

## YACHT INSURANCE – policy conditions PLV2010

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## CHAPTER 1 – definitions and further provisions

### 1.1 POLICYHOLDER

The person or legal entity who has entered into the insurance agreement as counter party of the insurer and thereby insures his financial interest in the vessel.

### 1.2 INSURED

- 1.2.1 The policyholder;
- 1.2.2 the members of the policyholder's family living at home;
- 1.2.3 the person who uses the vessel with the policyholder's consent;
- 1.2.4 a person on board who is on board with the consent of one of the insured parties mentioned above.

### 1.3 INSURER

Kuiper Assuradeuren BV, member of Kuiper Verzekeringen BV, acting as underwriter of the insurance companies at risk mentioned in the policy.

### 1.4 PERSON ON BOARD

An insured mentioned under 1.2 who is on board or is embarking on or disembarking from the vessel. This does not include a third party who only uses the stationary vessel for the purpose of going ashore or boarding another vessel.

### 1.5 THIRD PARTY

A party other than the insured or insurer.

### 1.6 UNCERTAIN EVENT

An event of which it was uncertain for the parties at the time when the damage occurred that damage had already arisen from it or that damage would yet arise from it according to the normal course of circumstances.

### 1.7 INSURANCE AGREEMENT

#### 1.7.1 Statutory definition

The statutory definition of an insurance agreement has been laid down in section 7:925 of the Civil Code.

#### 1.7.2 Basis

The basis of the insurance is the original application form signed by the policyholder together with the communication and statements made by or on behalf of the policyholder immediately or later. The policy made up on the basis of this by the insurer and other signed documents or communications shall be sent to the last address of the policyholder known to the insurer and shall represent the contents of this agreement.

#### 1.7.3 Policy

The policy shall consist of the policy schedule issued by the insurer with corresponding policy conditions and possible policy endorsements and/or attachments with clauses.

#### 1.7.4 Personal data

For entering into, amending and performing insurance agreements and/or financial services, managing relations following from them and preventing and combating fraud, the insurer will ask for personal data. These data may also be used for making statistical analyses, for conducting marketing activities and for being able to comply with statutory obligations. The processing of personal data shall be governed by the "Gedragscode Verwerking Persoonsgegevens Financiële Instellingen" (Code of Conduct for the Processing of Personal Data by Financial Institutions). The complete text of this code of conduct may be requested from the "Verbond van Verzekeraars" [Federation of Insurers, (PO Box 93450, 2509 AL THE HAGUE, or consulted via [www.verzekeraars.nl](http://www.verzekeraars.nl)). In connection with a sound acceptance policy the insurer may seek information from "Stichting CIS" (CIS Foundation) at Zeist about an insured. The object of this is to control risks and to counter fraud. The privacy regulations of "Stichting CIS" shall apply accordingly, see [www.stichtingcis.nl](http://www.stichtingcis.nl).

#### 1.7.5 Complaints

Any complaints and disputes that relate to the intermediary services, realization and performance of this agreement may first be submitted to the Complaints Coordinator of Kuiper Verzekeringen BV. If the policyholder is not satisfied with the latter's point of view he may apply to "Klachteninstituut Financiële Dienstverlening" (Complaints Institute Financial Services), PO Box 93257, 2509 AG THE HAGUE, [www.kifid.nl](http://www.kifid.nl).

#### 1.7.6 Competent court

If the policyholder does not want to use the possibilities mentioned in 1.7.5 or if he still does not regard the handling of his complaint as adequate, he may submit the dispute to a competent court in the Netherlands.

#### 1.7.7 Jurisdiction

Dutch law shall apply to this insurance agreement.

#### 1.7.8 English translation

This document is a translation of the original Dutch insurance text. In case the English translation differs from the Dutch text, the Dutch latter will prevail.

### 1.8 VESSEL

This shall mean:

- 1.8.1 the pleasure craft mentioned in the policy;
- 1.8.2 the equipment dedicated to the vessel (see 1.9);
- 1.8.3 the engine(s) mentioned in the policy (see 1.11);
- 1.8.4 the dinghy mentioned in the policy (see 1.12);
- 1.8.5 the outboard motor of the dinghy mentioned in the policy (see 1.12).

### 1.9 EQUIPMENT

All the goods that on the strength of their purpose specifically belong to the vessel and/or make possible a proper use of the vessel. For instance nautical and electronic equipment and other navigational aids, sails, rescue and safety devices (not being a dinghy), ship's furnishing, special sailing clothes, nautical maps and guides, permanent built-in audiovisual equipment, bow screw installation, generator set, hand tools, mooring ropes, fenders and the like.

