

AIG
American Home Assurance Company
(incorporated in the USA)
26 Esperidon street
2001 Strovolos

MOTOR VEHICLES POLICY

Introduction

The Insured is requested to read the Policy wording, the Schedule, the Certificate of Insurance and any Endorsements attached thereto and if they are incorrect, return them immediately for alteration.

In all communications the policy number appearing in line one of the Schedule should be quoted.

Preamble

Whereas the Insured designated in the Schedule herein ("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 American Home Assurance Company ("the Company") for the insurance hereinafter contained and has paid or agreed to pay the Premium as consideration for such insurance

Now this Policy witnesseth that in respect of events occurring during the Period of Insurance and subject to the terms, exceptions and conditions contained herein or endorsed hereon (herein collectively referred to as the Terms of this Policy) will provide the insurance described hereinafter.

Policy Wording Form: AHA/MV/12.2004

Your policy is in three parts:

- the Policy wording in this document
- the Schedule which has details of you, your vehicle, the cover and the period of insurance
- the current Certificate of Insurance which gives details of who may drive and the purposes for which your vehicle may be used.

We advise you to read this Policy carefully, together with the Schedule and the Certificate and keep them in a safe place. The Certificate of Insurance should always be in your car.

If after reading these documents you have any questions, please contact either your insurance agent or our head office.

For the Sections of the Policy applicable to this Insurance refer to
"Insurance Provided" in the Policy Schedule as amended by any Endorsement.

Where the Insurance Provided is

COMPREHENSIVE

all Sections (I and II) of this Policy are operative.

Where the Insurance Provided is

THIRD PARTY, FIRE and THEFT

Section I 1. operates only in respect of loss or damage caused directly by fire, self-ignition, lightning, explosion, theft or attempted theft.

Where the Insurance Provided is

THIRD PARTY

Section I of this Policy is cancelled.

COMPLAINT HANDLING PROCEDURE

In the event that you may have a complaint against American Home Assurance Company or Abbeygate you should write to:

The Senior Manager
Abbeygate Insurance
32 Ellados Avenue,
8020 Paphos

Alternatively your complaint can be made:
by phone on 26819175, or
by fax 222991, or
via e-mail to tony@abbeygateinsure.com

All customers will receive an acknowledgement within a maximum of 5 working days.

We will do our best to resolve any difficulty directly with you, but if we are unable to do this to your satisfaction you may refer any dispute to the Financial Ombudsman Service of the Republic of Cyprus who will review your case.

In any case you always maintain your right to have recourse to justice.

SECTION I – INSURANCE OF THE MOTOR VEHICLE

1. Loss or Damage.

The Company will indemnify the Insured against loss of or damage to the Motor Vehicle and its accessories and spare parts whilst thereon.

At its own option the Company may pay in cash the amount of the loss or damage or may repair, reinstate or replace the Motor Vehicle or any part thereof or its accessories or spare parts.

The liability of the Company shall not exceed the value of the parts lost or damaged and the reasonable cost of fitting such parts it being understood that the Company's liability shall be limited to the reasonable market value of the Motor Vehicle at the time of the loss or damage but not exceeding the value stated in the Schedule.

2. Hire Purchase Agreement or Mortgage.

If to the knowledge of the Company the Motor Vehicle is the subject of a hire purchase agreement or of a pledge for security purposes any payment in cash under this Policy shall be made to the owner described in the hire purchase agreement or to the registered creditor whose receipt shall be a full and final discharge to the Company in respect of such loss or damage.

3. Compulsory Excess

The Company shall not be liable for the amounts mentioned below which represent the first part of the amount which otherwise would have been payable under Part I of this Policy in respect of each and every event as follows:

- When the Motor Vehicle is being driven by a driver of 25 years old or over, £100 (one hundred Cyprus Pounds).
- When the Motor Vehicle is being driven by a driver under 25 years old, £200 (two hundred Cyprus Pounds).

