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General Terms of Full Hull Coverage (KS PLOV 20)

I. Introductory Provisions

Article 1

Meaning of terms

Expressions in these General Terms of Full Hull Coverage (hereinafter: General Terms) shall have the following meanings:

The Insurer: GRAWE Hrvatska d.d., Ulica grada Vukovara 5, 10000 Zagreb;

The Policyholder: the entity concluding insurance contract with the insurer;

The Insured: the person whose property or interest is insured and who has legally permissible material interest that no insured event occurs;

The Premium: cash amount of money payable by the policyholder to the insurer for each insurance period under the insurance contract;

The Insurance period: the period of one year, if the insurance contract has not been concluded for a period shorter than one year;

The Sum insured: the amount to which an object or interest is insured;

The Policy: a document on a concluded insurance contract issued by the insurer;

The Insured event: an event that results in the damage covered by the insurance contract;

The Boat: a floating craft intended for navigation by sea, authorized to carry a maximum of 12 passengers, whose hull length is more than 2.5 meters and less than or equal to 15 meters, or with a total power of propulsion devices exceeding 5 kW.

The Yacht: a floating craft for sport and leisure, regardless of their use for personal purposes or for a commercial activity, whose hull length is more than 15 meters and intended for a longer voyage at sea, and authorized to carry a maximum of 12 passengers on board (in addition to the crew);

The Ship: a floating craft intended for navigation by sea, whose hull length is more than 15 meters, or licensed to carry more than 12 persons on board.

In these Condition the terms: boat, yacht and ship will be replaced by the term "vessel" when considered synonyms.

II. Insurance Contract

Article 2

Subject of Insurance

1. The subject of insurance according to these General Terms includes the hull with standard and prescribed equipment, propulsion and/ or auxiliary engine, auxiliary vessel (including its propulsion units and inventory).
2. If expressly contracted and indicated in the offer or the policy, the subject of insurance subject may also cover:
 - 2.1. Additional special equipment (things not considered as a standard component of an insured vessel);
 - 2.2. Hunting and fishing equipment pursuant to Article 5 of these General Terms;
 - 2.3. Personal belongings (luggage) of passengers or crew members pursuant to Article 23 of these General Terms.

3. The subject of insurance under these General Terms are not: items having collecting value, money, securities, jewellery, furs, paintings, antiques, photo-cameras, cameras, watches, mobile phones, musical instruments, means for entertainment, portable IT devices of any kind, TV, videos, DVDs and other similar devices that are firmly installed etc.
4. Equipment or parts of equipment complementing, extending or replacing each other will be in the insurance coverage provided any additional premium is paid, but only if such changes are notified to the insurer prior to the occurrence of the insured event.
5. A vessel is insured only as long as it is entered in the register of the competent harbourmaster's office or yachts register and if it has a valid document of seaworthiness.
6. The provision of the preceding paragraph shall not apply to those vessels for which enrolment in the register or a valid document on the ability of seaworthiness is not required pursuant to current regulations.

Article 3

Insured Risks

1. Insurance shall cover the following risks:
 - 1.1. Sailing accidents (collision, impact into a still, floating or submerged object, sinking or capsizing, stranding, striking the sea bottom, storm and other extraordinary external event in conjunction with navigation);
 - 1.2. Explosion, fire;
 - 1.3. Burglary;
 - 1.4. Earthquake, volcanic eruptions, direct lightning strike;
A direct lightning strike means a direct impact of the lightning power or heat on the vessel.
 - 1.5. Unauthorized use of a vessel;
 - 1.6. Malicious actions of third parties from and damages caused by intent and negligence of third parties;
 - 1.7. Accidents during loading/unloading/moving of cargo/fuel;
 - 1.8. Neglect of a registered ship repairer during repair or service;
 - 1.9. A vessel accident during docking, lifting or hauling to the coast, launching or lowering, as well as during transfer to/from warehouse in a radius of 10 km of the hauling location;
 - 1.10. Theft or hijacking of the entire vessel or installed motor only;
 - 1.11. Consequences of hidden defects and fatigue on the hull; repair and/or replacement of materials or components for defects or fatigue are excluded;
 - 1.12. Burglary - items referred to in Article 2, paragraph 1 and 2 are insured against the risk of burglary while they are in the closed and locked space in the vessel (cabin, under deck) or in a closed and locked storeroom on the mainland. Masts, rigging, oars, rudder, anchor, ropes, rigging and similar equipment must be tied to a firm and fixed portion of the vessel by a chain or steel rope

