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In case of deviations the German wording shall prevail.

DTV Open Policy Conditions (Master Agreement) for Ship Builder's Risk Insurance 1998/2019

(AVB Schiffbau 1998/2019)

Standard policy conditions of the GDV

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1 Subject matter of the insurance

The following is insured under this master agreement

1.1 the newbuild

The newbuild includes:

its components,

its appurtenances **(1)**,

the installations and equipment **(2)**,

if such is intended or booked for the newbuild.

(1) Appurtenances refers to all objects that, without being a component, are intended to permanently serve the economic purpose of the vessel and are in a spatial relationship to the vessel that reflects this intention.

(2) Installations and equipment refers to objects that do not classify as appurtenances, but are nevertheless required to operate the vessel and are intended for consumption, whereby it is irrelevant during which time period they are consumed.

1.2 the pre-keel risk (where agreed)

Parts intended for the newbuild and stored at the shipyard are covered under the insurance even before the start of the building work if they are already intended or have been booked for the newbuild to be insured (pre-keel risk).

1.3 the yard facilities

Yard facilities refers to all movable and immovable objects on the yard premises, to the extent that the Insured has an interest in the substance of such objects (Sachsubstanzinteresse).

1.4 Not covered are:

- Shoring beams, launch way lumber, working platform lumber, walking boards, and scaffolding poles,
- tarpaulins,
- auxiliary equipment such as tack screws, steam pipes, electric wires, flexible tubes and heating facilities.

The objects listed in Clause 1.4 may be insured during their use for the building work in the same way as the newbuild. The value of such objects must be declared separately.

The insurance for such objects commences as soon as they are erected or made available next to the newbuild, and ends as soon as they are removed from the newbuild.

Loss/damage that occurs during normal use, in particular as a result of wear and tear or floating away, is not covered.

