

General Conditions of Insurance for Liability Insurance (AHB)

I. The Insurance Cover (§§ 1-4)

§ 1 Scope of the insurance

- (1) The insurer provides the policyholder with insurance cover for the event that a third party makes a compensation claim against him/her on the basis of statutory liability provisions in private law for an event occurring during the period of the insurance which has resulted in the death, injury or harm to health of persons (personal injury) the damage or destruction of property (material damage).
- (2) The insurance cover extends to the legal liability
 - a) arising from the properties, legal relationships or activities of the policyholder set out in the insurance certificate and its supplements (insured risk)
 - b) arising from increases or expansions of the insured risk insofar as they do not consist in the keeping or operating of aircraft, motor vehicles or water-borne craft (apart from rowing boats). In the event of increases of the assumed risk as a result of changes in existing or the issuing of new legal regulations, the following applies: The insurer is entitled to terminate the insurance relationship observing a period of notice of one month. The right of termination ceases however if it is not exercised within one month of the time at which the insurer becomes aware of the increased risk, or if the situation which existed before the increase is restored.
 - c) arising from risks which newly arise for the policyholder after taking out the insurance, in accordance with §2 (Provident insurance)
- (3) The insurance cover can be extended by special agreement to statutory liability for pecuniary damages which have occurred neither through personal injury nor material damage, as well for mislaid articles. The provisions for material damage apply to mislaid articles.

§ 2 Provident insurance

- For provident insurance (§ 1 no. 2 c) the following special conditions apply in addition to the other provisions of the policy:
- (1) The insurance cover begins immediately with the start of a new risk without special notification being required. However, the policyholder must, at the request of the insurer, which can also be in the form of a note attached to the premium invoice, notify every newly occurring risk within one month of receipt of this request. If the policyholder does not notify the new risk in time or if within one month of receipt of the notification by the insurer agreement about the premium for the new risk has not been reached, the insurance cover for this lapses retrospectively as of the start of the risk. In the event of an insurance claim before the new risk has been notified the policyholder must provide evidence that the new risk only occurred after taking out the insurance and at a time at which the notification deadline had not expired.
 - (2) The insurance cover is limited to the sum of 500.000 EUR for personal injury and 150.000 EUR for material damage unless lesser insured sums have been set out in the insurance certificate.
 - (3) The insurance cover does not extend to risks associated with:
 - a) the ownership, operation of railways, theatres, cinema and film enterprises, circuses and platforms, also of aircraft and water-borne craft of any type (apart from rowing boats) and driving such vehicles as well as hunting
 - b) manufacturing, processing, storing, transporting, using and trading in explosive substances insofar as a separate official licences is required for this
 - c) the keeping or driving of motor vehicles

§ 3 Start and extent of the insurance cover, payment of the first premium

- I.
 - (1) The insurance cover begins at the time indicated on the insurance certificate if the policyholder has paid the first or one-off premium in time.
 - (2) The charged amount includes the insurance tax, which the policyholder has to pay in accordance with the legally stipulated sum.
- II.
 - (1) Unless otherwise agreed the first or one-off premium is due immediately on taking out the policy. The payment is considered to be on time if it is made immediately after receipt of the insurance certificate and the payment request, as well as at the end of the objection deadline of 14 days set out in the insurance certificate. If payment of the annual premium in instalments is agreed the first premium is considered to be the first instalment of the first annual premium.
 - (2) If the policyholder does not pay the first or one-off premium at the due time, but at a later time, the insurance cover only begins as of this time.
 - (3) If the policyholder does not pay the first or one-off premium in time, the insurer can withdraw from the policy as long as the premium has not been paid. It is considered as withdrawal if the insurer does not legally claim the first or one-off premium within three months of taking out the policy.
 - (4) If the direct debiting of the premium from an account has been agreed the payment is considered as being on time if the premium can be debited on the due date as indicated in the insurance certificate and the policyholder does not object to an authorised debit. If the due premium could not be debited by the insurer through no fault of the policyholder the payment is still on time if it is made immediately after a written payment request by the insurer. If the policyholder is responsible for the premium not being able to be debited on repeated occasions the insurer is entitled to request future payment without direct debit.
 - (5) If the first premium is not paid on time the policyholder is considered as being in default 30 days after the expiry of the objection period of 14 days as set out in the insurance certificate and after receipt of a payment request, unless the policyholder is not responsible for the delayed payment. The insurer is entitled to request compensation for the loss incurred through the delay.
- III.
 - (1) The insurer's payment obligation includes checking the liability question, the rejection of unjustified claims as well as the repayment of compensation which the policyholder has to pay on the basis of an acknowledgment issued or approved by the insurer, a concluded or approved settlement or a judicial decision. If the payment obligation of the insurer has been established the payment must be made within two weeks. If in criminal proceedings based on a damages event which could result in a liability claim covered by the insurance, the appointment of a defence lawyer for the policyholder is requested or approved, the insurer bears the fee-related, possibly specially agreed higher costs of the defence lawyer. If the policyholder has to stand surety in accordance with the law for an annuity owed as a result of the insurance claim or if he/she can defer the implementation of a judicial decision through standing surety or depositing, the insurer must stand surety or deposit in his/her place.
 - (2) The insured sums indicated in the insurance certificate constitute the maximum limit per claim for the extent the insurer's payment. This also applies if the insurance cover extends to several persons liable to pay damages. Several claims linked in time due to the same cause or several claims resulting from delivery of the same defective products are considered as one claim. It can be agreed that the policyholder pays an excess in the event of each incident amounting to a sum determined in the insurance certificate.

