

PANTAENIUS-YACHT-THIRD-PARTY-LIABILITY-CLAUSES (PYTPC)

11.1013/SE/0110

§ 1 Cover

I. Basic Cover

1. The Insurer grants coverage to the Insured and to the Co-insured persons in the event that a third party asserts a legal liability claim for personal injury, property or pecuniary damages incurred in the context of the ownership and use of the vessel designated in the policy.

This insurance particularly includes:

legal liability arising out of the ownership or use of tenders, water sport and diving equipment used in connection with the vessel, legal liability arising from the towing of water-skiers and parasailors, legal liability for the direct or indirect consequences of alterations in the physical, chemical or biological quality of waters including ground water (water pollution), whereby pecuniary damages resulting from water pollution are deemed to be property damages, legal liability for damages to contractors and workers incurred whilst carrying out work on the vessel.

Insurance coverage also exists for search and rescue costs which accrue as a result of the unintentional activation of emergency rescue devices such as EPIRB or GMDSS when there is no emergency situation as long as these costs cannot be recovered elsewhere.

2. Co-insured persons are:

- a) the owner (if not the Insured),
- b) the skipper and crew members, as well as any other person who is a guest on board of the vessel with the consent of the owner or Insured.
- c) any person who with the consent of the owner or Insured uses, in connection with the vessel, a tender, water sport or diving equipment belonging to the vessel,
- d) water-skiers and parasailors being towed by the vessel or her tenders; this coverage, however, will only apply as far as this risk is not covered by another insurance (subsidiary coverage).

II. Additional Skipper's Liability Insurance

1. Insurance cover under I. No 1 is also provided to the Insured, being a natural person, and to the members of his crew as Co-insured, for legal liability arising from the use of any vessel, including tenders not listed in this policy which the Insured has chartered or borrowed for his own use and which is under his command as a skipper (skipper's liability insurance).

2. The skipper's liability insurance will also provide cover for legal liability arising from damage to the chartered or borrowed vessel, its equipment, inventory and accessories directly resulting from the gross negligence of the Insured or Co-Insured person. The deductible in this respect will be SEK 25 000.

3. This skipper's liability insurance will provide compensation only to the extent that the loss, damage or liability is not covered by any other insurance, and in particular any insurance attaching to the chartered or borrowed vessel.

§ 2 Scope of Cover

The insurance is effective worldwide.

§ 3 Extent of Cover

1. It is the Insurer's duty to examine a liability claim, to defend against an unjustified claim and to

settle a claim where damages have been determined by a legally enforceable court decision, by a settlement agreement entered into or approved by the Insurer or by an admission given or approved by the Insurer. Furthermore, it is the Insurer's duty to pursue the defence of unjustified claims.

2. The Insurer is authorised to settle and/or defend claims as defined in § 3.1 on behalf of the Insured or Co-insured persons. If the insured person prevents the termination of a liability claim dispute which the Insurer wants to settle by means of admission, payment or compromise, the Insurer is not liable for the resulting additional expenditure concerning the main issue, interests and costs.

3. The maximum compensatory payment granted by the Insurer for each claim event are the sums insured noted in the policy. A series of claims arising out of one cause and time period is deemed to be one claim event. The Insurer's expenditure for costs, including costs and expenses for avoiding or reducing the claim, will not be deducted as compensatory payment from the sums insured. This does not apply to all liability claims which are asserted under U.S. or Canadian law, irrespective of the place of jurisdiction. In this case, the Insurer's expenditure for costs will be deducted as compensatory payment from the agreed sum insured, even if these costs are incurred due to the Insurer's instruction. The total amount of compensatory payment for all claim events in any one policy year is limited to an amount twice the sums insured noted in the policy.

4. In the event that the vessel named in the policy is arrested as a result of a claim insured under these conditions, the obligation to provide indemnification of an officially or judicially determined security deposit up to an amount of SEK 1 000 000.

5. a) Insurance coverage also exists in the event of an insured person being harmed by a third party and the claim for damages against that third party arising as a result thereof cannot be asserted. By a third party under these conditions is meant the tortfeasor against whom, according to a legally enforceable judgement, the Insured or the Co-insured person has brought a claim for compensation for the loss or damage sustained.

b) The content and extent of the insured claim for compensation are in accordance with the scope of cover provided by this insurance policy. If the Insured or the Co-insured person has justified claims for compensation then this insurance policy puts him in a position as if the third party would have had insurance coverage equivalent to these conditions.

c) Insurance coverage applies for personal injury and property damage suffered by the Insured for which the third party according to private law statutory provisions is responsible.

d) No insurance coverage applies for damage caused intentionally by a third party, nor for damages of less than SEK 10 000, nor if and insofar as another insurer (e.g. indemnity or social insurance) or welfare authority is under a duty to provide compensation.

e) It is a precondition for the compensation that the Insured has obtained either a legally

enforceable judgement (judgement, execution order or judicial settlement) or an acknowledgement of debt by the third party notarised by a notary.

f) The Insured must establish that an execution has failed or appears to be without prospects of success. The execution has failed if it has not led to a full and final settlement and has no prospects of success if the third party for example has submitted a statutory declaration within the previous three years or is listed in the schedule of debtors managed by the Enforcement Service.

g) The Insured is under a duty to assign his claims for damages against a third party to the Insurer as well as to surrender the original judgement or execution documents and other documents giving rise to an insured event within the scope of these conditions.

h) A third party may not derive any rights from this insurance contract.