2 Scope of cover

2.1 Newbuild

2.1.1 The Insurer shall bear all risks to which the newbuild is exposed during the term of the insurance.

2.1.2 The insurance of the newbuild is subject to

- 2.1.2.1 the provisions set out in this master agreement;
- 2.1.2.2 the provisions of Section Two of the German Standard Terms and Conditions of Insurance for Ocean-Going Vessels 2009 as amended in May 2020 (DTV-ADS 2009) except for Clause 59 thereof;
- 2.1.2.3 Clause 22 (Insured's pre-contractual duty of disclosure) of Section One of the DTV-ADS 2009.
- 2.1.2.4 The provisions of the DTV-ADS 2009 named in Clause 2.1.2.2 and Clause 2.1.2.3 take precedence over this master agreement. Notwithstanding sentence 1, the Insured is entitled to invoke the provisions of this master agreement if the Insured deems such provisions more favourable to him than the aforementioned provisions of the DTV-ADS 2009.
- 2.1.3 The Insurer will indemnify for loss of or damage to the insured objects (physical damage to the substance of the objects) that are caused by or incurred as a result of an insured risk during the term of the insurance.
- 2.1.4 Errors or defects in construction or material and other defects are excluded:
- 2.1.4.1 Loss/damage
- consisting of a defect of the insured objects, e.g. resulting from an error or defect in construction or latent defect of materials;
 - incurred during production or processing while carrying out the prescribed or usual working step;
 - as well as defects of the insured object because specifications agreed in the building contract, e.g. bearing capacity, speed, etc. are not met.
- 2.1.4.2 Cost of dismantling or reassembling in case of the loss/damage listed in Clause 2.1.4.1.
- 2.1.4.3 If, however, the substance of the insured objects is physically damaged or lost as a consequence of the defect, the Insurer will indemnify for the consequential loss/damage with the exception of the cost for remedy of the defect itself. If costs are incurred for dismantling and reassembly that serve to both remedy the defect and repair the insured damage, the Insurer will indemnify for half of these costs.
- 2.1.5 Trial runs, transfer and delivery voyages
- Yard trial runs and transfer voyages as well as the delivery voyage are covered within the limits specified in Clause 6.3.1. If docking is required for the delivery, the insurance also covers this docking.
- Notwithstanding any other provisions, the Insured is responsible for complying with the legal regulations and provisions applicable to yard trial runs, transfer voyages and the delivery voyage and for obtaining all the required approvals and permits. The provisions in Clause 17.2 and Clause 17.3 apply correspondingly.
- 2.1.6 Liability to third parties
- The Insurer will pursuant to Clause 65 DTV-ADS 2009 also indemnify the Insured for third-party liability claims for loss of or damage to objects suffered by such third party and incurred when launching the newbuild or its parts or, within the limits of Clause 6.3.2, while subsequently moving within the yard's premises or between two or several yard sites either by towing or under its own steam, during docking, slipping or, within the limits of Clause 6.3.1, during covered trial runs, transfer and delivery voyages.
- 2.1.7 Third-party claims for loss/damage caused by a properly moored newbuild breaking adrift are also covered by the insurance.
- 2.2 Yard facilities
- 2.2.1 Yard facilities are insured against loss and damage caused by direct physical impact of the newbuild, its components, appurtenances or its installations and equipment on the yard facilities. The insurance of the yard facilities also covers pull und surge damage caused by the newbuild.
- 2.2.2 If the launch and/or the floating fails, the Insurer will also indemnify for expenses incurred by the new launch and loss/damage to the building slip and/or the building dock.
- 3 Risks not covered and excluded risks**
- 3.1 The following risks are not covered:
- 3.1.1 war, civil war or warlike events and perils arising – irrespective of a state of war – from the hostile use of weapons of war and perils arising from the presence of weapons of war as a consequence of one of these risks,
- 3.1.2 confiscation or other acts of seizure carried out by the authorities.
- The Insurer remains liable for a loss/damage caused by a court order or by the enforcement thereof, provided he is obliged to indemnify the Insured for the claim brought against the Insured, on which the court order is based.
- 3.1.3 If a loss/damage occurred that, considering the circumstances of the loss event, could also have been caused by a risk not covered pursuant to Clauses 3.1.1 or 3.1.2, the Insurer will indemnify for the loss if it was more likely than not caused by a covered risk.
- 3.2 Loss, damage, liability or costs are excluded if they arise from or are caused by, directly or indirectly, one or several of the risks listed below or if these risks contributed:
- 3.2.1 ionising radiation or radioactive contamination caused by nuclear fuel or nuclear waste, or from the combustion of nuclear fuel;
- 3.2.2 radioactive, toxic, explosive or other hazardous properties of a nuclear installation, nuclear reactor, or any other nuclear structure or component thereof;
- 3.2.3 any chemical, biological, bio-chemical, electromagnetic, nuclear or atomic weapon;
- 3.2.4 information security breach. Information security breach means an impairment of the
- availability
 - integrity
 - confidentiality
- of electronic data of the Insured or of information processing systems used by the Insured to carry out its operating or business activities.
- 3.3 The Insurer is not obliged to indemnify if the insured event is caused by a deliberate act on the part of the Insured or of one of its representatives. If the Insured or one of its representatives causes the insured event by a grossly negligent act, the Insurer is entitled to reduce its indemnification in a relation that is proportionate to the Insured's degree of fault.

Representatives is defined as the Insured's owners and legal representatives (executive board, managing directors, managing shareholders).

4 Insured interest

The subject matter of the insurance is the interest of the shipyard in the objects and risks listed in Clause 1.

5 Insurance for own account, for the account of another

5.1 Insurance for own account, for the account of another

5.1.1 If the contract leaves open whether the Insured is concluding the insurance in his own name on behalf of another person (insurance for the account of another), the insurance will be deemed to be for the account of the Insured (insurance for own account).

5.1.2 If the insurance is taken out for the account of another – even if the latter is named in person – it will be assumed that the party concluding the contract is doing so not as an agent but in his own name for the account of another.

5.1.3 Unless otherwise agreed, an Assured (third-party insured) will enjoy the same terms and conditions as the Insured under whose contract he is covered. The cover of the Assured is, in particular, limited to the cover the Insurer would have to grant the Insured pursuant to the insurance contract and considering the limits of liability applicable to the latter.

5.1.4 For each newbuild, the cover is available to the Insured and all the Assureds together only once per loss event. Unless otherwise agreed, the Insured's claim to insurance cover takes precedence over any claims of the Assured parties.

