

**General Terms and Conditions for
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Scope of the cover

1. Gegenstand der Versicherung, Versicherungsfall

1.1 Within the framework of the insured risk, cover shall apply in the event that, on the basis of statutory liability provisions under private law, a claim for damages is made against the Policyholder by a third party for a loss occurrence (insured event) happening during the validity of the insurance that has resulted in personal injury, property damage or purely financial loss arising therefrom.

"Loss occurrence" is the event directly resulting in the injury or damage to the third party. It does not matter exactly when the damage that led to the loss occurrence was caused.

1.2 Even where statutory claims are involved, no cover shall apply in respect of claims,

(1) for performance of contracts, supplemental performance, arising out of self-performance, withdrawal, reduction, or for compensation in lieu of performance;

(2) for damage caused in order to be able to carry out the supplemental performance;

(3) on account of the fact that use of the subject of the contract has ceased, or that the result expected from performance of the contract has failed to materialise;

(4) for the indemnification of expenses incurred to no avail in relying upon proper performance of the contract;

(5) for the indemnification of purely financial losses on account of delay in performance;

(6) for other compensation paid in lieu of performance.

2. Purely financial losses / Loss of property

By special agreement, this cover can be extended to include the Policyholder's legal liability under private law for

2.1 purely financial losses arising neither as a result of personal injury nor property damage;

2.2 losses arising out of the loss of property; the provisions on property damage then apply.

3. Insured risk

3.1 The cover includes legal liability

(1) arising out of the Policyholder's risks specified in the insurance policy and any endorsements thereto;

(2) arising out of increases in or extensions to the risks specified in the insurance policy and any endorsements thereto. This shall not apply to risks from the keeping or use of motor vehicles, aircraft or watercraft that are subject to compulsory insurance, or to other risks that are subject to compulsory insurance or the obligation to take out cover prescribed by government;

(3) arising out of new risks coming into existence for the Policyholder once the insurance has been arranged (provisional insurance) and which are regulated in more detail in subsection 4.

3.2 The cover shall also include increases in the insured risk as a result of changes to existing legal regulations or the passing of new ones. The Insurer can, however, cancel the policy under the circumstances referred to in subsection 21.

4. Provisional cover for new risks

4.1 Any new risks that arise once the insurance contract has been concluded shall immediately be insured under the existing policy.

(1) The Policyholder shall, however, be required to declare each new risk within one month of being so requested by the Insurer. The request may also be made with premium statement. Should the Policyholder fail to report a new risk on time, cover in respect thereof shall cease retroactively from when it arose.

Where an insured event occurs before the new risk has been reported, the Policyholder shall be required to prove that the new risk was only added after the insurance had been arranged and at a time when the notification period had not yet expired.

(2) The Insurer shall be entitled to demand an appropriate premium for the new risk. Should within one month of the notification being received no agreement have been reached on the amount of the premium, cover in respect of the new risk shall cease retroactively from when it arose.

4.2 Cover shall apply within the framework of the limit of indemnity agreed for the provisional insurance.

4.3 The provisional cover arrangement shall not apply in respect of risks

(1) arising out of the ownership, possession, keeping or operation of motor vehicles, aircraft or watercraft, insofar as these vehicles are subject to a registration requirement, driving licence requirement or compulsory insurance;

(2) arising out of the ownership, possession, operation or management of railways;

(3) that are subject to compulsory insurance or the obligation to take out cover prescribed by government;

(4) that will exist for less than a year and are therefore to be insured under short-term insurance contracts.

5. Benefits under the insurance

5.1 The cover includes examination of the liability question, defence against unjustified claims for damages and the indemnification of the Policyholder against justified claims for damages.

Claims for damages shall be justified in cases where, by virtue of a law, non-appealable judgment, acknowledgment or amicable arrangement, the Policyholder is obliged to indemnify, and the Insurer is bound by this. Acknowledgments given by the Policyholder and amicable arrangements entered into by the Policyholder without the Insurer's consent shall bind the Insurer only insofar as the claim would have existed even without the acknowledgment or amicable arrangement.

Where the Policyholder's indemnification obligation has been established with binding effect for the Insurer, the latter shall have to indemnify the Policyholder within two weeks of the third party's claim.

5.2 The Insurer shall be authorised to make on the Policyholder's behalf any declarations that appear appropriate to it in order to settle the loss or defend against claims for damages.

Where an insured event results in litigation in respect of claims for damages against the Policyholder, the Insurer shall be authorised to conduct the case. The Insurer shall conduct the litigation on the Policyholder's behalf and at its own expense.