**Remark:** ship's equipment is considered part of the vessel; its value is therefore considered included in the insured amount mentioned in the policy for "vessel, engine(s) and equipment".

## 1.10 CONTENTS

The policyholder's contents (household effects) present in the vessel mentioned under 1.8.1 (see 1.2.1) and in so far as not elsewhere insured also the contents of other insured parties intended to be used on board the vessel but not forming part of it: clothing, cook's utensils, bed clothes, books, telephone and the like. For these "contents" the policy shall state a separate insured amount for which no premium shall be charged.

## 1.11 ENGINE

The installation(s) intended for the mechanical propulsion of the vessel complete with all fittings such as gearbox, propeller shaft, propeller, exhaust and cooling system, electrical system, engine operation and instrument panel.

## 1.12 DINGHY

A dinghy (not being a sailboard) carried on or drawn behind the insured vessel, possibly provided with sailing gear and/or outboard motor not exceeding 10 HP (7,35 kW). The dinghy must not be longer than the width of the "principal vessel".

**Remark:** a dinghy and its possible outboard motor shall only be included in the cover if same are expressly mentioned in the policy.

## 1.13 YEAR OF CONSTRUCTION

The date on which the goods mentioned under 1.8 or any parts of them have been supplied by the manufacturer. For demonstrably fully overhauled engines this shall be the date of overhaul.

## 1.14 CURRENT MARKET VALUE

The amount, to be determined in accordance with objective standards, needed to buy a vessel equivalent in age, type, quality, equipment and state of repair or any part thereof. The compensation shall not exceed the insured amounts mentioned in the policy per category.

## 1.15 INSURED AMOUNTS

The insured amounts mentioned in the policy shall constitute the maximum obligations of the insurer. They shall not serve as proof of the current market value of the goods insured, however.

## 1.16 EXCESS

An excess shall be the uninsured part of a damage. The excess mentioned in the policy shall consequently be deducted from the compensation per event and irrespective of the question of blame (see also 2.6.9) but not from any payment

- on the strength of third-party legal liability;
- for assistance;
- because of total loss of the whole vessel;
- under the category of personal accidents to persons on board.

For hull damage to a dinghy (see 1.12) there shall be an excess of € 100.00 per event, also in the event of a total loss.

## 1.17 CAUSE OF DAMAGE

The legally relevant cause of specific damage. A cause of damage is "external" (see 1.18) or "internal" (see 1.19).

## 1.18 EXTERNAL CAUSE OF DAMAGE

A cause lying outside the insured good, occurring suddenly, unexpectedly.

## 1.19 INTERNAL CAUSE OF DAMAGE

Section 7:951 of the Civil Code INHERENT VICE reads: "The insurer shall compensate no damage to an insured good if it has been caused by the nature or a defect of that good." The insurer distinguishes two 'kinds' of defects:

- 1.19.1 a defect that follows from the nature of the insured good. In this connection it is a matter of a more or less foreseeable gradual process such as: wear and tear, ageing, rot, weathering, hardening, discoloration, light and moisture effect, delamination, osmosis, (galvanic) corrosion, electrolysis, pollution, silting, dehydration, material fatigue;
- 1.19.2 an unfavourable or inferior property of the good insured, which goods of the same type are not supposed to have, such as a hidden defect and/or a material, construction or design error.

**Remark:** in these conditions the non-mandatory section 7:951 of the Civil Code is partly set aside. Removal or improvement of the defects referred to under 1.19.1 as well as under 1.19.2 shall remain uninsured, however (see 2.7.4).

## 1.20 DAMAGE

### 1.20.1 Repair costs

The costs that must be made to bring the vessel (see 1.8) or any part of it in the event of partial damage technically sound to the state in which it was at the time immediately before the event. This for instance includes: slipway costs, replacement costs of parts, materials, costs of disassembly and assembly, other labour charges.

### 1.20.2 Total loss

An insured good included under 1.8 or any part thereof shall be considered a total loss if its repair costs exceed the market value of the relevant good immediately before the event causing the damage minus the residual value (even if repair is still possible from a technical standpoint), if this goods has been lost or has been removed from the insured's control and recovery is not to be expected.

### 1.20.3 Third-party legal liability

An obligation following from the law to compensate damage to third parties owing to an imputable shortcoming of an insured in its capacity of owner or user in good faith of the vessel insured.

