport company, the policyholder shall immediately ascertain the circumstances of the loss and submit confirmation issued by the transport company in this regard to Preuss or the insurer. Here again the policyholder shall at once hold the transport company accountable for the damage by means of a written admission of liability.
- 14.5. Before repair work starts, the policyholder must give the insurer the opportunity to inspect the damage and allow same to make all investigations into the cause and extent of the damage, supply pertinent information in writing and furnish corresponding evidence in this regard.
- 14.6. Where the policyholder fails to satisfy one of the obligations laid down in the present contract, the insurer shall be discharged from liability to pay by virtue of the statutory provisions.
- 14.7. The insurer shall also be discharged from liability to pay where the policyholder or authorised persons intentionally make false statements or supply incomplete information in respect of the claim or commit fraudulent misrepresentation in any other manner.

#### Compensation and Date for Payment / Excess

- 15.1. Excess: The deductible shown in the policy shall apply to every individual loss, with the exception of total loss of the insured vessel as well as with the loss of additionally insured personal effects, non-culpable damage due to fire, damage caused by lightning as well as transport damage and hull damage caused solely by third parties.
- 15.2. In the event of total loss of a dinghy, outboard motor or inflatable life-raft an excess amounting to 250.-- EUR in each case shall be deemed to have been agreed.
- 15.3. In the event of total loss, compensation shall be provided for the insurable value less any salvage value which can be realised through sale of the item.
- 15.4. Compensation shall be provided for partial losses without any deductions under "new for old".
- 15.5. The costs incurred for transportation to a suitable shipyard or workshop for repair following an insured event shall also be insured.
- 15.6. The policyholder shall not be entitled to make insured items available to the insurer on his own initiative.
- 15.7. The payment of compensation shall become due at the latest 14 days after submission of the invoice for the costs of repairs and completion of the investigations necessary for the ascertainment of loss.

- 15.8. In the case of theft and damage caused by fire, payment shall not become due until completion of the police investigations.
- 15.9. The policyholder shall not be obliged to take back stolen items following the payment of compensation.
- 15.10. The insurer shall not be obliged to provide compensation for damage caused by delay in excess of the statutory rate for default interest unless it was responsible for delaying payment due to gross negligence or intent.

#### 15. Termination in the Event of a Loss

- 16.1. Following the occurrence of an insured event the insurance contract may be terminated by either party. Notice of termination must be issued in writing. It must be received either by the policyholder or the insurer by the intermediary of Preuss at the latest one month after conclusion of the negotiations relating to compensation.
- 16.2. The insurer shall comply with a notice period of one month. Where notice of termination is given by the policyholder, he may decide whether termination is to take effect at once or at a later date, however at the end of the current insurance period at the latest.
- 16.3. Where notice of termination is given by the policyholder, he shall hold no claim to the refunding of premiums. Where notice of termination is given by the insurer, it shall pay back the premiums for the current insurance year on a pro-rata basis according to the length of time still to run in relation to the overall insurance period.

#### 16. Secondary Liability

Other insurance policies relating to the same insured item shall take precedence over the present contract.

#### 17. General Provisions

- 18.1. The rights of the policyholder ensuing under the present contract may not be assigned or pledged without the express approval of the insurer.
- 18.2. The present contract shall be subject to German law. The provisions of the German Insurance Contract Act shall moreover apply.

#### 18. Legal Venue

- 19.1. The judicial competence for actions brought against the insurer on the basis of the insurance contract shall be determined by the registered office of the insurer or its branch with responsibility for the insurance contract. Where the policyholder is a natural person, the court in whose district the policyholder has his place of abode at the time the action is brought or failing that, his habitual residence, shall also be locally competent.
- 19.2. Where the policyholder moves his place of abode or habitual residence outside the geographical limits of the German Insurance Contract Act following conclusion of the contract or where his place of abode or habitual residence is not known at the time the action is brought, the judicial competence for actions brought against the insurer or the policyholder on the basis of the insurance contract shall be determined by the registered office of the insurer or its branch with responsibility for the insurance contract.

Please note: This is a translation from German and is provided for the convenience of our English-speaking customers. In case of any discrepancies or legal dispute only the original German-language version (PREUSS-YKB 2008/04) is legally binding.