

SPECIAL TERMS AND CONDITIONS OF ERECTION ALL RISKS (E.A.R.)

Effective from: June 14, 2016.

Noncommittal translation. In case of questions of interpretation or legal disputes, the Hungarian text shall prevail.

Form Nr.: 24891



GENERALI

Contents

Common provisions on Property and Liability Insurance	3
I. General provisions on Additional Clauses	3
II. General Exclusions.	3
III. Deductible	3
IV. Due date of insurance service of the Insurance Company	3
V. Modification of the Policy.	3
VI. Documents to be submitted in case of claims.	4
VII. Insured	4
VIII. Policyholder	4
IX. Termination of the contract due to non-payment	4
X. Provisions derogating from the Hungarian Civil Code.	5
XI. Amendment of contracts concluded on the basis of insurance proposals made before 15th of March, 2014.	5
Special provisions on Property and Liability Insurance	6
I. Property Damage Insurance.	6
II. Liability Insurance.	11
Clauses.	15

Common Provisions on Property and Liability Insurance

Within the framework of the erection all risks insurance contract concluded on the basis of these general terms and conditions, Generali Biztosító Zrt. (hereinafter referred to as: Insurance Company) undertakes in consideration of insurance premium payment, in the event of the occurrence of an insured event as defined in the contractual terms and conditions and its clauses, to provide insurance services and pay compensation to the extent and under the conditions specified in the contract.

Any issues not specified herein shall be governed by the provisions of Generali Biztosító Zrt.'s General Terms and Conditions of Property Damage Insurance (ÁVF), Customer Information and General Provisions Governing Insurance Policies, and the provisions of the Hungarian Civil Code (Ptk.).

I. GENERAL PROVISIONS FOR ADDITIONAL CLAUSES

In the event of adapting additional clauses, the provisions of these general terms and conditions shall continue to apply, parties may differ only in accordance with and within its limits of the provisions laid down in such clauses.

If the application of the clause is subject to the payment of an additional premium, its provisions shall apply only if the additional premium has been paid by the Policyholder in accordance with the contract, within the time limit indicated on the insurance proposal. In the event of default in payment of the additional premium, the insurance cover shall start on the day following receipt of the additional premium by the Insurance Company at 00:00.

II. GENERAL EXCLUSIONS

The Insurance Company shall not indemnify the Insured in respect of loss or damage directly or indirectly caused by or arising out of:

- II.1. war, invasion, act of foreign enemy and state of emergency (whether war be declared or not), civil war, riot, uprising, insurrection, strike, civil disobedience, lockout, civil commotion, military or illegal takeover by a person or persons acting on behalf of or in connection with political organizations, conspiracy, confiscation, requisition or destruction or damage by order of any government de jure or de facto,
 - II.2. nuclear energy, nuclear radiation and radioactive contamination,
 - II.3. act of terror (act of terror shall mean an action in particular, where in order to achieve political, religious, ideological or ethnical objectives, force, violence or threat is used, including the intent to influence the government and/or population, or any stratum of the population, committed by an individual, or a group of individuals, irrespective whether individually, or on behalf of organisation(s) or government(s),
 - II.4. asbestos, or any material containing asbestos,
 - II.5. cessation of work whether total or partial,
 - II.6. insurance cover shall not cover risks, losses and claims which arise from or in any way related to any conduct or activities contrary to any embargoes applied by the United Nations, the United Kingdom, the European Union or the United States of America, or any other economic, commercial or financial prohibitive or restrictive measures taken by these organisations, countries,
 - II.7. subsequent changes of the technical solution communicated to the Insurance Company at the time the insurance risk was underwritten,
- It is the duty of the Policyholder/Insured to prove that the insured event did not occur for a reason falling within the scope of exclusions.
- II.8. damage caused by a malicious electronic attack or interference against the systems used to operate the insured equipment. Such an event shall mean in particular the malfunctioning, damage, loss, erasure, destruction, distortion, corruption of electronic data, programmes ensuring the operation of the system, due to the impact of a computer virus, or the action of an unknown person (hacker attack).

III. DEDUCTIBLE

Deductible shall mean the amount borne by the Insured per claim and deducted by the Insurance Company from the amount of insurance services payable in each and every case. In the case of several groups of insured property, insurance covers and clauses relating to one loss, deductibles will be deducted separately, i.e. by groups of insured property, insurance cover and clauses. **The rates and amounts of the deductible are determined on the insurance proposal which forms part of the insurance contract.**

IV. DUE DATE OF THE INSURANCE SERVICE OF THE INSURANCE COMPANY

The Insurance Company is obliged to provide services within 30 days of receipt of all documents necessary for the final clarification of the circumstances of the insured event.

V. MODIFICATION OF THE POLICY

V.1. Modification of the Policy by mutual agreement of the parties

If there is a change compared to the data communicated to the Insurance Company (in particular, compared to the construction plans for erection project implementation, and in relation to the construction technology, materials and equipment to be used), the Policyholder shall indicate such changes. In this case, the parties may, by mutual agreement and in writing, amend the contract in the light of a change in risk.

V.2. Modification of the Policy due to changes in risk conditions

If the Policyholder/Insured becomes aware of any future change in risk conditions affecting this insurance, the Policyholder/Insured shall notify the Insurance Company thereon within 3 days of becoming aware of it, but no later than 30 days before the change in circumstances. Where amendments to the insurance contract and / or premium are necessary on the basis of notified changes, the Insurance Company may, within 30 days of notification, make a written proposal to modify the contract, or terminate the insurance contract in writing with 30-day notice. If the Policyholder accepts the amendment, it shall inform the Insurance Company in writing within 15 days of the date of the proposed amendment and to pay the modified sum of the insurance premium (additional premium) to the Insurance Company. **If the Policyholder does not accept the proposal for amendment or fails to respond to it within 15 days, or the insurance premium (additional premium) is not paid by the deadline indicated in the amendment proposal sent by the Insurance Company, thus, losses arising in connection with changed risk conditions are will not be covered under the insurance contract.**

If the Policyholder accepts the amendment of the Insurance Company, but does not pay the insurance premium (additional premium) by the deadline indicated in the amendment proposal sent by the Insurance Company, insurance cover provided by the Insurance Company shall start on the day following receipt of the additional premium by the Insurance Company in respect of claims arising in connection with changed risk conditions

VI. DOCUMENTS TO BE SUBMITTED IN CASE OF CLAIMS

The Insurance Company will reimburse damages and costs specified in the general and special insurance conditions applicable to the insurance contract on condition of providing the documents specified in the general and special insurance conditions.

The Insurance Company is also entitled to request the following documents for the assessment of the notified claim for damages (claim for services):

- documents proving the fulfillment of the conditions prescribed by the insurance contract;
- documents necessary to clarify the circumstances and consequences of an insured event (statement by the Insured and any other person concerned by the insured event on the circumstances of such event, copy of the records containing it)
- if a police, administrative, veterinary or other official procedure has been initiated in connection with the insured event or the circumstances on which it is based, documents generated in the course of the procedure or forming part of the documentation thereof (final decision in criminal and infringement proceedings only if it is already available at the time of the notification on the claim for damages (claim for services))
- health documents of the Insured relating to the insured event and medical history: documents generated by a general practitioner or occupational physician, or during outpatient and inpatient services, documents proving the use of medicines or medicinal products,
- documents containing data of the Insured related to the insured event or the underlying circumstance managed by the social security body or another person or organization (on the basis of the authorisation given by the right holder to waive confidentiality and request data)
- the Insurance Company may request the documents, invoices, accounting documents, expert opinions, minutes, photographs, contracts supporting the claim in order to decide on the claim for damages (claim for services), in the case of foreign language documentation, the translation of such documents in Hungarian, the cost of which is borne by the claimant,
- documents supporting the costs incurred in connection with the use of the assets and resources used for salvage operations, prevention, mitigation of damages related to the insured event,
- in order to assess the claim for damages (claim for services), the Insurance Company may check the submitted documents and obtain other documents related to the assessment of the notified claim.

In addition to the listed documents, the Insured or injured party shall be entitled to provide proof of damages and costs by other means and documents, according to the general rules of evidence, in order to enforce its claim.

VII. INSURED

Persons or entities designated as Insured or Co-insured in the insurance proposal.

VIII. POLICYHOLDER

The Policyholder of the erection all risks insurance shall be a person or entity other than a consumer only.

IX. TERMINATION OF THE CONTRACT DUE TO NON-PAYMENT

- IX.1. The Policy will terminate after the 60th day from the due date of the insurance premium if by that time, the premium arrears have not been settled or the Policyholder (Insured) has not been permitted to defer insurance premium payment, or the Insurance Company has not claimed payment in litigation. If the Policyholder has not paid the insurance premium due in full, but has paid in part, and the end date of the insured period thus covered by the insurance premium falls after the 60th day following the due date, the insurance contract is terminated on the last day of the period settled by insurance premium.
- IX.2. The Insurance Company may extend the termination of the contract and the term for seeking further legal (court) remedies by another 30 days before the termination of the insurance contract, by informing the Policyholder of this circumstance, requesting payment from the Policyholder (Insured) in writing. If the Policyholder is in delay with payment of the insurance premium and the Insurance Company initiates to enforce payment of the premium before a court, then the premium calculated until the end of the relevant insured period shall be payable in full.
- IX.3. The terminated Policy due to non-payment will not be re-established by subsequent payment of the insurance premium. The Insurance Company is obliged to reimburse the difference in premiums. The Insurance Company does not send a separate written notice of cancellation of the contract cancelled due to non-payment of the insurance premium, however, it may claim the insurance premium due until the termination date of the underwritten period.
- IX.4. The Insurance Company shall not be obliged to set a special additional period in the event of late payment of the insurance premium.