### 1.20.4 Injury or death as a result of accident

See 2.5.

## 1.21 DUTY OF DUE CARE / PROPER CARE / SECURITY

The duty of due care is the obligation resting on the insured to observe normal caution and to take all measures to be expected of him in reason as a good housekeeper to prevent or limit damage. This duty to exercise due care inter alia entails: to (have others) maintain and check the vessel skillfully and regularly, also immediately after extreme weather conditions. This applies in particular to matters such as engines, operating cables, gas installations, fire extinguishers, mooring ropes, standing and running rigging, shackles, fastenings, fenders, cockpit covers, vents, filters, sea cocks, drains and cradles. If the insured does not fulfill this duty to exercise due care, it shall be a matter of improper care (poor housekeeping).

Moreover the following specific requirements shall apply to the **risk of theft**:

- the insured goods must be stored in properly closed spaces. Closure by means of a tarpaulin or cockpit cover are not considered as proper storage. Theft-sensitive goods that are easy to disassemble or to remove must be removed from board when the vessel is not used. In particular this shall apply to the period outside the active sailing season but – if reasonably feasible and to be desired – also to shorter periods;
- the insured goods must be sufficiently **secured**.

*Sufficient security* shall for instance be: storage of the vessel including all the goods forming part thereof (see 1.8) in a guarded marina, in a guarded site or in a properly closed space, use of appropriate and officially approved locks and, where necessary also of cables/chains or taking other precautions required by specific – whether or not temporary – circumstances. Outboard motors must be secured by means of specific bracket locks and/or lock nuts; padlocks through the wing nuts do not comply with the duty of care required by the insurer. Heck drives must be fastened to the stern with at least one approved lock nut.

*Specific circumstances* shall for instance be: the location and the nature of the – temporary – storage or berth chosen. If the vessel is left on a trailer, it must have been secured by a wheel clamp and a trailer lock (both officially approved), unless one or – in the event of double axles – several wheels have been removed. This security requirement applies to the stationary trailer that (a) has not been coupled to a car (b) has been coupled to a parked car but the insured has no permanent supervision of the whole combination. Any other security measures taken by third parties or otherwise shall not detract from the wheel clamp/trailer lock obligation.

## 1.22 IMPROVEMENT

This applies if owing to repair, surface treatment or replacement of goods an insured reaches an evidently more advantageous position than at the time immediately before the event causing the damage.

## 1.23 LETTING

The obligation of the policyholder to allow his other party the enjoyment of the insured vessel during a certain period and for a certain price that the other party (the hirer) agrees to pay, without the policyholder providing a captain.

**Remark:** letting of the vessel is not covered unless expressly mentioned in the policy.

## 1.24 CHARTER

Letting the vessel insured, including a captain and possibly a crew or allowing the vessel to be used for certain services during a certain time or a certain voyage at a certain price that the other party (the hirer or passenger) agrees to pay.

**Remark:** chartering of the vessel is not covered unless expressly mentioned in the policy.

## 1.25 INSPECTION

A non-committal inspection of the vessel and/or her berth to be performed by or on behalf of the insurer at its expense, with inter alia the object to arrive at a justifiable amount insured, a correct premium determination and/or a further risk assessment. The omission of such an inspection shall not affect the rights and obligations of the insured and the insurer laid down in the policy.

## 1.26 REGISTER OF MISSING VESSELS

The insurer shall have theft, loss or misappropriation of the vessel entered in one or more registers of missing vessels.

## 1.27 CORRESPONDENCE

The insurer must receive the originals of application forms, claim forms, repair invoices and the like. Other written correspondence between the insurer and the insured may also be effected by fax or by e-mail.

# CHAPTER 2 – cover

*As a primary condition for the existence of policy cover it holds that any damage is the result of an “uncertain event”. In this way this agreement complies with the requirement of “uncertainty” as referred to in section 7:925 of the Civil Code.*

## 2.1 EXTENT OF THE COVER

During the term of this insurance the insurer covers damage caused by or arisen from an “uncertain event” (see 1.6) which occurs during the normal use of the vessel as it can be made according to general standards. This shall inter alia also include: towing or being towed, road transport by any means deemed suitable for the purpose (including loading and unloading), slipping, winter storage ashore or in the water, performance of work within the framework of normal maintenance and repair, lending, participating in regattas (other than speed races for motor boats), waterskiing and wakeboarding.

## 2.2 AREA OF COVER

Europe to 10 miles out of the coast and up to longitude 35° east, unless something else appears from a clause.