It can also be agreed that the insurer limits his overall payment for all claims in an insurance year to a multiple of the agreed insured sums.
 - (3) If in a claim there is dispute about the entitlement between the policyholder and the injured party or his/her legal successor the insurer conducts the legal dispute on behalf of the policyholder at his expense.
- IV.
 - (1) If the liability claims exceed the insured sum the insurer only has to bear the cost of the proceedings as a proportion of the insured sum to the overall amount of the claims, even if several proceedings arising out of one incident are involved. In such cases the insurer is entitled to exempt himself from all further payment by paying the insured sum and his share of the costs corresponding to the insured sum.
 - (2) If the policyholder has to pay annuity payments to the injured party and if the capital value of the annuity exceeds the insured sum or the remainder of the insured sum after deduction of any other payments arising out of the claim, the annuity to be paid will only be paid by the insurer at the proportion of the insured sum or its residual amount to the capital value of the annuity. The annuity value is calculated on the basis of the general mortality tables for Germany with an endowment nature 1987 R men and women and on the basis of accounting interest which takes the actual capital market interest in Germany into consideration. The arithmetic mean of the public yields of the past 10 years, as published by the German Federal Bank is taken as the basis for this. Subsequent increases and reductions in the annuity are calculated at the time of the original start of the annuity with the cash value of a deferred annuity in accordance with the above calculation principle. For calculating orphan benefits the age of 18 is agreed as the earliest end date. For the calculation of injured party benefits the age of 65 is agreed as the earliest end date in the case of wage-earners, unless otherwise agreed by a judgement, settlement or other decision, or the circumstances forming the basis of the determination change. In calculating the sum with which the policyholder must participate in the on-going annuity payments, if the capital value of the annuity exceeds the insured sum or remainder of the insured sum after deduction of other payments the other payments are deducted to their full amount from the insured sum.
 - (3) If the handling of a liability claim through acknowledgment, satisfaction or settlement requested by the insurer fails through the resistance of the policyholder, the insurer is not responsible for the additional costs of the main proceedings, interests and costs incurred by the refusal.

§ 4 Exclusions

I.

Unless otherwise expressly set out in the insurance certificate the insurance cover does not extend to:

- (1) Liability claims which on the basis of agreement or special consent go beyond the statutory liability of the policyholder
- (2) Claims for salaries, pensions, wages and other stipulated payments, care, medical treatment in the event of inability to work, benefit claims (cf. for example §§ 616, 616 Federal Code, 63 Commercial Code, 39 and 49 Seamen's law and the appropriate provisions of the business order of the Social Welfare Code VII and the Federal Social Welfare law) as well as claims on the basis of tumult claims laws.
- (3) Liability claims on the basis of incidents occurring abroad, though claims on the basis of §110 Social Welfare Code VII are, however, covered.
- (4) Liability claims as a result of participation in horse, cycle or motor vehicle races, boxing or wrestling as well as the preparations therefor (training).
- (5) Liability claims based on material damage due to the gradual effect of temperature, gases, vapours or moisture, precipitation (smoke, soot, dust and suchlike), also waste water, mould formation, subsidence of land (also of works or parts thereof erected thereon), landslides, vibrations due to pile-driving work, floods or stationary or flowing waterways as well as damage to land by grazing animals and wild animals.
- (6) Claims for damage to third-party effects and all pecuniary damage arising therefrom if
 - a) the policyholder has rented, leased, borrowed this property or acquired them through unlawful acts, or they are subject to a special administration agreement
 - b) the damage has occurred through business or occupational activities of the policyholder on these effects (processing, repair, transportation, testing etc); in the case of immovable effects this exclusion on applies if these effects or parts thereof were directly affected by the activity, has occurred through the policyholder using these effects to carry out his/her commercial or occupational activities (as tools, auxiliary agents, material storage area etc); in the case of immovable effects this exclusion only applies if these effects or parts thereof were directly affected by the use, has occurred through a business or occupational activity of the policyholder and the effects – if immovable effects are involved – or parts thereof were in the immediate area of influence of the activity; this exclusion does not apply if the policyholder can prove that at the time of the activity he/she had taken all the necessary measures to prevent damage.If the prerequisites for the above exclusion are present in the persons of the employees, workers, officials, authorised representatives or agents of the policyholder the insurance cover also lapses, both for the policyholder and for any persons coinsured through the policy.

