

RECREATIONAL CRAFT INSURANCE CONDITIONS

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These recreational craft insurance conditions shall be applicable to the insurance contracts made in ERGO Insurance SE, where the object of insurance is a recreational craft. In matters which have not been regulated by the Recreational Craft Insurance Conditions the parties to the insurance contract shall act pursuant to the Law of Obligations Act and other legislation.

1. Insurer

The insurer is ERGO Insurance SE.

2. Policyholder

- 2.1. The policyholder is a person who has entered into an insurance contract with the insurer.
- 2.2. The policyholder may be the owner of the recreational craft or legal possessor thereof who has an insurable interest.
- 2.3. Upon performance of the obligations arising from the insurance contract the legal possessor(s) of the object of insurance shall be equalised with the policyholder.

3. Beneficiary

The beneficiary is a third person specified in the insurance contract who, upon the occurrence of an insured event, has the right to receive an insurance indemnity or have the insurer perform another obligation under the insurance contract.

4. Object of insurance

- 4.1. The object of insurance is the recreational craft specified in the insurance contract, which has been properly registered in the respective register in the events specified in legislation.
- 4.2. A recreational craft is a water craft with a total length of up to 24 meters (e.g. boat, sailing yacht, launch, etc.).
- 4.3. A recreational craft is insured in the composition specified in the insurance contract. The objects which are not part of the standard equipment of the recreational craft, e.g. fuel and lubricants, fishing, swimming and diving equipment, water skis, etc., are not insured.

5. Insurable value and sum insured

- 5.1. The insurable value is the ordinary value of the recreational craft or parts thereof effective in Estonia, i.e. the market value at the time of occurrence of an insured event. The ordinary value of a recreational craft is average sales price (market price).
- 5.2. The sum insured is the maximum indemnity payable per insured event. If the sum insured does not comply with the insurable value, it shall be proceeded from overinsurance or underinsurance.

6. Insurance period and territory of insurance contract

- 6.1. The insurance period is a period of time on the basis of which insurance premium is calculated.
- 6.2. The insurance cover is effective in the Republic of Estonia (incl. Navigable inland waters) and at the Baltic Sea, unless otherwise agreed in the insurance contract.

7. Excess

- 7.1. Excess is a portion of the losses and damage specified in the insurance contract, which shall not be indemnified by the insurer. The insurance contract may contain several different amounts of excess, which are applied jointly or severally, depending on the insured event. The excess shall be applicable with respect to each insured event.
- 7.2. Upon payment of the indemnity, the amount of excess is subtracted after application of the provision of underinsurance and other provisions reducing the indemnity.

8. Insurance premium

- 8.1. The insurance premium is an amount of money which the policyholder shall pay the insurer.
- 8.2. The insurance premium or a part thereof shall be paid by the due date set out in the insurance contract.

9. Insured event

- 9.1. An insured event is the unexpected and unforeseen destruction, damage or loss of a recreational craft, which has been caused by the event(s) specified in subsection 2 of this section.
- 9.2. A recreational craft shall be insured according to the package chosen by the policyholder. The insurance packages include extended insurance cover or limited insurance cover.
 - 9.2.1. Extended insurance cover. The damage caused to a recreational craft by the following unexpected and unforeseen events shall be indemnified:
 - 9.2.1.1. external mechanical force, incl. hitting rocks or scratching the bottom of the water body, a collision with any moving or non-moving physical object, incl. another water craft or port structure;
 - 9.2.1.2. storm and/or wind (except damage caused to sails);
 - 9.2.1.3. theft. The loss or damage of a recreational craft caused by the theft or robbery of the recreational craft or parts thereof shall be indemnified;
 - 9.2.1.4. vandalism. The losses and damage caused to (a) third party (parties) by damaging or destroying the recreational craft shall be indemnified;
 - 9.2.1.5. fire. Fire means an uncontrollable burning process outside the prescribed place, i.e. fire with a light effect, which started without a local furnace or spread out of the local furnace and is able to spread further;
 - 9.2.1.6. explosion;
 - 9.2.1.7. lightning. Lightning means direct transfer of a lightning charge to the insured recreational craft;
 - 9.2.1.8. destruction or damage of a recreational craft, which arose from lifting the craft out of the water, launching the craft or keeping the craft on the slipway (slipway damage);
 - 9.2.1.9. destruction or damage of the recreational craft which arose from the transport of the recreational craft on the prescribed trailer (transportation damage).
 - 9.2.2. Limited insurance cover. Losses and damage caused to the recreational craft by the events listed in clause 1 of subsection 2 of this section, except the damage caused by an external mechanical force shall be indemnified.