## 2.3 VESSEL AND CONTENTS

Provided that it is not excluded in 2.7 cover shall be provided during the term of this agreement for material damage done to the vessel as a result of:

- 2.3.1 an external cause of damage (see 1.18);
- 2.3.2 a defect as referred to under 1.19.2;
- 2.3.3 fire, explosion and self-combustion (whilst setting aside section 7:951 of the Civil Code; see 1.19) and also lightning strike or induction damage as a result of thunder;
- 2.3.4 theft or an attempt thereto, loss, embezzlement, vandalism and joy sailing.
- 2.3.5 For the ship's **equipment** the cover mentioned under 2.3.4 shall also apply during the time that it is temporarily stored elsewhere in properly closed spaces (see also 1.21) and also during its transportation.

With regard to the **contents** it is furthermore provided that

- 2.3.6 damage shall only be covered if it is the result of a covered event befalling the vessel or if it occurs during transport from and to the vessel;
- 2.3.7 damage owing to a cause mentioned in 2.3.4 shall only be covered after breaking and entering or breaching;
- 2.3.8 the maximum compensation per event shall be:
  - € 500,- for money and negotiable instruments, jewels and other goods to be worn on or near the body (for instance spectacles, lenses, prostheses, watches), valuables, cameras and (motor) cycles;
  - € 2.500,- for computer equipment, navigation software and not permanently built-in audio-visual equipment.

## 2.4 THIRD-PARTY LEGAL LIABILITY

- 2.4.1 For all the insured parties together mentioned under 1.2 any property damage and/or personal injury caused with or by the vessel to third parties owing to an imputable shortcoming (fault) of the insured at most the amount mentioned in the policy shall be covered per event. Excluded from cover is any third party loss or damage
- caused by or resulting from towing tubes and suchlike;
  - caused by or resulting from towing water skiers or wakeboarders who use kites, parachutes and suchlike;
  - incurred while transporting the vessel by means of a motor vehicle.
- Remark:** any third party loss or damage caused by (barefoot) water skiing or wakeboarding is therefore covered, provided the water skier or wakeboarder does not use a kite, parachute and suchlike.
- 2.4.2 For all the insured parties together mentioned under 1.2 any personal injury caused with or by the vessel to other insured parties owing to an imputable shortcoming (fault) of the insured at most the amount mentioned in the policy shall be covered per event. This cover applies only for insured persons on board the vessel and towards towed water skiers and wakeboarders not using kites, parachutes and suchlike.
- 2.4.3 If statutory provisions limit the liability to a lower amount than the damage caused, the compensation shall be granted to that statutory maximum.

## 2.5 ACCIDENTS OF PERSONS ON BOARD

For an accident suffered by one or more persons on board the vessel the insurer shall compensate for the categories of "death", "permanent disability" and "medical expenses" at most the insured amounts mentioned for them in the policy. This cover shall not apply to water-skiers, surfers, parasailers and the like as long as they are not on board. This cover shall be governed by the conditions "Ongevallen Opvarenden Verzekering PLVO2010" (Accidents of Persons on Board Insurance PLVO2010).

**Remark:** this cover does therefore not apply for persons not on board (water skiers, wakeboarders, tubers, parasailers and suchlike towed by the vessel).

## 2.6 ADDITIONAL EXPENSES

If any damage is covered under this policy, the extra costs and/or services mentioned in this article shall also be compensated, irrespective of whether the insured amount is exceeded or not. If it does not concern an acute emergency, the necessity of the costs possibly to be made must first be negotiated with the insurer or with its surveyor.