X. PROVISIONS DEROGATING FROM THE HUNGARIAN CIVIL CODE

This Chapter contains a summary of the provisions of the special terms and conditions of the Erection All Risks insurance (E.A.R.) which substantially derogate from the provisions of the Hungarian Civil Code (Ptk.).

Provisions of these terms and conditions which substantially derogate from the Hungarian Civil Code (Ptk.):

X.1. Modification of the Policy

Point V. 2. – common provisions of these terms and conditions regulate the terms of modification of the Policy otherwise than Section 6:446 of Ptk.

If the parties modify the contract in accordance with points V.1. and V.2. – common provisions, but the Policyholder does not pay the insurance premium (additional premium) by the deadline indicated in the amendment proposal sent by the Insurance Company, then the insurance coverage provided by the Insurance Company in respect of any loss occurred being in connection with changed risk conditions, by derogation from the provisions laid down in paragraph 1 of Section 6:445 of the Ptk., shall begin at 00.00 on the day following the receipt of the additional premium by the Insurance Company.

X.2. Exemption of the Insurance Company in the event of breach of the obligation to prevent damage by gross negligence

Pursuant to point 5.2. Chapter I. – special provisions of these terms and conditions, by derogation from Sections 6:463–464 of the Ptk., the Policyholder/Insured shall show the level of due diligence as expected from the professional contractor in the course of damage prevention.

X.3. Termination of the contract due to non-payment

Pursuant to point IX. – common provisions of these terms and conditions, by derogation from Section 6:449 of the Ptk., in case of non-payment of the insurance premium, the insurance contract shall terminate after 60 days following the due date of the insurance premium. Furthermore, the Insurance Company is also entitled to extend the deadline of terminating the contract and the time limit for recourse to the courts. In the event of recourse to court proceedings, a premium calculated and not paid for the insured period shall become payable.

The Insurance Company is not obliged to set a special additional period.

X.4. Derogated regulation of other insurance

Pursuant to point 5.1.f of Chapter I and point 9.p of Chapter II – special provisions of these terms and conditions, by derogation from Section 6:459 of the Ptk., the Insurance Company will not indemnify for damages in respect of which another, previously established insurance cover also exists. For such loss and damage, the Insurance Company will provide its services only to the extent not covered by other insurance.

X.5. Notification on Liability Insurance claims

By derogation from Section 6:471 of the Ptk., the Insured is not only entitled to claim the damage in writing, but also by other means of claims notification laid down in point 6.1 of Chapter II – special provisions of these terms and conditions.

X.6. Under liability insurance, the Insurance Company is liable for the Insured's legal representation costs and default interest, up to the sum insured.

By derogation from paragraph 3 of Section 6:470 of the Ptk., pursuant to 7.1 of Chapter II and 7.2 of Chapter II – special provisions of these terms and conditions, the Insurance Company will reimburse the legal representation costs and default interest borne by the Insured causing the damage up to the limit laid down in point 7.1. d of Chapter II – special provisions, within the amounts of the sum insured defined per claim and in the aggregate per insured period, even if they, together with the amount of compensation, exceed the sum insured.

XI. AMENDMENT OF CONTRACTS CONCLUDED ON THE BASIS OF INSURANCE PROPOSALS MADE BEFORE 15TH OF MARCH, 2014

In case of the modification of the insurance contract concluded on the basis of an insurance proposal made before 15th of March, 2014 (by way of an amendment proposal), contracting parties agree that the insurance contract shall be subject in full to Act V of 2013 on the Civil Code, which entered into force on 15 March 2014.

Special provisions on Property and Liability Insurance

I. PROPERTY DAMAGE INSURANCE

I.1. Insured event

Damage to the insured property or parts thereof due to unforeseen, sudden and unexpected events occurring during the insured period, the cause of which is not subject to the exclusions provided for in the insurance terms and conditions, and for which events the Insurance Company has not excluded its obligation of indemnification as provided for in the insurance contract (insurance proposal) and which events require repair, replacement or reconstruction. In the event of the occurrence of such physical damage, the Insurance Company will provide insurance services to the Insured.

More than one, time- and causally related loss arising out of the same cause shall be considered as one insured event.

The insurance covers the damage of the insured property arising out of theft and burglary where they are taken from the insured location specified in the contract and the insured location is protected by a fence of at least 170 cm in height and 24-hour security guard service at the time of the occurrence of the insured event.

In the case of property (of great value – see: point 9.10. of Chapter I) which is expected to be subject to increased protection, easily movable property shall be stored in a closed place; theft of such property shall not be covered.

The insurance shall not cover loss to small machinery (see point 9.9. of Chapter I).

I.2. Territorial scope of insurance

This insurance shall cover losses occurring at the insured locations specified in the insurance contract (the erection site in Hungary according to the building design documentation).

I.3. Duration of the insurance cover

The insurance contract is concluded for a fixed term, with the exception of a framework agreements. In the case of fixed-term contracts, the insured period shall be the total duration specified for the erection project implementation in the insurance contract. The insurance cover provided by the Insurance Company shall start immediately at the start of the erection work, or at the time of placing any objects indicated in the insurance proposal on the erection site, or on the date specified by the insurance proposal, if indicated therein. The beginning date of the insurance cover may not be earlier than 00.00 on the day following of receipt of the insurance proposal by the Insurance Company which is signed by the Policyholder/Insured.

The insurance cover provided by the Insurance Company shall cease in respect of the insured facility or such sections thereof which have been taken over or officially have been put into service, or which have actually begun to be used, despite the fact that the official handover and the official commissioning have not yet taken place. However, the insurance cover will in any case expire at the end of the 4-week trial period. The insurance cover shall cease at the time of handover, end of the test run, commissioning or start of use, depending on the cause of termination.

However, in the case of used property (not a new factory asset), the insurance cover, contrary to the above, terminates at the time of the start of the trial operation.

The insurance cover provided by the Insurance Company terminates on the date indicated in the insurance proposal at the latest.

In the case of a framework agreements (framework agreements for the insured erection activity), the insurance is concluded for an indefinite period of time, the insured period of which is one calendar year. The insurance renewal date shall be the date indicated in the insurance contract (insurance proposal). The rules set out in this point shall be applied to the start and duration of the insurance cover for each erection project to be covered within the insured period.

Further details and provisions on the duration of the insured period of the insurance cover are contained in the insurance contract (insurance proposal).

I.4. Obligations of the Insured

I.4.1. Obligation to prevent damage

In order to prevent damage, the Insured shall take all reasonable precautions at his own expense, in addition, it shall comply with the current laws and regulations, legal requirements, standards, administrative decisions and instructions for use of the manufacturer(s), and the parties agree on damage prevention measures necessary to avoid any loss and damage.

I.4.2. Enabling inspection of the insured property

Representatives of the Insurance Company shall have the right to examine and inspect the insured facility. The Insured shall enable the inspection during the term of the contract, in addition, provide the representative of the Insurance Company with all information necessary for assessing the risk.

I.4.3. Obligations of the Policyholder/Insured after the occurrence of an insured event

- a) notification of the claim in accordance with the provisions of the ÁVF;
- b) mitigation of the damage to the extent it is expectable from the Policyholder/Insured;
- c) leaving the damaged parts in an unchanged state and, if required, presenting them to, enabling its examination by the Insurance Company's representative or expert, documenting the damage conditions with photo documentation as well;
- d) informing the police authorities in case of loss or damage due to burglary, theft, robbery and vandalism.

The Insurance Company shall not compensate for any loss or damage that had not been notified within 2 days of their occurrence, and, as a result, material circumstances became undetectable. The insurance provided by the Insurance Company shall not cover any events where the Insured only detects the disappearance of any insured property during the subsequent inventory of the assets.

After the occurrence of the insured event, the Policyholder/Insured may change in the state of the insured property only to the extent necessary for the mitigation of the damage until the commencement of the claim procedure, but no later than 5 working days from the damage report.

Upon notification by the Insured being given to the Insurance Company under these insurance terms and conditions, a representative of the Insurance Company shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of the Insurance Company does not carry out the inspection within 5 working days of the claims notification, the Insured is entitled to proceed with the repairs or replacement of the damaged parts, however, the Policyholder/Insured shall inform the Insurance Company in advance of the date of commencement of work and the extent of such work, and document the state of damage at the time of its occurrence in accordance with point 4.3. c of Chapter I.

If, as a result of a change in state to a greater extent than the repair work agreed with the Insurance Company, clarification of the circumstances of relevance for the assessment of the payment obligation of the Insurance Company has become impossible, the Insurance Company's liability shall not arise.

