

TERMS AND CONDITIONS OF LEGAL EXPENSES INSURANCE

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Terms and Conditions of Legal Expenses insurance

Table of Contents:

1.	The Insured	1
2.	Coverage	1
3.	Exclusions	1
4.	What Costs are covered?	1
5.	What Costs are not covered?	2
6.	Complaints Board	2
7.	Compensation and Excess	2
8.	Apportionment of Costs	2
9.	Insurance Period	3
10.	Choice of legal Counsel	3
11.	Notice to the Insurer	3
12.	General Provisions	3
13.	Special Terms and Conditions of legal Expenses Insurance related to Yacht Insurance with Comprehensive Hull Insurance and Partial Hull Insurance	3

1. The Insured

- 1.1. When hull insurance policy (comprehensive hull insurance but not partial hull insurance) has been taken out for the yacht, the legal expenses insurance shall form part of the hull insurance for the yacht. The Insured shall be the same persons as those comprised by the hull insurance policy (see that).

2. Coverage

- 2.1. The policy covers disputes arising in private life to which the Insured is a party in his capacity of owner, user or master of the insured yacht within the navigation area agreed in the hull insurance policy in European waters, inclusive of Greenland, the Faeroe Islands, Iceland and the European Atlantic islands (the Azores, Madeira and the Canaries), except for Greek waters, see clause 3.9, and according to their nature can be heard before a civil court under the provisions of the Danish Administration of Justice Act or corresponding national rules if the case is heard by courts in another European country. The policy also covers disputes that as agreed between the parties are subject to arbitration.
- 2.2. Disputes shall be defined as specific existing conflicts that may reasonably serve as the basis for a civil action.
- 2.3. On the evidence, the Insurer shall state whether the dispute is covered by the policy. The Insurer has the right and the duty to raise doubts about the reasonableness of the case. Granting of cover is limited to costs that are commensurate with the subject-matter.

3. Exclusions

- 3.1. Disputes in connection with business activities.
Business activities are defined as:
- disputes relating to the Insured's self-employment, whether principal occupation, sideline or hobby,
 - assets transactions relating to issues set out in a. above.

- disputes of any nature arising from the employment of the Insured.
- Disputes with the public authorities in direct and indirect tax questions. Other disputes with public authorities, where the supreme administrative authority's ruling on the merits is not admissible to the ordinary courts.
 - Disputes on legal separation, divorce, parental custody, access right and maintenance obligations, except for disputes heard by the court of second instance (or perhaps third instance) where the Insured has been fully or partially successful in his claim before the court of first instance, in so far as the case is heard in Denmark.
 - Disputes relating to financial matters, proprietary rights, joint ownership or other rights in connection with contracting marriage or the dissolution hereof, registered partnerships, other forms of cohabitation or general partnerships.
 - Disputes relating to the administration of the estates of deceased persons and inheritance.
 - Private actions for libel
 - where the Insured is the plaintiff, unless the Insured is successful in all his claims,
 - where the Insured is the defendant, unless the court dismisses the case in full.
 - Criminal cases - except for costs in issues on civil law ruled in connection with the criminal case.
 - Collection proceedings against the Insured in so far as the correctness and the size of the claim are absolute.
 - Disputes, irrespective of nature, if they are to be settled pursuant to Greek law or before the Greek courts.

The exclusions in clauses 3.1 – 3.9 shall apply to cases heard by the court of first and any subsequent higher courts.

4. What Costs are covered?

- Own legal Costs
- Costs to the opposite party if such have been awarded against the Insured during a legal action or an arbitration case, or have been approved by the Insurer.
- Costs to experts - in connection with surveys - appointed by the court during a legal action.
- Costs to experts - in connection with surveys - pursuant to part 32 of the Danish Administration of Justice Act when the appointment has been approved in advance by the Insurer, see clause 5.1, or when the result of the survey report gives the Insured reasonable grounds to proceed with the case.
- Costs of unilaterally obtained expert opinions if the Insurer has approved such in advance.
- Other case-related costs if prior approval has or would have been obtained from the Insurer.

