

General Conditions for Automobile Insurance for US NATO Business

Please note:

These Conditions are a translation of the original German Conditions (Allgemeine Bedingungen für die Kraftfahrtversicherung im US NATO Truppengeschäft AKB US NATO). Should there be any discrepancy the German wording will prevail and be binding on all parties to the Insurance. A full copy of the German wording is available on request.

Depending on the terms of the specific insurance policy, automobile insurance may include the following types of insurance:

- a) Automobile Third Party Liability Insurance (B §§ 10 to 11)
- b) Comprehensive and Own Damage (Collision) Insurance (C §§ 12 to 17)

A. General Conditions

§ 1. Insurance Coverage Effective Date

- (1) Insurance coverage begins with payment of the premium, but not before the date agreed upon.
- (2) If insurance cover is requested prior to payment of the premium, special acceptance by the insurer or their authorised representative is required for temporary cover.
- (3) Issuing of confirmation of insurance, which is necessary for official registration, is only considered as evidence of temporary coverage for automobile liability insurance.
- (4) Temporary cover expires upon payment of the premium. Temporary cover is retroactively cancelled if the application is accepted without change, but the premium for the policy is not paid within two weeks, and if the insured is responsible for the delay.
- (5) The insurer has the right to cancel the temporary cover with one week's written notice. In this case, the insurer is entitled to the proportionate amount of premium for the period of coverage.
- (6) If the insured disagrees in accordance with § 5 a Insurance Contract Law (Versicherungsvertragsgesetz) or if the insured refuses the insurer's offer based upon § 5 section 3 of the Compulsory Insurance Law (Pflichtversicherungsgesetz) the insurer will cancel temporary cover with one week's written notice.

§ 2 a. Area of Validity

- (1) The automobile insurance is valid for Europe and for those areas outside Europe referred to in the contract of the European Economic Community. In respect of automobile liability insurance, the limit of liability shall be that which is legally prescribed in the respective country, however at least the amount agreed upon in the contract of insurance.
- (2) With regard to automobile liability insurance an extension of the area of validity is possible; with regard to comprehensive and collision insurance other alternations in the area of validity can be agreed upon. In reference to automobile liability insurance, section 1 para. 2 is applicable in the event of an extension of the area of validity.

(3) **§ 2 b. Restriction of Insurance Coverage**

(1) Obligations prior to occurrence of an insurance case:

The insurer is not obligated to grant cover if

- a) the vehicle is used for rental or commercial purposes (unless specified otherwise on the policy);
 - b) the vehicle is used by an unauthorized driver;
 - c) the driver is not in possession of the required driver's license, when loss occurs on public roads or places;
 - d) under automobile liability insurance, the vehicle is used for not officially approved auto-rallies in which achievement of maximum speed is intended or for test runs connected therewith;
 - e) under automobile liability insurance, the driver is under the influence of alcohol or other drugs and is therefore not in a position to drive the vehicle safely. The insurer is not liable to the insured, the holder or the proprietor in accordance with para. b), c) or e), only if the insured, the holder or the proprietor are directly responsible for violation of the obligation or contributed to it by negligence.
- (2) In case of violation of an agreed-upon obligation in section 1 or in case of an increase of risk, the exemption of the insurer's obligation to grant coverage under automobile liability insurance to the insured and the insured persons is limited to the amount of EUR 5.000 each. (This means that the insurer can take recourse against the insured or the insured person up to a maximum amount of EUR. 5.000). In these cases the insurer's obligation to pay is limited to the legal minimum insurance sums. The insurer is entirely free of any obligation to a driver who has taken possession of the vehicle by a criminal act.

(3) Exclusions:

Insurance coverage is not granted,

- a) under comprehensive and collision insurance for damages caused directly or indirectly by riots, civil commotion, wars or restraints of rulers;
- b) for damages arising from auto-rallies in which achievement of maximum speed is intended or test runs connected therewith. Under automobile liability insurance this applies only to participation in officially authorised auto-rallies or test runs connected therewith;
- c) for damages caused by nuclear energy.