There is no insurance cover for claims:

 - relating to the fulfilment of contracts, subsequent fulfilment, self-undertaking, withdrawal, reduction, compensation instead of payment
 - relating to damage caused in order to implement improvement
 - due to failure of use of the subject matter of the policy or absence of success of the contractual obligation
 - relating to the reimbursement of futile expenses in anticipation of correct contract fulfilment
 - relating to compensation for pecuniary losses due to delayed performance
 - relating to substitute performance in place of fulfilmentThis also applies if statutory claims are involved.
- (7) Liability claims for damages directly or indirectly connected to energy-rich ionising radiation (e.g. alpha, beta and gamma radiation emitted from radioactive substances, as well as neutrons or radiation generation in particle accelerators), as well as laser and maser radiation *
- (8) Liability claims for damages due to environmental effects and all further damage resulting from this. This also includes damage caused by fire and/or explosion.

This does not apply

 - a) as part of the insurance of private liability risks or
 - b) if liability claims are made against the policyholder for damage due to environmental effects as a result of products (also waste) produced or delivered by the policyholder, through work or other activities after implementation or after completion of the work (product liability) unless this is a result of the planning, production, delivery, assembly, dismantling, repair or maintenance of
 - installations intended for the production, processing, storage, depositing, conveying or disposal of substances harmful to waterways (Waterways Act [WHG] installations)
 - installations in accordance with appendix 1 or 2 to the Environment Liability Law (UmweltHG installations)
 - installations which in accordance with environmental protection regulations must be authorised or notified, insofar as they are not WHG or UmweltHG installations,
 - waste water installations of part which are evidently intended for such installations
- (9) Claims relating to damages due to asbestos, substances or products containing asbestos Excluded from the insurance are:
 1. Insurance claims by all persons who have deliberately caused the damage. In the case of delivery or manufacturing of goods, products or work, knowledge of the defective nature or harmfulness of the goods etc is the equivalent of malicious intent.
 2. Liability claims
 - a) based on incidents involving relatives of the policyholder, who live in a joint household or who are persons coinsured in the insurance policy
 - b) between several policyholders of the same insurance policy
 - c) by legal representatives of persons incapable or incapable to a limited extent of managing their own affairs
 - d) by partners of companies without legal status who are personally liable without limitation
 - e) by legal representatives of juridical persons in private or public law as well as associations without legal status
 - f) by liquidatorsRelatives are spouses, partners in accordance with the cohabiting partnership law or equivalent partnerships in accordance with the law of other countries, parents and children, adopted parents and children, parents and children in law, step-parents and children, grandparents and grandchildren, siblings as well as foster parents and children (persons who are associated with each other through a family-like, long-term relationship as parents and children). The exclusions under b) to f) also extend to liability claims by relatives of the persons cited therein if they live in a joint household.
 3. Liability claims based on the fact that the policyholder has not within an appropriate period rectified particularly dangerous circumstances which the insurer can by rights request, and has requested, to have eliminated. A circumstance which had resulted in damage continues to be considered as particularly risky.
 4. Liability claims for personal harm resulting from the transmission of an illness of the policyholder, as well as material damage caused by animals belonging to, kept by or sold by the policyholder, unless the policyholder has not acted in a malicious or in a grossly negligent manner.
 5. Liability claims for damage caused to work or effects produced or supplied by the policyholder (or third parties acting on his/her instructions or behalf) as a result of a cause lying in the production or supply and all pecuniary losses arising there from.