4. Additional Excess

If any Additional Excess amount is shown in an endorsement, the Insured will pay that amount (which otherwise the Company would have paid) for each incident of loss or damage. This amount is in addition to the Compulsory Excess.

EXCEPTIONS TO SECTION I

The Company shall not be liable to pay for -

1. consequential loss;
2. depreciation wear and tear mechanical or electrical breakdowns failures or breakages;
3. repairs or replacements which improve the Motor Vehicle beyond its condition before the loss or damage;
4. any reduction in the market value of the Motor Vehicle following its repair;
5. damage to tyres unless damage is caused to other parts of the Motor Vehicle at the same time;
6. loss or damage to the Motor Vehicle occurring whilst it is driven by, or is in the charge for the purpose of being driven by, a person who
 - a) is under 23 years old, or
 - b) is a holder of a learner's driving licence, or
 - c) does not hold a licence (other than a learner's licence) for a period of at least two years to drive a vehicle of the same category and type as the Motor Vehicle;
7. damage caused by overloading or strain.

SECTION II - LIABILITY TO THIRD PARTY

1. Indemnity to the Insured and other persons in Cyprus.

The Company will, subject to the Limits of Liability and the Jurisdiction Clause, indemnify the Insured or any Authorised Driver specified in the Schedule, against all sums including claimant's costs, interest and expenses, which the Insured or the Authorised Driver shall become legally liable to pay as a result of an accident caused by or arising out of the use of the Motor Vehicle on a Road in Cyprus in respect of -

- (a) bodily injury to or death of any person;
- (b) emergency treatment to any person;
- (c) damage to property.

2. Indemnity to the Insured and other persons outside Cyprus.

The Company will, subject to the Limits of Liability indemnify the Insured or any Authorised Driver specified in the Schedule, against all sums including claimant's costs, interest and expenses which the Insured or Authorised Driver shall become legally liable to pay as a result of the use of the Motor Vehicle in the territory of any State, outside Cyprus, which is a signatory party of the Unified Agreement:

Provided that, the indemnity granted under this paragraph, is the indemnity which is required by the legislation on compulsory insurance against civil liability which arises out of the use of Motor Vehicles which is in force in the State where the incident causing such a liability has occurred.

3. Indemnity to Legal Personal Representatives.

In the event of the death of any person entitled to indemnity under this Policy the Company will in respect of the liability incurred by such person indemnify his legal personal representatives in the terms and subject to the limitations which applied to such person before the time of his death.

4. Application of Limits of Liability.

The Company's liability under this Policy shall not exceed the Limits of Liability specified in the Schedule:

Provided that, in the event where indemnity is required to be provided, as a result of the use of the Motor Vehicle in the territory of any State, besides Cyprus, which has signed the Unified Agreement, is required and the indemnity granted under this Policy is for a greater amount than the minimum amount required by the respective legislation of the State where the incident giving rise to such liability has occurred, then the higher amount applies even though the incident has occurred outside Cyprus.

5. Representation and Defence.

The Company may at its own option -

(a) arrange for representation at any inquest or fatal inquiry in respect of any death which may be the subject of indemnity under Section II of this Policy;

(b) undertake the defence of proceedings in any court of law in respect of any act or alleged offence causing or relating to any event which may be the subject of indemnity under Section II of this Policy.

6. Expenses.

The Company will pay all costs and expenses incurred with its written consent.

7. Passenger Limitation.

In the event of an accident occurring whilst the Motor Vehicle is carrying a greater number of persons than stated in the Schedule, the Insured and/or the driver shall repay to the Company a rateable proportion of the total amount payable by the Company in respect of such persons.

8. Illegal Passengers.

In the event that the Company pays any amount by virtue of the provisions of the Law in respect of bodily injury to or death of any person who is carried in or upon the Motor Vehicle with the consent of the Insured or the driver in defiance of any law or regulation then the Insured and/or the driver shall repay this amount to the Company and the Company has the right to pursue the recovery of this amount from the Insured and/or the driver.