§ 3. Legal Positions of the Parties Connected with the Contract

- (1) The conditions laid down in § 2 b section 1, §§ 5, 7, 8, 9, 10 section 4 and 8, § 15 section 3 and 7, § 16 section 2 and 5, § 17 apply to the insured, co-insured and other persons who may derive claims from the insurance contract.
- (2) Unless otherwise agreed upon (see § 10 section 4), the rights deriving from the insurance contract shall be exercised exclusively by the policyholder; he, as well as the insured is responsible for the fulfillment of the obligations.
- (3) If the insurer is free of the obligation to grant coverage to the insured, this also applies to all co-insured and other persons who can derive claims from the insurance contract. If the coverage is denied due to failure to meet an obligation, the insurer may take recourse for payment to third parties only against those co-insured persons to whom the coverage exclusions apply.

- (4) Claims arising from the insurance contract may neither be assigned nor pledged prior to final assessment without the insurer's definite agreement.

§ 4 a. Duration of and Expiration of Contract

- (1) The insurance contract may be issued for a maximum of 365 (three hundred and sixty five) days. It ends with the expiration date agreed upon without cancellation.
- (2) Irrespective of section 1, the contract parties have the right to cancel the comprehensive/collision insurance with one month's notice. If the insured cancels, the premium is calculated according to the short rate tariff for the time from beginning of the insurance until the day the cancellation becomes effective. If a new comprehensive/collision insurance is concluded with the same insurer within one year the premium is calculated according to the pro-rated tariff for the duration of the conferred insurance coverage. If the insurer cancels, he is entitled to the pro-rated premium which is equivalent to the duration of insurance coverage.
- (3) If under automobile liability insurance the insurer is still obligated although the insurance contract has expired, the insurer is entitled to the premium for the duration of his obligation. If the insurer is entitled to a handling fee according to § 40 section 2 para. 2 Insurance Contract Law, the amount due is calculated according to the short-rate tariff yet not to exceed 40 % of the annual premium.

§ 4 b. Cancellation in the Event of Loss

- (1) If the insurer has agreed to or denied the obligation to pay for a claim, both parties have the right to cancel the insurance contract. The same applies if the insurer instructs the insured to have a third party's claim decided by litigation or if the committee (§ 16) is called upon.
- (2) Cancellation in the event of a claim is only possible within one month after the insurer has agreed to or denied the obligation to pay, from the date of the judicial decision following litigation with a third party or from the date of the notification of the committee's award. For the insured, the one-month period starts from the day he is made aware of the reason for cancellation. The insurer must adhere to a one-month notice of cancellation. The insured cannot cancel the contract beyond the end of the agreed-upon insurance period.
- (3) If the insured cancels in the event of a claim the insurer is entitled to the premium for the agreed-upon insurance period. If the insurer cancels he is entitled to that part of the premium which corresponds to the period for which coverage is granted.
- (4) Cancellation may apply to the entire contract or to specific coverages; if the contract covers more than one vehicle the cancellation may apply either to all or individually specified vehicles. If the insured does not agree with the cancellation of a specific part of the contract, of which he has to notify the insurer within two weeks after receipt of the partial cancellation, the entire contract is cancelled.
- (5) § 4 a section 3 is applicable.

§ 4 c. Form and Delivery of Cancellation

All cancellations must be in writing and must be received within the time limit of cancellation.