and a locked padlock, instead of being placed in a closed and locked space. Outboard engine shall be attached to the stationary part of the vessel and secured so that it cannot be stolen without use of force, burglary or forcible action.

1.13. Insurance of the vessel during land transport;

1.13.1. Insurance applies to losses occurring during land transport of the vessel in Europe, regardless of number of transports during the insurance period during transport by a road motor vehicle or its trailer, against risks of traffic accident, fire, theft of the vessel or its parts, unauthorized use of a road motor vehicle or trailer used for the vessel transportation and damage occurred during loading and unloading of the vessel onto a land transport means.

1.13.2. Insurance shall be valid only provided the transport vehicle or trailer is suitable for transport of the insured vessel and if the vessel is properly and professionally loaded and secured.

1.13.3. Individual items are covered by the theft coverage only if they are stored inside a locked vessel or a vessel properly covered with oilskin (waterproof clothing) so that they cannot be stolen without the use of force.

1.13.4. Transport of the vessel by a different vehicle than the one referred to in point 1.13.1. shall not be covered by insurance under these General Terms, unless otherwise agreed.

1.13.5. Damages caused during land transport of the vessel and during loading and unloading from the road vehicle shall be compensated without deduction of the franchise (deductible).

2. Jet ski is covered by insurance only if a damage occurred due to the risk of collision, impact (except hitting the coast), fire or burglary.

Article 4

Insured damages and expenses

1. Unless otherwise agreed, the insurance covered damages and expenses incurred in connection with the following insured risks:

1.1. Total loss of insured vessel;

1.2. Partial loss or damage of insured vessel;

1.3. Rescue (salvage) expenses;

1.4. Costs directly caused by the occurrence of the insured event;

1.5. Salvage money;

1.6. Costs of determining the loss and claim settlement covered by insurance.

Article 5

Fishing Boat Accessories

The following items are covered by insurance up to the sum insured under the insurance contract, according to specification and with exactly specified individual value: fishing nets and other equipment for fishing and hunting, but only in case of total loss of the vessel on which the insured objects are and for fire and burglary under the terms of Article 3 of these General Terms i.e. while the insured objects referred to in this Article are in a closed and locked space in the vessel (cabin, space below deck) or in a closed and locked storeroom on land.

Article 6

Total Loss of Vessel

1. Total loss of the insured vessel refers to sinking without possibility to recover it, destruction, disappearance and permanent confiscation of the insured vessel, and its damage that cannot be repaired and because of which the vessel lost its properties.

2. In the event of total loss of the insured vessel the insurer shall compensate the damage in the amount of the actual value of the vessel, i.e. if the value is agreed in the amount of the agreed value of the insured vessel, up to the sum insured stated in the policy.

3. It is held that the vessel has disappeared if 3 (three) months have passed from the receipt of the last notification about the vessel. In this case, it is considered that the complete loss of the vessel occurred on the date on which the latest available information about it was received.

4. Upon payment the compensation referred to in paragraph 2 of this Article, all rights which the insured has on the secured object shall pass to the insurer if the insurer does not waive them on that occasion.

5. The insured shall have the right to demand the compensation from the insurance if total loss of the insured vessel is inevitable or if the costs to repair the damaged vessel and rescue costs exceed the agreed or actual value of the vessel.