II. In the event of a claim (§§ 5, 6)

§ 5 Obligations of the policyholder, procedure

- (1) A claim in accordance with this policy is the incident, which could result in liability claims against the policyholder.
- (2) Every claim must be notified in writing to the insurer (§14) immediately, within one week at the latest. If investigation proceedings are initiated or a notice of prosecution or a warning is issued the policyholder must notify the insurer immediately, even if the claim has already been notified. If the injured party enforces his/her claim against the policyholder, he/she must notify this within one week of making the claim. If a claim is judicially made against the policyholder, if assistance with the proceedings costs is applied for or if the action is judicially notified, he/she must also notify this immediately. The same applies in the case of an arrest, a restraining order or evidence collection proceedings.
- (3) The policyholder must if possible, observing the directions of the insurer, ensure avoidance and reduction of the claim and do everything to clarify the incident if nothing undue is assumed of him/her. He/she must support the insurer in avoiding the claim and in assessing and settling the claim, submit comprehensive and truthful damage reports, inform him of all circumstances relating to the claim and forward all documents which in the view of the insurer are of relevance to assessing the claim.
- (4) If the liability claims results in a lawsuit the policyholder must leave the conduct of the case to the insurer, grant power of attorney to the lawyer appointed or designated by the insurer and provide all explanations deemed necessary by the this person or the insurer. Without awaiting the insurer's instructions, the policyholder must object in time to warning notices or orders relating to compensation from administration authorities or make use of the required legal remedies.
- (5) The policyholder is not entitled, without the prior consent of the insurer, to accept or satisfy a liability claim in full or in part or to agree a compromise. In the event of infringement the insurer is exempted from payment obligations, unless the policyholder could not in accordance with the circumstance refuse the satisfaction or acceptance without evident prejustice.

* The compensation of damage caused by nuclear energy is determined by the Nuclear Act. The operators of nuclear installations are liable for cover provision and taking out liability insurance for this.

- (6) If as a result of changed circumstances the policyholder acquires the right to request the cancellation or reduction of a payable annuity, he/she must have the insurer exercise this right in his/her name. The provisions of numbers 3 to 5 apply accordingly.
- (7) The insurer is considered as being authorised to give on behalf of the policyholder all declarations he deems expedient to settle or avoid the claim.

§ 6 Legal consequences of breach of obligations

I.

If one of the obligations set out in § 5 or if another obligation to be fulfilled in the event of or following a claim is breached the policyholder loses his/her insurance cover, unless he/she has breached the obligation neither in a malicious or grossly negligent manner. In the event of a grossly negligent breach the policyholder retains his/her insurance cover if the breach has had no effect on the establishment of the claim or on the assessment of the performance. If the breached obligation is intended to avoid or reduce the claim, the policyholder retains his/her insurance cover in the event of gross negligence if the scope of the claim would not have been any less if the obligation had been fulfilled. In the event of a negligent breach the policyholder retains his/her insurance cover only if the breach would not have seriously impaired the interests of the insurer, or if no great blame is being apportioned to the policyholder.

II.

If an obligation is breached which must be fulfilled vis-à-vis the insurer before the claim or to avoid/reduce risk, the policyholder has no insurance cover if the insurer exercises his right to cancel the policy without notice within one month of becoming aware of the breach of obligation. The insurer has no right of cancellation and the insurance cover remains intact if no blame could be attached to the breach of obligation. If the breached obligation was intended to reduce the risk or prevent an increase in risk, the policyholder does not lose his/her insurance cover if the breach has had no effect on the occurrence of the claim or the extent of the insurer's payment obligations.

III. The insurance relationship (§§ 7-14)

§ 7 Insurance on behalf of others, transfer of the insurance claim

- (1) If the insurance extends to liability claims against persons other than the policyholder himself/herself, all the provisions in the insurance policy relating to the policyholder apply to these persons accordingly. Exercising the rights arising out of the insurance policy is the exclusive responsibility of the policyholder, who remains responsible for fulfilling the obligations along with the insured person.
- (2) Claims by the policyholder himself/herself or the persons named in § 4 number II.2 against the insured persons as well as claims among the insured persons are excluded from the insurance.
- (3) Before having been definitively established, the insurance claims cannot be transferred without the express consent of the insurer.

§ 8 Premium payment, premium regulation, premium adjustment, premium in the event of early termination of the policy

I.