§ 5. Temporary Non-Use of Vehicle

- (1) The temporary withdrawal of a vehicle from use in accordance with the Road Traffic Law (Straßenverkehrsrecht) does not affect the insurance contract. However, the insured may request a temporary suspension of insurance coverage if he presents confirmation of de-registration from the Vehicle Registry, and if the period of suspension is at least two weeks. Suspension of coverage will also be granted if the Vehicle Registry informs the insurer about the non use of a vehicle according to § 29 a section 3 Road Traffic Registration Regulation (Straßenverkehrszulassungsordnung) unless the insured requests continuation of the insurance coverage. In both cases the mutual obligations conform to section 2 to 5.
- (2) Insurance coverage for automobile liability insurance is granted according to §§ 10 and 11, for comprehensive and collision insurance according to § 13 section 1, however, not longer than to the end of the agreed-upon insurance period. The vehicle may not be used outside the storage area, or fenced parking area, and may not be parked temporarily only. If this obligation is violated, the insurer is free of his obligation to grant coverage unless the violation occurs without knowledge or consent of the insured, and without his gross negligence.
- (3) If the vehicle is re-registered within the agreed-upon insurance period (end of the withdrawal in accordance with the Road Traffic Law), insurance coverage is fully reinstated. This already applies to use of the vehicle for the purpose of re-registration. The insurer has to be notified of the termination of non-use immediately.
- (4) The insurance contract is extended for the period of suspension.
- (5) If the insurer is not notified of the re-registration after suspension of insurance coverage and within the agreed-upon insurance period, the insurance contract expires with the end of the agreed-upon insurance period. Section 4 does not apply. The premium is calculated according to § 6 section 3, however, the date of de-registration is considered as date of sale.
- (6) The conditions of section 1 para. 2, 3 and 4 and section 2 to 5 do not apply to contracts for vehicles which have to carry an insurance registration number, for trailer coaches and to contracts with an insurance period of less than one year.

§ 6. Change of Ownership

- (1) If the vehicle is sold, the buyer assumes the rights and duties of the insured arising from the insurance contract. Buyer and seller are jointly liable for the premium of the current insurance period. The insurer must be notified of the sale immediately.
- (2) In the event of sale, insurer and buyer are entitled to cancel the insurance contract. The insurer's right to cancel expires if it is not exercised within one month after the insurer is notified of the sale; the buyer's right to cancel expires if it is not exercised within one month after purchase or within one month after being notified of the existence of the insurance. The buyer can only cancel effective immediately or effective the end of the agreed-upon insurance period; the insurer can cancel within one month's notice. If the buyer presents an insurance confirmation to the Vehicle Registry the transferred contract is regarded as cancelled as of the effective date of the new insurance. §§ 4 a section 3, 4 b section 4 and 4 c are applicable.
- (3) If the insurer or the buyer cancels, only the pro-rated premium for the duration of coverage is due to the insurer. If the insurance contract has been in effect less than 365 (three hundred and sixty five) days, the premium is calculated according to the short-rate tariff for the time from beginning of the

insurance until the date of sale or, if a new automobile insurance is concluded with the same insurer within one year, the premium is calculated according to the pro-rated tariff for the duration of the granted insurance coverage.

- (4) In contrast to section 3 the following applies to vehicles which must carry an insurance registration number:

The insurer is entitled to the premium for the current insurance year or for the agreed-upon shorter period if the contract for the sold vehicle is cancelled by the insurer or the buyer. However, the insurer is only entitled to the short-rate premium if the insured delivers the insurance policy and the insurance registration number of the sold vehicle to the insurer, and if the buyer's cancellation is submitted. If at the same time the insured concludes a new automobile insurance with the same insurer for a vehicle that must carry an insurance registration number, the unused premium will be applied to the new automobile insurance.

- (5) If within six months after sale a vehicle of the same type and purpose is insured with the same insurer of the sold vehicle and the down payment or the sole premium due is not paid in time, § 39 Insurance Contract Law (Versicherungsvertragsgesetz) applies. § 1 section 2 para. 4 and § 38 of the Insurance Contract Law do not apply. If the insurance contract is cancelled as per para. 1 according to § 39 section 3 Insurance Contract Law, the insurer is entitled to a handling fee which is calculated according to § 4 a section 3 para. 2.

§ 6 a. Termination of risk

- (1) If the risk under comprehensive or collision insurance is terminated due to a total loss settlement, the insurer is entitled to the premium for the agreed-upon insurance period.
- (2) In all other cases of permanent termination of the insured risk, the premium is calculated according to § 6 section 3.
- (3) In contrast to section 2 the following applies to vehicles which must carry an insurance registration number: The insurer is entitled to the premium for the current insurance year or for the agreed-upon shorter period if the risk has ceased permanently. However, the insurer is only entitled to the short-rate premium if the insured delivers the insurance policy and the insurance registration number of the insured vehicle to him. If at the same time the insured concludes a new automobile insurance with the same insurer for a vehicle with an insurance registration number the unused premium will be applied to the new automobile insurance.
- (4) § 6 section 5 applies accordingly.

