

MARINE HULL SMALL CRAFT INSURANCE POLICY

WHEREAS the Insured by a proposal and declaration which shall be the basis of this contract and is deemed to be incorporated herein has applied to the Company for the insurance hereinafter contained and has paid or agreed to pay the first Premium as consideration for such insurance.

NOW THIS POLICY WITNESSETH that subject to the terms, conditions and exceptions annexed hereto or endorsed hereon and to the limit of liability the Company will indemnify the Insured as hereinafter provided under Section A and B below:

DEFINITIONS

Insured or You or Your or Assured

Means the insured named in the Schedule.

Insured Transit

Means transits within the geographical limits specified in the Schedule and which occur during the Period of Insurance subject to any voyage trading limitations for exports.

Limit of liability

Means the limit of liability specified in the Schedule. Our liability is limited to the amount stated any one loss or series of losses arising from the one event.

Policy

Means this Policy wording, the current Schedule any Institute Clauses described in the Schedule, and any endorsement, all of which are to be read together.

Premium

Means the premium specified in the Schedule and any endorsement premium.

Schedule

Means the schedule attaching to this policy.

Agreed Value

This is the amount shown in the schedule, which represents the value of your Craft as declared by you and agreed by us.

Craft

The Craft described in the schedule including trolleys and trailers; outboard motors; gear and equipment that would normally be sold with the Craft.

Excess

An amount to be deducted or collected in respect of any claim.

Loss or Damage: accidental damage caused by forcible, violent or external means.

Policy Documentation: policy, schedule, endorsements, renewal notice and certificate of insurance (where issued).

Total Loss: the Craft is irretrievably lost or destroyed. A constructive total loss is where the cost of replacement or repair exceeds the sum insured.

Section A –Accidental Damage cover

1. Damage To Craft

Subject to the limit stated in the Schedule the Company will indemnify you for Accidental loss or damage to your Craft whilst it is:

- ashore.
- in transit by road.
- afloat on inland and coastal waters, up to 12 nautical miles offshore, of Kingdom of Saudi Arabia.

2. Prevention or Minimization of Loss:

the company will pay reasonable costs incurred including salvage in preventing or minimizing a loss covered by this insurance.

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3. Removal of Wreck

The Company will pay the reasonable costs of attempted or actual raising, removal or destruction of the wreck of the Craft resulting from loss or damage covered by this insurance.

Exclusions to Section A

The Policy does not cover:

1. Excess stated in the schedule, except in the event of a Total Loss.
2. Loss of use of the Craft.
3. Wear, tear, depreciation or gradual deterioration.
4. Loss or damage to consumable stores or moorings.
5. The cost of making good any defect in repair or maintenance, resulting from work carried out by any person employed by you.
6. The cost of making good any fault or damage arising from any fault or error in design or construction.
7. Replacing, repairing or renewing a faulty part, faulty design, faulty construction or defective materials.
8. Loss or damage to tender(s) unless permanently marked with the name of the parent Craft.
9. Theft of outboard motors attached to the Craft or her tenders unless it is securely locked by an anti-theft device which prevents retaining bolts/clamps being undone, in addition to its normal method of attachment.
10. Theft of outboard motors unless you have safely recorded the serial number.
11. Theft of Craft whilst stored unless the theft involves forcible and violent entry or removal.
12. Theft of sailboard unless the theft involves forcible and violent entry or removal.
13. Theft of sail board from an unattended vehicle unless it is attached to a locked car roof rack and is fitted with and secured by an anti-theft device, in addition to its normal method of attachment.
14. Theft of fixed gear and equipment from the exterior of Craft unless violence or force are used.
15. Theft of the trailer, and any insured items attached to it. whilst unattended unless the trailer has been securely fastened by a wheel clamp or hitch lock.
16. A reduction in the market value of the Craft following repair, or loss of value, warranty coverage or rating.
17. Mechanical, electrical or electronic breakdowns, failures, faults or breakages.
18. Loss or damage resulting from electrolysis, osmosis, or like conditions.
19. Scratching, denting, bruising and chafing whilst in transit by road. rail, air or ferry.
20. Damage sustained in consequence of insufficient packing of items dispatched to or by repairers or suppliers.
21. In respect of Craft with a Maximum Design Speed In excess of 20 m.p.h or 17 knots no claim will be allowed in respect of:
 - a) loss, damage or liability whilst the Craft is participating in racing, speed tests or connected trials.
 - b) loss damage or liability in respect of fire and explosion, where the Craft is fitted with inboard machinery unless it is equipped with automatic or remote controlled fire extinguishing apparatus in the engine compartment.

