



HAMBURGER YACHTVERSICHERUNG SCHOMACKER

ENGINE BREAKDOWN CLAUSE 2008

The present translation was completed on the basis of the relevant German source text, however, the latter alone is legally authoritative.

1. General Provision

The stipulations of these particular conditions are determining factors for the insurance coverage. If not agreed otherwise, the terms and conditions of the underlying hull insurance for yachts (YKB) are to be applied accordingly and directly.

2. Subject of the insurance policy

The machinery of the vehicle is insured if it is not more than 15 years old. The machinery includes the following: combustion engine (diesel engine or gasoline motor), ancillary unit, pumps, gear, shaft incl. bearings and propeller. If more components are to be insured as machinery, a separate agreement must be made with the insurer.

3. Scope of the insurance

Contrary to paragraph 4.11 of the hull insurance conditions for yachts (YKB), all damages on the machinery, except for those mentioned in paragraph 4 of this clause, are insured max. for the insured sum of the machinery agreed upon in this policy. Compensation will be paid for repair costs or costs for a necessary replacement of the machinery.

4. Exclusions

The insurer will not pay compensation for damages on the machinery that are caused by:

- 4.1 The use of improper fuels and additives.
- 4.2 The use of objects which are visibly in need for repair, unless it can be proved that the need for repair is not associated with the damage.
- 4.3 Negligence.

5. Obligations and duties of the policy holder

- 5.1 The policy holder must ensure annual check-up and maintenance of the machinery in accordance with the "Check list for maintenance of the machinery".
- 5.2 The policy holder must ensure the conservation of the machinery when winterising the craft according to the „Check list for winterising the machinery“.
- 5.3 The check lists mentioned under 5.1 and 5.2 will be forwarded respectively along with the pleasure craft hull insurance policy.
- 5.4 In the event of claims, the insurer may request from the policy holder the corresponding proof for the compliance with the conditions and requirements stipulated under paragraphs 5.1 and 5.2 respectively.

6. Legal consequences for non-fulfilment or breach of obligations

- 6.1 Right of the insurer to terminate the policy

If the policy holder does not fulfil the obligations of paragraph 5 which he has to carry out before the insured event, the insurer is authorised to terminate the contract without prior notice, within one month starting from the notice of the non-fulfilment. The insurer is not entitled to cancel the contract if the policy holder can prove that the breach of obligations and duties was neither intended nor based on gross negligence.

- 6.2 Scope of the insurance coverage in cases of non-fulfilment of obligations

If the policy holder deliberately breaches an obligation or a duty of this contract, he jeopardizes his insurance coverage. In cases of gross negligence of an obligation, the insurer is entitled to reduce the payment in accordance to the degree of culpability on the part of the policy holder. If the policy holder breaches one of the information obligations to which

he/she is subject to following the occurrence of an insured event, the entire or partial lapse of the insurance coverage will only take effect if the insurer notifies the policy holder of this legal consequence by means of a written letter.

The insurer remains obliged to pay compensation if the policy holder can prove that the breach had no causal influence on the occurrence or on the ascertainment of the insured event or on the determination or the scope of the obligation of the insurer to pay compensation. This regulation does not apply if the policy holder has maliciously omitted an obligation.

The above stipulations apply whether or not the insurer practices the right of termination to which he is entitled according to paragraph 8.1.

7. Calculation of the indemnity, excess (retention)

- 7.1 In cases of replacement of the machinery, an excess on the value of the new parts is deducted (labour costs are not considered) in accordance with the age of the parts to be replaced and corresponding to the following table:

AGE OF THE USED PARTS	3	4	5	6	7	8	9	10	11 TO 15
FOR DIESEL MOTORS	0%	20%	30%	40%	50%	55%	60%	65%	70%
FOR GASOLINE MOTORS	20%	30%	40%	50%	60%	65%	70%	75%	80%

- 7.2 Costs for repairs are indemnified for a max. sum of the costs for a comparable replacement in compliance with paragraph 7.1.

- 7.3 Except for the deduction according to 7.1, a deduction of the amount of the excess stated in the policy becomes due in each case of indemnified insurance claims.

8. Termination of the clause

- 8.1 The insurance policy for the risks described in paragraph 3 may be cancelled by both parties respectively until the date of expiry of the underlying contract for hull insurance for yachts (YKB). The cancellation must be done in writing and forwarded to the other party at the latest one month before the date of expiry.
- 8.2 The insurance for the risks described in paragraph 3 ends automatically on the day of expiry of the underlying contract for the hull insurance for yachts (YKB) in the year the main component of the machinery – the combustible motor – turns older than 15 years.
- 8.3 In cases of claims, the insurance for the risks described in paragraph 3 can be terminated in writing by both parties. The contracting partner must receive the notice in writing at the latest 14 days after completed evaluations necessary for the termination of the insurance claim and the scope of the compensation are paid by the insurer.
- 8.4 If the policy holder terminates the contract, the cancellation will take effect immediately upon receipt by the insurer. However, the policy holder may determine that the cancellation becomes effective at a later date, but at the latest at the end of the current insurance year.

A cancellation by the insurer becomes effective one month after the policy holder has received the cancellation.

(Version 1/2008)