5.3 Where in criminal proceedings in respect of a loss event that may give rise to a liability claim hereunder the Insurer wishes to appoint or approves the appointment of a defence counsel for the Policyholder, the Insurer shall bear the defence counsel's costs in accordance with the scale of fees and, if necessary, any higher costs specifically agreed with the Insurer.

5.4 Where the Policyholder or any Insured acquires the right to demand the cancellation or reduction of an annuity that is to be paid, the Insurer shall be authorised to exercise that right.

6. Limitation of the indemnity

6.1 The Insurer's indemnity shall be limited on each and every loss to the agreed sums insured. This shall also apply where the cover includes several indemnifiable persons.

6.2 It may be agreed that the Insurer will limit the indemnity to a multiple of the agreed sum insured.

6.3 Several insured events occurring during the validity of the insurance shall be deemed to be a single loss event occurring at the time of the first of these insured events, where they arise from

the same cause,

the same causes having an interdependence, particularly a factual and temporal relationship
or

from the supply of goods having the same defects.

6.4 Where specially agreed, on each and every loss the Policyholder will participate in the indemnity for the amount specified in the insurance policy (deductible).

6.5 The Insurer's expenditure on costs shall not be counted towards the sums insured.

6.6 Where the justified claims for damages resulting from an insured event exceed the sum insured, the Insurer shall bear the litigation costs in the proportion that the sum insured bears to the total amount of those claims.

6.7 Where the Policyholder is obliged to make annuity payments to the injured party and the capitalised value of the annuity exceeds the sum insured or the residual sum insured remaining after any other payments arising out of the insured event have been deducted, the Insurer shall indemnify the annuity payable only in the proportion that the sum insured, or the amount of it remaining, bears to the capitalised value of the annuity.

The relevant provision of the 'Regulation concerning Insurance Coverage in Motor Vehicle Liability Insurance' in the version in force at the time of the insured event shall apply for calculating the value of the annuity.

When calculating the amount of the Policyholder's share in current annuity payments in cases where the capitalised value of the annuity exceeds the sum insured or the residual sum insured remaining after any other payments have been deducted, the other payments shall be deducted in full from the sum insured.

6.8 Where a request from the Insurer for a liability claim to be settled by means of acknowledgment, satisfaction or amicable arrangement fails because of the Policyholder's attitude, the Insurer shall not have to pay any additional expenses in respect indemnity, interest and costs arising from the time of the refusal.

7. Exclusions

Unless otherwise expressly stated in the insurance policy or any endorsements thereto, the following shall be excluded from the insurance:

7.1 Insurance claims from any persons who have caused the loss or damage deliberately;

7.2 Insurance claims from any persons who have caused the loss or damage by

bringing products into circulation or

performing work or other services

in the knowledge that they are defective or harmful.

7.3 Liability claims that, on the basis of a contract or undertaking, exceed the scope of the Policyholder's statutory liability;

7.4 Liability claims

(1) from the Policyholder himself, or the persons mentioned in subsection 7.5, against the Insureds;

(2) between several policyholders under the same insurance contract;

(3) between several Insureds under the same insurance contract;

7.5 Liability claims against the Policyholder

(1) arising out of claims from his relatives who live with him in a joint household or who are among the persons insured in the insurance contract.

"Relatives" shall be spouses, partners within the meaning of the German Life Partnership Act or comparable partnerships under the law of other countries, parents and children, adoptive parents and children, parents- and children-in-law, step-parents and -children, grandparents and grandchildren, brothers and sisters, and also foster parents and children (persons connected with each other like parents and children through a family-like relationship set up on a long-term basis);

(2) from his legal representatives or carers, where the Policyholder is a legally incapacitated person or one having limited legal capacity, or is under supervision;

(3) from its legal representatives, where the Policyholder is a private- or public-law entity or an unincorporated association;

(4) from its partners with unlimited liability, where the Policyholder is an Offene Handelsgesellschaft (general partnership), Kommanditgesellschaft (limited partnership) or Gesellschaft des bürgerlichen Rechts (non-trading partnership);

(5) from its partners, where the Policyholder is an eingetragene Partnerschaftsgesellschaft (registered partnership company);

(6) from its liquidators, official receivers and insolvency administrators;

Re subsections 7.4 and 7.5:

The exclusions under subsections 7.4 and 7.5 (2) to (6) shall also extend to liability claims from relatives of the persons mentioned therein who live with them in a common household.