6. The Insured shall lose the right referred to in the preceding paragraph if it fails to submit a reasoned written claim for indemnity payment to the insurer within 2 (two) months from the date when he became aware of the circumstances on which he founds its right. The claim shall be without conditions and shall apply to the whole insured vessel.

7. If the insurer accepts the claim of the insured filed under the provisions of the preceding paragraph, or if it is not challenged within fifteen days from receipt of the claim, the damage shall be compensated according to paragraphs 2 and 4 of this Article.

Article 7

Partial Loss or Damage to the Vessel

1. In case of a damage of the insured vessel or loss of its integral part, the damage shall be compensated from insurance in the amount of costs necessary for repair and rehabilitation of the insured vessel into its original condition, without deduction "new for old", but maximum up to the sum insured stated in the policy. Exceptionally, in case of partial damages to the propulsion and auxiliary engines and equipment of the vessel if these items are older than 10 (ten) years, the depreciation shall be deducted from the total cost of repair (including material and labour price).

2. If the sum insured is less than the actual value of the vessel, the insurer shall pay indemnification in proportion to the insured amount and the actual value of the vessel.

3. When the vessel repair or replacement of its parts significantly contributed to the increase in the actual value of the vessel, the insurer shall deduct such increased value at payment of indemnification.

4. The insurer shall not compensate damage for impairment of the insured vessel value which occurred in spite of the completed repair or replacement of parts.

Article 8

Salvage Expenses

1. The costs of the insured to avoid damage from direct perils or to reduce already incurred losses (the insured's expenses of salvage) shall be paid under insurance:

1.1. If they were done reasonably and in agreement with the insurer, and

1.2. If these are damages covered by insurance.

2. Expenses referred to in paragraph 1, regardless of the beneficial result, shall be paid from insurance also when they, together with

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indemnity, exceed the sum insured, but the indemnity itself for these costs cannot be higher than the sum insured.

Article 9

Costs directly caused by occurrence of insured event

1. The costs of the insured arising directly due to occurrence of the insured event shall be compensated from insurance, if they were necessary and reasonable, but only up to the sum insured stated in the policy.
2. In case of damage recoverable from insurance, the insurer shall indemnify the insured for costs of hauling out or removing the wreck of the vessel or its parts, if these activities are carried out by the order of a competent authority.
3. If no specific sum insured for insurance of the costs from the preceding paragraph is contracted in the policy, it shall be deemed that these costs are insured to the same sum insured as the insured vessel.
4. These costs shall be paid regardless of the amount of indemnification of other damages covered by insurance.
5. In no event the insurer is obligated to haul out or remove the vessel.

Article 10

Costs of damage establishment and claim settlement

1. The costs of the insured, which were required for the determining the loss and claim settlement shall be compensated from insurance:
 - 1.1. If they were needed,
 - 1.2. To the extent that they were required, and
 - 1.3. If they were claimed in relation to the damage covered by insurance.

Article 11

Salvage Money

1. In case of salvage the vessel from the risks covered by insurance the salvage money shall be compensated which the insured is obliged to pay, and cost of the procedure for determining this remuneration.
2. If the insured vessel is rescued by other vessel of the same owner, the salvage award shall be determined under the same principles as vessels belong to different owners. In this case, the right to remuneration for salvage and its amount shall be determined by an arbitrator jointly determined by the insurer and the insured and whose costs will be evenly split.

Article 12

Other Expenses - Limitation

1. The cost of overtime, work on holidays or non-working days and the cost of the necessary transport of items needed for repair, shall be compensated only to the amount applicable to usual working hours or for common transport.
2. Damages caused to the vessel while helping other vessel in an accident or saving property, shall be paid upon withholding the amount obtained for salvage, reduced for the part that accounts for net award to the rescuer whereby the contracted deductible shall not be taken into account.
3. If it is necessary to move the vessel to other port for repair because such damage cannot be repaired in the port where the vessel is or repair would not be economically justified or

professionally executed the following expenses of voyage to the port of repair shall be paid:

- 3.1. Temporary making the vessel seaworthy,
- 3.2. Towage,
- 3.3. Fuel,
- 3.4. Premium for special marine insurance.