- 2.6.1 Salvage costs to be made in reason to prevent, stabilize or reduce the threat of damage or any damage already occurring and also any damage to goods that are used on that occasion (section 7:957 of the Civil Code).
- 2.6.2 Costs of transport of the vessel to the nearest place where the damage can be repaired but only in so far as it cannot make this trip under its own power and also the costs of security and storage.
- 2.6.3 Costs of transport of the vessel to the permanent berth and/or the costs of transport of the persons on board to the start of the voyage on the basis of 2nd class public transport including taxi transport to and from the nearest stations
- if the vessel – or its own means of transport – has been damaged to such an extent that transport can no longer be effected under its own power and this damage (if appropriate provisionally) cannot be repaired on the spot within one working week;
  - if a person on board indispensable for safe navigation is unable to resume the voyage within one week as a result of an acute illness or accident suffered by him on board or elsewhere according to a doctor's certificate.
- 2.6.4 Towing and assistance fees.
- 2.6.5 Raising and removal costs, in so far as the insured is obliged to raise or remove the vessel after it has sunk or stranded.
- 2.6.6 Actual costs made for replacement holiday accommodation to a maximum of € 350,- a day with a maximum of € 3.500,- per event for all the insured parties together if and in so far as the vessel served as holiday accommodation during the day and the night at the time of the event and has become completely uninhabitable.
- 2.6.7 If a public authority desires that financial security is offered to guarantee the rights of injured parties (provision of security), the insurer shall provide this security to an amount of € 25.000,-. The insured shall be obliged to authorize the insurer to dispose of the security as soon as it is released again.
- 2.6.8 The costs of defence in a civil action against well-founded or unfounded claims, and also costs of legal assistance in a criminal action brought against an insured, not being an action in connection with an intentional offence. Judicial costs and penalties relating to a criminal action shall not be compensated.
- 2.6.9 In the event of damage to the vessel for which a third party is liable the insurer shall try to recover the excess to be deducted from the compensation from this third party from an angle of service, provided that the recovery action to be conducted offers a reasonable chance of success and does not entail disproportionately high costs. No civil action shall therefore be conducted for this.

## 2.7 EXCLUSIONS

Excluded from cover shall be damage

- 2.7.1 deliberately or recklessly caused by the insured (section 7:952 of the Civil Code);
- 2.7.2 which has occurred during a period of suspension described in 4.1;
- 2.7.3 as a result of improper care (see 1.21);
- 2.7.4 consisting of the costs owing to removal of a defect (see 1.19);
- 2.7.5 as a result of a defect that follows from the nature of the good insured (see 1.19.1), with the exception of the costs of removal of blistering as a result of osmosis that manifests itself within 36 months after the first launching;
- 2.7.6 to the engine that is older than 60 months if this damage is the result of a defect in or of the engine itself referred to under 1.19.2;
- 2.7.7 caused by freezing unless the insured proves that the damage could not have been prevented by reasonable precautions (for instance by farming out the winterization to a business specialized in this – see also 1.21);
- 2.7.8 owing to theft of an outboard motor if the insurer cannot trace its motor number;
- 2.7.9 owing to loss of an outboard motor during the voyage if it had not or not properly been secured to the vessel;
- 2.7.10 caused or arisen while the vessel is used or intended to be used for other purposes than only for pleasure (such as letting, chartering, trade, permanent occupation) unless these other purposes have been included in the insurance by means of a clause;
- 2.7.11 caused or arisen while or because the insured does not observe a provision imposed by a public authority with regard to the use of pleasure craft;
- 2.7.12 caused or arisen during participation in speed races for motor boats;
- 2.7.13 caused or arisen during transport over water, if the vessel is transported by another vessel as a deck cargo. Transport by ferry does not fall under this exclusion;
- 2.7.14 owing to soil, water and air pollution unless its effect on the vessel was started by a sudden severe expression of pollution and the insured could not prevent the consequences thereof in reason;
- 2.7.15 that the insured can also recover from some other insurance or provision (such as for instance a guarantee);
- 2.7.16 caused by or occurring during or following from an atomic reaction irrespective of how the reaction was caused. An atomic reaction



is to be understood any nuclear reaction in which energy is released such as nuclear fusion, nuclear fission, artificial and natural radioactivity;

- 2.7.17 caused by or arisen from armed conflict, civil war, insurrection, civil commotion, riot and mutiny. These six forms of war risk and also their definitions are part of the text that was filed by the "Verbond van Verzekeraars in Nederland" (Federation of Insurers) on 2 November 1981 at the court registry of the District Court of The Hague. The said definitions are part of this policy;
- 2.7.18 caused by, occurring during or consisting of confiscation of the vessel by or on behalf of an authority if this confiscation is related to the insured's use of the vessel for a crime;
- 2.7.19 that is immaterial, such as differences in colour or gloss and other cosmetic phenomena;
- 2.7.20 that is indirect, such as depreciation, loss of use, loss of time and hiring a replacement vessel (otherwise than in an event as referred to in 2.6.6);
- 2.7.21 consisting of extra costs as a result of certain parts no longer being available. In this case damage shall be compensated on the basis of the last known price of the relevant part or on the basis of the estimated costs that would have been made if the part had been available.
- 2.7.22 From cover is excluded any third party loss or damage
  - caused by or resulting from towing tubes and suchlike;
  - caused by or resulting from towing water skiers or wakeboarders who use kites, parachutes and suchlike;
  - incurred while transporting the vessel by means of a motor vehicle.See also 2.4.1.