7.6 Liability claims for damage to third-party property and any purely financial loss resulting therefrom, where the Policyholder has hired, leased, rented or borrowed that property, acquired it through unlawful interference, or it is the subject of a special custody agreement;

7.7 Liability claims for damage to third-party property and for any purely financial loss resulting therefrom, where

(1) the damage has arisen through a commercial or professional activity of the Policyholder on that property (working, repair, transportation, testing and the like); in the case of immovable property, this exclusion shall apply only insofar as the property or parts thereof have been directly affected by the activity;

(2) the damage has arisen as a result of the Policyholder's using the property to carry out its commercial or professional activity (as a tool, aid, material storage area and the like); in the case of immovable property, this exclusion shall apply only insofar as the property or parts thereof have been directly affected by the use;

(3) the damage has arisen through a commercial or professional activity of the Policyholder, and that property or – where immovable property is involved – the parts thereof were situated in the area directly affected by the activity; this exclusion shall not apply if the Policyholder can prove that, at the time of the activity, he had taken obviously necessary protective measures to prevent damage;

Re subsections 7.6 and 7.7:

Where the prerequisites for the exclusions in subsections 7.6 and 7.7 exist in the person of salaried employees, wage earners, servants, authorised agents or representatives of the Policyholder, the cover shall likewise cease, and in fact for both the Policyholder and for other persons covered by the insurance contract.

7.8 Liability claims for damage caused to items of property manufactured or supplied by the Policyholder, or works or other services provided by him, as a result of a cause inherent in the manufacture, supply or service, and for any purely financial loss resulting therefrom. This shall also apply where the cause of the damage lies in a defective individual part of the item or in deficient partial performance and leads to damage or destruction of the item or the work done.

This exclusion shall also apply where third parties have taken over the manufacture or supply of the items or the work or other services on the Policyholder's behalf or for the Policyholder's account;

7.9 Liability claims arising out of loss events occurring abroad (i.e. outside the Federal Republic of Germany); claims arising out of Section 110 of Social Security Code VII shall, however, be included in the insurance;

7.10 (a) Claims made against the Policyholder in respect of environmental damage in accordance with the Environmental Damage Act or other national implementing laws based on the EU Environmental Liability Directive (2004/35/EC). This shall also apply where, on the basis of statutory liability provisions under private law, a third party makes a claim against the Policyholder for the reimbursement of costs arising through such environmental damage.

Cover shall, however, continue to apply in respect of claims that could already be made against the Policyholder on the basis of statutory liability provisions under private law, even if the Environmental Damage Act or other national implementing laws based on EU Environmental Liability Directive (2004/35/EC) did not exist.

This exclusion shall not apply within the framework of the insurance of personal liability risks.

7.10 (b) Liability claims for damage caused by environmental impact.

This exclusion shall not apply

(1) within the framework of the insurance of personal liability risks

or

(2) for damage arising from products manufactured or supplied by the Policyholder (except waste), or from work or other services following performance of the service or completion of the work (product liability). No cover shall apply, however, in respect of damage caused by environmental impact arising out of the planning, manufacture, supply, assembly, disassembly, maintenance or servicing of

installations that are intended for manufacturing, processing, storing, depositing, conveying or leading away water-polluting substances (installations subject to the Water Resources Act (WHG));

installations as per Appendices 1 or 2 to the Environmental Liability Act (installations subject to the Environmental Liability Act).

installations that, under the provisions applying to environmental protection, are subject to a licensing or notification requirement;

sewage works

or out of parts that are evidently intended for such installations;

7.11 Liability claims for damage that is attributable to asbestos, asbestos-containing substances or products;

7.12 Liability claims for damage that is directly or indirectly connected with high-energy ionising radiation (e.g. radiation from radioactive substances or X-rays);

Deleted

7.14 Liability claims arising out of property damage caused by

(1) Sewage, insofar as domestic sewage is not involved;

(2) Subsidence of land, or landslides;

(3) Flooding caused by standing or flowing water;

7.15 Liability claims for loss or damage arising out of the exchange, transmission and provision of electronic data, where such loss or damage results from

(1) Deletion, suppression, spoiling or alteration of data;

(2) Failure to capture or faulty storage of data;

(3) Disruption of access to electronic data interchange;

(4) Transmission of confidential data or information;

7.16 Liability claims for loss or damage arising out of violations of personal rights or name rights;

7.17 Liability claims for loss or damage caused by hostility, vexatious harassment, unequal treatment or other discrimination;

7.18 Liability claims for personal injury resulting from the transmission of a disease by the Policyholder. The same goes for property damage arising from the illness of animals owned, kept or sold by the Policyholder. In both cases, cover shall apply where the Policyholder can prove that he has not acted either with intent or in a grossly negligent manner.

Inception of the cover / Payment of the premium

8. Inception of the cover

The cover starts on the date agreed. Where no date has been agreed, the cover will commence upon arrangement of the policy. Cover will commence only where the Policyholder pays the first or the single premium on time within the meaning of subsection 9.1.