In the event of loss or damage, the Insured shall take all necessary measures or as requested by the Insurance Company, at the expense of the Insurance Company, in order to enable it to exercise its right of subrogation against third parties.

If the Insurance Company has reimbursed the claimed amount, the Insured shall inform the Insurance Company immediately of any compensation received thereby in connection with the loss.

I.5. Exclusions and exemptions for the purposes of Chapter I

I.5.1. In addition to the general exclusions, the Insurance Company will not reimburse the following:

- a) loss and damage resulting from the disappearance of insured stocks, building materials and other property not stored outdoors, if the occurrence of burglary may not be proved;
- b) consequential loss of any kind, including any penalty, or retribution, fine and loss due to delay, lack of performances, cancellation of the contract;
- c) loss or damage due to faulty design, material or casting errors, faulty execution, excluding damage due to installation errors at the insured location;
- d) loss and damage due to tear and wear, normal deterioration, corrosion, oxidation, scaling, and wear and tear, deterioration and depreciation due to decommissioning;
- e) loss and damage to surrounding property and to property affected by the erection work, unless a separate first-loss amount or sum insured has been specified in the insurance contract (insurance proposal) for such property;
- f) any loss or damage in respect of which any other previously concluded insurance exists. For such loss and damage, the Insurance Company will provide its services only to the extent not covered by other insurance;
- g) loss or damage arising out of the destruction of, damage to or loss of files, drawings, calculations, records, money, stamps, documents, bank notes, securities and cheques, but not including the events regulated under point 6.2.3. of Chapter I;
- h) loss or damage caused by failing to have the plans authorised, approved or modified by the responsible designer and manufacturer, or by modification of the plans without their approval, or by failing to carry out the erection work as planned. The Insurance Company will not indemnify for any loss or damage that have occurred in connection with the use of a material, machinery and equipment or technology other than which is indicated on the permitted plans;
- i) loss or damage resulting from interruption or intermission of erection work;
- j) additional costs of overtime, work on public holidays, night work, and express freights;
- k) additional air freight costs;
- l) loss or damage resulting from any damage to the insured property arising out of a previous loss which has not been repaired by the Insured within the technologically and/or reasonably expected time and quality;
- m) depreciation of the damaged property which does not affect further intended normal use: e.g. surface damage that is only an aesthetic defect (varnish, glaze and scratch damage);
- n) inventory shortage, pilferage and any other shortage in stocks or tools of unclear origin.

I.5.2. Exemption

It is a serious negligent breach of damage prevention obligations that are necessary due to conducting erection activities, in respect of which the Insurance Company will be exempted from its obligation to provide services if the Insured(s) fail(s) to or incompletely or improperly perform(s) the damage prevention work or the work necessary on the basis of the authorisation, design plans and manufacturer's instructions which contributes to the occurrence of an insured event. This includes, in particular, breaches of fire protection and technology rules, in addition, failing to carry out the work expected in the context of drainage and/or protection against rainfall in full or in part.

I.6. Insured property and costs

I.6.1. Insured Property

Under these terms and conditions, the following property, as indicated in the insurance contract/insurance proposal, are deemed to be insured up to the sum insured specified on the insurance proposal:

- I.6.1.1. Erection project implementation, i.e. the erection work required to be carried out in order to realize the insured erection activities in accordance with the building design documentation, including materials, machinery, equipment and structural elements.
- I.6.1.2. Property to be installed which is directly involved in the erection work provided by the constructor/principal to the Policyholder/Insured such as machinery and equipment and structural elements.
- I.6.1.3. Erection machinery, erection site equipment and auxiliaries required for erection activities not being installed.

I.6.1.4. Surrounding property

A first-loss amount may be fixed for any property owned by the constructor/principal or being under the care, custody and control of the Insured. The Insurance Company shall reimburse any damage to such property set out in Chapter I (Property Damage Insurance) only if the insured event which caused the damage occurred in the course of the installation or testing of the property.

Insurance of the surrounding property shall not cover owned or others' property and which can be covered by the underlying insurance relating to erection works. Thus, in particular, it shall not cover the constructor's machinery, equipment, tools, building materials and erection project implementation used by any insured for the execution of erection project implementation.

I.6.2. Insurable Additional Costs

The Insurance Company undertakes to reimburse the following costs in connection with the insured events, if it is indicated separately on the insurance proposal accepted by the Insurance Company, up to the sum insured fixed therein.

The amount of the insurance service payable under additional costs shall not exceed the maximum of the insured sum to be reimbursed on the basis of the given insured event calculated without taking into account additional costs.

I.6.2.1. Additional costs related to the loss

- a) salvage costs, firefighting costs,
- b) demolition, removal and residual removal costs, excluding transport, disposal and destruction of hazardous waste.

I.6.2.2. Experts' Costs

The Insurance Company undertakes to reimburse the engineer's costs in connection with the damage to the property insured under Chapter I that are related to the direct reparation of the damage. This provision shall not cover costs related to the assessment and determination of claim. Prior to entrusting an expert for that purpose, the Insured shall consult and have the Insurance Company approve the tasks required of the expert and the amount of the expert's fee. In the event of failing to do so, the Insurance Company shall not be obliged to reimburse the costs incurred.

I.6.2.3. Costs of printing plans and documents

The Insurance Company shall reimburse the Insured any printing costs that have become necessary as a result of the loss or damage of the plans, blueprints, documents related to the insured erection works.

I.7. The sum insured and calculation basis of the insurance premium

- I.7.1. Sums insured are determined by the Policyholder/Insured, which may not be lower than the total net value of the erection project implementation, including the completion commitment amount, cost of materials, value of the machinery and equipment to be installed, wages, transport costs, customs, duties, as well as the value of materials, machinery, equipment, units and subassembly provided by the constructor/principal at the insured location.

The upper limit of the service of the Insurance Company is the sum insured indicated on the insurance proposal for each group of property and risks, subject to the limitations set out in these terms and conditions.

- I.7.2. In the case of erection machinery, erection site equipment, auxiliaries, the calculation basis of the insurance premium may be determined in two ways according to the Policyholder's choice indicated on the insurance proposal:

- I.7.2.1. The calculation basis of the insurance premium is the new value of the insured property at the time of the conclusion of the contract. In this case, for partial loss or damage (other than total loss), the Insurance Company provides compensation with recoverable depreciation as regulated in point 8.2.2.2. of Chapter I. In the event that the insured property is no longer available for purchase at the time of the conclusion of the contract (making the insurance proposal), then the calculation basis of the insurance premium shall be determined on the basis of the new value of products having similar technical and/or economic parameters.

- I.7.2.2. The calculation basis of the insurance premium is the technical actual cash value of the insured property valid at the time of the conclusion of the contract. In this case, for partial loss or damage (other than total loss), the Insurance Company provides compensation calculated at actual cash value as regulated in point 8.2.2.3. of Chapter I.

- I.7.3. The sum insured for certain insured property (groups of property) which are indicated separately in these terms and conditions may be determined, regardless of and not in a higher amount than their new value, at the so-called first-loss value. In such case upper limit of the Insurance Company's service obligation is the first-loss amount. In the case of a first-loss insurance cover, the Insurance Company will not examine underinsurance.

I.8. Provisions on the service of the Insurance Company

I.8.1. Service of the Insurance Company and the holder of the insurance service

- I.8.1.1. In the event of the occurrence of an insured event, the Insurance Company shall reimburse the loss and damage caused to the insured property, furthermore, the insured costs incurred casually linked with the insured event, taking into account the exclusions and service restrictions listed in the contract.

- I.8.1.2. In the case of the occurrence of an insured event in the insured property covered under Chapter I – Property Damage Insurance, unless otherwise agreed, the Policyholder/Insured indicated on the insurance proposal (insurance contract) shall be entitled to the insurance service.

Derogating from the above provision, on the basis of point I.6.1.4., in case of property owned by the constructor and covered by this insurance and insured property groups of construction machinery, construction site equipment, auxiliaries, the owner and/or tenant of the property shall be entitled to the insurance service, on condition that they have been indicated as insureds or co-insureds on the insurance proposal (insurance contract).

I.8.2. Determination of the insurance service

I.8.2.1. In the event of total loss

The Insurance Company shall reimburse the value at the time of loss of the insured property (including the total net value of the erection project implementation) reduced by the residual value.

I.8.2.2. In the event of partial damage

I.8.2.2.1. If the consequences of the insured event damaging the insured property stipulated in point 6.1. of Chapter I and covered under the insurance contract may be remedied by repair, then the Insurance Company shall reimburse the costs of the repair work and materials necessary to restore the insured property to the condition at the time of the occurrence of the damage.

I.8.2.2.2. Reimbursement of partial damage with recoverable obsolescence

If the consequences of the insured event damaging the insured property stipulated in point 6.1.3 of Chapter I and covered under the insurance contract may be remedied by repair, then the Insurance Company shall reimburse the costs of the repair works necessary to restore the property.

I.8.2.2.3. Partial compensation at technical actual cash value

If the consequences of the insured event damaging the insured property stipulated in point 6.1.3. of Chapter I and covered under the insurance contract may be remedied by repair, then the Insurance Company shall reimburse the costs of the repair works necessary to restore the insured property to the (obsolete) condition at the time of the occurrence of the damage. In case of the installation of new components, the Insurance Company will apply a deduction from the value of the components according to the degree of obsolescence.