## 2.8 TERRORISM

For damage as a result of terrorism, malicious infection and/or preventive measures and acts or conduct for their preparation hereinafter both jointly and separately called "terrorism risk" the compensation/cover shall be limited to the payment as described in the "Clausuleblad Terrorismedekking" of the "Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V." (Terrorism Cover Clause Sheet of the Dutch Reinsurance Company for Terrorism Damages Ltd.). The settlement of a claim on the strength of terrorism risk shall be done in accordance with the Protocol for settlement of claims of this reinsurer.

**Remark:** the Terrorism Cover Clause Sheet and the corresponding protocol were filed with the District Court of Amsterdam under number 6/2005 and 79/2003 on 6 January 2005 and 12 June 2003.

## CHAPTER 3 – damage

### 3.1 OBLIGATIONS OF THE INSURED

The insured shall be obliged

- 3.1.1 within reasonable limits to take all measures that may lead to the prevention or reduction of damage (section 7:957 of the Civil Code);
- 3.1.2 to report to the insurer any damage that he wishes to recover under this insurance as soon as reasonably possible after it has occurred or become known (section 7:941(1) of the Civil Code);
- 3.1.3 within a reasonable period to provide all information and documents that are relevant to the insurer to assess its obligation of payment (section 7:941(2) of the Civil Code);
- 3.1.4 to observe the interests of the insurer and to refrain from any act that may harm the insurer's right in respect of third parties (section 7:962(1) of the Civil Code). There shall be no question of harm, however, in the event of a proper acknowledgement of liability or in the event of acknowledgement of mere facts;
- 3.1.5 before starting any repair to enable the insurer to (have others) perform a survey and to render all co-operation to this;
- 3.1.6 to report any theft, loss, embezzlement, vandalism or malicious damage to the police immediately;
- 3.1.7 prior to compensation for theft, loss or embezzlement to transfer the ownership rights to this insured good/these insured goods to the insurer by signing a deed to that effect.

### 3.2 SETTLEMENT OF DAMAGE

- 3.2.1 The insurer shall assess whether its obligation to make compensation can be determined on the basis of invoices or other evidence. If appropriate it shall appoint for its account an independent surveyor, whose task shall then be to determine the facts and the extent of the damage. The insurer shall test the contents of the survey report subsequently against the cover described in the policy.
- 3.2.2 In the event of disagreement the policyholder shall be entitled to appoint, at his own discretion, an equally independent counter-surveyor, whose costs shall be borne by the party held to be wrong. The insurer, however, shall compensate at most the amount charged to it by the surveyor mentioned in 3.2.1. Before the counter-surveyor starts his work, he must collaborate with the surveyor appointed by the insurer to designate a third surveyor, whose costs shall be for account of the insurer. If no agreement can be reached about the choice of this third surveyor, the insurer shall have the deciding vote in this. The opinion of the third surveyor shall be binding if and in so far as he has heard the two surveyors properly, or has invited them properly for the purpose. If the two surveyors continue to disagree about the extent of the damage, the third surveyor must determine this damage within the limits of the amounts mentioned by them.
- 3.2.3 The insurer is entitled to directly compensate third parties having suffered harm and salvors, to settle with them at their own discretion and to carry out (joint) surveys.
- 3.2.4 The insured goods cannot be abandoned (their ownership cannot be transferred) to the insurer except in the cases mentioned in 3.1.7.
- 3.2.5 Unless something else has been agreed with the insurer or with the surveyor appointed by it, repair costs shall only be compensated after the repair has been performed in accordance with the surveyor's advice and/or the original invoices have been submitted to the insurer.
- 3.2.6 Compensation of damage through total loss of the entire vessel shall be made within 30 days after the market value and the residual value thereof have been ascertained, any other investigation has been completed and the insurer has acknowledged its obligation to make compensation.
- 3.2.7 In the event of theft, loss or embezzlement the insurer shall be entitled during a period of 60 days after the policyholder's report to the police to await the results of the criminal investigation before proceeding to settlement.
- 3.2.8 The insurer shall not invoke any under-insurance.
- 3.2.9 Taking a claim in hand, a possible request from the insurer or surveyor to (have others) disassemble certain parts for further examination or granting permission for repair do not mean as such that the damage has been covered.

### 3.3 COMPENSATION

#### 3.3.1 Total loss

Damage to the vessel, including every good referred to in 1.8 or any part thereof, owing to a total loss shall be compensated on the basis of market value minus residual value.