JURISDICTION CLAUSE

This insurance is governed by and construed in accordance with the laws of the Republic of Cyprus.

The Company shall not be liable to indemnify any person under this Policy in respect of judgments which are not delivered by a Court of competent jurisdiction in the Republic of Cyprus during any judicial proceedings for the payment of any amount in the form of compensation under paragraph 1 of the Policy, and the meaning of the term "judgment" is the one attached to it by the Law.

EXCEPTIONS TO SECTION II

The Company shall not be liable -

1. under sub-sections 1, 2 or 3 above to indemnify any person -
(a) unless such person shall observe, fulfil and be subject to the Terms of this Policy in so far as they can apply;
(b) if such person is entitled to indemnity under any other policy;
2. in respect of damage to property being loaded or unloaded or carried in or upon the Motor Vehicle;
3. in respect of damage to property belonging to or in the possession custody or control of -
(a) any person claiming to be indemnified under this Section; or
(b) a member of the same household as any person claiming to be indemnified under this Section;
4. in respect of any liability of a passenger of the Motor Vehicle;
5. in respect of any liability of a person resulting from intentional or premeditated act, deed or omission which constitutes a criminal offence according to the Criminal Code and which cannot be considered as an accidental event;
6. in respect of liability for bodily injury to or death of or damage to property of any person who at the time of the use of the Motor Vehicle, which gave rise to the liability, was carried, at his own free will, in or upon such Motor Vehicle, was entering or getting into the vehicle or alighting therefrom and such person knew or had reasons to believe that the Motor Vehicle was stolen or was illegally held;
7. in respect of any damage to any motor vehicle which has sustained damage and which was being towed by any Motor Vehicle in relation to which indemnity is granted by virtue of this Policy;
8. in respect of damage by vibration or by the weight of the Motor Vehicle or of the load carried by the Motor Vehicle to any bridge, weighbridge, flyover, viaduct, road or anything beneath these.
9. in respect of liability arising out in respect of any Motor Vehicle which may also be used as machinery or tool of trade and which, at the point of time when the liability arose, was firmly immobilized on the ground and was being used as machinery or tool of trade.

AVOIDANCE OF CERTAIN TERMS AND RIGHT OF RECOVERY

In the event of the Company paying any amount by virtue of the provisions of the Law for which the Company would not be liable to pay under the Terms of this Policy, the Insured and/or the driver shall repay such amount to the Company and the Company has the right to pursue recovery of this amount from the Insured and/or the driver.

The Insured and/or the driver also undertakes to repay to the Company any amount which it paid by virtue of any agreement, being an agreement which is in force -

- a) between the Government of the Republic of Cyprus and the Motor Insurers' Fund, or
- b) between the Company and the above mentioned Fund, or
- c) between the Company and all other companies members of the Motor Insurers' Fund, or
- d) between the Cyprus International Insurance Bureau and any Foreign International Insurance Bureau,

and which amount the Company would not otherwise be liable to pay under this Policy.

LIMITATION OF ACTIONS

In case an action, instituted against the Insured and/or the driver, in relation to an event that the Company would otherwise be liable to cover under this Policy, has been statute barred vis à vis the Company by virtue of the Provisions of the Law, the Company shall have no liability under this Part for the payment of any amount to the Insured or the driver irrespective of whether he has paid any amount or not.