9. Notes on payment of the premium

9.1 The first or single premium is to be paid immediately after arrangement of the policy, but not before the date that the Policyholder and Insurer have agreed for commencement of the cover. Where payment of the annual premium in instalments has been agreed, just the first instalment shall be deemed to be the first premium.

Unless otherwise agreed, subsequent premiums shall be due in each case on the first of the month of the agreed payment period.

9.2 The premium payment shall be on time if, when it is due, the Policyholder immediately does everything to ensure that the premium reaches the Insurer.

Where the Policyholder has issued a direct debit authorisation (direct debit system), the premium payment shall be on time if the Insurer can collect it when it is due and the Policyholder does not countermand a justified debit.

Where the Insurer cannot collect a premium that is due and the Policyholder is not responsible, the payment shall also still be on time if it is made immediately after the Insurer has requested the Policyholder in text form to pay.

9.3 Where the Insurer cannot collect a premium that is due and the Policyholder is responsible, the Insurer may in future demand that payments be made only outside the direct debiting system.

9.4 The remittance of the premium shall be at the risk and expense of the Policyholder.

10. Consequences of late payment of the first or single premium

10.1 The start of the cover is dependent on the premium being paid on time (subsection 8, "Inception of the cover"). If the Policyholder fails to pay the first or single premium on time, the cover will therefore only start from when the Policyholder pays the premium. The Insurer shall not be obliged to indemnify any losses that occur in the meantime. The Insurer's duty to indemnify will continue to apply where the Policyholder proves that he was not responsible for the non-payment.

The Insurer may plead that it is released from its duty to indemnify only where it has drawn the Policyholder's attention to this legal consequence of non-payment of the premium by means of a separate communication in text form or a conspicuous reference in the insurance policy.

10.2 Should the Policyholder fail to pay the first or single premium on time, the Insurer may rescind the policy as long as the Policyholder has not effected payment. The right of rescission shall be excluded where the Policyholder proves that he was not responsible for the non-payment.

11. Consequences of late payment of subsequent premiums

11.1 Where the Policyholder fails to pay a subsequent premium on time, he will be in default without any request for payment. The Policyholder shall not be in default where payment is not made owing to circumstances beyond his control. In the event of default, the Insurer shall be entitled to demand compensation for any loss that it incurs as a result of the default.

Where payment of the annual premium in instalments has been agreed, any instalments still outstanding shall fall due immediately if the Policyholder is in default with the payment of an instalment. Furthermore, the Insurer may require the premium to be paid annually in future.

11.2 Should the Policyholder fail to pay a subsequent premium on time, the Insurer may at the Policyholder's expense set the Policyholder a deadline for payment in text form. The deadline for payment must be at least two weeks.

11.3 For insured events occurring after expiry of the payment deadline set, no cover shall apply if upon occurrence of the insured event the Policyholder is still in default with the payment. A prerequisite for this is that the Insurer should already have drawn the Policyholder's attention to this legal consequence when setting the deadline.

11.4 Once the payment deadline has expired, the Insurer may cancel the policy without observing any period of notice if the Policyholder is still in default with the premiums, interest or costs. A prerequisite for this is that the Insurer should already have drawn the Policyholder's attention to this legal consequence when setting the deadline. The Insurer may give notice of cancellation at the same time as it sets the deadline. This will then take effect automatically on expiry of the deadline if the Policyholder is still in default with payment at that time. The Insurer will likewise draw this legal consequence to the Policyholder's attention.

11.5 The Policyholder can also still pay the amount requested even after the Insurer's cancellation has become effective. The subsequent payment may only be made within one month following the cancellation or, where the notice of cancellation was already combined with setting of the deadline, within one month following expiry of the deadline. Should the Policyholder pay within this period, the cancellation shall become ineffective and the policy will continue. However, any losses occurring between expiry of the payment deadline and the payment shall not be covered.

11.6 Any notice of cancellation under this provision shall need to be in writing.

12. Insurance tax

All premiums invoiced include insurance tax, the amount that the Policyholder has to pay being as stipulated by law in each case.

13. Rate adjustment

13.1 Upon request, the Policyholder shall be obliged to tell the Insurer whether and what changes have been made to the insured risk compared with the information supplied for the purpose of

assessing the premium. This request may also be made by means of a note on the premium statement. The information must be provided within one month of the request being received, with proof being furnished should the Insurer so require. Where incorrect information is given to the Insurer's disadvantage, the Insurer shall be entitled to demand from the Policyholder a contract penalty of three times the amount of the difference in premium ascertained. This shall not apply where the Policyholder proves that he was not to blame for the information being incorrect.