#### 3.3.2 Partial damage

3.3.2.1 Damage to a vessel not being older than 120 months shall be compensated except the provisions in 3.3.2.3 on the basis of repair costs without deduction for improvement.

3.3.2.2 Damage to a vessel older than 120 months shall be compensated on the basis of repair costs. If repair or replacement produces an improvement a realistic deduction or depreciation shall be applied.

3.3.2.3 Damage to petrol engines older than 36 months, rigging, tarpaulins, cockpit covers, spray hoods, paint systems, gel coats and inflatable/foldable vessels shall be compensated on the basis of repair or replacement costs minus a realistic deduction or depreciation percentage.

#### 3.3.3 Contents

Damage to contents shall be compensated on the basis of new value unless the current market value is lower than 40% of this new value. Then compensation shall be made on the basis of the market value. In both cases any residual value shall be deducted.

### 3.4 FORFEITURE OF RIGHTS

Any right to compensation shall be forfeited if

3.4.1 the insured has not fulfilled one or more of the obligations mentioned in the policy, unless he cannot be blamed in reason for this and/or the insurer has not been harmed in a reasonable interest as a result;

3.4.2 the insured has not fulfilled the obligations mentioned in 3.1.2 and 3.1.3 with the intention to deceive the insurer except to the extent that this deception does not justify the forfeiture of rights.

### 3.5 LIMITATION PERIOD

In accordance with Section 7:942 of the Dutch Civil Code, any right to damages shall be extinguished:

- if no legal action is brought against insurer within 3 years following his final written decision;
- if the loss or damage concerned is not reported within 3 years following the event.

## CHAPTER 4 – premium

### 4.1 PREMIUM PAYMENT

The following provisions meet the requirements imposed by section 7:934 of the Civil Code.

4.1.1 The premium for the first period from the commencing date of the insurance shall be called the “initial premium”. This shall also include the premium in connection with a policy change before renewal. If the insurer has not received the initial premium including expenses and insurance premium tax within thirty days after receipt of the request for payment into its account or in cash the cover shall be suspended without further notice of default from the day of receipt of the request for payment.

4.1.2 The premium including expenses and insurance premium tax for the periods following the first period shall be called “continuation premium”.

- If the insurer has not received the continuation premium within fourteen days after the premium due date into its account or in cash, the cover shall be suspended with effect from the 15th day after the policyholder has been sent a written reminder after the due date.
- If the policyholder refuses to pay the continuation premium, no cover shall be granted for damage that occurs on or after the premium due date.

4.1.3 Suspended cover shall be restored on the day following the day on which the insurer has received and accepted the premium(s) and all expenses.

4.1.4 The policyholder shall remain obliged to pay the annual premium irrespective of whether payment is made in instalments yet to fall due.

### 4.2 PREMIUM REFUND

In the event of early termination of the insurance, the insured will be entitled to a refund of premium paid in excess, unless the insured has deliberately misled the insurer or has tried to do so.

In the event of termination of the agreement pursuant to 5.6.1.1, a refund of premium will be made after deducting 25% of the premium to be refunded. In all other cases, a full refund of premium paid in excess will be made.

The insurer is entitled to charge administrative costs in the event of termination of the insurance.

### 4.3 BONUS-MALUS DISCOUNT ARRANGEMENT

4.3.1 Depending on the progress of the damage the bonus-malus discount shall change with effect from the new insurance year as follows:

step	premium discount	if no claim	if 1 claim	if 2 claims	if 3 claims
-2	-20%	-1	-2	-2	-2
-1	-10%	0	-2	-2	-2
0	0%	1	-2	-2	-2
1	10%	2	-1	-2	-2
2	15%	3	0	-2	-2
3	20%	4	1	-1	-2
4	25%	5	2	0	-2
5	30%	6	3	1	-2
6	40%	7	4	2	-1
7	50%	8	5	3	0
8	50%	9	6	4	1
9	50%	10	7	5	2
10	50%	10	8	6	3

- 4.3.2 In the event of four or more claims in one insurance year a return to step -2 will always be made;
- 4.3.3 an insurance year shall run from the principal premium due date to the principal premium due date of the following year;
- 4.3.4 regarded as insurance year shall be a period of at least 9 and at most 12 months in which the insurance has been in force without interruption;
- 4.3.5 a claim shall not be counted if it is certain that the insurer need not make compensation;
- 4.3.6 a claim paid by the insurer shall not be counted if the policyholder pays it back at the latest 30 days after the beginning of a new insurance year;
- 4.3.7 a claim shall not be counted if the insurer has been able to recover it entirely from a culpable third party, not even if statutory provisions should limit this third party's obligation to make compensation;
- 4.3.8 any expenses possibly made by the insurer, for instance for a survey, shall not be counted as a claim.