§ 7. Obligations in the Event of a Loss

1.

- (1) A loss according to this contract is an occurrence that causes a claim covered by the insurance contract or, in the case of liability insurance, may result in claims against the insured.
- (2) Each loss must be reported by the insured in writing to the insurer within one week. The insured is required to do everything that may help clarify all matters and minimize the loss. Here, he must adhere to the instructions of the insurer. The insured must notify the insurer of any litigation, court order or fine, even though he has reported the loss.

II.

- (1) In case of liability damages the insured is not authorised to acknowledge or settle claims in full or in part without prior approval of the insurer. This does not apply if the insured, under the circumstances, could not refuse the acknowledgement or settlement because of justification.
- (2) If the claimant files a claim against the insured, the latter must report this to the insurer within one week after the claim has been filed.
- (3) If a claim is filed in court against the insured (lawsuit or court payment order), legal assistance costs are applied for by a third party, or if he is considered to enter a second defendant into proceedings, the insured must also notify the insurer immediately. The same applies in case of an arrest, a temporary injunction or a proceeding for securing of evidence.
- (4) In case of court payment order, arrest and temporary injunction the insured has to take the necessary legal remedies within the prescribed period if he does not receive any instructions by the insurer at the latest two days prior to the deadline date.
- (5) In case of litigation the insured must leave the handling of the lawsuit to the insurer; he must further grant power of attorney to the lawyer retained by the insurer and provide all information requested by said lawyer.

III.

- (1) In the event of a claim under comprehensive or collision coverage, the insured must ask for the insurer's instructions before selling or repairing the vehicle as far as is reasonable. If a damage caused by theft, fire, game or vandalism exceeds the amount of EUR 300 the police must also be informed immediately.
- (2) The insured must file proof to the company of his legal interest and that of any other person in the damaged vehicle, any encumbrances thereon, the actual time value prior to the accident, the necessary replacement amount, place, time and cause of the loss as well as description and liability amounts of all other insurance covering the vehicle, within sixty days after occurrence of loss, unless the company acknowledges an extension of this period in writing.
- (3) Upon the company's request the insured must present the damaged property, submit to examination by anyone designated by the company, sign their minutes and for the company's examination produce all pertinent records, invoices or, if the originals have been lost, notarized copies thereof, permitting copies to be made at such reasonable times and places as the company shall designate.

IV.

- (1) If one of these obligations concerning the liability insurance is violated by willful or gross negligence, the insurer does not have to grant coverage to the insured within the limits stated in section 2 and 3. In case of a gross negligence the insurer has to grant coverage insofar as the violation has no effect on the possibilities either to determine the damage or the extent of damage.
- (2) The insurer is entitled to take recourse up to a maximum amount of EUR 2.500. If the obligation to inform the insurer or to minimize the loss is violated willfully (e.g. unauthorized leaving of the scene of accident, failure to provide aid and assistance, making false statements to the

insurer), and if this violation is particularly serious the recourse is increased up to a maximum amount of EUR 5.000.

- (3) If an obligation is violated with the intention of providing illegal financial advantage for oneself or a third party, the recourse with regard to this advantage is, in contrast to section 2., unlimited. The same applies to the additional benefit if one of the obligations stated in section 11.(1) to (3) and (5) is violated by willful or gross negligence, causing a final court decision that obviously exceeds the extent of the actual justified liability-indemnification.
- (4) With regard to comprehensive and collision insurance, if one of these obligations is violated the insurer is not obligated to indemnification according to § 6 section 3 Insurance Contract Law (VVG).

§ 8. Period for Filing Suit, Court of Jurisdiction (Venue)

- (1) If the insurer refuses insurance coverage, the insured must file suit against the insurer's decision within six months in order to avoid permanent loss of coverage. This time limit begins after the insurer refused coverage in writing setting forth legal consequences connected with the expiration of the above mentioned time limit.
- (2) Lawsuits resulting from the insurance contract against the insurer have to be filed at the court of jurisdiction corresponding to the location of the insurer or their competent office. If the insurance contract is negotiated or concluded by an insurance agent, the commercial residence of this agent at the time the contract was concluded may be regarded as place of jurisdiction, or if the latter does not exist, the place of private residence.
- (3) Lawsuits against the insured by the insurer can be filed at the court of jurisdiction corresponding to the insured's residence, or alternatively to his office.