- (1) Unless otherwise agreed the subsequent premiums are due on the first of the month of the agreed premium payment period. The payment is considered to be on time if it has been made at the time indicated on the insurance certificate or in the premium invoice. The charged premium includes the insurance tax which the policyholder has to pay at the statutory rate.
- (2) If the direct debiting of the premium from an account has been agreed the payment is considered as being on time if the premium can be debited on the due date as indicated in the insurance certificate and the policyholder does not object to an authorised debit.
If the due premium could not be debited by the insurer through no fault of the policyholder the payment is still on time if it is made immediately after a written payment request by the insurer.
If the policyholder is responsible for the premium not being able to be debited on repeated occasions the insurer is entitled to request future payment without direct debit.
- (3) If the subsequent premium is not paid on time the policyholder is in default without a reminder, unless he/she is not responsible for the late payment.
The insurer will request payment in writing and set a payment deadline of at least two weeks. The insurer is entitled to claim compensation for the loss incurred by the delay.
- (4) If the policyholder is still in default on expiry of this payment deadline, no insurance cover exists as of this time until payment is made if this has been indicated to him/her in the payment request.
- (5) If on expiry of this payment period the policyholder is still in default with the payment, the insurer can cancel the policy without notice if he has pointed this out to the policyholder in the payment request. Cancellation can also be announced when determining the payment deadline. In this case the cancellation takes effect on expiry of the payment period if the policyholder is still in default with the payment at this time. This must be pointed out to the policyholder in the payment request. If the insurer has cancelled the policy and the policyholder pays the outstanding sum within one month of the cancellation, or if the cancellation is linked to the deadline determination within one month of expiry of the payment deadline, the policy is continued. For claims arising between the receipt of the cancellation and the payment there is, however, no insurance cover.
- (6) If payment of the annual premium in instalments has been agreed the still outstanding instalments become due immediately if the policyholder is in arrears with the payment of one instalment. The insurer can also demand annual premium payment in future.

II.

- (1) The policyholder must, when requested by the insurer, which can be by way of a notice printed on the premium invoice, indicate whether and what changes to the insured risk have occurred in the details given for the purpose of assessing the premium. This information must be provided within one month of receipt of the request. At the request of the insurer these details must be verified by way of the business books or other evidence. Incorrect details to the detriment of the insurer entitle the insurer to impose on the policyholder a contractual penalty amounting to three times the amount of the determined premium difference if the policyholder cannot prove that the incorrect details were provided through no fault of his/her own.
- (2) On the basis of the notification of changes or other findings the premium is corrected in accordance with the time of the change. However, it may not be less than the minimum premium that applied in accordance with the insurer's prices at the time of taking out the policy. All increases occurring in accordance with § 8 number III after taking out the insurance, or reductions in the minimum premium are taken into account. In the event of a risk ceasing to exist any reduced premium is calculated as of the time of notification.
- (3) If the policyholder does not submit the above notification in time, the insurer can, for the period for which the details were to be given, demand a subsequently payable sum amounting to the premium already paid for this period instead of premium regulation (number II.1). If the details are subsequently provided, but still within two months of receipt of the request for subsequent payment, the insurer must repay any premium sum paid in excess.
- (4) The above provisions also apply to insurance policies with premiums paid in advance for several years.

III.

- (1) On 1st July of each year an independent trustee determines by which percentage the average claims payments which insurers approved for providing general liability insurance have made in the past calendar year have increased or decreased compared to the previous year. The determined percentage is rounded down to the next lowest whole number divisible by five. Claims payments are also considered to be costs arising through individual claims for damage investigation which have been incurred in order to determine the basis and amount of the insurance payments. The average of the claims payments in a calendar year is the sum of the claims payments made during the year divided by the number of newly registered claims within the same period.
- (2) In the event of an increase the insurer is entitled, and in the event of a decrease obliged to adjust the following year's premium by the percentage resulting from number 1 paragraph 1 clause 2 (premium adjustment). If the average of the insurer's claims payments has increased in each of the last five calendar years by a percentage lower than that determined by the trustee for each of these years in accordance with number 1 paragraph 1 clause 1, the insurer may only increase the premium for the following year by the percentage by which his claims payments have increased in the previous calendar year in accordance with his internal company figures, this increase must not exceed that which would result in accordance with the above paragraph.
- (3) If the change in accordance with number 1 paragraph 1 or number 2 paragraph 2 is under 5 percent, premium adjustment does not take place. However, this change must be taken into consideration in the following years.
- (4) The premium adjustment applies to the following year's premiums due after 1st July. It is notified to the policyholder with the premium invoice.
- (5) If the following year's premium is calculated on the basis of a salary, building or turnover sum no premium adjustment takes place. This does not apply to minimum premiums.

IV.

In the event of early termination of the policy unless otherwise agreed the insurer is only entitled to the portion of the premium which corresponds to the expired policy period. In the event of full or partial cessation of insured risk the following applies: The insurer is entitled to the premium which he could have charged if the insurance of these risks had only been applied for up to the time at which he became aware of the cessation.

§ 9 Duration of the policy, notice, transfer of company, cessation of the insured risk, double insurance

I.

