

## Non-binding translation

### TERMS AND CONDITIONS OBLIGATORY LIABILITY INSURANCE OF OWNERS, I.E. USERS OF MOTOR BOATS, I.E. YACHTS FOR DAMAGES CAUSED TO THIRD PERSONS

#### Recitals

In these Terms and Conditions, the terms have the following meanings:

- 1) **insurer** - GRAWE Hrvatska d.d., Ulica grada Vukovara 5, Zagreb;
- 2) **policy holder** - the person that concluded the insurance contract with the insurer;
- 3) **insured person** - the person whose property interest is insured;
- 4) **insured event** - the event that could lead to the realization of the claim by the damaged person;
- 5) **beneficiary** - the owner of the boat, i.e. yacht and every other physical or legal person that has the boat, i.e. yacht at his disposal by the will of the owner;
- 6) **insurance coverage amount** - the amount up to which the property interest is insured;
- 7) **insurance premium** - the amount paid by the policy holder on the basis of the insurance contract;
- 8) **insurance policy** - the insurance contract document;
- 9) **boat** – a sea-going vessel which is not a ship or a yacht with the total driving engines power exceeding 15 kW;
- 10) **yacht** – a sport and pleasure vessel with the length greater than 12 meters and which is authorized to carry 12 passengers at the most, beside the crew;
- 11) **Act** – the Act on Compulsory Insurance within Transport Sector.

#### Scope of coverage

##### Article 1

- (1) The insurer has the liability, based on the insurance policy, to compensate the damage according to the provisions of the regulations on the liability damage compensation, if a bodily injury, health impairment or death of a third person occurred during the use of the boat, i.e. yacht stated in the insurance policy by the responsibility of the user.  
As third persons are not considered the persons that are on the boat, i.e. yacht by which the damage was caused, and the persons that are on the other boat, yacht, ship, i.e. other vessel.
- (2) Beside the user of the boat, i.e. yacht, the insurance covers the liability for the compensation of the damage caused by the persons working during the use of the boat, i.e. yacht by the will of the owner, as well as the persons that are transported by the boat, i.e. yacht.
- (3) The contracted insurance coverage amount represents the top limit of the insurer's liability for all the dues per a single harmful event, which is the lowest amount prescribed for the damage to the persons at the time of concluding of the insurance contract, unless it is contracted otherwise, regardless to the number of the damaged persons.  
Several damages connected by time represent a single insured event, if the damages arose due to the same cause.  
If, at the moment of arising of the harmful event, the insurance coverage amount prescribed by the competent authority was greater than the contracted amount, it is considered that the insurance was contracted to a greater amount.

#### Exclusions from insurance

##### Article 2

- (1) The provisions of Article 23 of the Act shall apply adequately.
- (2) The boat, i.e. yacht owner's liability insurance excludes the claims:
  - 1) of the person that operated the boat, i.e. yacht by which the damage was caused and his relatives and other physical or legal persons regarding the damage due to death or bodily injury of the person that operated the boat, i.e. yacht,
  - 2) of the damaged person to which the damage was caused:
    - due to the use of the boat, i.e. yacht at sporting events, the goal of which is achieving the highest or the highest average speed, i.e. at practices for those events,
    - due to the effects of nuclear energy during transport of radioactive material,
    - due to war operations, riots or a terrorist act, providing that, in that case, the insurance company must prove that the damage was caused by such an event.
- (3) If it is not contracted specifically, the insurance coverage excludes the claims arising from a harmful event that occurred while the boat, i.e. yacht was mobilized or requisitioned by the authorities, specifically, from the moment of arriving to the destination to the moment of taking over of the boat, i.e. yacht.