## CHAPTER 5 – duration and alteration of insurance agreement

### 5.1 COMMENCEMENT

- 5.1.1 The agreement shall commence at 00:00 hours of the commencing date mentioned in the policy unless the agreement has been concluded on the basis of a "temporary cover". In that case the commencement shall be the time at which the insurer has provided cover for the vessel.
- 5.1.2 Provided that the insurer has not provided a temporary cover and the initial term of the insurance is at least one year, the policyholder may still rely on the 14 days' period of grace regulated by law, counting from the day that he has received the policy. He can then dissolve the agreement without stating reasons, in which case it shall be deemed not to have existed.
- 5.1.3 The agreement is contracted until the principal premium due date stated in the policy. After this, the agreement remains in force for an indefinite period.  
**Remark:** if the insurance is continued without any change, the policyholder will not be sent a new policy.
- 5.1.4 If for replacement of the insured vessel the policyholder offers another vessel for insurance acceptable to the insurer, this shall have no consequences for the duration of the agreement. The possibly remaining premium shall be settled with the premium for the replacement vessel.

### 5.2 SUSPENSION IN THE EVENT OF SALE

Only in the event of sale of the vessel can the cover from the demonstrable date of sale be suspended for a maximum of 24 months in anticipation of the purchase of another vessel. Any premium remaining shall remain reserved for the policyholder. If no other vessel is offered, the insurance shall end automatically after the end of these 24 months.

**Remark:** if the vessel is not (cannot be) used, whether or not temporarily, no suspension or limitation of the cover shall be possible.

### 5.3 REVISION OF RATES and/or CONDITIONS

The insurer shall be entitled to revise the rates and/or conditions in full ("en bloc") and to introduce these adjustment(s). This shall be stated in writing to the policyholder.

### 5.4 CHANGE IN RISK

The insured shall be obliged to inform the insurer beforehand of drastic structural alterations of the vessel and of changes in its use or in its purpose (commercial objectives, permanent occupation, change of permanent berth and the like). If, in the view of the insurer there is an increase in risk, the insurer shall be entitled to make a new insurance proposal or to terminate the insurance. The policyholder shall be properly informed on the subject.

### 5.5 INSPECTION

During the term of the insurance the insurer shall be entitled to inspect the vessel and/or its berth. If this shows that it concerns another type of risk than should be expected on the strength of the application form, the insurer shall be entitled to make a new insurance proposal or to terminate the insurance. The policyholder shall be properly informed on the subject.

### 5.6 TERMINATION

This insurance shall terminate

- 5.6.1.1 with effect from the first principal premium due date if the policyholder gives written notice of termination no later than one month prior to this date. After the first principal premium due date, the insurance can be terminated by the policyholder on a day-to-day basis, also with due observance of a notice period of one month;
- 5.6.1.2 with effect from the first principal premium due date if the insurer gives written notice of termination no later than two months prior to this date. After the first principal premium due date, the insurance can be terminated by the insurer on a day-to-day basis, also with due observance of a notice period of two months;
- 5.6.2 with effect from the date on which the insurer introduces the adjustments referred to in 5.3, provided that the policyholder gives written notice to terminate the insurance within one month after receipt of this statement. This right shall not apply if the adjustments are not disadvantageous to him or if they result from statutory provisions;
- 5.6.3 with effect from the date at which the insurer adjusts the insurance in accordance with the insurance proposal referred to in 5.4 or 5.5, provided that the policyholder gives written notice to terminate the insurance within one month after receipt of this adjustment;
- 5.6.4 two months after the date on which the insurer has given the policyholder written notice that it cannot continue the insurance on the strength of the increase of risk referred to in 5.4 or 5.5;
- 5.6.5 with effect from the date of sale or other transfer of ownership of the vessel, provided that the policyholder submits written proof of this transaction;
- 5.6.6 as soon as the entire vessel has been declared a total loss.
- 5.6.7 The insurer and policyholder shall be entitled to terminate the insurance in writing until one month after payment or possible (partial) rejection of a claim, in which case the insurance shall end one month (if the policyholder terminates the insurance) or two months (if the insurer terminates the insurance) after the date of this notice of termination.