If some income has been realized or if some costs have been saved on such voyage, the compensation under this paragraph shall be reduced by the revenue earned or by the costs savings.

4. The cost of inspecting the vessel bottom after stranding, if reasonably incurred specially for that purpose, shall be compensated also if it is subsequently determined that the vessel did not suffer any damage. This provision shall not apply in the event of total loss of the vessel.
5. The cost of paint removal and painting the vessel shall be compensated only for the part where the repair of a damage covered by insurance was carried out. The cost of antifouling shall not be compensated.

The insurer shall not be liable for aesthetic appearance after painting the vessel, particularly in relation to the shades of the colour used in connection with the repair.

6. If the insured uses pulling out the vessel to dry for repair of the damage covered by insurance and to execute some works on its own cost, and such work can be carried out only if the boat is on dry, then the cost of pulling out and staying the vessel on a dry berth shall be split between the insurer and the insured in the same proportion, regardless of the value and type of work performed by the insured at its own expense
7. If the insured unreasonably stalls the repair of damage or damage caused to it did not constitute an obstacle to continue using the vessel, the insurer shall be entitled to reduce the indemnity amount for the amount by which the cost of repair increased compared to the price if the repair was completed within a reasonable period.

Article 13

Excluded Damages

This insurance shall exclude the following damages:

1. Damages caused directly or indirectly due to intentional action or gross negligence of the insured, the person who uses the vessel with the consent of the insured, and person for whose actions the insured is responsible for;
2. Damages caused directly or indirectly due to defects (flaws) or un-seaworthiness, if the insured knew about them or could become aware of by applying due diligence and preventing their consequences;

The vessel unseaworthiness is its general inability or inability to undertake a specific voyage and transport which the vessel performs as a result of technical defects, insufficient equipment, inadequate crew, excessive or improper loading of cargo, boarding passengers above the permitted number, failure to comply with technical and safeguard measures and other similar reasons.

3. Damages caused directly or indirectly due to illegal trade, poaching, smuggling, banned navigation and seizure arrest of the vessel due to such activities etc.;
4. Damages caused by lack of maintenance, neglect, wear and deterioration of the vessel or its parts;