#### Loss of rights from insurance

##### Article 3

- (1) The provisions of Article 24, Paragraph 1, Item 1 to 6 of the Act about the cases in which the insured person loses his rights from the insurance shall apply adequately:
  - 1) Exceptionally, in case of Article 24, Paragraph 1, items 2 and 3 of the Act, if the person operating the boat, i.e. yacht did not have the boat, i.e. yacht operating license prolonged upon the expiry of the validity and he did not lose the right to a prolongation of the validity until the day of the harmful event, it is considered that the person has the corresponding boat, i.e. yacht operating license.
  - 2) If, at the time of the accident, the person who operated the insured boat, i.e. yacht, was under the influence of alcohol or under the influence of drugs and psychoactive substances or other psychoactive substances from Article 24, Paragraph 1, Item 4 of the Act, the insured person loses his rights from the insurance:
    - a) if it is ascertained by the blood analysis or by another method of measuring the quantity of alcohol in the organism of the person that operated the boat, i.e. yacht that the content of alcohol in the blood amounts to 0.5 g/kg and more (0.5‰ and more);
    - b) if the person that operated the boat, i.e. yacht refuses to undergo an alcohol test or test of the effect of drugs and other intoxicating substances after the accident.
- (2) The insured person that enables that the boat, i.e. yacht is operated by the person in the circumstances from Article 24, Paragraph 2 and 3 of the Act loses the rights from the insurance.
- (3) The insured person that enables that the boat, i.e. yacht transports persons at the place that is not anticipated for transport of persons loses the rights from the insurance for the claims filed by those persons, except for the claims of the persons transported in accordance with the regulations;
- (4) The insured person does not lose his rights from the previous provisions of this Article:
  - 1) if he proves that he is not guilty for existing of the circumstances that lead to the loss of the rights from the insurance;
  - 2) if he proves that the harmful event is not causally linked to the fact that the person that operated the boat, i.e. yacht was under the influence of alcohol, drugs, psychoactive substances or other psychoactive substances at the moment of the accident.
- (5) The insured person that loses his rights from the insurance on the basis of previous provisions of this Article is obliged to compensate to the insurer the paid amount at the most up to 12 (twelve) average net salaries according to the last official report of the Croatian Bureau of Statistics.
- (6) If an additional premium was not paid for the increased risk, the insured person loses the right from the insurance for each insured event from the increased risk in the proportion between the premium paid and the premium he should have paid.

#### Obligations of insured person

##### Article 4

- (1) The insured person is obliged to assist the insurer, according to his abilities, in solving the issues of liability. He is therefore obliged to give him true and comprehensive data about the course of the accident and its circumstances within the term of 3 (three) days from the harmful event.
- (2) If a claim was made, a lawsuit for the damage compensation was filed, a civil law claim or a proposal for ensuring the evidence was made against the insured person or a person for whom he is responsible, he is obliged to advise the insurer about that without delay within the term from the previous Paragraph that starts to be reckoned from the receipt of the mentioned documentation and to submit to him all the documents that contain the relevant damage claim.
- (3) The insured person is obliged to advise the insurer about the initiation of a lawsuit from the previous Paragraph so that the insurer could get involved in the lawsuit on the side of the insured person. The insured person may leave the litigation to the insurer.
- (4) The insured person is obliged to leave processing of the claims to the insurer, and is not entitled to reject them, especially, recognize them, except if he commits evident injustice by that.
- (5) The policy holder, i.e. the insured person is obliged to confirm all the notifications he sends to the insurer in writing, especially the change of the name, title and address.

#### Obligations of insurer

##### Article 5

- (1) The insurer is obliged to settle the founded claims in the legal terms and to take care about the protection of the insured person from unfounded or

excessive claims.

If the insurer violates this obligation, he is obliged to compensate the damage to the insured person.

- (2) The insurer is authorized to give all the statements in the name of the insured person that are, in his opinion, necessary for damage compensation or for protection from unfounded or excessive claims.

#### **Territorial validity of insurance**

##### **Article 6**

The insurance coverage is given for navigation on the territorial sea, inland sea waters and inland waters of the Republic of Croatia, unless contracted otherwise.

#### **Beginning and end of the insurance coverage**

##### **Article 7**

Unless it is contracted differently, the insurer's liability from the insurance contract begins upon the expiry of the 24<sup>th</sup> hour of the day that is stated as the beginning of the insurance in the insurance document, and ceases upon the expiry of the 24<sup>th</sup> hour that is stated as the day of the expiry of the insurance period in the insurance document.

#### **Determining of premium**

##### **Article 8**

The premium of the compulsory boat, i.e. yacht owner's insurance is determined by the insurer on the basis of these Terms and Conditions and the Premium System for the compulsory motor boat, i.e. yacht owner's insurance from the liability for damages caused to third persons that is passed by the insurer.