I.8.3. The maximum upper limit of the service obligation of the Insurance Company in each and every case is the actual cash value of the property at the time of the occurrence of the loss, however, it may not exceed the sum insured for each installation/property listed separately in the insurance contract/insurance proposal/insurance policy.

I.8.4. The cost of any provisional repairs will be compensated by the Insurance Company only if such repairs constitute part of the final repairs. The cost of any provisional repairs will be compensated by the Insurance Company only in respect of those items that do not increase the total repair expenses.

I.8.5. If any harmful event other than an insured event has also contributed to the occurrence of the loss or damage besides the insured event, the Insurance Company will compensate only that part of the loss or damage which is the consequence of the insured event.

I.8.6. If, for any reason, the Insured is obliged to pay the VAT or other public charges (tax, tax-like other item) in any way, then in that case, the Insurance Company shall deduct from the value of the insurance service the value of VAT and other public charges incurred but recoverable in any way.

I.8.7. First-loss value

On condition that it is provided for in the insurance contract (in the insurance proposal accepted by the Insurance Company) or on a clause applied, the Insurance Company shall be obliged to provide its insurance service in respect of certain insured perils only for the relevant period and/or up to the service limit set for an insured event.

I.9. Definitions

The following terms are understood, unless otherwise agreed, as defined in this Chapter.

I.9.1. Damage caused by the following events shall be considered as elementary damage

I.9.1.1. **windstorm:** loss or damage caused by extreme wind to the insured property.

I.9.1.2. **hail:** loss or damage resulting from destruction or deformation caused by falling ice grains in the insured property.

I.9.1.3. **snow pressure:** loss or damage caused in the insured property by the static pressure of snow gathered in large quantities.

I.9.1.4. **rock fall, stone fall and landslide:** loss or damage caused in the insured property by moving boulders, pieces of rock or mass of land.

I.9.1.5. **collapse of unknown installation, cavities:** an event of loss or damage when, during the collapse of cavities (which are not covered by building or operating permits and unknown to the Insured or the authorities), the natural equilibrium is upset by external force and therefore sudden ground displacement or collapse has occurred.

I.9.1.6. **cloud-burst:** loss or damage caused by sudden drop of large amounts of rain – water flowing at ground level by destruction and flooding.

I.9.1.7. **earthquake:** natural land movement at the insured location arising out of the earth movements of natural origin due to the release of flexible energies in the Earth's crust.

I.9.1.8. **flood:** flooding of natural or artificial watercourses, lakes, catchments of a permanent or temporary nature when the water floods a protected area. It shall be considered an insured event on the saved side of flood charges also the harmful effects of the water jets and inland waters resulting from the high water level.

I.9.1.9. **fire:** when the combustion process (an oxidation process accompanied by a combination of heat, flame, light and smoke) is formed in an unintended fire zone or is formed there, but leaves it and can spread on its own.

I.9.1.10. **lightning:** the event in the occurrence of which the force and heat effect of the lightning strike causes damage to the insured property.

I.9.1.11. **explosion:** sudden force based on the tendency of gases, dusts or vapours (except for explosives) to expand. In the case of a closed section of space (tanks, boilers, pipelines, silos), an explosion occurs only if the wall is split to such an extent that the difference within and outside the space is equalised suddenly.

I.9.2. Definition of normal weather conditions

The Insurance Company shall classify the weather events specified below in particular as normal weather conditions for elementary damage claims to the insured property as follows:

I.9.2.1. the wind speed is less than 15 m/s.

I.9.2.2. the average intensity of precipitation measured over 20 minutes is below 0.5 mm/min and/or it does not reach 30 mm in 24 hours.

Data of accredited measuring stations closest to the insured location in terms of wind speed and precipitation shall prevail which comply with the applicable legislation. Data shall be considered as such if these are recorded by the Hungarian Meteorological Service's (OMSZ) measuring stations.

I.9.3. Burglary, robbery, vandalism

I.9.3.1. **Burglary:** within the meaning of these terms and conditions, it shall be considered burglary if the perpetrator during the theft or attempt of theft:

- a) breaks in or enters the insured location containing the insured property indicated in the insurance policy and closed against forced entry from the outside, and then to its suitably sealed and protected rooms in a violent manner (by breaking in or breaking open doors/windows, breaking in or breaking out walls, roofs or ceilings)
- b) enters the insured location containing the insured property indicated in the insurance policy and closed against forced entry from the outside, and then to its suitably sealed and protected rooms by using a skeleton key or any other tool suitable for opening locks,
- c) enters the insured location containing the insured property indicated in the insurance policy and closed against forced entry from the outside, and then to its suitably sealed and protected rooms by using original or copies of keys which were obtained by means of a burglary or robbery specified in points a to b.
- d) hides in the room of the insured location containing the insured property indicated in the insurance policy and closed against forced entry from the outside, and then to its suitably sealed and protected rooms before closing and leaves as specified in points a and b

Properly locked and protected against breaking in shall mean if the walls, ceiling, flooring and doors and windows meet at least the following criteria:

- the stability of the walls, ceiling and flooring is at least 6 cm thick, and is of the same value as a solid brick wall built of traditional small bricks,
- doors are protected against unbolting,
- doors are locked with safety locks.

Safety lock shall mean a minimum cylinder lock of 5 pins, a minimum of 6 rotor magnet locks, a two-pen key lock, a number or letter combination lock if the number of their variation possibilities exceeds 10,000, an individual and classified lamellar lock and security lock structure classified by MABISZ as an element of full mechanical protection (padlock and hasp).

I.9.3.2. **Robbery:** if the perpetrator takes the insured property from the insured location with the intention of asportation from the Insured, its employee or its agent and uses violence or a direct threat to life or limb for this purpose and/or places these persons unconscious or defenceless. Robbery shall also mean if the perpetrator caught in the act uses violence or a direct threat to life or limb in order to retain the insured property.

I.9.3.3. **Vandalism:** if the perpetrator deliberately damages the insured property and the structural parts of the buildings (installations) used to place them at the insured location.

I.9.4. **New value:** cost of acquisition of the property in a new state, including transport, customs, installation and commissioning costs. Discounts on procurement costs (e.g. quantity discount, discount price) may not be deducted. In the case of a VAT refund entitlement, the new value does not include VAT on the procurement, installation costs etc. expenses.

I.9.5. **Technical obsolescence value:** new value of the property decreased by the degree of the technical obsolescence. The degree of technical obsolescence is determined on the basis of the examination of the age, technical condition, conditions of use, operation, the possibility of purchasing spare parts.

I.9.6. **Total loss** if the insured facility or property has been completely destroyed or damaged to such an extent that the restoration is technically not possible (actual total loss) or the restoration is not economically justified, because residual value whereas the residual value and the cost of repairs exceed the value at the time of damage of the property (constructive total loss).

I.9.7. Construction and erection machinery

This includes machinery, earthmovers, lifting and unloading machinery, cranes and erection site transport equipment (not authorised for road transport).

I.9.8. Erection site equipment, auxiliaries

Erection site equipment include equipment not directly involved in the construction work but which ensure the execution of works or the operation of construction machinery, construction containers, warehouses, concrete, asphalt and other mixing equipment, electrical and water supply equipment. This group of property also includes power generators, pumps, compressors, heat air blowers.

Construction auxiliaries include scaffolding, shuttering, grooving, submerging, railings and shoulders.

I.9.9. Small machinery, instruments, computers and their accessories, office and other equipment (jointly referred to as small machinery)

Small machinery shall be considered as erection machinery of less than 50 kg mass, for which continuous human work and/or control is required in order to operate and use it. Small machinery shall mean in particular, drilling machines, chisels, sawing machines, grinding machines, vibrators, bangers.

Furthermore, according to these terms and conditions, instruments, levelling instruments, measuring instruments, cameras, scanners, computers, printers and office equipment.

I.9.10. Definition of high value property

For the purposes of the insurance contract, the parties consider property of high value for which the price per piece or package exceeds HUF 20,000.

II. LIABILITY INSURANCE

II.1. Insured

- II.1.1. The Insured of the insurance contract is the person to whom the indemnification obligation is fulfilled by the Insurance Company under these terms and conditions.
- II.1.2. The person (e.g. self-employed, legal person, organisation without legal personality) named in the insurance contract is insured under these terms and conditions who is entitled to pursue the insured activity in accordance with current Hungarian law.

II.2. Insured event

- II.2.1. Insured event shall mean liability to pay damages for personal injury and accidental, sudden and unexpected physical damage caused to a third party in its capacity outside the scope of activities of a service provider, which, under Hungarian law, shall be performed by the Insured of this contract, and for which, against payment of the insurance premium, the Insurance Company undertakes to indemnify the Insured as specified herein, in the special terms and conditions and in the specific terms and conditions.

For the purposes of these terms and conditions

- personal injury shall mean the death of a person, damage to health or bodily injury;
- physical damage shall mean when an object is destroyed, damaged or rendered useless. Object shall mean all physical objects that can be taken possession of, such as money and securities.