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Section B – Legal Liability to Third Parties.

Subject to the Limits of Liability the Company will indemnify the Insured or any person in control of the Craft with the Insured's permission against liability at law to pay compensation for:

- death of or bodily injury to any person except where such death of injury arises out of and in the course of the employment of such person by the Insured.
 - damage to property other than property belonging to the Insured or held in trust by or in the custody or control of the Insured or any member of the Insured's household.
- caused by or arising out of the use of the craft and occurring during the period of insurance within the geographical limits state d in the Schedule.

Exclusions to Section B

The Policy does not cover:

- the Claim Excess of each claim shown in the schedule.
- Liabilities whilst the Craft is in transit by road.
- Liabilities assumed under contract, incurred solely by an agreement entered into by the Insured.
- Accidents or illness to persons contracted by you or by the person in control of the Craft with your permission in any capacity whatsoever, in connection with the Craft.
- Liabilities resulting from any accident whilst the Craft is in the care, custody or control of any business, trade, profession or organization.
- Liability to passengers or crew engaged in any underwater sport or activity, from the time of leaving the Craft until safely within the Craft.
- Any activity other than water skiing involving persons being pulled by the Craft and/or tender(s) unless written agreement had been obtained from the Company.

GENERAL EXCLUSIONS (APPLICABLE TO ALL SECTIONS)

This insurance cover loss damage liability or expense directly or indirectly caused by or contributed to by or arising from:

- War etc risks.
 - Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:
 - War, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war. Permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority. Mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, martial law or state of siege or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege.
 - Any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological, or ethnic purposes or reasons including the intention to influence any government and/or to put the public, or any section of the public, in fear.

- Loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.
- If the Company alleges that by reason of this exclusion, any loss, damage, cost or expense is not covered by this reinsurance the burden of proving the contrary shall be upon the Insured.

2. Nuclear Risks

- Loss or Damage directly or indirectly occasioned by or arising from or in consequence of or contributed to by nuclear weapons material
- Loss or damage directly or indirectly caused by or arising from or in consequence of or contributed to by ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this Exclusion only, combustion shall include any self-sustaining process of nuclear fission.

3. Chemical, Biological, Biochemical and Electromagnetic Weapons and Cyber Attack:

- any chemical, biological, bio-chemical or electromagnetic weapon.

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b) the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, computer virus or process or any other electronic system.

4. Willful misconduct or acts of recklessness by you or other persons in control of the Craft including, not limited to, conduct when under the influence of alcohol or drugs.

5. Any accident or incident that occurs outside the period of insurance

6. Hire, charter, reward or any other commercial activity.

7. Failure to maintain the Craft in a seaworthy condition or in the case of a trailer, roadworthy condition.

8. The Craft being left unattended afloat on moorings, unless otherwise agreed. However, Craft 18' (5.5m) in length or longer are permitted to be moored on a recognised marina berth at any time and temporarily on a mooring or anchorage recognised within a nautical chart or almanac during the period.

9. The Craft being more than 12 miles offshore.

GENERAL CONDITIONS

1. This Policy the Schedule the General Conditions the Special Conditions Warranties Exclusions and Endorsements known collectively as the Terms of the Policy shall be read together as one contract and any word or expression to which a special meaning has been attached in any part shall bear such meaning throughout.

2. Duty of Insured

The extent of the Company's liability is conditional upon:

a) The notification as soon as practicable of any change materially varying any of the facts and circumstances existing at the commencement of this Policy.

b) The observance of the terms and conditions of the Policy by You and by any other person entitled to claim indemnity under this Policy.

c) Your taking all reasonable precautions to prevent loss or damage to the interests insured.

3. This policy is non-transferable.

4. Should the Craft be sold or transferred to new ownership or there is a change in interest, this policy will be cancelled from the relevant date.

5. Any disputes arising out of or in connection with this Policy shall be subject to and governed by the laws and regulations applicable in Saudi Arabia. Saudi Arabian Committees for Resolution of Insurance Disputes and Violations provided for in Article 20 of the Saudi Supervision of Cooperative Insurance Companies Law promulgated by Royal Decree No. M32 dated 02/06/1424H shall be the only competent bodies to deal with such matters

6. The Company must be informed practicable if any of the information on which this insurance is based changes. Failure to do so may result in this insurance no longer being valid and claims not met. If in doubt about any change you should disclose it. If the policy is amended as a result of any change the Company reserves the right to vary the premium and terms for the remainder of the period of insurance.

7. The Insured must at all times exercise due care and diligence and take all reasonable steps to prevent loss or damage to your Craft.