13.2 The premium shall be corrected from the time of the change (rate adjustment) on the basis of the Policyholder's change notice or other findings; where insured risks cease to exist, however, the premium will only be adjusted from the time when the Insurer receives the notice. The resulting adjusted premium may not fall below the contractually agreed minimum premium. Any increases and reductions in the minimum premium occurring in accordance with subsection 15.1 after the insurance has been arranged shall be taken into account.

13.3 Should the Policyholder fail to issue the notice in good time, then for the period for which the information was to be given the Insurer may demand an additional payment amounting to the premium already charged for that period. Where the information is provided subsequently, a rate adjustment shall take place. Any premium that the Policyholder has overpaid shall be reimbursed only if the information was supplied within two months following receipt of the notification of the increased premium.

13.4 The above provisions shall also apply to insurances for which the premium is paid in advance for several years.

14. Premium where the policy is terminated early

Where the policy is terminated early, unless otherwise provided by law the Insurer shall be able to demand only that portion of the premium corresponding to the period during which cover was in force.

Other statutory provisions shall apply in particular where the Insurer rescinds the contract on account of a breach of the duty of disclosure by the Policyholder or annuls it on the grounds of fraud. In these cases the Insurer may demand the agreed premium up to the time when its notice of rescission or avoidance is received. This shall also apply where cover ceases retroactively in these cases.

Where the Insurer rescinds the contract because the first or single premium has not been paid on time, it may charge a reasonable business fee.

15. Premium adjustment

15.1 Insurance premiums are subject to a premium adjustment, which shall apply to subsequent annual premiums due from 1 July onwards.

Where the premiums are calculated on the basis of payroll, contract price or amount of turnover, there shall be no premium adjustment. Regardless of the way in which premiums are calculated, minimum premiums shall be subject to the premium adjustment.

15.2 An independent trustee shall determine each year, with effect for the following year's premiums due as from 1 July, the percentage by which the average of the claims payments made in the past calendar year by all insurers licensed to transact general liability insurance has increased or decreased compared to the previous year but one. The trustee shall round down the percentage determined to the next lower whole number divisible by five. Where an individual loss leads to special expenses being incurred in order to determine the basis and amount of indemnity, such expenses shall also be deemed to be claims payments.

The average of the claims payments made in any one calendar year shall be the sum of the claims payments made in that year, divided by the number of new loss events reported over the same period.

15.3 In the event of an increase, the Insurer shall be entitled – and in the event of a reduction obliged – to adjust the premium for the following year by the percentage obtained from subsection 15.2 (premium adjustment). The Policyholder will be notified of the change to the premium for the following year with the next premium statement.

Where the average level of the Insurer's claims payments has increased in each of the last five calendar years by a lower percentage than that determined by the trustee for any of these years in accordance with subsection 15.2, the Insurer may increase the premium for the following year only by the percentage by which the average of its claims payments has increased in the last calendar year based on its own company figures; this increase may not exceed the one that would result under the previous paragraph.

15.4 Where the change in accordance with subsections 15.2 or 15.3 is less than 5 percent, there shall be no premium adjustment. This change shall, however, be taken into account in subsequent years.

Policy period and expiry / Cancellation

16. Policy period and cancellation at expiry

16.1 The agreed policy period is indicated in the insurance policy. Where a policy period of less than one year is agreed, the policy shall end at the stipulated time without any notice being required.

16.2 Where a policy period of at least one year is agreed, the policy shall be renewed after expiry of the agreed period for a further year in each case if neither the Policyholder nor the Insurer cancels it. The notice of cancellation must reach the party to the contract at least three months prior to expiry of the agreed policy period or of each subsequent year.

16.3 Where a policy period of more than three years is agreed, the Policyholder may already cancel the policy at expiry of the third year or of any subsequent year. The notice of cancellation must reach the Insurer at least three months prior to expiry of the third year or of each subsequent year.

16.4 Any cancellation under this provision shall be in writing, regardless of whether the cancellation is effected by the Policyholder or by the Insurer.

17. Cessation of the insured risk

Where risks cease to exist completely and permanently, the insurance in respect of them shall cease to apply. In this case, the Insurer shall be entitled to the premium that it could have charged if the insurance of these risks had been applied for only up to the time when it became aware of their discontinuation.

18. Cancellation following adjustment of the premium

18.1 Where the premium increases as a result of the premium adjustment in accordance with subsection 15.3 without the scope of the cover altering accordingly, the Policyholder may cancel the policy within one month of receiving the Insurer's notification. The cancellation shall be effective immediately, but at the earliest from the time that the premium increase takes effect. The Insurer shall draw the Policyholder's attention to this statutory right of cancellation in the notification about the premium adjustment. The notification must reach the Policyholder at least one month before the premium increase takes effect.