- II.2.2. An insured event is also an act that infringes the rights relating to personality of another person, for which the Insured assumes liability to pay restitution, provided that the breach of the right relating to personality is directly related to such tortuous conduct, for which, under this contract, the Insured shall be held liable.

Provisions of these terms and conditions concerning tortuous conduct, damage, liability for damages shall apply mutatis mutandis to conduct infringing rights relating to personality, restitution and liability for restitution payment, unless otherwise provided in these terms and conditions.

- II.2.3. Series of loss shall be considered as one insured event. Series of loss shall mean more than one losses occurring at different times but arising out of or originating from the same tortuous conduct or cause where the link between cause and effect exists in a legal, economic or technical aspect regardless of whether several injured parties are claiming damages.

II.3. Subject of the insurance cover

- II.3.1. The Insurance Company undertakes to indemnify the Insured against such claims for damages for which the Insured shall assume liability, to the extent and under the terms and conditions laid down in the contract, in his capacity specified in the insurance contract and outside the scope of activities of a service provider, during the construction and erection activities that are the subject of the insurance, made by third parties who are not insured under this agreement as follows:
- a) the Insurance Company undertakes to indemnify the Insured for personal injury and accidental, sudden and unexpected physical damage for which the Insured shall be held liable under the Hungarian law;
 - b) the Insurance Company undertakes to indemnify the Insured for the restitution to be paid directly in connection with any personal injury and accidental, sudden and unexpected physical damage for which, with regard to the infringement of the rights relating to personality, the Insured shall be held liable under the Hungarian law;
- II.3.2. For the purposes of these terms and conditions, damage caused outside the scope of activities of a service provider shall be deemed to exist only if
- the Insured causes such damage in the course of or in connection with the pursuit of the insured activity (the performance of the service which it provides) to a person with whom it has no contractual relationship in connection with his activity specified in the insurance contract and who is not otherwise a recipient of the service provided by the Insured;
 - the Insured causes such damage in the course of or in connection with the pursuit of the insured activity (the performance of the service which it provides) to a person with whom it has a contractual relationship which occurs irrespective of the performance of the contractual obligation;

II.4. Territorial and temporal scope of the insurance coverage

- II.4.1. The insurance provided by the Insurance Company shall cover damage caused, incurred and enforced at the locations (in the Hungarian erection site according to the building design documentation) insured under Property Damage Insurance (Chapter I.), within the territory of Hungary.
- II.4.2. **The insurance provided by the Insurance Company covers any loss or damage caused and occurred during the insured period stipulated in the insurance contract, or, in the case of a framework agreement, during the insured period of construction, erection and installation activities of the given insured project, and reported no later than 30 days after the termination of the contract, or, in the case of a framework agreement, the completion of the construction and installation activities of the given insured project (point 3 Chapter I. Insured period), notified to the Insurance Company, which qualify as insured events, provided that no special condition provides otherwise.**
- II.4.3. For the purposes of these terms and conditions
- a) the date of causing the damage shall be the day on which the act giving rise to the damage occurred.
If the damage occurs due to omission, the date of causing the damage shall be the day when the omission could have been remedied without the occurrence of the damage.
 - b) the date of the occurrence of the damage shall be the date on which the liability for damages of the Insured becomes due.
 - The date of the occurrence of the damage in case of personal injuries shall be: In the case of death, the time of death; In the case of bodily injury, the date of injury, even if later it results in death; in the case of damage to health, the date of the damage; In the case of deterioration of health (long-term personal injury), in case of any dispute, the date when the doctor first diagnosed the damage to health.
 - In the case of physical damage, the date of the occurrence of the damage is the date of the damage;
 - The date of the occurrence of a series of loss is the date of the first occurring loss of the series.
 - c) the date of reporting the claim is the day on which the Insured reports the occurrence of the damage to the Insurance Company in accordance with point 6.1. Chapter II.

II.5. Sum insured

- II.5.1. Upon the occurrence of an insured event, the Insurance Company's obligation to provide services shall be limited to the sum insured per claim and in the aggregate for the insured period indicated on an insurance proposal.
- II.5.2. The sum insured per claim is the maximum amount payable in connection with an insured event in accordance with the provisions regulating the service of the Insurance Company (point 6 of Chapter II).
- II.5.3. The sum insured in the aggregate for the insured period shall be the total sum payable in respect of the insured events relating to losses caused during one insured period in accordance with the provisions regulating the service of the Insurance Company (point 6 of Chapter II).

If the Insured reports a written claim for compensation made against it for an insured event occurring during the insured period to the Insurance Company only during the following insured period, subject to the provisions regulating the service of the Insurance Company (point 6 of Chapter II), the limit of the service obligation of the Insurance Company shall not be the sum insured fixed for the ongoing insurance period, but the sum insured for the period during which the insured event occurred or the remaining amount thereof shall prevail.

- II.5.4. The sum insured shall not exceed the total amount paid by the Insurance Company in respect of insurance services (point 7 of Chapter II), even if more than one Insured is liable for reimbursement or if more than one person claims compensation. If more than one person claims compensation and the sum insured per claim is not sufficient to cover all claims, the Insurance Company pays compensation to the injured parties in proportion to the damage suffered by them or to the estimated damage if the damage is not or can only be established against the extra expense incurred by the Insurance Company.

II.6. Rules on the provision of services of the Insurance Company

II.6.1. Claims notification

- II.6.1.1. **The Insured must notify the Insurance Company immediately but within 30 days at the latest if a claim for damages is made against him or if it becomes aware of any circumstance which may give rise to such a claim for damages.**

Claims notification may be made:

- a) in person: at any customer service of the Insurance Company,
- b) via telephone: by dialling number +36 1 452 3333 of the Call Centre from 8: 00 a.m. to 08: 00 p.m. on working days,
- c) via Internet: through the online claims reporting system (general.hu/Online_ugyfelszolgalat/Karbejelentes),
- d) via facsimile: to fax number +36 1 452 3505,
- e) via mail: to PO BOX 888, Pécs, H-7602, Hungary postal address.

- II.6.1.2. The claims report shall include the following:
- policy number of the insurance contract;
 - name and address (seat address) of the injured party/parties;
 - the extent of the loss, if known, the place and time of its occurrence;
 - detailed description of the claim;
 - statement of recognition or refusal of liability of the Insured, stating the reasons;
 - the number of any official procedure, specification of the acting authority, the decision taken;
 - name, address and telephone number of the person involved in claims handling and authorised by the Insured;
 - all other relevant information regarding the loss.
- II.6.1.3. The Insured shall provide the necessary information for the claims settlement and to assist the Insurance Company in determining the amount of the damage caused, in claims handling, and in the avoidance of unjustified claims.
- II.6.1.4. The Insured is obliged to allow the Insurance Company's expert to examine the cause, circumstances and extent of the damage, and the extent of the compensation to be paid by the Insured.
- II.6.1.5. The service of the Insurance Company shall not cover the obligation to pay interest for late payment to the injured party due to late fulfilment of the obligation to report claims.

II.7. Insurance service

- II.7.1. The Insurance Company will reimburse up to the sum insured (point 5 Chapter II) and in connection with the insured event
- a) in the form of compensation, all the damage suffered by the injured party for which the Insured is liable, thus
 - in the case of property damage and personal injury, depreciation of the injured party's property due to the tortuous circumstance; and the costs necessary to eliminate the financial disadvantages suffered by the injured party;
 - in the case of personal injury, loss of any financial advantage.
 - b) any restitution only if
 - the breach of the right relating to personality is such a conduct covered by insurance under this contract which is directly linked to a harmful act causing personal injury or physical damage for which the insured person shall be liable and
 - the injured party proves that his / her rights relating to personality have been infringed as a result of the tortuous conduct causing the injury or damage, and therefore the Insured shall be obliged to pay restitution.

The Insurance Company will pay the restitution according to the circumstances of the case, in particular, the gravity, repetitive nature of the infringement, the extent of imputability, the effect of the infringement on the injured party and the environment.
 - c) default interest on the claim for damages and restitution subject to the limitation set out in point 6.1.5. Chapter II;
 - d) the costs of legal proceedings for the enforcement of well-founded claims or the avoidance of unfounded claims made against the Insured in connection with an insured event (e.g. procedural fees, legal fees, costs of litigation on Insureds, etc.), provided that these costs are incurred on the basis of the Insurance Company's instructions or with the prior approval of the Insurance Company.
- The Insurance Company shall reimburse the fees of the attorney-at-law representing the Insured and the costs of the expert requested to determine the legal basis or the amount of the event of loss if the lawyer or expert has been requested with the prior consent of the Insurance Company. In the absence of prior consent, the Insurance Company may, at most, agree on the reimbursement of the attorney's

fee calculated in the absence of an agreement under the current law on attorneys' fees and the experts' fee under the current law on the remuneration of judicial experts. The legal representation costs specified in this point shall be reimbursed by the Insurance Company up to a total of 5% of the amount of the damage but maximum 300,000 HUF.