5.2 Legal position of the Assured (third-party insured)

5.2.1 The rights under the contract are due to the Assured. Only the Insured may request that a policy be handed over.

5.2.2 Without the Insured's consent, the Assured may not exercise his rights and enforce these rights in a court of law unless he is in possession of a policy.

5.3 Legal position of the Insured (policyholder)

5.3.1 The Insured is entitled to exercise, in his own name, the rights due to the Assured under the contract.

5.3.2 Once a policy has been issued, the Insured is entitled to accept payment and transfer the rights of the Assured without the latter's consent only if he is in possession of the policy.

5.3.3 The Insurer is obliged to indemnify the Insured only if the latter can prove to the former that the Assured gave his approval to the insurance.

5.4 Offsetting of balances

The Insurer may set off any claim he has in relation to the Insured who effected the insurance against an insurance claim insofar as the Insurer's claim results from the insurance taken out by the Insured for the Assured.

5.5 Knowledge, fault

5.5.1 Unless otherwise agreed, where reference is made in these insurance conditions to the Insured's knowledge or fault in respect of certain material facts ("knew", "ought to have known"), this will apply equally to the Assured. The Insured may only contest the issue with the Insurer on the grounds that he was not responsible

for failing to disclose a material fact if neither he nor the Assured was at fault.

5.5.2 If the insurance was arranged such that it commences prior to conclusion of the contract, the Insurer is not obliged to indemnify if the Insured or the Assured knew or ought to have known at the time the contract was concluded that the insured event had already taken place.

5.5.3 Where the insurance was concluded without the knowledge of the Assured, it is of no avail whether or not he knew or ought to have known of the occurrence. The same applies if notification of the Insured in good time was not feasible; notification is deemed not to have taken place in good time if it took longer than would be feasible in the ordinary course of business, but takes place, however, at least in the same or a similar manner in which the declaration containing the order to conclude the insurance was dispatched.

5.5.4 If the Insured concluded the contract without the Assured's instruction and failed to notify the Insurer of this failure, the Insurer is not obliged to accept a plea of ignorance in a claim brought against him.

6 Territorial scope

6.1 Insurance cover exists while the insured objects are

- on the premises of the yard; or
- on the premises of a subcontractor of the yard in the Federal Republic of Germany.

6.2 The insurance covers transports

- on the yard premises in question;
- between several sites of the yard(s); and
- between the yard and its subcontractors within a radius of 30 nautical miles (or within the district area).

Insurance cover extends to all types of transport, including transport under the vessel's own steam and towage.

6.3 The cover is limited:

6.3.1 during trial runs, transfer and delivery voyages to a radius of 250 nautical miles from the place of construction; the extension of cover to areas beyond this radius may be separately agreed;

6.3.2 during shifting voyages within a distance of 30 nautical miles.

7 Term of the master agreement

The master agreement comes into force at 00.00 hours and terminates at 24.00 hours on the dates specified in the policy.

8 Term of the insurance

8.1 The insurance cover commences as soon as the processing of the first part that is intended for the newbuild is begun at the yard.

8.2 Irrespective of the term of the master agreement, the insurance cover ends on the earlier of

- 8.2.1 the handover of the newbuild to the orderer;
- 8.2.2 total loss of the insured newbuild or in the cases corresponding to a total loss as set out in Clause 60 DTV-ADS 2009;
- 8.2.3 termination in accordance with Clauses 11.3, 12.2.4, 12.4, 20.1 of this master agreement or Clause 22 of Section One of the DTV-ADS 2009.

8.3 Work yet to be completed (where agreed by special agreement)

If, after the orderer has taken delivery of the newbuild, outstanding work is still being completed by the yard, the Insurer under this policy will also indemnify for physical damage to the substance of the building object that occurs while such outstanding work is completed and caused by the staff of the yard or any subcontractor. The Insurer must be informed of such work yet to be completed before the work commences. The additional premium to be agreed depends on the type and duration of the work yet to be completed.