§ 9. Notices and Declarations

All notices and declarations of the insured must be made in writing and sent to the address named responsible in the policy; other agencies except those mentioned in the policy are not authorised to accept such notices and declarations.

§9 a. Legal Changes of the Extent of Coverage under Automobile Liability Insurance

- (1) If the insurer due to a law or an ordinance is obligated to change the extent of coverage or to increase the amounts of coverage, he is entitled to increase the premium effective the date the changed extent of coverage or the increased amounts of coverage are in force.
- (2) If the premium is increased according to section 1 the insured has the right, after having been notified by the insurer, to cancel the contract within one month as of the date the changed extent of coverage or the increased amounts of coverage become effective. In the event that a part of the insurance period continues past the effective date of the change of the extent of coverage or the increase of amounts of coverage, the insured has to pay the increased premium for this period.

B. Automobile Liability Insurance

§ 10. Scope of Insurance

- (1) The insurance covers the settlement of justified and the defense against unjustified claims against the insured or the co-insured persons made in accordance with legal liability regulations of private law, when by use of the vehicle indicated in the contract
 - a) persons are injured or killed
 - b) property is damaged, destroyed or lost
 - c) financial losses occur which are neither directly nor indirectly connected with injuries or property damage.
- (2) Co-insured persons are
 - a) the holder
 - b) the proprietor
 - c) the driver
 - d) co-drivers, i.e. persons who, in their capacity as employees of the insured or the holder, frequently accompany the authorised driver for his relief or for the purpose of assistance in loading and so forth,
 - e) conductors, as long as they work in their capacity as employee of the insured or the holder,
 - f) the private or public employer of the insured, if the insured vehicle is used for business purposes with the approval of the insured.
- (3) Co-insured persons may file their claims independently of the insured.
- (4) The insurer is authorised to satisfy and/or deny claims according to section (1) and to make all corresponding declarations which he deems necessary in the name of the insured persons.
- (5) The insured sums (amounts of coverage) stated in the policy form the maximum amount the insurer has to pay for each loss (limit of liability). The insurer's expenses for costs cannot be deducted from the insured sum irrespective of para.4. Several losses that coincide and result from the same cause are considered as one loss. If claims exceed the insured sums, the insurer has to bear costs for litigation only in proportion of the limit of liability to the total amount of claims. The insurer is entitled to deposit the insured sum and its share of litigation costs in fulfillment of his obligation.
- (6) If the insured has to pay an annuity to the claimant, and the capital value of the annuity exceeds the limit of liability or the balance remaining after deduction of other loss payments, annuity payments by the insurer will only be made in proportion of the limit of liability or the remaining balance the capital value of the annuity. The annuity's value will be calculated on the basis of the mortality table for Germany with endowment character 1997 DAV Men and Woman, and based on the interest according to the actual capital market interest rate in Germany. At this, the arithmetic average of the public authorities' return on capital for the last ten years, published by the Federal Bank of Germany, is to be taken into account. Later increases or decreases of the annuity are to be calculated on the date of the original annuity beginning with the cash value of postponed annuity in accordance with the aforementioned calculation. For the calculation of orphans' annuities, the age of 18 will be agreed upon as the earliest maturity age. For the calculation of employees' annuities, the completion of the 65th year will be stipulated as maturity age unless something else is determined by judgement, arrangement or any other agreement or unless the circumstances on which the stipulation is based change.

- (7) For calculation of the amount which the insured has to contribute to current annuity payments, other loss payments are deducted to their full extent from the limit of liability, if the annuity's capital value exceeds the limit of liability sum or the balance remaining after deduction of other loss payments.
- (8) If the settlement of a liability claim either through acknowledgment, payment or compromise cannot be reached due to the insured's disagreement, the insurer is exempt from the responsibility for additional expenses, interests and costs caused by the insured's refusal, provided the insurer has notified the insured accordingly.