GENERAL EXCEPTIONS

The Company shall not be liable -

1. in respect of any accident, loss, damage or liability caused sustained or incurred -
 - (a) outside the Geographical Area;
 - (b) whilst on the Insured's order or with his permission or to his knowledge any motor vehicle in respect of which indemnity is provided by this Policy is -
 - (i) being used otherwise than in accordance with the Limitations as to Use, or
 - (ii) being driven by any person other than an Authorised Driver, or
 - (iii) in the charge of a person other than an Authorised Driver for the purpose of being driven by him;
2. in respect of any accident, loss, damage or liability (except so far as is necessary to meet the requirements of the Legislation) directly or indirectly, proximately or remotely occasioned by contributed to by or traceable to or arising out of or in connection with -
 - a) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) civil war, mutiny, rebellion, revolution, insurrection, military or usurped power, terrorism (and in any action, suit or proceedings where the Company alleges that by reason of this exclusion any loss, damage or liability is not covered by this policy, the burden of proving that such loss, damage or liability is covered shall be upon the Insured), or
 - b) strike, lock-out, riot, civil commotion, or
 - c) detention, seizure, confiscation or any attempt thereat, or
 - d) flood, typhoon, hurricane, storm or tempest, cyclone, tornado, volcanic eruption, earthquake or other convulsion of nature or by any direct or indirect consequences of any of the said occurrences (and in the event of any claim hereunder the person claiming to be indemnified shall prove that the accident loss damage or liability arose independently of and was in no way connected with or occasioned by or contributed to by or traceable to any of the said occurrences or any consequence thereof; in default of such proof the Company shall not be liable to make any payment in respect of such a claim);
3. in respect of any liability which arises by virtue of an agreement but which would not have arisen in the absence of such agreement;
4. in respect of any sum which any person claiming to be indemnified would have been entitled to recover from any party but for an agreement between such person and such party;
5. (a) in respect of any accident loss or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss;
 - (b) in respect of any liability of whatsoever nature, directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purposes of this exception combustion shall include any self-sustaining process of nuclear fission;
6. in respect of any accident loss damage or liability directly or indirectly caused by or contributed to by or arising from nuclear weapons material;
7. to indemnify -
 - (i) the person driving if such person was under the influence of intoxicating or drugs;
 - (ii) the Insured if to the Insured's knowledge the driver was under the influence of intoxicating liquor or drugs,
- and such driver has been convicted by a Criminal Court for driving under such influence or there was sufficient evidence on which he could have been so convicted;
8. in respect of any liability relating to the death of or bodily injury to any person arising out of and in the course of that person's employment by the Insured:

Provided that the Company shall be liable in respect of liability relating to the death of or bodily injury to, or damage to the property of, any person, other than the driver, carried in or upon the Motor Vehicle, entering or getting into the vehicle or alighting therefrom, which arises as a result of the use of the motor vehicle on a Road during such employment;

9. to indemnify the Insured or the person driving if such person is the holder of a learner's driving license, unless such driver

(a) is accompanied by a person who is a holder of a driving license for a vehicle of the same category and type with the Motor Vehicle, and

(b) has the letter "L" fixed on the Motor Vehicle in accordance with the provisions of the learner's driving license.

DEFINITIONS

Geographical Area:- Section I - Cyprus
 Section II - Cyprus and the States which are signatory parties to the Uniform Agreement.

Law:- The Motor Vehicle (Third Party Liability Insurance) Law of 2000 or any Law amending or substituting the same and it includes any Regulations made thereunder.

Road:- A Road in Cyprus within the meaning of the Law.

Unified Agreement:- "Unified Agreement" within the meaning of the Law.

Terrorism: shall mean an act of any person acting on behalf of or in connection with any organisation with activities directed towards the overthrowing or influencing of any government de jure or de facto by force or violence.

CONDITIONS

1. Interpretation.

This Policy and the Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such specific meaning wherever it may appear.

2. Insured's Duty.

The due observance and fulfilment of the Terms of this Policy in so far as they relate to anything to be done or not to be done by the Insured or any person claiming to be indemnified and the truth of the statements and answers in the Proposal shall be conditions precedent to any liability of the Company to make any payment under this Policy.

3. Written Notice.

Every notice or communication to be given or made under this Policy shall be delivered in writing to the Company.

4. Care of Motor Vehicle.

The Insured shall take all reasonable steps to safeguard the Motor Vehicle from loss or damage and to maintain the Motor Vehicle in efficient condition and the Company shall have at all times free and full access to examine the Motor Vehicle or any part thereof or any driver or employee of the Insured. In the event of any accident or breakdown the Motor Vehicle shall not be left unattended without proper precautions being taken to prevent further loss or damage and if the Motor Vehicle be driven before the necessary repairs are effected any extension of the damage or any further damage to the Motor Vehicle shall be excluded from the scope of the indemnity granted by this Policy.