5. Damages caused by normal weather conditions (freezing, frost, snow, rain, sun, heat), due to rust, corrosion, oxidation, cavitation, osmotic, action of rodents, etc. and wear due to normal use;
6. Damages caused by structural defects, defects in materials, production or repair;
7. Damages due to loading hazardous cargo or fuel if such loading was carried out in accordance with relevant regulations;
8. Complaints related to the insured vessel under any contractual obligations or non-contractual obligation of the owner, user, holder of the vessel, both by the client, lessee, shipper, the consignee of cargo, passengers, crew, pilot and any other legal or natural person who is in any relationship with the insured vessel or cargo;
9. Damages in any way related to liability from the use of the insured vessel;
10. Damages caused by unreasonable postponement of final repair of earlier damages, unless the insurer previously approved postponement of repair or in the case of a damage occurring after a temporary repair, which is caused by moving or towing the vessel to the point where the second temporary or final repair is to be done;
11. Damages caused directly or indirectly due to the onset of war risks: war (whether war declared or not), civil war, revolution, rebellion, insurrection, civil struggles that arising from such actions, or any hostile act by the occupying force or against it; capture, seizure, arrest, restriction of sailing or vessel retention due to these risks and the consequences of such acts or attempts to commit them; remaining mines, torpedoes, bombs and other weapons left war weapons, terrorist attacks of individuals or groups or any person acting from a political motive;
12. damages caused directly or indirectly due to the onset of political risks and risks of strike (damage caused by strikers, workers laid off from work or participants in the labour unrest, violence or civil unrest, etc.);
13. Damages caused directly or indirectly due to the occurrence of nuclear risks (nuclear explosion, radiation or radioactive products of radioactive waste except radioactive isotopes used in industrial, commercial, agricultural, medical or scientific purposes);
14. Damages caused by filling the vessel with precipitation (rain, snow, etc.), or by sea while the vessel at berth was not protected by a suitable cover (tarpaulin);
15. All types of indirect damages (damages due to delay, reduced the vessel value, lost profits, etc.);
16. Damages to sails, torn by wind while they were spread, unless it is a result of a damage to the mast on which the sails are furled or in case of stranding, collision or strike of the vessel into an external object;
17. Damages caused by improper anchoring or mooring the vessel. Mooring or anchoring is proper if it is done with suitable anchoring devices and ropes and which, under normal weather conditions prevailing at a specific location, does not allow the vessel to strike the bottom of the shore or other vessels that anchored or berthed in its vicinity. Damages caused by worn or inadequate mooring or anchoring ropes and chains or loss of an anchor are excluded;
18. Fallout of the outboard engine that is not a direct consequence of the insured risk;
19. Damages arising from the loss of time for any cause, as well as loss of earnings (profit) of the insured vessel for any reasons;
20. Damages arising from running the vessel by a person who does not have adequate powers to drive this type of vessel. It is considered that a person does not have required authorizations (permits) if he/she drives the vessel at the time for which the authorization was revoked by the competent authority;
21. Damages resulting from participation of power vessels in racing aimed at achieving the maximum or maximum average speed or an evaluation races including official training, unless otherwise agreed;
22. Damages arising from participation in sailing regatta, unless otherwise agreed;
23. Damages arising from chartering, unless otherwise agreed;
24. Breakdown and failure (machinery breakdown) of the propulsion engine, axles, propeller and other technical devices and equipment;
25. Damages caused by the pressure of the ice in winter port or winter shelter, vessel dents, rib bending and due to similar damages arising from the impact of ice during sailing, unless such damages incurred during the rescue of persons or property at sea (for vessels in inland waters);
26. Damages due to disappearance, falling from the deck as well as due to ordinary theft of individual or loose objects (e.g. outboard engine);
27. Damages to paint, damages caused by abrasion and scratches;
28. Damages caused by theft due to poor protection against theft;
29. Damages caused to jet ski, except damage caused by the risk of a collision, the impact (except hitting the coast), fire and burglary;
30. Damages occurred on a vessel while it is in the sea during the period specified in the offer or the policy as the period during which the vessel is outside the sea.

Article 14

Sum Insured

1. The value of the insured vessel which is agreed in the insurance policy (the contracted value) shall be binding to the insurer and the insured.
Unless otherwise agreed and stated in the policy, the contract value is considered to be the actual value of the vessel at the beginning of the insurance. The vessel's market value at the beginning of the insurance shall be taken as its actual value.
2. The insurer may challenge the agreed value only in the event of fraud or if there is an obvious error or if it is 10% higher than the actual value of the subject of insurance so that the compensation for damages based on such value would provide a substantial unfounded gain to the insured.
3. If the sum insured is stated separately for the vessel hull, its machinery, equipment and inventory, then the insurer's liability in case of a partial damage (separate breakdown) shall be limited to the sum insured stated for any particular part of the vessel. The basis for calculation of the premium shall be the sum of all above listed sum insured.
4. Items referred to in Article 2, paragraph 2, shall be separately stated in the offer or policy and specified with indications of their individual values.
5. The sum insured indicated in the policy represents the upper limit of the insurer's liability. The insurer shall pay more than the sum insured only in the case of Article 8, paragraph 2.