- 9.2.3. If the time of occurrence of the insured event cannot be identified, the moment when the policyholder or a person equalized with the policyholder should have learned about the insured event shall be deemed the time of occurrence of the insured event.

10. Insurance indemnity, forms of indemnification and indemnified expenses

- 10.1. The insurance indemnity is an amount of money which is paid for indemnification for the losses and damage arising from an insured event.
- 10.2. The size of the indemnity per insured event shall be confined to the extent of the losses and damage suffered as a result of the insured event and the sum insured.
- 10.3. The insurer shall decide on the form of indemnification and the amount of the indemnity. The forms of indemnification include monetary compensation, restoration of the damage recreational craft or parts thereof or replacement thereof with (an) equal one(s). Equal means a recreational craft of the same class, type, age and technical condition or a recreational craft that is as similar to the object of insurance as possible.
- 10.4. In addition to direct proprietary losses and damage the insurer shall indemnify the following:
- 10.4.1. founded and reasonable costs of prevention or reduction of losses and damage;
 - 10.4.2. founded and reasonable transportation and maintenance costs;
 - 10.4.3. warehousing costs during repairs.
- 10.5. The amount of the indemnity does not include fees or taxes which the person entitled to the indemnity can set off or which are returned to the person entitled to received the indemnity (e.g. value added tax).

11. Multiple insurance, overinsurance and underinsurance

- 11.1. Multiple insurance is a situation where the recreational craft has been either partially or fully insured against the same insured risk by the same insurer or several insures and the total amount of the indemnities payable by the insures would exceed the size of the losses and damage of the total sum insured would exceed the insurable value.
- 11.2. Overinsurance is a situation whereby the sum insured exceeds the insurable value of the insurable value of the recreational craft decreases in the insurance period, but the sum insured is not reduced.
- 11.3. Underinsurance is a situation where the sum insured of the recreational craft is lower than the insurable value of the recreational craft at the time of occurrence of the insured event.

12. Insured risk and material circumstances affecting it

- 12.1. The insured risk is a danger which the recreational craft is being insured against.
- 12.2. Such change in the circumstances whereby the threat of an insured event and/or the size of possible losses and damage increases is considered a rise in the insured risk.
- 12.3. A material circumstance affecting an insured risk is, first of all, the information requested by the insurer from the policyholder in a format which can be reproduced in writing before entry into the insurance contract. Also, material circumstances affecting the insured risk comprise failure to fulfill the special conditions or agreements regarding the insured risk, which have been set out in the insurance contract or in the annexes thereto.
- 12.4. The insurer shall be immediately notified about an increase of the probability of the insured risk, unless the increase of the probability of the insured risk has been caused by a generally known circumstance.

13. Conclusion and entry into force of insurance contract

- 13.1. Upon conclusion of the insurance contract the policyholder shall:
- 13.1.1. submit to the insurer correct and complete data in mat-

ters related to the insurance contract and notify the insurer about all the material circumstances known to the policyholder which affect the insured risk;

- 13.1.2. submit to the insurer the recreational craft's registration certificate and/or other documents and data requested by the insurer.
- 13.2. The insurance contract shall enter into force on the start date of the insurance period indicated on the insurance policy.