- e) social security claims on the Insured;
 - f) costs mitigating the damage.
- II.7.2. The Insurance Company provides the insurance service provided for in point 7.1. a)-f) Chapter II within and up to the limits of the sum insured per claim and in the aggregate for the insured period. This provision also applies to legal representation costs and interest payable by the tortfeasor Insured.
- II.7.3. If the Insured has to provide a guarantee or deposit to cover its indemnity obligation due to a law or a court order, the Insurance Company is obliged to do so up to the extent of its indemnification obligation.
- II.7.4. If several persons jointly cause damage and therefore the liability of the Insured is joint and several, the liability of the Insurance Company shall be limited to the extent of the actionable conduct of the Insured. If it is not possible to establish the proportion of culpability for the conduct of the tortfeasors, the Insurance Company performs in proportion to the involvement of the tortfeasors in the infringement. If it is not possible to determine the proportion of the involvement, the Insurance Company performs as if the damage had been caused by the tortfeasors in an equal proportion.
- II.7.5. In the case of the annuity obligation, the Insurance Company, the Insured and the injured party all may initiate lump sum redemption of the annuity (capitalization). The annuity may be capitalised only by mutual agreement between the parties, thus if the fact of capitalisation and the amount of the lump sum redemption are accepted by the Insurance Company, the Insured and the injured party. In the event of the capitalisation of the annuity, the Insurance Company will determine the capital value of the annuity by taking into account the Hungarian women's mortality table of 1993 and the technical interest rate of 6.25%.
- II.7.6. If the Insurance Company, in relation to the court proceedings against the Insured, has reimbursed court expenses and attorneys' fees in accordance with point 7.1. d) Chapter II, and by a final decision of the court, the court awards to the Insured the court expenses and attorneys' fees, then the amount resulting therefrom shall be transferred to the Insurance Company up to the amount reimbursed.

The Insured shall pay any legal costs recovered to the Insurance Company within 15 days of recovery. If the Insured does not take action to recover the legal costs awarded to the Insured, the Insurance Company shall enforce the claim on the basis of the assignment agreement concluded with the Insured. The Insured shall support the Insurance Company in enforcing its claims and to issue the assignment for the benefit of the Insurance Company.

II.8. Claims handling

- II.8.1. The Insurance Company settles the claim in accordance with the provisions of the insurance contract in force between the parties on the date of the damage.
- II.8.2. The Insured's acknowledgement and performance of the injured party's claim, and any related settlement shall be considered binding on the Insurance Company only if the Insurance Company has granted prior consent or acknowledged it after the fact, and in the case the court has ruled against the Insured, it shall be binding on the Insurance Company if it has participated in the lawsuit, provided for the Insured's legal representation, or he has waived the aforementioned.
- II.8.3. If the Insurance Company is able to settle the damage by agreement with the injured party or by any other means, however, the closing of the case fails due to the resistance of or the unsubstantiated disputation of the claim for damages by the Insured, the Insurance Company shall keep the insurance service payable available to the injured party until the Insured declares thereon or the case lapses. Any additional damage, cost and interest shall be borne by the Insured as a result of an unsubstantiated contest of the Insured, the Insurance Company is not obliged to pay these costs.
- II.8.4. The Insurance Company may provide the insurance services specified in points 7.1. a), b), c) and e) of Chapter II only to the injured party. The Insured may only claim a direct payment from the Insurance Company to the extent the Insured itself has settled the claim of the injured party.

II.9. Exclusions from the insurance coverage

In addition to the General Exclusions (Chapter II) stipulated in the common provisions for Property Damage and Liability Insurances, this insurance contract shall not cover the following:

- a) any loss or damage caused by a criminal act or conduct of the Insured (or a person whose conduct the Insured is responsible for under Hungarian law) which forms the basis of the agreement reached in mediation proceedings under criminal procedural provisions;
- b) in the case of several Insureds, the damage caused by such Insureds to each other, unless a separate agreement has been reached within the framework of a clause;
- c) if the Insured is a legal person or an organisation without legal personality, the damage caused to their owners in the proportion as a percentage of the ownership;
- d) if the Insured causes the damage to a legal person or an organisation without legal personality owned by the Insured, in the proportion as a percentage of the ownership;
- e) any property damage or personal injury, as well as damage to environmental elements caused by such conduct which endangers the environment;
- f) ancillary contractual obligations (e.g. liquidated damages), fines, financial penalties and other costs of a criminal nature and the related costs of legal representation of the person causing the damage;
- g) in the case of physical damage, any loss of financial advantages (including loss of profit, loss of production and other losses);
- h) claims for damages made as a result of any personal injury or illness of insured contractor(s), constructor(s) or sub-contractor(s) and their employees insured in the course of the insured erection works;
- i) claims for damages made as a result of the loss of or damage to personal belongings owned by or held in care, custody or control of the contractor(s), the constructor(s) or sub-contractor(s) and their employees, workmen insured in the course of the insured erection works;
- j) any loss or damage caused by vehicles, vessels and aircrafts subject to compulsory motor third party liability insurance;

- k) loss or damage caused in the course of exercising administrative functions;
- l) any loss or damage based on contractual liability or other obligation undertaken in a unilateral declaration that is more stringent than the liability of Insured established by law;
- m) the costs incurred in making, remaking, repairing or replacing any items covered or coverable under Property Damage Insurance (Chapter I);
- n) physical damage caused by slow, continuous deterioration resulting from noise, shaking, vibration, smell, smoke, soot, corrosion, steam or other similar effects;
- o) any loss or damage in respect of which any other previously concluded insurance exists. For such loss and damage, the Insurance Company will provide its services only to the extent not covered by other insurance;
- p) the Insured's own damage and damage caused to those relatives of the Insured who are listed in point 2 of Article 8:1 of the Ptk.; The representative of the insured legal persons, organizations without legal personality, and the legal representative of incapacitated and partially incapacitated persons and their relatives are subject to the same treatment as the Insured and his/her relative;
- q) any loss or damage caused by breaching a contract;
- r) any claims made solely on the basis of psychological injury, psychological, mental disorder or adverse change in the range of emotions if the extent of the mental injury does not reach the level of damage to health;
- s) any damage caused by explosion if blasting work is not controlled by a competent expert and not carried out by a trained blaster in accordance with the laws and regulations in force;
 - any damage within 100 m radius of the blast;
 - physical damage which shall be taken into account despite compliance with the required security measures.

II.10. Exemption of the Insurance Company from the provision of insurance services

For the purposes of the application of this Chapter, it shall be considered as grossly negligent conduct in particular if:

- a) the person responsible for the damage caused the damage in a state under the influence of alcohol or intoxicating agent and this fact contributed to the occurrence of the damage;
- b) if the Insured caused the damage in the course of its activities without authorisation or in excess of its powers or responsibilities, or by deliberate deviation from legislation, binding standards, technical regulations, written instructions and conditions of the customer, or by other conscious misconduct;
- c) if the Insured carries out its activities in the absence of any personal or material conditions required by law or other mandatory provisions, and this fact contributed to the occurrence of the damage;
- d) the final decision of the court, legislation, contract (e.g. employment contract, collective agreement) or an employer's provision (e.g. disciplinary decision) establishes the existence of gross or deliberate negligence.

II.11. The subrogation right of the Insurance Company

If the Insured is liable for damages for the tortuous conduct of a third person, and on these grounds the Insurance Company provides insurance services, the Insurance Company shall be entitled to subrogation, to claim compensation from the person responsible for the damage up to the amount of the insurance services provided, unless this person is a relative of the Insured living in the same household.

Clauses

CLAUSE 001

LOSS OR DAMAGE DUE TO STRIKE, RIOT AND CIVIL COMMOTION

Under this clause, the parties agree that up to the sum insured specified in the insurance proposal, the insurance contract shall also cover loss and damage set out in Chapter I of the special provisions of these terms and conditions which are the direct consequences of strikes, riots and civil commotions, taking into account the **exclusions** contained in this clause, as follows:

1. the consequences of any act of any person who takes part, together with others, in any disturbance or disruption of public order and security (whether in connection with a strike or lockout),
2. the consequences of any wilful act performed in furtherance of a strike or in resistance to a lock-out;
3. the consequences of the action of any lawfully constituted authority in suppressing or attempting to suppress any such disturbance, or in minimizing the consequences of loss or damage arising from any such disturbance;

This insurance shall not cover

- a) **loss or damage resulting from total or partial cessation of work or the delay or interruption or cessation of any process or operation (business interruption losses);**
 - b) **loss or damage arising out of permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority;**
 - c) **loss or damage arising out of permanent or temporary dispossession of any building resulting from the unlawful occupation by any person of such building.**
4. The insurance coverage provided by the Insurance Company is limited to 168 hours from the start of strikes, riots or civil commotions in respect of damages resulting from the causes specified in this clause.

CLAUSE 002

CROSS LIABILITY

The parties agree that the liability insurance cover set out in Chapter II of the special provisions of these terms and conditions shall be extended to damage caused by the Insureds specified in the insurance contract to each other.

This insurance shall not cover physical damage

I. to such property or deliverables which are covered or could have been covered under the chapter on special provisions, even if such losses are not reimbursed due to any limitation (limit of liability or deductible),

Damage to property which is deemed to be small machinery within the meaning of these terms and conditions (see point 9.9. of the special provisions of Chapter I), damage arising out of personal injury, illness or fatal accident.