§ 4 Exclusions

Excluded from the insurance are:

1. Liability claims if, at the time of the event giving rise to liability, the vessel is used other than for sport or pleasure unless such other use (e. g. bareboat charter / skipper charter) is specifically agreed in advance by the Insurer.

2. Liability claims if, at the time of the event giving rise to liability, the vessel is

a) operated by a person who does not possess the necessary license required by the relevant authorities. The Insurer's duty towards the other insured persons continues however if the Insured or the owner had reasonable grounds to believe that the person operating the vessel had the relevant license or if a person without such license operated the vessel.

b) participating in or training for motor boat races which are solely concerned with achieving high speeds.

3. Liability claims arising from the use of diving equipment, if the person using such equipment is not in possession of a recognised qualification and/or license.

4. Liability claims of the Insured or the owner against Co-insured persons.

5. Liability claims asserted by and between Co-insured persons for property damage less than SEK 1 500. The same applies to liability claims asserted by Co-insured persons against the Insured or the owner.

6. Liability claims assumed under contract or special promise which exceed the extent of liability under this insurance coverage.

7. Liability claims for compensation of a penalty nature, particularly punitive damages.

8. Liability claims, particularly those arising from occupational accidents, made by professional crew members employed on the vessel against the Insured or the owner. However, legal rights of recourse on the part of social insurance institutions are covered in compliance with these terms and conditions.

9. Liability claims arising from water pollution as defined in § 1 I. no.1, if such water pollution is caused by emission or discharge of harmful substances into waters or any other deliberate actions affecting waters, the dripping or draining of oil or other liquids from tank filler-caps, filling gears or from the vessel's or the tender's machinery whilst in use, or the intentional contravention of water protection laws, regulations or official directives or by war, civil commotion or disturbances, or earthquakes.

10. Any claim for damages arising out of intentional acts committed by the Insured or any Co-insured person.

§ 5 Legal Status of the Persons Participating in the Contract

1. Only the Insured is entitled to exercise the rights of the Co-insured persons.

2. The obligations of the Insured defined in these provisions also apply equally to the Co-insured persons (§ 1 I No 2). The Insured as well as the Co-insured persons are obliged to fulfil those obligations.

§ 6 Obligations in the Case of an Insured Event

1. An insured event is an occurrence which could result in a liability claim covered under this contract.

2. The Insured is obliged to notify the Insurer of every insured event without delay.

3. The Insured is obliged to take all such measures considered appropriate and reasonable on his own initiative to avoid or reduce the claim and to comply with any instructions given by the Insurer.

4. The Insured is obliged to provide the Insurer with detailed and true reports regarding the circumstances of the insured event. Upon demand, the Insured is further obliged to provide the Insurer with any information which the Insurer deems necessary to clarify the merits of the claim and the extent of his obligation to perform.

5. In the case of litigation regarding the liability claim, the Insured is obliged to entrust the Insurer with the conduct of the case.

6. The Insured is not entitled to make any admission of liability or offer any settlement, either partially or wholly, without the prior consent of the Insurer.

7. The Insured is obliged to inform the Insurer of any other liability coverage held concerning the risks covered in this contract. If any of the obligations defined in § 6.2 - § 6.7 is not fulfilled, the Insurer is, as set forth in the Swedish Insurance Act (SFS 2005:104), relieved of any obligation to perform under this contract.

§ 7 Inception of Cover

The insurance coverage begins at the day and hour stated in the policy.

§ 8 Duration of the Contract, Cancellation

1. This contract is effective for one year and is automatically renewed annually unless notice of cancellation has been given in writing prior to the renewal date. The Insurer shall give notice of cancellation at least thirty days prior to renewal date.

2. If the vessel is transferred to new ownership, this contract will terminate on the date of transfer. The Insured will immediately notify the Insurer of the actual date of transfer enclosing a copy of the contract of sale, so that refund premium, if any, can be calculated. The new owner, insofar as he does not object, is granted provisional cover under the terms and conditions of this contract for a period of one month following the date of transfer.

§ 9 Notices, Declaratory Acts

All statements and explanations made by the Insured and Co-insured persons to the Insurer relevant to this contract are deemed legally executed when made to Pantaenius AB, Föreningsgatan 26, 211 52 Malmö.

§10 General Conditions

1. Payments by the Insurer and Insured will be made in the currency of the sum insured and premium noted in the policy. This also applies even if the covered liability claim has to be paid to the claimant in another currency.

2. Compensations to be paid under this contract may not be assigned to third parties without the Insurer's express consent.

3. If the contract is placed with more than one Insurer, each Insurer is liable only for his share, i.e. there shall be no joint liability. Upon request, Pantaenius AB will provide the Insured with the names and shares of the participating Insurers in writing. The lead Insurer is authorised by the other participating Insurers to act on behalf of all Insurers in the performance of this contract. This authorisation also applies for litigations. The lead Insurer may therefor in regards to the shares of the other participating Insurers act in his own name as claimant or defendant.

4. This contract is governed by Swedish Law.