14. Expiry and cancellation of and withdrawal from insurance contract

- 14.1. The insurance contract shall expire:
- 14.1.1. upon expiry of the insurance period;
 - 14.1.2. upon cancellation of the insurance contract;
 - 14.1.3. upon withdrawal from the insurance contract;
 - 14.1.4. upon transfer of the recreational craft. The insurer shall be immediately notified of the transfer in a format which can be reproduced in writing;
 - 14.1.5. upon deletion of the recreational craft from the register or ship register;
 - 14.1.6. upon disbursement of the sum insured;
 - 14.1.7. in other grounds prescribed by law.
- 14.2. The parties to the insurance contract have the right to cancel the insurance contract pursuant to the procedure and on the grounds prescribed by law.
- 14.3. The insurer has the right to cancel the insurance contract:
- 14.3.1. if the policyholder has violated the terms and conditions of the insurance contract;
 - 14.3.2. if the policyholder or the beneficiary has deviced or tried to device the insurer in connection with the circumstances of the insurance contract or the occurrence of the insured event;
 - 14.3.3. upon an increase of the insured risk;
 - 14.3.4. if the policyholder has failed to make two or more consecutive payments of the insurance premium.
- 14.4. Upon cancellation of the insurance contract, the insurer shall adhere to the requirements and deadlines provided for in the Law of Obligations Act.
- 14.5. The insurer does not have the right to cancel the insurance contract if the breach of terms and conditions of the insurance contract does not increase the probability of the insured risk or the obligation of the insurer to perform the insurance contract (except upon failure to pay the instalment of the insurance premium):
- 14.6. After the insured event both parties may cancel the insurance contract by notifying the other party thereof one week in advance. Upon cancellation of the insurance contract with respect to the insurance events which have occurred during the term of validity of the contract.
- 14.7. The insurer has the right to withdraw from the insurance contract if the policyholder has breached the obligations specified in clause 1 of subsection 1 of § 13 of these conditions. The insurer has the right to withdraw from the contract within one month as from the time when the insurer learned or had to learn about the about the breach of the notification obligation.
- 14.8. If the policyholder has failed to make the first insurance premium payment within 14 days after the agreed due date and if the insurer has not given the policyholder a new payment deadline during such term, it shall be deemed that the insurer has withdrawn from the contract.
- 14.9. Upon termination of the insurance contract, the policyholder has the right to a refund of the insurance premium paid for the time remaining until the end of the insurance period, less the business expenses of the insurer (15% of the annual insurance premium). If the insurance contract is cancelled after the occurrence of an insured event, the insurer shall have the right to offset the insurance premium not paid by the policyholder until the end if the insurance period.
- 14.10. Upon withdrawal from the insurance contract, the insurer shall refund to the policyholder the insurance premium paid, less the business expenses of the insurer.

15. Policyholder's rights and obligations

- 15.1. The policyholder shall:

- 15.1.1. allow the representative of the insurer to examine the condition of the recreational craft and the documents necessary for entering into the insurance contract;
- 15.1.2. immediately notify the policyholder of the emergence of multiple insurance and an increase of the insured risk, except if the rise in the insurable risk was caused by a generally known circumstance.
- 15.1.3. use the recreational craft according to its purpose and in accordance with legislation, the insurance contract and the manufacturer's requirements;
- 15.1.4. take any steps to prevent the occurrence of an insured event and reduce possible losses and damage, not increase the insured risk and not allow the person(s) for whom the policyholder is responsible to increase the insured risk;
- 15.1.5. keep and use the recreational craft prudently and securely, i.e.:
 - 15.1.5.1. upon leaving the recreational craft lock it, close the windows/latches and/or other covers prescribed by the manufacturer; switch on the anti-theft systems (if any); take the registration documents of the recreational craft with them;
 - 15.1.5.2. keep the keys to and the registration documents of the recreational craft in such a place that (a) third party (parties) does (do) not have easy access to them;
 - 15.1.5.3. upon leaving the recreational craft without the owner's supervision the craft shall be locked when located in the port; upon leaving the recreational craft without the owner's supervision in the mainland, the crafts shall be located on a locked room, in a fenced and locked territory or in a territory guarded 24 hours a day;
 - 15.1.5.4. the outboard engine of a recreational craft shall be fastened either with bolts to the hull of the recreational craft or using a special lock of the outboard engine;
 - 15.1.5.5. upon storage of the outboard engine separately from the recreational craft shall be placed in a locked storage.
- 15.2. Upon the occurrence of an insured event, the policyholder shall:
 - 15.2.1. immediately take reasonable and necessary measures to rescue the recreational craft, prevent an increase of the losses and damage and prevention of possible additional losses and damage;
 - 15.2.2. act in accordance with the procedure established by legislation and follow the insurer's requirements. Depending on the nature of the case, immediately notify the relevant agency (lifeguards, the Rescue Board, the police, the port, the Border Guard, etc.);
 - 15.2.3. immediately notify the insurer of the occurrence of an insured event in a format which can be reproduced in writing;
 - 15.2.4. in the case of theft or robbery of the recreational craft submit to the insurer the existing registration documents of the recreational craft and the key sets (incl. the electronic keys/remote controls of anti-theft systems);
 - 15.2.5. perform the required and reasonable operations for the purpose of ensuring the insurer's right of claim (provide assistance in identification of the person responsible for the loss event and/or finding witness, etc.).
- 15.3. Upon the occurrence of an insured event outside Estonia, the policyholder shall hand the destroyed or damaged recreational craft over the insurer in the territory of the Republic of Estonia.
- 15.4. The policyholder shall hand the damaged recreational craft or remains thereof to the insurer for inspection in the following the insured event and preceding repairs as well as hand over the remains of the damaged parts and accessories (if those were insured). The policyholder shall not start restoring the recreational craft or utilizing it without the consent of the insurer.
- 15.5. The policyholder is obliged to prove the occurrence of the insured event.

16. Insures' rights and obligations

- 16.1. The insurer shall:
 - 16.1.1. before entry into the insurance contract, introduce the documents of the insurance contract to the policyholder;
 - 16.1.2. maintain the confidentiality of the data disclosed to the insured in connection with the insurance contract;
 - 16.1.3. register the loss notice and introduce the policyholder to the procedure for solving insured events and indemnifying losses and damage;
 - 16.1.4. after receiving the indemnification application from the policyholder, immediately commence adjustment of the loss event;
 - 16.1.5. inspect the damage recreational craft within 5 working days after receiving the indemnification application from the policyholder;
 - 16.1.6. make the indemnification decision of the decision to refuse indemnification not later than within 10 working days after receiving all the required documents and identification of the amount and circumstances of the losses and damage. If criminal proceedings have been initiated, the insurer has the right to postpone the adoption of the decision until receipt of the ruling on termination of the criminal proceedings or a court judgment that has entered into force;
 - 16.1.7. the insurer shall immediately, but not later than within 5 working days as from making the decision, notify the insured person about the refusal to indemnify the damage, indicating the reason and basis for refusal or reduction of the insurance indemnity.
- 16.2. During the insurance period the insurer shall have the right to examine the recreational craft, demand that the policyholder take additional security measures for reducing the increased insured risk and/or increase the insurance premium pursuant to the increased insured risk. The policyholder shall be notified of the requirements for additional security measures in a format which can be reproduced in writing. If the policyholder does not agree with the application of additional security measures, the policyholder has the right to terminate the insurance contract pursuant to the procedure and by deadlines prescribed by law.
- 16.3. In the course of the proceedings following the loss event the insurer has the right to carry out an official investigation for identification of the circumstances of the event and the extent of losses and damage and identify the reasons of the loss event (question witnesses, collect evidence, etc.), involving experts, where necessary.