5. What Costs are not covered?

- Costs that are not reasonably incurred, e.g. because the Insured is not deemed to have

- reasonable grounds for proceeding with the case, or because the costs are out of proportion to the subject-matter.
- 5.2. The Insured's own travel costs or loss of earnings.
 - 5.3. Costs related to cases stated in clauses 3.4 and 3.5, regardless of whether the dispute is settled by probate or by individual litigation.
 - 5.4. Costs related to enforcement/execution, attachment and restraining injunction, including provision of security, unless the Insurer has accepted payment of such costs.
 - 5.5. Costs related to disputes that could have been dealt with by a complaints board, e.g. the Consumers' Complaints Board or other approved body, unless otherwise agreed with the Insurer, or if it is obvious that the case by its nature would have been submitted to the courts.
 - 5.6. If the Insured - or the Insured's appointed legal counsel - fails to perform what is required for a proper decision of the dispute, such as to appear in court or to provide requested evidence, or if actions are performed that are unreasonable, that hamper or delay the implementation of the case, the Insurer shall only be liable to the extent that it can be established that such failure has had no influence on the costs of the case.

6. Complaints Board

- 6.1. If the dispute can be dealt with by a complaints board, e.g. the Consumers' Complaints Board or other approved body, the Insured is obliged to make use of such possibility first, see clause 5.5 above. Costs when dealing with a case by such bodies will not be covered.

7. Compensation and Excess

- 7.1. Compensation is granted in respect of the costs stated in clause 4 less costs for which payment has been obtained by the opposite party, see clause 8.4.
- 7.2. The Insurer's liability to compensate for an insurance event shall be limited to DKK 100,000 incl. VAT. An excess of 10 per cent of the total costs, but no less than DKK 2,500, shall apply to the cover. If the case is appealed, a maximum of DKK 100,000, incl. VAT, shall apply to the entire hearing of the case. The costs shall be compensated for separately in respect of each court instance less any excess, including the minimum excess, for each court instance. No excess is calculated if the financial conditions for granting free legal aid have been fulfilled.
- 7.3. Where several insured parties - in the same or in various/different companies - conduct litigations of common origin which comply with the requirements in Part 23 of the Danish Administration of Justice Act for consolidated litigation, the provisions in clause 7.2 on maximum cover and excess shall apply to each of the insured parties, but see clauses 7.5 and 7.6.
- 7.4. If the decision of the dispute has any effect on other parties than those Insured involved, the costs will be apportioned among all legally interested parties, see clause 7.5.

- 7.5. Where the number of Insured in the cases set out in clauses 7.3 and 7.4 exceeds 5, total compensation payable shall be limited to an amount equivalent to the largest maximum amount multiplied by 5. The excess will be calculated based on the lowest of any percent-age rate applied, but shall always represent the lowest excess or the minimum excess amount multiplied by 5. Where the case is appealed, the maximum cover fixed in first sentence hereof shall apply to the entire hearing. The costs will be covered separately for each court instance less excess, including the minimum excess for each court instance. The costs will be allocated among all judicial interested parties, see clause 7.4. Compensation and excess respectively will be apportioned among the Insured parties. These rules will also apply to disputes settled out of court and to those considered abroad.
- 7.6. A dispute in which several parties covered by the same insurance policy are on the same side shall be regarded as one insurance event. The same shall apply to a dispute between Insured and several opposite parties whose claims are based on materially the same facts.
- 7.7. On account compensation is payable in respect of positive costs, including outlays to legal counsels, when such have been defrayed. Legal fees are payable when judgment has been passed even if the case is appealed. Counsel for the Insured however shall seek recovery in advance of awarded costs from the opposite party, see clause 8.4.

8. Apportionment of Costs

- 8.1. The Insured shall give the court all necessary details for the court to decide on the issue of awarding of costs against the opposite party.
- 8.2. Where settlement has been reached whether judicial or extra-judicial, the court shall be asked to determine the issue of apportionment of the litigation costs, or the Insurer shall approve such costs before any binding agreement is entered into.
- 8.3. In the case of arbitration, the Insurer assumes that the costs are apportioned pursuant to the principles in Part 30 of the Danish Administration of Justice Act.
- 8.4. Any supplementary costs awarded against the opposite party shall be to the benefit of the Insurer. The Insured or his counsel shall seek recovery of supplementary costs from the opposite party. Where such costs are irrecoverable, the Insurer shall cover such costs less any excess, and the Insurer will be subrogated to the rights of the Insured.
- 8.5. Where settlement is reached on the payment of the principal amount, interest and awarded costs in consideration of a receipt in full settlement, a pro rata apportionment of the settlement amount shall be made between the principal amount on the one side plus interest and the costs awarded on the other.