18.2 Any notice of cancellation under this provision shall need to be in writing.

18.3 An increase in insurance tax shall not establish any right of cancellation.

19. Cancellation following an insured event

19.1 The insurance contract may be cancelled where

the Insurer has made an indemnity payment on account of an insured event, or

the Policyholder is served a legal writ in respect of a liability claim falling under the cover.

The notice of cancellation must have reached the party to the contract in writing at least one month after the indemnity payment or the service of the writ.

19.2 If the Policyholder cancels the insurance contract, his notice of cancellation will take effect immediately it is received by the Insurer. The Policyholder may, however, stipulate that the cancellation shall take effect at a later date, though not later than the end of the current period of insurance.

Where the Insurer cancels the insurance contract, the notice of cancellation shall take effect one month after it is received by the Policyholder;

20. Cancellation following sale of the insured company

20.1 Where a company for which liability insurance exists is sold to a third party, that party shall for the duration of its ownership be subrogated in the Policyholder's place to the rights and obligations arising out of the insurance contract.

This shall also apply where a company is taken over by a third party as a result of a beneficial interest, lease agreement or similar relationship.

20.2 In this case the insurance contract may be cancelled in writing

by the Insurer vis-à-vis the third party, subject to one month's notice,

by the third party vis-à-vis the Insurer with immediate effect or at the end of the current period of insurance.

20.3 The right of cancellation shall lapse where

the Insurer fails to exercise it within one month from the time when it learns of the transfer to the third party,

the third party fails to exercise it within one month following the transfer, with the right of cancellation continuing to exist for one month from the time when the third party becomes aware of the insurance.

20.4 Where the transfer to the third party happens during the current period of insurance and the insurance contract is not cancelled, the former Policyholder and the third party shall be jointly and severally liable for the insurance premium for this period.

The transfer of a company must be notified to the Insurer by the former Policyholder or the third party without delay.

Where the disclosure requirement is culpably breached, no cover shall apply in cases where an insured event occurs more than one month after the time when the Insurer ought to have received the notification and the Insurer would not have concluded with the purchaser the contract that existed with the seller.

The cover shall be reinstated and shall apply in respect of all insured events occurring no earlier than one month after the time when the Insurer became aware of the sale. This shall apply only where the Insurer has not made use of its right of cancellation in that month.

The cover shall not cease, despite breach of the disclosure requirement, in cases where the Insurer was aware of the sale at the time when it ought to have received the notification.

21. Cancellation following an increase in risk as a result of a change in or the enactment of legal regulations

Where there is an increase in the insured risk as a result of a change in existing legal regulations or the enactment of new ones, the Insurer shall be entitled to cancel the insurance contract in writing, subject to a period of notice of one month being observed. The right of cancellation shall cease if it is not exercised within one month from the time when the Insurer becomes aware of the increase.

22. Multiple insurance

22.1 Multiple insurance exists where the same risk is insured against third-party risks under several insurance contracts.

22.2 Where multiple insurance has come about without the Policyholder's knowledge, he can ask for the policy that was arranged later to be cancelled.

22.3 The right to cancel shall cease if the Policyholder fails to assert it within one month of learning of the multiple insurance. His request for the cover to be cancelled shall take effect upon receipt of his declaration.

22.4 Any declaration of cancellation under this provision shall need to be in writing.

Policyholder's obligations

23. Meaning of 'precontractual duty of disclosure' for the purposes of the law

23.1 The Policyholder shall be obliged, by the time he issues his contract statement, to disclose completely and truthfully all material facts known to him about which the Insurer has asked in text

form. Any circumstances that are material to the Insurer's decision to arrange the policy with the agreed content shall be material to acceptance of the risk.

If the Insurer asks in text form about material facts after the Policyholder's contract statement has been issued but before the contract has been accepted, the Policyholder shall also be obliged to disclose them.

Where a representative is acting for the Policyholder and he is aware of the material fact or acts fraudulently, the Policyholder shall be treated as if he himself had known about it or had fraudulently concealed the fact.

23.2 The consequences of any breach of the duty of disclosure are to be found in Sections 19 to 22 of the German Insurance Contract Act (VVG). Under the circumstances specified therein, the Insurer can rescind the insurance contract, be released from its duty to indemnify, cancel the policy, dispute it on the grounds of fraudulent misrepresentation, or also be entitled to alter the contract.

The Insurer shall be entitled to rights of rescission, cancellation or contract modification only if it has drawn the Policyholder's attention to the consequences of any breach of the duty of disclosure in text form in a separate communication.

23.3 If within the framework of a contract modification the Insurer increases the premium by more than 10% or excludes cover in respect of an undisclosed circumstance, the Policyholder may cancel the contract in accordance with Section 19 (6) of the German Insurance Contract Act (VVG).