17. Procedure for indemnification

- 17.1. The direct proprietary damage and other reasonable and founded expenses specified in subsection 4 of § 10 shall be indemnified.
- 17.2. In case of overinsurance the insurance shall not indemnify more than the actual sum insured or the insurable value of the recreational craft.
- 17.3. In the case of underinsurance the insurance indemnity (incl. the expenses of prevention and reduction of damage) shall be paid in proportion to the ratio of the sum insured and the insurable value at the time of the occurrence of the insured event.
- 17.4. In the case of multiple insurance the insurer's compensation obligation is not higher than the difference between the actual losses and damage of the object of insurance and the remaining indemnification obligations under the insurance contract, less the excess specified in the contract.
- 17.5. In the case of indemnification of the expenses of restoration of the recreational craft the insurer has the right to determine the place of restoration of the recreational craft or organise and commission the restoration of the recreational craft. In the case of replacement of the recreational craft the insurer has the right to determine the place from where an equal recreational craft will be acquired. If the policyholder or the beneficiary does not agree with the aforementioned, the insurer shall indemnify the losses and damage to the extent the losses and damage had been if the insurer's instructions had been followed.
- 17.6. The insurance indemnity shall be paid within 10 days after adoption of the indemnification decision. If the sum insured and the

indemnity paid is in a different currency, the indemnification shall be paid on the basis of the exchange rate of Eesti Pank effective on the date of the occurrence of the losses and damage.

- 17.7. Upon payment of the insurance indemnity, the insurer has the right to withdraw the insurance premium payable by the end of the actual insurance period, regardless of whether the due date of the insurance premium has arrived or not.
- 17.8. In the case of theft or robbery of the recreational craft or if the restoration of the recreational craft is not economically justified, the insurable value of the recreational craft at the time of the occurrence of the insured event shall be paid (in the case of underinsurance the sum insured shall be paid), less the policyholder's excess, the reductions of the insurance indemnity specified in the insurance contract and outstanding insurance premium(s).
- 17.9. Parts of the level of deterioration corresponding to the age and technical condition of the recreational craft shall be used for restoration of the recreational craft. If parts of the respective level of deterioration cannot be obtained or their acquisition is not economical, the price of new parts shall be indemnified.
- 17.10. The insurer shall indemnify the restoration and replacement costs of damaged parts and mechanisms to the extent of the cost of the original parts, according to the composition specified in the insurance contract.
- 17.11. The title to the indemnified recreational craft or the remains and parts thereof shall transfer to the insurer. If the policyholder would like to retain the title to the recreational craft or (a) part(s) thereof damaged in an insured event or fails to hand them over to the insurer, the insurance indemnity shall be reduced by the postinsured event value of the property.
- 17.12. If the size of the damage arising from the insured event of the reason for the damage has not been proven, the insurer shall indemnify only the portion which has been proven by the prescribed time.
- 17.13. If the insurer has paid the insurance indemnity as a result due to theft or robbery, the insurer shall be immediately notified of finding the object of insurance and the latter shall be handed over to the insurer indemnity shall be returned to the insurer.

18. Releasing insurer from obligation to perform insurance contract

- 18.1. The insurer shall be partially or fully released from the obligation to perform the insurance contract if:
 - 18.1.1. the policyholder has failed to perform at least on of the obligations set out in § 15 or there is a cause-and-effect relationship between the failure to perform the obligation and the insured event and/or the size of the damaged arising from it;
 - 18.1.2. the policyholder has failed to pay the insurance premium by the agreed date (if the insurance premium is paid instalments, not later than by the additional due date specified by the insurer) and the insured event occurs after the due date of the insurance premium;
 - 18.1.3. the insured event has occurred due to the severe negligence or intent of the policyholder or the beneficiary. Severe negligence means a situation where the person foresees the consequences of his or her behavior, but lightheartedly hopes that the consequences will not follow.
 - 18.1.4. at the time of the occurrence of the insured event the person operating the recreational craft was intoxicated or under the influence of narcotic drugs or psychotropic substances; in such a state of illness or tiredness which did not allow for adequate perception of the situation or full adherence to the requirements of safe navigation; the operator of the recreational craft lacked the right to operate the recreational craft of the respective category. An insured event is also deemed as having occurred under the influence of alcohol, narcotic drugs or psychotropic substances if the operator of the recreational craft has consumed the aforementioned substances before proper registration of the accident in accordance with effective legislation or if the operator of the recreational craft refuses identification of intoxication after the insured event;
 - 18.1.5. losses and damage shall be indemnified under a guar-