9. Insurance Period

- 9.1. The policy covers costs in respect of disputes only where the cause of action has occurred concurrent with or after the commencement

of the hull insurance policy. It is also a condition that the cause of action has occurred prior to the termination of the policy.

10. Choice of legal Counsel

- 10.1. Coverage is conditional on the Insured consulting and seeking legal assistance from an attorney-at-law to conduct the case. The Insured chooses his/her own counsel from among the members of the Danish Bar and Law Society (Det Danske Advokatsamfund).
- 10.2. When the insurer has granted access to legal expenses cover, counsel shall refrain from claiming payment of legal fees etc. from the Insured.
This however shall not apply to:
 - a. excess and any amount other than the insurance cover or
 - b. expenses agreed with the Insured before or no later than concurrent with the decision to pay for the expense, when such expense falls outside the scope of the insurance cover.
- 10.3. If counsel refuses to consent to the above, coverage cannot be granted.
- 10.4. Counsel has direct recourse against the Insurer for the insurance benefit and is not entitled to enter into any agreement with the Insured on his legal fees with binding effect on the Insurer.
- 10.5. The legal fees are calculated in compliance with the directions for legal costs adhered to by the courts in civil actions.
Disputes comprised by Part 31 of the Danish Administration of Justice Act on public aid for legal assistance are calculated in compliance with the directions set out therein.
- 10.6. Counsel is not entitled to conduct his/her own litigation.
- 10.7. Where the dispute is conducted outside of Denmark, the choice of a foreign legal counsel is made as agreed with the Insurer.

11. Notice to the Insurer

- 11.1. Notice to the Insurer shall be made without delay.
- 11.2. Notice shall include as far as practicable:
 - a. name of the opposite party,
 - b. the claim and the opposite party's claim, if any,
 - c. particulars of the claim with submissions of the allegations on which the claim is based. Moreover, the Insurer may require legal justification for the claim if deemed necessary in the interest of the case,
 - d. details of any litigation steps, planned or exceptionally commenced, with regard to costs of an expensive nature,
 - e. counsel's statement that referral will only be directed to the Insurer with regard to legal fees etc. (see clause 10.2),
 - f. proof that the financial conditions required to grant free legal aid have been fulfilled.
- 11.3. The notice is to be submitted by counsel or in the case set out in clause 10.7 by the Insured. In the case set out in clause 10.7, the Insurer or its agent may demand a statement of the rules according to which the case is to be settled, the structure of the legal order, expected procedure, estimated costs and a Danish, German or English translation of the case documents.

- 11.4. During the hearing of the case, counsel shall keep the Insurer informed of all litigation steps of major cost significance.

12. General Provisions

- 12.1. The legal expenses insurance policy follows the comprehensive hull insurance but not partial hull insurance policy and the terms that apply to these to the extent applicable, and which are not specifically derogated from by the terms and conditions of legal expenses insurance.
- 12.2. Where the costs in connection with a dispute on claim for compensation against the Insured are covered by third party liability insurance, such costs shall not be covered by the legal expenses insurance policy but by the third party liability insurance policy to the extent provided by said policy.
- 12.3. In all other respects, reference is made to the applicable legislation.

13. Special Terms and Conditions of legal Expenses Insurance related to Yacht Insurance with Comprehensive Hull Insurance and Partial Hull Insurance

The legal expenses insurance shall only apply if the policy includes comprehensive hull insurance or partial hull insurance. Where the policy alone covers third party liability insurance, there is no cover under the legal expenses insurance.
Disputes that fall within the field of legal expenses insurance in accordance with clauses 1 - 12, shall under this policy only include disputes to which the Insured is a party as owner, user or master of the yacht insured.

This is a translation of the Danish version of Terms and Conditions of Legal Expenses Insurance, Betingelser for retshjælpsforsikring. In the event of any discrepancy between the two versions, the Danish version shall apply.