9 Sum insured, insured value, limits of liability

9.1 The sum insured must be equal to the insured value.

9.2 Unless otherwise agreed, the insured value corresponds to the higher of the contractually agreed price or the value after construction. It also includes supplies by third parties, including the orderer, unless otherwise agreed with the Insurer.

9.3 The sum insured is deemed to be the agreed value of the insured value.

9.4 The Insurer is liable in accordance with Clause 11

9.4.1 only up to the amount of the sum insured, unless otherwise agreed below;

9.4.2 separately for third-party liability claims against the Insured as per Clause 2.1.6 up to the amount of the sum insured;

9.4.3 for expenses and costs the Insurer must bear in accordance with Clauses 14.1.2 to 14.1.5 even if, together with other indemnification, they exceed the sum insured.

10 Insurer's liability in the case of double insurance

10.1 If an interest has been insured against the same peril with more than one insurer such that the sums insured together exceed the insured value, the insurers are liable jointly and severally in such a way that each insurer is liable to the Insured in the amount owed under its contract. In the aggregate, however, the Insured may not demand compensation in excess of the total loss amount.

10.2 In relation to each other, the individual insurers are liable for shares proportionate to the amounts contractually owed by each of them to the Insured.

10.3 The relevant insurance contract is invalid if it is deemed that the Insured concluded said contract with the intention of gaining an unlawful pecuniary advantage from the double insurance; the Insurer is, however, still entitled to collect the full premium unless he was aware of the reason for the invalidity at the time the contract was concluded.

11 Declaration duty, declaration of sum insured and term of insurance

11.1 By concluding this master agreement, the Insured undertakes to declare all the newbuilds that fall under the insurance contract in accordance with Clause 11.

11.2 The individual newbuilds must be declared before the insurance commences, thereby stating the expected sum insured and term of the insurance.

11.3 If the Insured failed to declare an insured risk or the agreed basis of the premium or failed to apply for a cover note, or failed to do any of the above properly, the Insurer is not obliged to indemnify. This does not

apply if the Insured did not act intentionally or grossly negligently in violating its duty to make the aforementioned declaration or application, and the Insured submitted or corrected the declaration or application without delay after becoming aware of the error.

The Insurer is entitled to terminate the insurance contract without notice if the Insured intentionally breaches its duty of declaration or its duty of application. The insurance of individual risks, for which the cover has already begun, will stay in force, unless otherwise agreed, beyond the end of the open policy up until the time at which the agreed term of the insurance for such individual risks ends. The Insurer may furthermore request the premium that would have been payable until the termination becomes effective if the Insured had fulfilled its duty of declaration.

11.4 If the insured value exceeds the sum insured as per the preliminary declaration, the Insured must inform the Insurer thereof without delay after becoming aware of such fact.

If a loss event occurs before such notification has been made, the Insurer will only indemnify for an amount up to the percentage of the sum insured as per the preliminary declaration agreed in the insurance contract.

In these cases, Clause 11.3 (Declaration of sum insured) only applies to sums exceeding the sum insured as per the preliminary declaration by up to ... %.

Under no circumstances will the Insurer indemnify beyond the maximum limit specified in the yard's master agreement.

11.5 The provisions of this master agreement shall also apply if the maximum limit under this agreement is exceeded on the basis of a separate agreement with the Insurer.

12 Premium

12.1 Minimum premiums or deposit premiums may be agreed for the master agreement.

12.2 The newbuild premium is additionally subject to the following conditions:

12.2.1 The premium is calculated for the period starting with the processing of the first part that is intended for the newbuild at the yard until the newbuild is delivered to the orderer.

12.2.2 It is based on the sum insured as per the preliminary declaration and the expected construction period. The final accounts are drawn up after the end of the insurance on the basis of the actual term of insurance and sum insured when the newbuild is delivered to the orderer.

12.2.3 If the building term in the preliminary declaration is exceeded, the premium for the extended building period is calculated as follows for each additional month of which 6 days or more have passed:

- between 6 and 15 days % of the monthly premium
- more than 15 days% of the monthly premium.

12.2.4 If the building work is interrupted for more than days and if the newbuild is not delivered within days of being completed, the premium for the additional time is agreed on a case-by-case basis.