23.4 Any right to alter the legal relationship by virtue of this provision (rescission, cancellation, avoidance or contract modification) shall need to be exercised in writing, irrespective of whether it is exercised by the Policyholder or by the Insurer.

24. Obligations prior to the occurrence of any insured event

Upon the Insurer's request, the Policyholder must eliminate any particularly hazardous circumstances within a reasonable period of time. This shall not apply where, considering both parties' interests, elimination would be unreasonable. A circumstance that has led to a loss shall automatically be deemed to be particularly hazardous.

25. Obligations following the occurrence of an insured event

25.1 Every insured event must be notified to the Insurer without delay, even if no claims for damages have yet been made.

25.2 The Policyholder must take steps to avert and minimise loss wherever possible. The Insurer's instructions in this respect must be followed insofar as it is reasonable for the Policyholder to do so. He shall be obliged to provide the Insurer with detailed, truthful loss reports and to assist it with claims assessment and settlement. All circumstances that in the Insurer's view are important for processing the claim must be notified by the Policyholder, and any documents requested for this purpose must be forwarded.

25.3 The Policyholder must likewise notify the Insurer without delay if a liability claim is made against him, public prosecution, official or judicial proceedings are instituted against him, a summary notice to pay is issued, or a third party legal notice is served on him.

25.4 The Policyholder must object to any summary notice to pay or any compensation order issued by the administrative authorities within the time specified, or lodge any other appeals that may be necessary. No instructions from the Insurer will be required for this.

25.5 Where a liability claim is asserted against the Policyholder through court action, he must leave the conduct of the case to the Insurer. The Insurer will engage a lawyer on the Policyholder's behalf. The Policyholder must grant the lawyer power of attorney, as well as provide all necessary information and make available the documents requested.

26. Legal consequences of breaches of obligations

26.1 A breach of obligations – regardless of whether the obligation is to be fulfilled before or after occurrence of the insured event – can affect the Insurer's duty to indemnify.

Where the Policyholder breaches an obligation arising out of this contract intentionally, no cover shall apply.

Where the Policyholder breaches an obligation arising out of this contract through gross negligence, the Insurer shall be entitled to reduce its indemnity. The reduction will depend on the seriousness of the Policyholder's fault. No reduction shall be made if the Policyholder is able to prove that no gross negligence was involved.

Even in the case of intent or gross negligence, the Insurer shall, however, be obliged to indemnify insofar as the Policyholder proves that the breach of obligation was not the cause of

either the occurrence or the ascertainment of the insured event

nor of the ascertainment or the extent of the Insurer's duty to indemnify.

This shall not apply where the Policyholder has breached the obligation maliciously.

Where the Policyholder breaches an information or disclosure obligation that he has to fulfil following occurrence of the insured event, the Insurer may invoke full or partial release from the duty to indemnify only if it has drawn the Policyholder's attention to this legal consequence in text form in a separate communication.

26.2 Where the Policyholder breaches an obligation arising out of this contract that he has to fulfil prior to occurrence of the insured event, the Insurer may not only assert the rights under subsection 26.1 but also cancel the policy without notice. The Insurer may only exercise the right of cancellation within one month of learning of the breach.

Cancellation shall be precluded where the Policyholder proves that the breach of obligation was neither intentional nor grossly negligent.

26.3 The notice of cancellation under this provision shall need to be in writing.

Other provisions

27. Additional Insureds

27.1 Where the insurance extends also or exclusively to liability claims against persons other than the Policyholder himself, all provisions applying to him shall also be applicable to those Insureds accordingly. The provisions on provisional insurance (subsection 4) shall not apply where the new risk arises only for an Insured but not also for the Policyholder.

27.2 The Policyholder alone shall be entitled to exercise the rights arising out of the insurance contract. He shall remain responsible besides the Insured for fulfilling the obligations.

28. Prohibition on assignment

Without the Insurer's consent, the right of indemnity may be neither assigned nor pledged before it has been finally determined. Assignment to the injured third party is permissible.

29. Notifications / Declarations of intent / Change of address / Change of name

29.1 Notifications and declarations relating to the insurance relationship can have far-reaching effects. These should therefore be made in text form or in writing even where neither the law nor the insurance contract makes provision for such a form.

29.2 Where the Policyholder has failed to notify the Insurer of a change in his address or name, the posting of a registered letter to the last address known to the Insurer under the last name known to it shall suffice for the purposes of submitting any declaration of intent to the Policyholder. The declaration shall be deemed received three days after the letter is sent.

29.3 Where the Policyholder has given the address of his business establishment for the insurance, subsection 29.2 shall apply analogously to any relocation of the business establishment.