- (1) The policy is taken out for the period indicated on the insurance certificate.
- (2) With a policy duration of at least one year the policy is extended by one year at the end of the agreed period unless the other party has received written notice of cancellation at least three months before expiry.
- (3) In the case of a policy duration of less than one year the policy ends at the envisaged time without notice being required.

II.

- (1) If the premium increases on the basis of the premium adjustment in accordance with § 8 number III.2 without the scope of the insurance cover changing, the policyholder can cancel the insurance policy with immediate effect within one month of notification by the insurer, but at the earliest at the time at which the premium increase was to take effect. An increase in insurance tax does not constitute a cancellation right.
- (2) The insurance relationship can also be cancelled if the insurer has made a compensation payment on the basis of a claim or the liability claim is pending in court or the insurer has refused to pay the due insurance.
- (3) The cancellation notice must be received by the other party within one month of the claim payment or liability claim becoming pending in court or the payment refusal by the insurer.
- (4) If the policyholder cancels his/her cancellation becomes effective immediately on receipt by the insurer. However, the policyholder can determine that the cancellation should take effect at a later point in time, but at the latest at the end of the current insurance year.
- (5) If the policy is cancelled the insurer is only entitled to the portion of the premium which corresponds to the elapsed policy period.
- (6) In the case of a policy duration of more than five years the policy can be cancelled at the end of the fifth year or each following year, notice of cancellation must be received by the other party at least three months before the end of the insurance year in question.

III.

- (1) If a company for which company liability insurance exists is sold to a third party, this third party assumes the rights and obligations of the policyholder arising for the duration of ownership from the insurance relationship. This also applies if a company is taken over by a third party on the basis of a usufruct, lease agreement or a similar relationship.
- (2) In this event the insurance relationship can be cancelled
 - by the insurer vis-à-vis the third party with a period of notice of one month
 - by the third party vis-à-vis the insurer with immediate effect of at the end of the current insurance period.
- (3) The right of cancellation lapses
 - if the insurer does not exercise it within one month of the time of becoming aware of the transfer to the third party
 - if the third party does not exercise it within one month of the transfer, whereby the cancellation right remains in existence to the end of one month from the time the third party became aware of the insurance.
- (4) If the transfer to a third party takes place during a current insurance period, the former policyholder and the third party are jointly liable for the insurance premium for this period.
- (5) The transfer of a company must be notified to the insurer immediately by the former policyholder or the third party. In the event of a culpable breach of the notification obligation there is no insurance cover if the claim arises more than one month after the time at which the insurer should have been notified, unless this legal consequence is out of proportion to the severity of the breach. The insurance cover does not cease despite breach of the notification obligation if the insurer was aware of the sale at the time he should have been notified. The insurance cover is restored and applies to all claims which arise at least one month after the time the insurer becomes aware of the sale. This only applies if the insurer has not exercised his right of cancellation during this month.

IV.

If insured risks completely and permanently cease to exist the insurance relating to these risks lapses.

V.

- (1) Double insurance is present if an interest is insured against the same risk in several insurance policies.
- (2) If double insurance has come about without the knowledge of the policyholder, he/she can request the cancellation of the policy taken out later.
- (3) The right of cancellation lapses if the policyholder does not exercise it immediately he/she becomes aware of the double insurance. The cancellation takes effect on expiry of the insurance period during which it is requested.

§ 10 Expiry, claim limitation

- (1) Claims arising from the insurance policy expire in two years. The period begins at the end of the year in which the claim can be made. If a claim by the policyholder has been registered with the insurer, the period from the claim notification to the receipt of the written decision by the insurer is not included when determining the deadline.
- (2) If the insurer has rejected the insurance cover, insurance cover cannot be claimed if the policyholder does not judicially enforce this within six months. The deadline begins with receipt of the written rejection by the insurer. The legal consequences of missing the deadline only come into force if the insurer has pointed out the necessity of timely judicial enforcement.

§ 11 Precontractual notification obligations of the policyholder

I.

- (1) The policyholder or his/her authorised representative are obliged to notify the insurer at the time of taking out the policy of all known risk-relevant circumstances in writing, truthfully and completely, and, in particular, to answer the questions in the insurance application in the same manner. Risk-relevant are circumstances which could have an influence on the insurer's decision to conclude the policy at all or conclude it with the agreed contents. In cases of doubt a circumstance which the insurer has expressly asked about in writing is considered as being of relevance to the risk.
- (2) If the policy is taken out by an authorised representative of the policyholder or by a representative without representative authority and if this person is aware of the risk-relevant circumstance, the policyholder must be treated as if he/she was aware of it or has deliberately concealed it.

II.