#### **Payment of premium**

##### **Article 9**

- (1) The policy holder pays the premium of the insurance in full during the receipt of the policy.
- (2) The policy holder sends the premium to the insurer at his own risk and at his own expense.

#### **Premium refund**

##### **Article 10**

- (1) In case of a deregistration of the boat, i.e. yacht due to the destruction, scrapping, decommissioning (standstill) or theft of the boat, i.e. yacht, the insurer is obliged, at the request of the policy holder, to refund the unused part of the premium from the day of the destruction, i.e. from the day of the receipt of the insurance cancellation, if the insured event was not realized until the day of the deregistration.
- (2) During calculating the unused part of the premium according to the previous Paragraph, the premium system that was valid on the day of contracting of the insurance shall apply.

#### **Change of boat, i.e. yacht owner**

##### **Article 11**

If the owner, i.e. the user of the boat, i.e. yacht is changed during the insurance period, the rights and the liabilities from the contract on liability insurance shall be transferred to the new owner, i.e. user and last until the expiry of the current insurance period.

#### **Written form**

##### **Article 12**

- (1) It is considered that the insurance contract is valid if it is concluded in writing and if these Terms and Conditions and the insurance policy have been handed over to the policy holder.
- (2) All reports and statements that are given on the basis of the insurance contract must be given in writing.

#### **Solving of disputes**

#### **Article 13**

- (1) The contract parties will endeavour to solve all the disputes arising from this insurance contract or in connection with this insurance contract and all its subsequent amendments, including also the disputes that refer to the issues of its valid making, violation, termination or interpretation primarily by mutual agreement, according to the rules of the insurer about the internal procedure of solving the complaints of the clients.
- (2) A client may give a complaint verbally to the record in the insurance company or submit it by mail, telefax or electronic mail within the term of 15 (fifteen) days from the day when he received the decision about which he files the complaint, i.e. from the day when he learned about the reason of the complaint.
- (3) The complaint should contain:
  - the name, the surname and the address of the person filing the complaint that is a physical person, i.e. the company name, the seat and the name and the surname of the responsible person of the person filing the complaint that is a legal person,
  - the reasons of the complaint and the requests of the person filing the complaint,
  - the proofs proving the statements from the complaint, when it is possible to enclose them, and it can also contain the documents that were not considered in the procedure in which the decision due to which the complaint is filed was made, as well as the proposals for taking of evidence,
  - the date on which the complaint is submitted and the signature of the person filing the complaint, i.e. the person representing him,
  - the Power of Attorney for representation, when the complaint is filed by the proxy.
- (4) The insurer is obliged to respond to the complaint in writing within the term of 14 (fourteen) days from the day of the receipt of the complaint.
- (5) If the client is not satisfied with the insurer's decision, the contract parties may continue the procedure within out-of-court solving of disputes of the Croatian Insurance Bureau, specifically:
  - 1) through the Insurance Ombudsman - if the disputes that refer to a violation of the Code of the insurance and reinsurance ethics and good business practices and basic standards of the insurance profession are in question;
  - 2) through the Mediation Centre - if the disputes from the insurance and indemnity relations on the basis of the insurance contract, i.e. on the basis of the Act are in question, specifically, the rights of damaged persons, insured persons or insurance companies.
- (6) If the contract parties do not succeed to solve the dispute in the way described in this Article, the territorial jurisdiction of the court with in rem jurisdiction in Zagreb is contracted for solving of all the disputes.

#### **Article 14**

The operation of the insurer is supervised by the Croatian Financial Services Supervisory Agency.

#### **Article 15**

These Terms and Conditions enter into force on and apply since 1 October 2013.

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#### ***Instruction for the realization of the damaged person's rights to the damage compensation***

The damaged person submits his claim to the insurer of the person responsible for the damage with the enclosed documentation about the basis and the amount of the damage. It is a wrong opinion that in case of bodily injuries or death of the participants in an accident at sea the claim should be solved at court in a civil lawsuit – in insurance, that is now done by experts of various profiles – lawyers, engineers, doctors, etc. and insurance companies are able to solve every, even the most complex claim in a very short time.