30. Statutory period of limitation for claims under the policy

30.1 Any claims arising out of the insurance contract shall be time-barred after three years in accordance with Section 195 of the German Civil Code (BGB). Details regarding the commencement, duration and interruption of the limitation period shall depend on Sections 195 to 213 BGB.

30.2 Where the Policyholder has reported a claim under the insurance contract to the Insurer, the limitation period shall be suspended up to the time when the Policyholder receives the Insurer's decision in text form.

31. Court having jurisdiction

31.1 The Policyholder may institute legal proceedings arising out of the insurance relationship at the court having jurisdiction for the Insurer's registered office or the one that is locally competent for the Insurer's branch looking after the Policyholder.

The Policyholder may also bring legal actions before the German court in whose district he has his residence at the time the action is brought or, in the absence of a residence, his habitual abode. Where the Policyholder is a legal entity, the competent German court shall be determined according to its registered office.

Where, according to the law, other places of jurisdiction exist, the Policyholder may also bring actions there.

The Insurer may bring legal actions against the Policyholder, arising out of the insurance relationship, before the court in whose district the Policyholder has his residence at the time the action is brought or, in the absence of a residence, his habitual abode. Where the Policyholder is a legal entity, the competent court shall be determined according to its registered office.

31.3 If the Policyholder's residence at the time the action is brought is unknown and no habitual abode in Germany is known either, both the Policyholder and the Insurer may institute legal proceedings in connection with the insurance relationship exclusively before the court having jurisdiction for the Insurer's registered office or the one that is locally competent for its branch looking after the Policyholder. This shall also apply accordingly where the Policyholder is a legal entity and its registered office is unknown.

31.4 If at the time the action is brought the Policyholder does not have his residence or registered office in a Member State of the European Community, Iceland, Norway or Switzerland, both the

Policyholder and the Insurer may institute legal proceedings in connection with the insurance relationship exclusively before the court having jurisdiction for the Insurer's registered office or the one that is locally competent for its branch looking after the Policyholder.

31.5 Where the Policyholder has his residence or habitual abode in Germany when the contract is arranged and an insured damaging event occurs abroad, actions in this connection may only be brought before a German court.

31.1 The Policyholder may institute legal proceedings at the court having jurisdiction for the Insurer's registered office or at one that is locally competent for a German branch looking after the Policyholder. Alternatively, the Policyholder may also bring any actions before the court having jurisdiction for his German residence or habitual abode in Germany.

If at the time the action is brought the Policyholder has his residence or habitual abode in Germany, the Insurer may only institute legal proceedings before the court that is locally competent for that place. Where the Policyholder has transferred his residence or habitual abode to another country after the contract has been arranged, the Insurer may institute legal proceedings before the court having jurisdiction for the Policyholder's last German residence or habitual abode known to it.

32. Applicable law

For this contract, German law applies.

33. Circumstances under which a change in the conditions is allowed

33.1 Where a provision in terms and conditions of insurance (clause) has been declared invalid through

a supreme court decision or

a legally valid administrative decision,

the Insurer shall be entitled to amend, supplement or replace the clause concerned, provided the prerequisites in the following paragraphs exist.

33.2 The change shall only be possible for clauses relating to the subject-matter and scope of the insurance, exclusions, the policyholder's obligations after the contract has been concluded, premium adjustment, policy period and cancellation.

33.3 Prerequisites for any change shall be that the statutory provisions do not contain any concrete regulation on filling the gap and that deleting the clause without replacing it does not constitute an appropriate solution that is fair to the typical interests of the parties to the contract.

33.4 Any change shall be made in accordance with the principles of an additional interpretation of the contract. This means that the invalid clause is replaced by a provision that the parties to the contract would have chosen as a solution that was appropriate and fair to their typical interests if they had been aware of the clause's invalidity at the time the contract was concluded.

33.5 Under the prerequisites mentioned above, the Insurer shall also be authorised to adapt clauses that are essentially identical in content in cases where judicial or official decisions are directed against other insurers' clauses.

33.6 The Insurer shall notify the Policyholder of the adapted clauses and explain them to him in text form.

They shall be deemed approved unless the Policyholder opposes them in text form within six weeks of being notified thereof. The Insurer will expressly draw the Policyholder's attention to this when the change is notified. For observance of the time limit, it shall be sufficient for the opposition to be sent off in time. Where opposition is received within the time limit, the change in the conditions shall not take effect.

Where retaining the contract without the adjustment is unacceptable to it, the Insurer may, within six months of receiving the opposition, cancel the insurance contract in writing at the end of any month, subject to its giving 8 weeks' notice. (Next sentence is deleted!!!)

33.7 Any notice of cancellation under this provision shall need to be in writing.