§ 10 a. Scope of Insurance for Trailers

- (1) The insurance of the vehicle also covers damages caused by a trailer connected with the motor vehicle or by a trailer which has broken away from the towing vehicle and is still in motion. Co-insured are also the holder, proprietor, driver, co-driver and conductors of the trailer. Losses sustained by passengers of the trailer are covered up to the limit of the insured sums required by the Compulsory Insurance Law (Pflichtversicherungsgesetz).
- (2) The liability insurance for the trailer covers only damages caused by a trailer not connected with a vehicle or by a trailer which has broken away from the vehicle and is no longer in motion, as well as losses sustained by passengers in the trailer. Co-insured are also the holder, owner, driver, co-driver and conductors of the vehicle.
- (3) The term "trailer" under this condition also includes semi-trailers and, for the application of section 1, also vehicles which are towed if they are not covered by liability insurance.

§ 11. Exclusions

The insurance excludes:

1. Liability claims if they exceed the legal limits of liability due to contract or special consent.
2. Liability claims of the insured, the holder or the proprietor against co-insured persons for property damages or financial losses.
3. Liability claims for damage, destruction or loss of the insured vehicle with the exception of damage to inoperative vehicles while being non-commercially towed for roadside assistance.
4. Liability claims for damage, destruction or loss of property transported with the insured vehicle, with the exception of property transported by the passengers with consent of the holder, or property transported by the passengers for personal use, if the ride is mainly for the purpose of carrying passengers.
5. Liability claims for purely financial losses resulting from non-compliance with delivery and conveyance terms.

C. Comprehensive and Collision Insurance

§ 12 Definitions

- (1) Automobile: Should nothing contrary be stated, the word “automobile” means: The vehicle or a trailer described in the policy; under coverage 11 a (§ 13 section 1) and 11 b (§ 13 section 2) the word “automobile” includes accessories and other equipment permanently installed in the vehicle. (2) Trailer: The word “trailer” includes semi-trailers. (3) Two or more automobiles: When two or more automobiles are insured, the content of this insurance contract applies separately to each vehicle. A vehicle and one or several trailers connected thereto are to be considered separate vehicles with regard to the amounts of coverage and the agreed-upon deductibles under coverages 11 a and 11 b. (4) Accident: Under coverage 11 a and 11 b: A direct and external event which occurs suddenly and with mechanical ferret.

§ 13. Scope of coverage

- (1) Coverage II a. Comprehensive (excluding collision or upset):

Covers any direct and accidental loss of or damage to the vehicle, hereinafter called loss, excepting losses caused by collision of the vehicle with another object or by upset of the vehicle or by collision with a connected vehicle. Also covered are breakage of glass and losses caused by missiles, falling objects, fire, theft, explosion, earthquake, storm, hail, water, flood or willfully committed acts of individuals not responsible for the vehicle (vandalism). The deductible stated under 11 a of the policy shall be deducted separately for each insured vehicle and for each loss.

- (2) Coverage II b. Collision or Upset:

Covers any direct and accidental loss of or damage to the vehicle, hereafter called loss, caused by collision of the vehicle with another object or by upset of the vehicle or by collision with a connected vehicle. The deductible stated under 11 b of the policy shall be deducted separately for each insured vehicle and for each loss.

§ 14. Exclusions

Coverage will not be granted:

I.

for all types of insurance coverage (II a and 11 b)

- (1) if the insured uses the vehicle or the vehicle is used with his knowledge for committing or attempting to commit a crime.
- (2) for damages to tires unless caused by fire or stolen or unless the loss coincides with and from the same cause as other losses covered by this insurance contract
- (3) for damages due to mechanical or electrical breakdown or failure, including damages due to wear and tear and freezing unless resulting from other loss covered by this insurance contract
- (4) for damages to clothing or items for personal use

- (5) for damages due to loss of the vehicle or damage to the vehicle by requisition, nationalization, confiscation by or under the order of any government or public or local authority, damage to the vehicle which occurs subsequent to abandonment or relinquishment of possession of the vehicle, made necessary by order of such authority.
- (6) for damages to the vehicle arising while the vehicle is being transported by water or being on any ship, lighter or connecting vessel or being unloaded from. This exclusion shall not apply while the vehicle is being transported (1) on inland waterways in European countries designated under § 2 a section 1 or (2) by sea, on a voyage not exceeding 65 hours duration under normal conditions, between the European countries designated under § 2 a section 1.