- (1) Incomplete and incorrect details relating to risk-relevant circumstances entitle the insurer to withdraw from the insurance policy. This also applies if a circumstance has been incorrectly or incompletely notified because the policyholder has deliberately concealed knowledge of the truth. Withdrawal can only take place within one month. The deadline begins at the time the insurer becomes aware of the breach of the notification obligation. Withdrawal takes place by way of a declaration vis-à-vis the policyholder.
- (2) The insurer is not entitled to withdraw if he did not know about the unnotified risk-relevant circumstances or their incorrect notification. The same applies if the policyholder proves that neither he/she nor his/her authorised representative deliberately provided incorrect or incomplete details. If the policyholder had to notify the risk-relevant details on the basis of written questions posed by the insurer, the insurer can only withdraw due to omission to notify a circumstance that was not expressly asked about if this circumstance was deliberately concealed by the policyholder or his/her authorised representative.
- (3) In the event of withdrawal there is no insurance cover. If the claim has already arisen the insurer may not refuse insurance cover if the policyholder can prove that the incompletely or incorrectly notified circumstance has had no influence on the occurrence of the claim or the extent of the payment. In the event of withdrawal the insurer and the policyholder must return the received payments; interest is payable on a sum of money from the time of receipt. However, the insurer retains his entitlement to the part of the premium which corresponds to the policy period that had elapsed at the time of withdrawal.

III.

If the insurer's right of withdrawal is ruled out because a policyholder's notification obligation was breached through no fault of the policyholder, the insurer is entitled to this premium as of the start of the current insurance period if a higher premium is appropriate for the increased risk. The same applies if on taking out the policy a circumstance of greater relevance to assuming the risk has not been notified to the insurer because the policyholder was not aware of it. If the increased risk in accordance with the principles governing the insurer's business is not assumed even for a higher premium, the insurer can cancel the insurance policy with a period of notice of one month of the insurer becoming aware of the breach of obligation. The cancellation comes into effect one month after notice has been received by the policyholder. The right to increase premiums or cancellation lapses if it is not exercised within one month of the time at which the insurer becomes aware of the breach of the notification obligation or the unnotified circumstance.

IV.

The right of the insurer to dispute the policy due to wilful deception with regard to the risk circumstances remains unaffected.

§ 12 Applicable law

German law applies to the policy.

§ 13 Places of jurisdiction

- (1) For complaints against the insurer arising out of the insurance policy the legal jurisdiction is determined on the basis of the domicile of the insurer or the subsidiary of the insurer responsible for the insurance policy. If an insurance agent has been involved in bringing about the policy the court of the location in which insurance agent has his/her business premises for brokering or concluding policies, or in the absence of commercial premises, his/her place of residence, is also responsible.
 - (2) Claims by the insurer against the policyholder can be lodged with the competent court at the place of residence of the policyholder. If the insurance policy involves company insurance the insurer can also enforce the claims at the court responsible for the company domicile or subsidiary of the policyholder.
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§ 14 Notifications and declarations of intention

- (1) All notifications and declarations intended for the insurer must be submitted in writing. They should be addressed to the insurer's head office or to the office designated on the insurance certificate or its appendices.
- (2) If the policyholder has changed his/her address but has not informed the insurer, for a declaration of intention to be delivered to the policyholder it is sufficient to send a registered letter to last address known to the insurer. The declaration becomes effective at the time it would have been delivered to the policyholder by normal means of conveyance if the address had not changed.
- (3) If the policyholder has taken out company insurance, the provisions of number 2 apply accordingly in the event of relocation of the company

Instruction Sheet for Data Processing

Preliminary Note

Nowadays insurance companies can only perform their tasks with the aid of electronic data processing (EDP). Contractual relations can only be dealt with in this manner in a swift and economical manner; in comparison with the previous manual procedure, EDP provides the insurance community with enhanced protection from unfair practices. The processing of your personal data transmitted to us is governed by the *Bundesdatenschutzgesetz* [Federal Data Protection Law (BDSG)]. Under this law, data processing and utilisation is permissible if permitted by the BDSG or any such other legal provision, or if the party concerned has granted his approval to this effect. The BDSG invariably allows data processing and utilisation if this is carried out within the purpose of a contractual relationship or of a confidential relationship similar to that of the contract, or, insofar as this is required for the observance of the justified interests of the controller of the file and if no grounds exist for assuming that the interests of the concerned parties which merit protection precede the exclusion of processing or utilisation.