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Article 15

Deductible

1. The determined indemnity shall be reduced by the agreed deductible (participation of the policyholder in indemnity) as defined in the insurance contract and these General Terms.
2. Deductible applies per each event. Exceptionally, the deductible is applied in one lump sum to all damages caused by the storm during the voyage between two consecutive landing ports.
3. The deductible shall not be applied:
 - 3.1. When compensating costs reasonably incurred in order to prevent a total loss of the vessel or its parts;
 - 3.2. When compensating salvage costs and/or rewards;
 - 3.3. When compensating expenses incurred for providing assistance to other vessel in distress;
 - 3.4. When compensating damages for concluded additional insurance of personal belongings and luggage (Article 24 of the Terms);
 - 3.5. When compensating damages at land transport of the vessel;
 - 3.6. At compensation for the event of total loss of the vessel.
4. In case of a damage caused solely and only to the vessel's inventory and additional special equipment of the vessel referred to in Article 2, paragraph 1.3. and 1.4. of these General Terms, the insurer shall reduce the indemnity from insurance by 50% of the deductible.

Article 16

Insurance period

1. In case of a term policy, the insurance starts at 00 hours - on the first day and ends at 24:00 hours of the last day specified in the insurance policy, provided that the premium has been paid until then.
2. If a term insurance ends while the vessel is at sea, in danger or in a port shelter, the insurance shall be extended until the arrival of the vessel to the first safe port (but not further than the port of destination), provided that the insured has immediately informed the insurer about it and that it agrees to pay an additional premium as determined by the insurer.

Article 17

Territorial Scope of Insurance

1. The vessel shall be covered by insurance only while sailing within the limits of navigation which is stated in the policy.
2. If the navigation area specified in the policy is broader (in territorial terms) than specified in the navigation license or other appropriate document, the insurance shall be valid only within the limits of navigation stated in that document.
3. Insurance shall also be valid when the insured vessel is out of the sea or water or during the stay of the insured vessel in the summer or winter store as well as in marina or shipyard for maintenance, servicing or repair.

Article 18

The Policyholder's Obligations

1. General obligations
 - 1.1. When submitting a bid and in the period between submission of the bid and conclusion of the insurance contract, to report to the insurer, accurately and fully, all circumstances that are relevant to the assessment of risks, which are known to it or that it might

remain unknown to it. Significant circumstances include especially those circumstances whose existence was asked about by the insurer expressly and in writing;

- 1.2. To pay the premium;
- 1.3. To take care of the insured vessel with the due diligence of a prudent businessman for the duration of insurance.
2. Obligations Upon the Occurrence of an Insured Event
 - 2.1. To take, preferably in agreement with the insurer, all reasonable measures necessary to avoid or reduce the damage and notify the insurer about it;
 - 2.2. To inform the insurer or its authorized representative about damage as soon as it learns of the damage;
 - 2.3. To report any damage to the vessel to the nearest branch office of the Harbourmaster's office. If it's a burglary or other criminal act it is also obliged to file a criminal charge to the local police department;
 - 2.4. Not to alter the state of a damaged item until the arrival of the insurer's representative, unless such change is in the public interest or is necessary to mitigate the damage or prevent its increase;
 - 2.5. To take all legal and other measures to ensure and preserve the rights toward the persons responsible for the damage and, at the insurer's request, to provide relevant information and documents, which are necessary for determining the nature, causes, extent and amount of damages, and in particular the statement of the assignment of rights (cession) to persons who are responsible for the damage.
 - 2.6. To provide, at the request of the insurer, couple of bids for the repair of the damaged vessel;
 - 2.7. When filing a claim, the insured is obliged, at the insurer's request, to provide information and submit all available documentation and other supporting sources that are needed to determine the nature, cause and amount of the damage and other circumstances under which it can be determined or at least made probable its right to compensation from insurance.

Article 19

The Insurer's Obligations

The insurer shall:

1. At the request of the policyholder, to provide it with a duly issued and signed insurance policy. The insurer shall not be obliged to submit the policy issued to the policyholder before policyholder has paid the premium due;
2. To pay indemnity from insurance within one month from the day when the insured submits a claim with all information and documentation establishing its obligations under the insurance contract.