II.

Furthermore, for coverage 11 a, for damages caused by embezzlement, suppression, conversion by any person who is legally in possession of the vehicle because of bailment lease, conditional sale, mortgage or other encumbrances.

§ 15. Compensation

- (1) The insurer will compensate a loss up to the amount of the replacement value of the vehicle or its parts at the time of loss as long as nothing else is agreed upon in the following sections. Replacement value is the price the insured has to spend in order to buy an equivalent used vehicle or equivalent parts. The insurer will refund the tax, only if and as far as it is due.
- (2) In all cases, the compensation is limited by the unconditionally recommended price of the manufacturer at the time of loss; however, the compensation shall not exceed the car value indicated on the policy.
- (3) Left-over and old parts remain the property of the insured. The salvage value will be deducted from the compensation. The insurer may take over the parts with consent of the insured.
- (4) In case of destruction or loss of vehicle the insurer will grant maximum compensation calculated according to section 1 to 3.
- (5) In case of damage to the vehicle the insurer will compensate the necessary costs for replacement up to the amount per section 1 to 3 as well as the reasonable freight- and other transportation costs. The same applies in case of destruction of, loss of or damage to parts of the vehicle. An appropriate deduction from the costs of spare parts and painting will be made under consideration of age and condition (deduction for wear and tear). For motorcycles, passenger cars and station wagons the deduction for wear and tear is limited to tires, batteries and painting until the end of the fourth calendar year following the first registration of the vehicle; for all other vehicles until the end of the third calendar year following the First registration.
- (6) The insurer will not take over the costs for alterations, enhancements, repairs due to wear and tear, depreciation, appearance or performance, transportation and registration fees, loss of use, costs for a rental car or fuel.
- (7) If stolen objects (vehicle itself, parts or equipment) are returned within one month after receiving the Claim report, the insured is obligated to take them back. After expiration of this deadline they become the property of the insurer. If the stolen vehicle is recovered more than 50 (fifty) km away from the insured's residence (city center), the insurer will pay for costs of one return railway ticket, 2nd class, up to a maximum distance of 1.500 (one thousand five hundred) km (by railway) from the policy holder's residence to the railway station closest to the location of recovery.

- (8) A deductible applies to each insured vehicle and for each loss separately.
- (9) Under coverage 11 a and 11 b the settlement of any loss will be reduced by the amount of the agreed-upon deductible.

§ 16. Appraiser's Procedure

- (1) In the event of a disagreement concerning the amount of the loss including the stipulation of the replacement value or the extent of the necessary repair work, an appraiser committee will decide.
- (2) The committee consists of two members, one named by the insurer and one named by the insured. **If one party of** the contract has not named a committee member within two weeks following a written request, the latter will also be named by the other party of the contract.
- (3) If the committee members do not agree, a foreman who shall be elected by the members before the beginning of the proceedings will decide within the limits of the appraisers' assessments. If the members of the committee are in disagreement concerning the person of the foreman, the latter will be determined by the responsible district Court.
- (4) Committee members and foremen must be appraisers for motor vehicles.
- (5) If the insured's Claim is approved by the appraiser committee, the insurer has to bear all expenses. If the appraiser committee reaches a decision not exceeding the insurer's offer, the insured has to bear all expenses. If the decision lies between offer and Claim, then each party shall pay the expenses in a pro-rated distribution.

§ 17. Payment of Compensation

- (1) The compensation will be paid within two weeks after determination, however, in case of theft not before the expiration of the one-month deadline (§ 15 section 7). If the extent of a loss covered under the insurance contract is not determined within a one-month period, appropriate advance payments will be made upon request of the insured.
- (2) Claims of the insured subrogated according to § 67 of the Insurance Contract Law (Versicherungsvertragsgesetz) can only be raised to the authorised driver and other under liability insurance co-insured persons as well as the renter and the borrower if they have caused the loss willfully or by gross negligence.