The Insurance Company's total service obligation towards the Insured shall be limited up to the sum insured specified in the insurance contract for liability insurance in respect of one loss or a series of loss.

CLAUSE 003

MAINTENANCE VISITS

Under this clause, the parties agree that the insurance cover under Chapter II of the special provisions of these terms and conditions shall be extended for the maintenance period indicated in the insurance proposal, however, during which the Insurance Company covers only those losses arising from the insured erection project implementation, which are caused by the insured installation contractor(s) during the performance of maintenance work under the contract.

The insured period of the Insurance Company for this clause applies to the time period specified in the insurance proposal. The insured period shall begin when the insured period of the underlying cover of the contract expires as a result of the proper transfer / placement in service of transferred erection project implementation. The insured period of the Insurance Company for this clause shall start no later than at the end of the underlying coverage period specified in the insurance proposal.

Partial erection project implementation transferred at a different time the start of the insured period is different.

If the insured installation contractor certifies the correct restoration or reimbursement of the damage caused, it shall be entitled to the service. In the event that the proof of the above is not provided, the insurance service to the Insured shall be provided to the injured party instead.

The maximum amount of the indemnification and the extent of the deductible are included in the insurance contract (insurance proposal).

For the purposes of this clause point 9. i) of the special provisions of Chapter II of these terms and conditions shall not be applied.

CLAUSE 004 EXTENDED MAINTENANCE

Under this clause, the parties agree that the insurance cover under Chapter II of the special provisions of these terms and conditions shall be extended for the maintenance period indicated in the insurance proposal, however, during which the Insurance Company covers those losses arising from the insured erection project implementation,

- a) which are caused by the insured installation contractor(s) during the performance of maintenance period under the contract.
- b) and which arise during the maintenance period, provided that these losses and damage were caused by the Insured at the insured location prior to the recording of the transfer-take-over report during the construction and erection work.

The insured period of the Insurance Company for this clause applies to the time period specified in the insurance proposal. The insured period shall begin when the insured period of the underlying cover of the contract expires as a result of the proper transfer / placement in service of transferred erection project implementation. The insured period of the Insurance Company for this clause shall start no later than at the end of the underlying coverage period specified in the insurance proposal.

Partial erection project implementation transferred at a different time the start of the insured period is different.

If the insured installation contractor certifies the correct restoration or reimbursement of the damage caused, it shall be entitled to the service. In the event that the proof of the above is not provided, the insurance service to the Insured shall be provided to the injured party instead.

The maximum amount of the indemnification and the extent of the deductible are included in the insurance contract (insurance proposal).

For the purposes of this clause point 9. i) of the special provisions of Chapter II shall not be applied.

CLAUSE 005 TIME SCHEDULE

This insurance shall not cover loss or damage caused by insured events set out in the special terms and conditions which occur or are aggravated by deviations from the construction/erection time schedule, provided that the deviation from the schedule exceeds the duration of the permitted time deviation indicated in the insurance proposal.

The Policyholder shall provide the construction/erection time schedule to the Insurance Company or its representative at the time of signing the insurance proposal. Where such documents are amended, the Policyholder shall make the documents available to the Insurance Company or its representative within 8 days of the amendment within its reporting obligation on changes. Failing this, the parties shall be deemed to be bound by the documents submitted at the time of signing the insurance proposal.

CLAUSE 006 OVERTIME, NIGHT-WORK, EXPRESS FREIGHT

The Insurance Company shall reimburse extra charges for overtime, work on public holidays, night-work and express freight up to the amount specified in the insurance contract (insurance proposal), provided that these costs become necessary as a result of a covered insured event in the insured property.

For the purposes of this clause point 5. j. of the special provisions of Chapter I of these terms and conditions shall be invalid.

CLAUSE 007 AIR FREIGHT

The Insurance Company shall reimburse extra charges for air freight up to the amount specified in the insurance contract (insurance proposal), provided that these costs become necessary as a result of a covered insured event in the insured property.

For the purposes of this clause point 5. k) of the special provisions of Chapter I of these terms and conditions shall be invalid.

CLAUSE 008 STRUCTURES IN EARTHQUAKE ZONES

This insurance shall cover damage caused by earthquakes only if the earthquake risk was taken into account according to the local conditions during the planning phase, and the erection and safety provisions on the building materials and construction works on which the calculations are based and being in accordance with legal and other requirements, professional standards, have been complied with.

CLAUSE 009 EXCLUSION OF EARTHQUAKE

Under this clause, the parties agree that the Insurance Company shall not indemnify the Insured for loss, damage or liability claims directly or indirectly arising out of or resulting from earthquake.

CLAUSE 010

EXCLUSION OF FLOOD AND INUNDATION

Under this clause, the parties agree that the Insurance Company shall not indemnify the Insured for loss, damage or liability claims directly or indirectly arising out of or resulting from flood or inundation level.

CLAUSE 011

SERIAL LOSSES

Under this clause, the parties agree that the Insurance Company shall compensate the Insured for any loss or damage to installation, structural elements, machinery or equipment of the same nature stemming from the same type of cause or causes based on faulty design (if covered by a clause), faulty material or faulty work due to the same reason, **after deducting the deductible per loss which is indicated in the insurance contract, as follows:**

- 100% of the calculated insurance service in the case of the first two losses,
- 80% of the calculated insurance service in the case of the 3rd loss,
- 60% of the calculated insurance service in the case of the 4th loss,
- 50% of the calculated insurance service in the case of the 5th loss,
- in the event of any further damage, the Insurance Company shall not provide insurance services.

CLAUSE 012

EXCLUSION OF WINDSTORM

Under this clause, the parties agree that this insurance shall not cover losses or damage caused by or arising out of, directly or indirectly, a storm of wind of 8 or more on the Beaufort scale (average wind speed of 62 km/h), or water damage which occur in connection with or as a consequence of this severe storm.

CLAUSE 013

OFF-SITE STORAGE

Under this clause, the parties agree that the insurance cover under Chapter I of the special provisions of these terms and conditions shall be extended for losses and damage in the insured property stored outside the insured locations (the erection site) specified in the insurance proposal in accordance with the following provisions:

However, this insurance shall not cover:

- property which is being or has been **manufactured, processed or stored**
- at the manufacturer, distributor or supplier, damage arising out of the insured event of **theft**.

The Insurance Company shall not indemnify the Insured in respect of loss or damage caused by omitting the generally accepted loss prevention measures for warehouses or storage units stated hereunder.

The Insured's obligations to prevent damage in particular:

- ensure that the warehouse complies with the terms and conditions laid down in point 9.3.1. of Chapter I of the special provisions. The warehouse shall be locked, kept under constant guard and shall comply with the relevant fire safety standards.
- the storage units should be separated by fire-proof walls or by a distance of at least 50 metres.
- positioning and designing the storage units in such a way as to prevent damage by accumulating water or flooding due to rainfall or by high water levels with a statistical return period of less than 20 years.

The maximum amount of the indemnification and the extent of the deductible are included in the insurance contract (insurance proposal).

CLAUSE 200

MANUFACTURER'S RISK

Under this clause, the parties agree that derogating from point c) 5.1. special exclusions of Chapter I of the special provisions of these terms and conditions, this insurance covers damage caused by defects in materials, machinery, equipment, fittings used in the erection work, up to the extent it is indicated in the insurance contract (insurance proposal).

However, this insurance shall not cover the costs of replacement, repair of all partial subassembly, components which are specifically due to faulty design, material or casting errors, improper machining or faulty manufacturing work in defective materials, machinery, equipment, fittings.

This clause shall not apply to subassembly or materials related to erection/construction works.

The maximum amount of the indemnification and the extent of the deductible are included in the insurance contract (insurance proposal).

CLAUSE 201 GUARANTEE

Under this clause, the parties agree that the insurance cover under Chapter II of the special provisions of these terms and conditions shall be extended for the guarantee period and up to the service limit indicated in the insurance proposal, however, during which the Insurance Company covers solely those losses arising from the insured erection project implementation during the guarantee period which are caused by faulty installation, material, design and casting in the insured property.

The Insurance Company shall not reimburse the repair and replacement costs of defective parts, subassembly, and such costs that would have been incurred in resolving the fault even if the loss or damage had not occurred.

The insured period of the Insurance Company for this clause applies to the time period specified in the insurance proposal. The insured period shall begin when the insured period of the underlying cover of the contract expires as a result of the proper transfer / placement in service of transferred erection project implementation. The insured period of the Insurance Company for this clause shall start no later than at the end of the underlying coverage period specified in the insurance proposal.

Partial erection project implementation transferred at a different time the start of the insured period is different.

This insurance shall not cover damage caused, directly or indirectly, by fire, explosion, elementary damage and third party liability claims.

If the insured contractor certifies the correct restoration or reimbursement of the damage caused, it shall be entitled to the service. In the event that the proof of the above is not provided, the insurance service to the Insured shall be provided to the injured party instead.

For the purposes of this clause point 9. i) of the special provisions of Chapter II shall not be applied.

The maximum amount of the indemnification and the extent of the deductible are included in the insurance contract (insurance proposal).