Declaration of Consent

Independent of this consideration of interests which is to be performed in each individual case and with respect to a secure legal basis for data processing, a declaration of consent is included in your application in accordance with BDSG. This shall be effective beyond the termination of the insurance contract but shall already end upon declining the application or by virtue of your revocation which is possible at any time but is subject to the principles of loyalty and good faith. Should the declaration of consent be withdrawn wholly or in part on presenting the application, a conclusion of contract may possibly not be effected. In spite of revocation or a wholly and/or partly withdrawn declaration of consent, data processing or utilisation can follow within the limited legal framework, as specified above in the preliminary note.

I. Data storage through your insurer

We store data required for the insurance contract; namely, details mentioned in your application (application data). Furthermore, actuarial data on the contract, such as client reference number (partner reference number), insurance sum, insurance duration, premium, banking connection as well as, if required, the details of a third party e.g. of an agent or of an expert (contractual data). In the event of an event insured against, we store particulars provided by you on the damage and, if necessary, also particulars provided by third parties, such as opinions submitted by experts.

II. Data transmission to reinsurer

In the interests of his insured person, the insurer shall invariably consider an equalisation of the risks which he has assumed. Therefore, we cede part of the risks to a reinsurer at home and abroad in many cases. These reinsurers require pertaining actuarial details from us, such as insurance reference number, premium, type of insurance cover and risk and premium loading for abnormal risk and, in individual cases, also your personal data. Insofar as reinsurers are involved in risk and damage assessment, they shall also be provided with documents required for this purpose.

In some cases, reinsurers employ the services of further reinsurers whom they also provide with the necessary data.

III. Data transmission to other insurers

Under insurance contract law, upon submitting his application, upon every contractual alteration and upon every claim, the insured person must present to the insurer all circumstances required for the assessment of the risk and settlement of damage. Included in this are, for instance, events insured against or disclosures on similar other insurances (applied for, existing, refused or cancelled). In order to avoid insurance abuse, to clarify possible contradictions in insured person's statements or in order to close gaps in the statements provided on occurred damage, it may become necessary to ask other insurers for information or to provide respective information on request by others. Otherwise, an exchange of personal data among insurers may become necessary in individual cases (double insurance, transfer of a claim ipso jure, partition of loss agreement). In this process, data pertaining to the party concerned shall be transmitted, such as name and address, type of insurance cover and risk or particulars pertaining to damage, such as extent of damage or loss or date of damage or loss.

Example for property insurer:

Registration of damage and persons in the case of arson or if the contract is terminated upon suspicion of insurance abuse and certain loss amounts are reached.

Purpose:

Risk examination, claims investigation, prevention of further abuse.

IV. Central reference systems

When examining a application or loss, in order to assess the risk involved or to clarify the statement of affairs or in order to prevent insurance abuse, it may become necessary to address inquiries to the responsible trade association and/or to other insurers or to answer the respective inquiries of other insurers. For this purpose, trade associations have central reference systems.

The *Verband der Schadversicherer* [Association of Insurers against Loss or Damage] (union of previous associations: *Verband der Haftpflichtversicherer* [Association of Liability Insurers], *Unfallversicherer* [Accident Insurers], *Autoversicherer* [Motor Insurers] and *Rechtsschutzversicherer* [Legal Expenses Insurers] – HUK Association – *Verband der Sachversicherer* [Association of Property Insurers], *Deutscher Transport-Versicherungs-Verband* [German Transport Insurance Association]) also has such an information system.

Registration in this reference system and utilisation thereof is only possible for purposes which may be pursued by means of this system, namely, only insofar as certain prerequisites are given.

Example for property insurers:

Refusal of indemnification owing to intentional breach of warranty in the case of damage or loss.

Purpose:

Risk examination and detection of insurance abuse.

Data Protection Declaration of Consent in Applications for Insurance

"I consent that the insurer shall be entitled to disclose data obtained from the application documents or in performance of the insurance contract (premiums, insurance claims, change of risk/policy amendment) to the necessary extent to reinsurers for the purpose of risk assessment and handling reinsurance, and to other insurers. This consent shall apply irrespective of whether or not the policy comes into effect and shall also apply to the appropriate investigation of (insurance) contracts applied for with other parties or to future applications.

I further consent that the SITE oHG may record my general application, policy and other data in joint data records, and may pass on such information to the broker responsible for my policy, where this is required for the proper administration of my insurance affairs.

Medical data may be disclosed only to personal injury insurance companies and reinsurers; such data may be divulged to agents only if necessary for drawing up the contract.

I further consent, with no effect on the contract and subject to revocation at any time, that the agent shall also be entitled to use my general application, contract and performance data for the purpose of advising me in other financial matters.

This consent applies only provided that I have had a reasonable opportunity to familiarise myself with the contents of the information sheet."