If the parties fail to reach an agreement, either party may terminate the contract with a notice period of two weeks.

- 12.2.5 In the event that parts of the newbuild are built by sub-contractors outside the yard and if the Insurer does not bear any risk before arrival thereof on the yard premises, the monthly premium on the value of such parts will only be charged from the time the first part arrives at the yard.
- 12.2.6 The premium is payable in advance in quarterly instalments of the preliminary total premium for the newbuild.
- 12.3 The claim to the premium becomes due when the invoice is issued. The premium is payable without delay following receipt of the invoice, but at the latest within two weeks thereof.
- 12.4 If the premium is not paid after a written reminder and the setting of a grace period of at least two weeks, the Insurer is discharged from its obligation to indemnify for any loss/damage that occurs after the expiry of such period unless the Insured is not responsible for the non-payment of the premium.
The Insurer is entitled to terminate the insurance contract without any notice period subject to a further two week's period if the Insured is still in default at that time.
- 12.5 The Insured may offset any counterclaims not yet due against the premium payable only if the Insurer has given his consent in writing.
- 12.6 The Insurer is entitled to offset any loss/damage claims due against the next premium instalment payable.
- 12.7 If the Insurer pays the sum insured or the difference between the sum insured and the value of the vessel in its damaged condition as agreed between the Insurer and the Assured or, if no such agreement is reached, the vessel is publicly auctioned by the Insured and the Insurer therefore pays the difference between the agreed value or the proceeds of the auction and the sum insured, the full premium must be paid for the newbuild.
- 13 Alteration of risk**
- 13.1 The Insured may alter the risk for the newbuild pursuant to Clause 1.1 and may allow it to be altered by a third party without this affecting the parties' other rights and duties.
- 13.2 If the Insured alters the risk or obtains knowledge of an alteration of risk, he must notify the Insurer thereof without delay.
- 13.3 If the Insured fails to disclose an aggravation of risk, the Insurer is not obliged to indemnify if the insured event occurs at a time when the Insurer should have received the disclosure unless the non-disclosure was neither intentional nor grossly negligent, or the aggravation of risk had no effect on the occurrence of the insured event or the extent of the Insurer's obligations thereunder.
- 13.4 The Insurer will be due an additional premium commensurate with the aggravated risk unless said aggravation was in the Insurer's own interest or made on humanitarian grounds, or was considered reasonable due to an insured event which might result in loss of/damage to the vessel.
- 14 Indemnification and expenses for loss of or damage to insured objects**
- 14.1 The Insurer will indemnify
- 14.1.1 the cost of repairing or replacing the damaged insured objects or objects that suffered a total loss. In the case of a newbuild as per Clause 1.1 the value of the works already performed before the loss event occurred will be indemnified;
- 14.1.2 expenses incurred by the Insured after the occurrence of an insured event for the prevention or mitigation of an indemnifiable loss, to the extent that, under the circumstances, the Insured was justified in regarding them as necessary;
- 14.1.3 expenses incurred by the Insured, after the occurrence of an insured event, on the instruction of the Insurer;
- 14.1.4 expenses incurred in investigating and determining the loss to be indemnified by the Insurer, to the extent that they were considered necessary under the circumstances;
- 14.1.5 expenses for ascertainment of the loss/damage by an expert commissioned by the Insurer or, with the Insurer's consent, by the Insured;
- 14.1.6 expenses for removing and/or destroying insured objects and for cleaning up the place where the loss event occurred. This is subject to the condition that the Insured was, under the circumstances, justified in regarding the expenses as necessary, the expenses were incurred on the instruction of the Insurer or due to an official order or the expenses were incurred on the instruction of a competent authority at the Insured's cost.
Payments for such expenses is limited to ... % of the sum insured unless the expenses were incurred due to measures taken on the instruction of the Insurer.
Unless otherwise agreed, the Insurer will not indemnify additional expenses to prevent or remove damage to the environment within the meaning of Section 3 (1) of the German Environmental Liability Act (UHG) unless this refers to expenses that are essential to repairing or replacing insured objects.
- 14.2 The Insurer will indemnify the Insured also for salvage remuneration in which the skill and efforts of the salvors in preventing or minimising damage to the environment have been taken into account in accordance with Art. 13 Clause 1 b) of the 1989 International Convention on Salvage.
- 14.3 The Insurer will not pay indemnification in respect of
- 14.3.1 the cost of removing a defect (see Clause 2.1.4.1);
- 14.3.2 additional costs for modifying the insured object;
- 14.3.3 additional cost of overtime, work on Sundays, public holidays or during the night unless such cost serves to mitigate the loss/damage;
- 14.3.4 administrative costs incurred by the yard in connection with the repair;
- 14.3.5 special compensation pursuant to Art. 14 of the 1989 International Convention on Salvage or of costs or expenses based on any SCOPIC clause or any similar provision in a salvage contract.
- 14.4 If a damaged object is only provisionally repaired, the Insurer will only indemnify for this repair and the later final repair up to the amount an immediate final repair would have cost unless such costs serve to mitigate the loss/damage.
- 15 Provision of bail**
- If the Insured is under obligation to provide security for an insured loss, or if the provision of security for such