CLAUSE 202 CONSTRUCTION AND ERECTION MACHINERY

Under this clause, the parties agree that the insurance cover under Chapter I of the special provisions of these terms and conditions shall be extended to the construction and erection machinery and equipment indicated in the insurance proposal, but the Insurance Company shall not compensate for those losses and damages:

- resulting from electrical or mechanical malfunction, failure, breakage, tear, lubrication error, oil or coolant shortage or freezing of coolant or other liquids. However, this exclusion applies only to the property concerned, but shall not apply to other insured events occurring for such reasons;
- caused to vehicles, vessels and aircraft with a road traffic permit.

Construction and erection machinery and equipment shall be determined by the valuation method specified in the point 7.2. of Chapter I of the special provisions, at new value or at technical actual cash value.

CLAUSE 203 USED MACHINERY

Under this clause, the parties agree that the Insurance Company shall not compensate the Insured for any loss or damage to the used machinery which is

- a consequence of previous operation;
- result of disassembly (if disassembly is not insured);
- related to any non-metallic parts or is not a consequence of any damage to the metal parts.

CLAUSE 204 SPECIAL CONDITION NO. 1 FOR HYDROCARBON PROCESSING INDUSTRIES

Under this clause, the parties agree that the following provisions shall apply in the event of any hydrocarbon entering the insured location or installed in the insured equipment:

1. A specific deductible is deducted for any loss or damage regulated under property damage insurance in Chapter I of the special provisions of these terms and conditions which are caused by fire and explosion.
2. **This insurance shall not cover such loss or damage which is:**
 - a) formed in the catalyst, unless a specific clause (Clause No. 205) is included in the insurance policy as an addendum;
 - b) caused by overheating of different conversion units or by cracks in pipes;
 - c) caused by overheating or cracking of the insured equipment after an exothermic reaction.
3. **The Insurance Company shall be exempted from its service obligation if the insured event occurs because the prescribed procedures are not complied with or the safety devices are switched off.**
4. **This insurance shall not cover liability claims for the aforementioned reasons.**

CLAUSE 205

SPECIAL CONDITION NO. 2 FOR HYDROCARBON PROCESSING INDUSTRIES

Under this clause, the parties agree that point 2. a) of clause of separate agreement No. 1 on “Special Conditions for the Hydrocarbon Processing Industry” shall be amended as follows:

This insurance shall not cover losses and damage that occur in the catalyst, except where such loss or damage is caused by such loss or damage to the insured facility or its equipment and/or device which is insured under this insurance contract.

CLAUSE 206

SPECIAL CONDITIONS OF FIRE-EXTINGUISHING EQUIPMENT AND FIRE PROTECTION

Under this clause, the parties agree that this insurance only covers damage caused directly or indirectly by the insured events of fire and/or explosion and third party liability claims against the insured in connection with such events, if, in addition to the general insurance conditions, the following conditions are fully met.

1. Adequate fire-fighting equipment and sufficient extinguishing agents are available and operative at the erection site at all times.
2. Enough personnel are trained in using such equipment, and they are always prepared to use them.
3. Materials for construction or erection work shall be stored divided into several storage units, the value of which shall not exceed the value specified in the insurance proposal, which may be stored per unit of storage. The individual storage units (warehouses) shall be either at least 50 m apart or separated by fire-proof walls.

All flammable material (e.g.: shuttering, waste material, etc.) and especially all flammable liquids and gases shall be stored at a sufficiently large distance from the property under construction or erection and any hot work;

4. Welding, soldering and other work involving open flame is only carried out near combustible materials in the presence of at least one worker equipped with a fire extinguisher and certified for fire-fighting are continuously present.
5. At the beginning of the test operation, all fire alarm and fire-fighting equipment necessary for the operation of the facility and authorized by the authority shall be installed and ready for operation.

CLAUSE 207

CONSTRUCTION CONTAINERS AND WAREHOUSES

Under this clause, the parties agree that the Insurance Company shall indemnify the Insured for losses, damage to and liability for construction containers and warehouses arising out of **fire, high water level or flooding** only if

- these construction containers and warehouses are located in the construction zone above the highest water level detected in the last 20 years;
- and the individual storage units are either at least 50 m apart or separated by fire walls.

The maximum sum insured for construction containers and warehouses is the amount of reimbursement (limit) specified separately by the parties in the insurance contract (insurance proposal).

CLAUSE 208

SPECIAL CONDITIONS OF UNDERGROUND CABLES, PIPES AND OTHER UNDERGROUND EQUIPMENT

The parties agree that insurance shall cover damage to existing underground cables and / or pipelines or other underground equipment only if the Insured has completed the public utility reconciliation with the competent authorities before the start of the work, he has obtained the necessary administrative permits, and has fully complied with the provisions, requirements laid down therein in order to prevent damage.

Insurance services are provided by the Insurance Company exclusively for the costs of repairing cables, pipelines and/or underground equipment.

This insurance shall not cover consequential loss or penalties.

CLAUSE 209

EXCLUSION OF LOSS OF OR DAMAGE TO CROPS, FORESTS AND PLANTATIONS

Under this clause, the parties agree that the Insurance Company shall not indemnify the Insured for any indirect or direct loss of or damage to crops, forests, agricultural areas and/or any plough land which occur during construction work.

CLAUSE 217**SPECIAL CONDITIONS FOR LAYING TUBES, PIPES AND CABLES IN OPEN DITCHED**

Under this clause, the parties agree that the Insurance Company shall compensate the Insured for losses and damage arising from the laying of pipes, wires, cables in open ditches as a result of storm, rain and flood (e.g. silting, sullage, erosion, collapse) only for the section of specified length specified in the insurance contract (insurance proposal) per loss. The insurance service payable per loss shall be limited to the repair costs of the continuous length of sections specified in the insurance contract (insurance proposal).

The Insured shall hold at the site of erection suitable means to close the tube ends (to bung) and, when work is paused (at night or on public holidays), ensure that the tube ends exposed to water are properly closed (bung).

CLAUSE 218**COST OF FINDING LEAKAGES WHEN LAYING PIPELINES**

Under this clause, the parties agree that this insurance shall cover the following:

- a) the costs of the search for leakage following a hydrostatic test, including the rental, operating and transport costs of the equipment required for this purpose
- b) costs incurred in the non-damaged working trench due to earthwork, i.e. the costs of lifting the soil, uncovering the pipes and placing back the soil;

The costs referred to in points (a) and (b) shall be reimbursed by the Insurance Company only if:

- the leak is caused by an insured event covered by the Insurance Company,
- the percentage of welding seams specified in the insurance contract (insurance proposal) was checked by X-ray examination and the detected defects were corrected.

However, the costs arising from the incorrect repair of the welding seams shall not be reimbursed by the Insurance Company.

The sum insured for the insurance service during the insured period is limited to trial periods.

CLAUSE 219**SPECIAL CONDITIONS THROUGH DIRECTIONAL DRILLING OF PIPELINE ROUTES**

Under this clause, the parties agree that the Insurance Company provides compensation/insurance services for damage resulting from the crossing of pipelines with rivers, rail charges and roads etc. by directional drilling only if:

- appropriate soil tests (taking soil samples, test drilling, etc.) have been carried out prior to the start of the work, and
- the insured contractor has adequate professional experience in the field of this drilling process.

The Insurance Company shall not indemnify the Insured in respect of such loss or damage which

- **occurred due to misalignment of the drilling target and/or**
- **is resulting from a decrease or change in the amount of drilling mud (bentonite or similar)**

The amount of the deductible is stated in the insurance contract (insurance proposal).

CLAUSE 220**INLAND TRANSIT**

Under this clause, the parties agree to extend the insurance cover set out in Chapter I of the special provisions of these terms and conditions for losses or damage to property during transport to the insured erection site with the exception of water and air transport which is caused by an accident, fire, explosion, lightning, aircraft impact, stone fall, landslide, earthquake, flood, overflow, collapse of bridges and structures involving the means of transport,

This insurance shall cover only property duly prepared and/or packaged for transportation

On the basis of this clause, the Insurance Company provides cover only for insured events occurring on the routes of transport within Hungary's borders, even if under the contract, the territorial scope of another insurance cover provided by the Insurance Company extends beyond the territory of Hungary.

The maximum amount of the indemnification per claim and the extent of the deductible are included in the insurance contract (insurance proposal).

CLAUSE 221**SPECIAL CONDITIONS OF SAFETY MEASURES ON PRECIPITATION, HIGH WATER LEVEL AND FLOOD**

Under this clause, the parties agree that the Insurance Company shall only indemnify the Insured for loss, damage or liability directly or indirectly caused by precipitation, high water level or flood if, in the design and construction of the facility in question, the safety measures expected of the designer or the contractor as a result of his professional activities have been taken.

The parties consider as a reasonable security measure in particular that the erection project implementation is planned and carried out in a way that is resistant to the amount of water in respect of the insured location and insured period according to the precipitation, high water level and flood data measured by the competent Meteorological Institute for the last 20 years.

The Insurance Company shall not pay compensation/insurance service for losses, damage and liability claims that have arisen because the Insured did not immediately remove the obstacles (alluvium, sediment, vegetation, etc.) from the bed to ensure the free flow of water, irrespective whether there was water in the bed during the period prior to the occurrence of the damage.