In addition, the Insured must ensure that he has a valid MOT Certificate where appropriate. If he does not do so, the Insurer reserves the right not to pay a claim.

5. Notification of Accidents.

In the event of any occurrence which may give rise to a claim under this Policy the Insured shall as soon as possible give notice thereof to the Company with full particulars. Every letter claim writ summons and process shall be notified or forwarded to the Company immediately on receipt. Notice shall also be given to the Company immediately the Insured or any person claiming to be indemnified shall have knowledge of any impending prosecution inquest or fatal inquiry in connection with any such occurrence. In case of an accident, theft or other criminal act which may give rise to a claim under this Policy the Insured shall give immediate notice to the police and shall co-operate with the Company in securing the conviction of the offender.

6. Claims Procedure.

No admission, offer, promise or payment shall be made by or on behalf of the Insured or any person claiming to be indemnified without the written consent of the Company. The Company shall be entitled, if it so desires, to take over and conduct in the name of the Insured or such person the defence or settlement of any claim or to prosecute in the name of the Insured or such person, for its own benefit, any claim for indemnity or damages or otherwise. The

Company shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured and such person shall give all such information and assistance as the Company may require. If the Company shall make any payment in settlement of any claim and such payment includes any amount not covered by this Policy the Insured or such person shall repay to the Company the amount not so covered.

7. Other Insurance.

If at the time any claim arises under this Policy there is any other insurance covering the same loss, damage or liability the Company shall not be liable to pay or contribute more than its rateable proportion of any loss, damage, compensation costs or expenses. Provided always that nothing in this Condition shall impose on the Company any liability from which but for this Condition it would have been relieved under Exception (1) (b) of Section II of this Policy.

8. Cancellation.

The Company may cancel this Policy by sending seven days' notice by registered letter to the Insured at his last known address. In such event the Company will return to the Insured the premium paid less the pro rata portion thereof for the time during the current Period of Insurance the Policy has been in force.

The Policy may be cancelled at any time by the Insured on seven days' notice. In such event and provided no claim has arisen during the current Period of Insurance and the current Certificate(s) of Insurance has been returned to the Company on or before the date of cancellation the Insured shall be entitled to the difference (if any) between the premium paid and the premium calculated at the Company's Short Period rates for the time during the current Period of Insurance the Policy has been in force. If the premium is paid under any installment scheme, and a claim has been settled during the current period, the Insured must continue with the installment payments throughout the Insurance Period. No refund of premium will be made under any installment scheme.

The insurance of the Motor Vehicle and the indemnity for liability to third party apply whilst the Insured maintains an insurable interest in the Motor Vehicle. This Policy is rendered void as soon as the Insured disposes of the Motor Vehicle in any way.

9. Changes

The Insured must always advise the Insurer of any change in the following material information which may affect this Policy:

- change of Insured's address, occupation or business (including any part-time work)
- a different person is the main driver of the Motor Vehicle
- the Motor Vehicle is used for a different purpose
- any driver's licence in favour of the Insured or the Authorised Drivers is endorsed with Penalty Points, suspended or cancelled
- the Insured or the Authorised Drivers has been charged or convicted of negligent, reckless or improper driving
- to the knowledge of the Insured any driver suffers from diabetes, epilepsy, heart condition or any other disease or infirmity which might impair ability to drive
- the Insured intends to use the Motor Vehicle outside Cyprus for more than two months in the year
- the Motor Vehicle has been modified either mechanically or bodily (other than in accordance with the manufacturer's specification)
- any person under the age of 25 who will, or may, drive your vehicle.

If the Insured fails to notify the Insurer of any of the above changes in circumstances which could affect the amount of the payable premium, the insurance cover may not protect the Insured in the event of a claim.