a loss is necessary in order to prevent impending arrest, the Insurer will undertake to issue a guarantee in accordance with the conditions of the policy or to pay the required amount to be deposited.

16 Abandonment

16.1 In the event of an insured loss/damage, the Insurer is entitled with regard to the newbuild to discharge himself from all further liabilities by payment of the sum insured (abandonment). The Insurer nonetheless remains obliged to indemnify the Insured for costs of averting or minimising the loss/damage or in repairing or replacing the insured object, properly incurred before he was notified of the Insurer's intention to discharge himself from liability by payment of the sum insured. This also includes insured costs, which the Insured has undertaken to pay.

16.2 The Insurer's right to discharge himself from liability by payment of the sum insured ceases if the Insured does not receive notification of this intent within one week of the Insurer becoming aware of the insured event and its direct consequences.

17 Insured's obligations when the insured event occurs

17.1 The Insured must

17.1.1 immediately notify the Insurer when an insured event occurs after obtaining knowledge thereof;

17.1.2 attempt to avert and mitigate loss/damage to the extent possible and must observe the Insurer's instructions; he has to request such instructions if circumstances allow;

17.1.3 leave the damage unaltered until it is inspected by a representative of the Insurer unless

a) safety or continuation of the building work requires intervention or such intervention is based on official orders;

b) the Insurer expressly waives its right to inspect the damage;

c) the inspection has not taken place within five working days of receiving the notice of loss;

17.1.4 allow a representative of the Insurer to inspect the damaged object and keep any parts exchanged due to the loss event available for inspection; provide the Insurer upon request with all the information required to ascertain the obligation to pay indemnification and, in particular, to provide evidence of the cost of repair or replacement by submitting invoices or other documents.

17.2 In case of a breach of obligation pursuant to Clause 17.1, the Insurer is not obliged to indemnify if the Insured intentionally breached such obligation. In case of grossly negligent breach of obligation, the Insurer is entitled to reduce its indemnification in a proportion that corresponds to the severity of the Insured's fault. The burden of proof for showing that gross negligence was not in evidence lies with the Insured.

17.3 Notwithstanding Clause 17.2, the Insurer will remain obliged to indemnify provided that the breach of obligation had no influence on the ascertainment of the insured event, or on the ascertainment or the scale of the indemnity payable by the Insurer. Sentence 1 does not apply if the Insured fraudulently breached the obligation.

18 Insured's deductible

For every loss/damage except for liability to third parties and total loss of the newbuild, the Insured shall bear a deductible to be agreed per any one loss event.

19 Surveillance and firefighting measures

The provisions on surveillance and firefighting measures agreed in the insurance contract shall apply.

20 Political risks, piracy

20.1 The risks of

- acts of violence by political groups,
- strike, riot, unrest and piracy

may be excluded, either individually or collectively, for regions in which they occur with two weeks' notice. The exclusion is also legally valid if declared vis-à-vis the broker involved. Following this, the Insured may terminate the entire contract with one week's written notice to the Insurer.

20.2 The parties may agree to write back these risks.

20.3 If the work on the insured objects is suspended during one of the aforementioned events, the loss/damage resulting from the lack of working is not covered.