Article 20

The Insurer's Rights

The insurer shall have the right to:

1. Determine the nature, cause, extent and amount of damage, and the insured undertakes to enable it and provide it all necessary assistance;
2. Supervise the repair of the vessel;
3. Require that the calculation of the damage or invoice for the vessel repair is verified and certified by an expert appointed by the insurer.

Article 21

Premium

1. The policyholder shall pay a premium, but the insurer is required to receive the premium payment from any person who has a legal interest that it is paid.
2. The premium is typically paid in advance for each period of insurance. Exceptionally, it is possible to agree that the payment is paid in instalments whereby the insurer shall be entitled to charge an addition to the premium. The premium for the first period of insurance, i.e. the first instalment shall be paid at signing the contract.
3. The policyholder shall pay all taxes and other statutory charges with the premium.
4. The policyholder shall pay the premium to the insurer's account at its own expense. If the premium is paid by the provider of payment services, it shall be deemed that the policyholder settled its obligation to the insurer on the date when the payment service provider received a payment order from the policyholder and when the order became irrevocable in accordance with the provisions of the act governing payment system.
5. If the policyholder is late in paying the premium, the insurer has the right to charge default interest.
6. If the premium or contracted premium instalment payable after the conclusion of the insurance contract, are not paid until maturity, the insurance contract is terminated by the law after the expiration of thirty (30) days from the day when registered letter delivered of the insurer with notice of maturity premium or premium instalment was delivered to the policyholder.

If the contract is not terminated, the policyholder shall pay the due instalment of the premium, with the associated default interest.

In any case, the insurance contract shall be terminated if the premium is not paid within one year from the maturity.
7. At the moment of the occurrence of the insured event, the contracted premium shall be paid in full regardless of whether the payment in instalments has been agreed.
8. The insurer has the right to deduct the amount of the due premium or due receivables under the insurance contract (for example, default interest, etc.) from the amount that payable to the policyholder or any third party.
9. When returning the premium, the insurer may retain a part of the premium in the amount intended to cover its own costs in connection with the concluded contract.

Article 22

Premium Reduction (Bonus)

1. The basic premium for a new policy holder (i.e. who contracts the insurance for the first time) shall be calculated from the corresponding price list increased and/or decreased (bonus) for anticipated supplements and/or discounts.
2. Unless otherwise agreed, the insured shall be entitled to the premium reduction (bonus) if the insured vessel was continuously insured for at least one year without any reported damage. A reported loss refers to a damage for which the insurer paid the indemnity or damages for which compensation has not yet been paid, but the obligation of the insurer has been established. A damage shall not be considered reported if it was fully regressed on any grounds by the time of the conclusion of the insurance contract for the next period of insurance.
3. The insurance premium shall be reduced:

- 3.1. by 10% if no damage was reported in the past year;
- 3.2. by 15% if no damage was reported in two consecutive years;
- 3.3. by 20% if no damage was reported in three consecutive years;
- 3.4. by 30% if no damage was reported in four consecutive years;
- 3.5. by 40% if no damage was reported in five or more consecutive years.
4. When selling the insured vessel, bonus shall not be transferred to the new owner of the vessel. Exceptionally, if the ownership's right to the vessel is transferred by inheritance or donation between the closer family members (married/common-law couples, parents and children) the rights and obligations under the provisions about the bonus shall be transferred to an heir i.e. donee.
5. The insurer recognizes a bonus based on data from its own records. If the insured changes the insurer it shall be entitled to the bonus only if filing a written certificate from the former insurer on the previous insurance period for the vessel and the number of consecutive years without any damage.
6. Insurance contract with duration of less than one year cannot be the basis for the bonus calculation in the next insurance period even if in the meantime no insured event occurred.
7. If insurance has been terminated, provided that the interruption lasted no longer than 3 (three) years and that in the period before and during the interruption of insurance no damage was reported, the insured shall continue to exercise its right the bonus at re-negotiating the insurance for the same vessel or a vessel of the same type (same premium group) .
8. Transfer of ownership rights as specified in paragraph 4 shall not be deemed an interruption of insurance and no bonus for other vessel can be obtained based on the bonus of the inherited or given vessel.
9. The insured with one or more reported claims in the previous period of insurance shall lose the right to the bonus for the next insurance period and the premium shall be calculated as if the first insurance contract is concluded.