- 18.1.6. antee given to the recreational craft or another contract; the policyholder or the beneficiary misled or attempted to mislead the insurer in terms of the circumstances and/or size of damage or tried to deceive the insurer in another manner in respect of the insurance in respect of the insurance contract or the circumstances of performance thereof;
- 18.1.7. the policyholder waives their rights against the person at fault of the losses and damage or if realization of the insurer's right of recourse proves to be impossible at the fault of the policyholder (the term of filling a claim against the party at fault is exceeded, the required documents are not submitted to the insurer).
- 18.2. The insurer shall decide on the extent of the release from the obligation to perform the insurance contract.

19. Precisions

- 19.1. The following shall not be indemnified:
 - 19.1.1. losses and damage arising from the use of the recreational craft outside the insurance territory;
 - 19.1.2. losses and damage caused to the engine, transmissions or other equipment of the recreational craft due to a technical failure or a malfunction of the cooling or lubrication system; as well as losses and damage caused by substandard oil or fuel;
 - 19.1.3. losses and damage caused by an error in designing, manufacturing, building, repairing, installing or processing the object of insurance;
 - 19.1.4. losses and damage caused by rust, corrosion, moulding, fungi, decomposing or another slow process;
 - 19.1.5. the cost of the deteriorated or worn out detail which caused the losses and damage;
 - 19.1.6. losses and damage caused by the fail of the engine or equipment of the recreational craft in water or loss of the engine or equipment if the engine or equipment was not fastened in accordance with the manufacturer's requirements;
 - 19.1.7. losses and damage caused to the recreational craft or parts thereof by rain, polluted water, moisture, snow, ice or frost it does not arise from an event specified in subsection 2 of § 9;
 - 19.1.8. losses and damage caused by a power failure, unless the failure was caused by fire or lightning that directly struck the recreational craft directly;
 - 19.1.9. losses and damage caused by the use of the recreational craft in conditions which do not correspond to the technical qualities of the recreational craft or the manufacturer's requirements (e.g. overloading);
 - 19.1.10. revenue foregone due to an insured event as well as expenses and losses indirectly related to the insured event (travel and communications expenses, reduction of the pay, etc.);
 - 19.1.11. the losses and damage have incurred because the policyholder used the recreational craft for committing an offence as the principal offender or accomplice.
- 19.2. Losses and damage and expenses the direct or indirect reason for which is any of the following shall not be indemnified by the insurer:
 - 19.2.1. war, civil war, any military activity, armed conflict;
 - 19.2.2. strike, lockout, worker's riot, any illegal activity, revolution, rebellion, other civil disturbance, terrorist act. Terrorism means the use of force for attainment of political goals, incl. acts of violence for scaring the population;
 - 19.2.3. mines, torpedoes, bombs or other military arms left behind;
 - 19.2.4. use of nuclear energy for any purpose or losing control of nuclear energy as well as radioactivity;
 - 19.2.5. expropriation, occupation, arrest, obstruction, detainment or attempts or consequences thereof;
 - 19.2.6. fines, etc.;
 - 19.2.7. use or operation of a computer, computer system, computer software, program or any electronic system if such losses and damage, injury, expense or liability was directly or indirectly caused by changing the date;
 - 19.2.8. participation of the motor boar in a competition or training.

20. Refunding insurance indemnity

The beneficiary and/or the policyholder shall refund the insurance indemnity to the insurer if the circumstances excluding the indemnification have appeared after indemnification of the damage or if the damage has been indemnified by a third person pursuant to the procedure provided by law.

21. Governing law

The insurance contract and any disputes shall be governed by the law of the Republic of Estonia.

22. Filing complaints and resolution of disputes

22.1. The policyholder has the right to file a complaint with the Financial Supervision regarding the activities of the insurer.

22.2. Any and all disputes arising from this insurance contract shall be resolved in the Harju County Court.

23. Form of notices

Any and all notices between the parties to the insurance contract during performance of the contract shall be sent in a format which can be reproduced in writing.