21 Loss account, due date of indemnification claim, damage caused by default

21.1 The Insured may not demand payment until he has submitted to the Insurer

- a loss account,
 - the documents requested by the Insurer,
- and until one month has passed since fulfilling these obligations.

21.2 If these obligations have not been fulfilled within a month of the notice of loss being lodged due to circumstances for which the Insured is not responsible, the Insured may demand payment of 75% of the minimum amount likely payable by the Insurer under the circumstances.

21.3 In the event of dispute between the Insurer and the Insured being settled by a court of law or court of arbitration, the Insurer – apart from his liability for interest as provided for by law – will not be liable to the Insured for any loss arising from delay in payment unless the Insurer has delayed the fulfilment of his obligations intentionally.

22 Protection and transfer of rights of recourse

22.1 In the event of a loss, the Insured must protect rights of recourse against third parties who are or might be liable for the loss or damage.

22.2 If the Insured is entitled to claim against a third party, these rights will transfer to the Insurer upon indemnification of the Insured. In this event, the Insured is obliged to provide the Insurer with the information required to assert these rights, to submit – provided they are in his possession – all documents supporting the claim, and, upon request of the Insurer, to issue a document on the transfer of the rights. The Insurer must bear the costs.

22.3 Even after the right of recourse has transferred to the Insurer, the Insured is obliged to mitigate the loss as far as possible. The Insured is obliged to assist the Insurer in asserting the claim and to forward immediately any material information, messages and documents which can be of use for the right of recourse. The

Insurer must bear the relevant costs and advance these upon request.

23 Leading insurer – co-insurance

- 23.1 If several insurers underwrite a policy, they are obliged to indemnify severally for their respective shares only, i.e. not jointly. This applies even if the policy or cover note was underwritten by one insurer on behalf of the others.
- 23.2 The leading insurer is deemed to have received authorisation from the co-insurers to
- 23.2.1 make agreements with the Insured; excepted from the above are, however, increases above and beyond the limit agreed under the yard's master agreement (Clause 11.4), as well as extensions to the term of the master agreement (Clause 7),
- 23.2.2 sign mortgage clauses,
- 23.2.3 receive pledging notices,
- 23.2.4 declare abandonment,
- 23.2.5 settle claims and recovery actions,
- 23.2.6 provide security in accordance with Clause 15 of this master agreement. The leading insurer is authorised but not obliged to provide security not only for his own share but also for the shares of the co-insurers. In this case, the co-insurers are obliged to provide security for their own shares vis-à-vis the leading insurer in the same manner as the leading insurer did for them.
- 23.2.7 conduct recourse proceedings,
- 23.2.8 litigate on behalf of the co-insurers; this applies equally to cases brought before courts of law and to those before arbitration tribunals. However, a verdict against the leading insurer for his part alone, or a settlement made after litigation or any arbitration award must be recognised by the co-insurers as binding for their shares as well.
- 23.3 The leading insurer is not authorised to declare the transfer of rights on behalf of the co-insurers.
- 23.4 Notifications and declarations of intent received by the leading insurer are deemed to have been received by the co-insurers as well.

24 Concluding provisions

- 24.1 Notwithstanding the other provisions in the insurance contract, the cover exists only to the extent and as long as this does not conflict with economic, trade or financial sanctions or embargoes imposed by the European Union or the Federal Republic of Germany that are directly applicable to the contracting parties.
- The same applies to economic, trade or financial sanctions or embargoes imposed by the United States of America to the extent that this does not conflict with legal provisions of the European Union or the Federal Republic of Germany.
- 24.2 All claims arising from this insurance contract become time-barred after five years. The period of prescription begins at the end of the year in which the insurance for the newbuild expires (Clauses 8.2 to 8.2.3).
- 24.3 This insurance contract is subject to German law.
- 24.4 The jurisdiction for suits brought against the Insurer under the insurance contract is determined in accordance with the Insurer's registered place of business or the branch of the Insurer that is responsible for the insurance contract. If the Insured is a natural person the court in the district in which the Insured has his

domicile or, otherwise, his habitual residence at the time the suit is brought forward also has local jurisdiction.