III. ADDITIONAL INSURANCES

The insurance cover shall involve the following additional insurances only if specifically agreed and subject to paying additional premiums:

Article 23

Insurance of Personal Property and Luggage

1. If it is expressly agreed, the insurance shall cover the loss, damage or destruction of personal belongings (luggage) of passengers or crew members while staying on board due to:
 - 1.1. Burglary and robbery;
 - 1.2. Marine disasters;
 - 1.3. Explosion or fire on the vessel or around it;
 - 1.4. Natural disasters.
2. Items referred to in this Article are insured up to the sum insured specifically stated in the policy.

For all insured events that occur during one insurance year, the insurer pays a maximum of twice the valid sum insured.

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3. The personal belongings and baggage does not include items listed in Article 2, paragraph 3 of these General Terms.
4. Damages to personal belongings and luggage shall be compensated without deductible.

Article 24

Vessel Insurance during Charter

If it is expressly agreed, the insurance also applies during charter of the vessel.

Article 25

Insurance against Fraud or Vessel Evasion Risk during Charter Period

1. If it is expressly agreed, the insurance also include fraud or vessel evasion during charter.
2. Cover under this Article shall not apply if there is the insured's intent, gross negligence, fault or non-compliance with existing regulations related to the selection of the charterer of the vessel.

IV. FINAL PROVISIONS

Article 26

All payments for premiums and insured amounts under the insurance contract denominated in a foreign currency are payable in Croatian kuna equivalent, at the middle exchange rate of the Croatian National Bank on the payment date.

Article 27

The insured shall take care of any deposit in cash or bank guarantee to be provided to rescuer. Upon request of the insured, the insurer shall give adequate guarantee within the limits of its obligations under the insurance contract provided that the insured provides the insurer with appropriate counter-guarantee.

Article 28

Recourse Right

1. By paying the indemnity from insurance, all rights of the insured to third parties occurred in relation to the damage for which the indemnity has been paid, shall transfer to the insurer, but maximum up to the amount paid.
2. The Insured shall provide the insurer, at its request, with the full power of attorney in exercising rights to third parties and shall issue it a duly completed and signed declaration on the assignment of its rights.

Article 29

Change of the owner of insured vessel

1. If the owner of the insured vessel is changed, the insurance contract shall terminate at the end of the 24th hour of the day when the owner has been changed.
2. The policyholder shall be entitled to receive refund of the portion of the premium for the unused insurance period, reduced by the usual cost of the insurer in connection with insurance concluded, if no insured event occurred in the previous insurance period.
3. If the vessel owner has been changed on the basis of inheritance or donating the insurance contract shall remain in force.

Article 30

Applicable law

The law of the Republic of Croatia shall apply to the Full Hull Coverage Contracts.

Article 31

Resolving Disputes

1. The contracting parties shall make efforts to settle any disputes arising from or in connection with this insurance contract and all its subsequent amendments, including disputes relating to its proper conclusion, violations termination or interpretations primarily by mutual agreement, pursuant to the insurer's rules of the internal resolving the clients' complaints, and if they fail to resolve it, they can proceed in the out- of-court settlement with the insurance ombudsman and mediation centre at the Croatian Insurance Bureau.
2. If the parties fail to resolve the dispute in the manner described in the preceding paragraph, it shall be settled by the t competent court in Zagreb.

Applied from: 01 January 2020