8. The Company will pay the reasonable cost of repair for loss or damage. In the event of a Total Loss or a constructive Total Loss, we will either pay the Agreed Value of the Craft. Reasonable replacement or repair to be considered sufficient, even if the appearance and condition of the Craft is not the same as prior to the claim.

9. In no case will the Company, under any Section, pay more than the sum insured/Limit shown against that item in the Schedule.

10. In no case will the company pay for un-repaired damage in the event of a subsequent Total Loss.

11. If the claim is fraudulent or false in any way, the Company will not make any payment and the policy will be void. There will no refund of premium.

12. In the event of loss or damage to the outboard motors, the Company will pay the current replacement price less 15% per annum, up to a

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maximum deduction of 50%.

13. If sails or protective covers are more than three years old when loss or damage occurs, we will only pay for two-thirds of the replacement cost.

14. In the event of loss or damage to unspecified trailers or trolleys we will pay the current replacement price less 10% per annum, up to a maximum deduction of 50%.

15. No person who is not party to this policy or to whom cover is not expressly extended. may enforce any term of this policy.

16. Cancellation Clause

The Company may at any time cancel the policy due to:

1. Any Misrepresentation, Misdescription, Non Disclosure of material facts, or any fraudulent acts
2. Non compliance of any specific condition, stipulation or warranty
3. Non-Payment of premium and

By giving 30 [Thirty] days notice in writing to the Insured at their address last known to the company, as from the expiration of such 30 [Thirty] days and the Insured shall in that event be entitled to the return of a proportionate part of premium corresponding to the unexpired period of insurance.

The Insured shall have the option to request cancellation of the policy at any time without assigning any reasons by giving notice to the Company and (provided there are no unpaid or outstanding claims) the insured shall be entitled to a return premium less premium at the Company's customary short

scale for the period, the policy has been in force.

The Insured shall, in all cases where this policy is invalidated or cancelled, return to the Company the original insurance policy, or any related documents and that he will bear the penal and civil liability entailing from his use of the policy, or any other related documents after cancellation or invalidation. The company will not be liable in any case after the expiry date mentioned in the schedule of the policy unless the period of insurance is extended by the company in writing.

Period of Insurance	Proportion of Annual premium to be retained
Not exceeding one week	12.50%
Not exceeding one month	25.00%
Not exceeding two months	37.50%
Not exceeding three months	50.00%
Not exceeding four months	62.50%
Not exceeding six months	75.00%
Not exceeding eight months	87.50%
Exceeding eight months	100.00%

17. Currency:

Saudi Arabian Riyal (SAR)

18. Geographical Limits:

Kingdom of Saudi Arabia

19. Period of Cover

The liability of the company shall commence, notwithstanding any date to the contrary specified in the schedule, and shall expire on the date specified in the Schedule. Insureds will be informed about the renewal of the policy 30 days prior to expiry of the policy.

20. In the event of a conflict or difference in meaning between the Arabic and English texts in this Policy the Arabic text shall prevail.

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Aljazira Takaful Ta'awuni Co

Authorized Signature

Company Seal

Terms and Conditions of Cooperative Insurance

In accordance with Sharia Supervision Board Resolution No. (03), the company is committed to the following:

General Terms and conditions:

1. The Company will maintain accounts for insurance operations separate from the shareholders' accounts in accordance with the Implementing regulations provisions of the Law of Supervision of Co-operative Insurance Companies.
2. The Company undertakes to invest all funds, whether relating to shareholders or the policyholders strictly in accordance with the rules of Shariah principles and in consistent with the Company Investment policy approved by the Saudi Central Bank. The Company will add or subtract the investment return of the policyholder's invested funds, and subtracting the general expenses related to the policyholder's portion of the investment activities.
3. The Company, as the insurance administrator, will manage the insurance operations in favor of the policyholders. In case of net surplus in the insurance operations' account, it will be distributed in the following way:
 - a) Ten percent (10%) of the annual net surplus shall be distributed to the policyholders directly or in the form of reduction in premiums for the next year.
 - b) From the remainder, if any, an amount equal to (5%) of the total written premiums shall be carried forward to the shareholders' account as a fee against the Company's management of the insurance operations and investment in favor of the policyholders. This management fee shall not exceed 90% of the net surplus.
 - c) From the remainder, if any, following the distribution referenced (a) and (b) above, Company shall carry forward (10%) of the net surplus to the shareholders' account as performance incentive.

The Company may maintain the remainder of net surplus, if any, in the policyholders' account or distribute it wholly or partially to the policyholders following approval by the Saudi Central Bank and the Company's General Assembly.