Terms and Conditions for the Professional Liability Insurance for Architects and Design Professionals

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GENERALI

Contents

Terms and Conditions for the Professional Liability Insurance for Architects and Design Professionals (ÉMTSZF)

These General Terms and Conditions of Professional Liability Insurance for Architects and Design Professionals (ÉMTSZF) set out the standard terms and conditions for all liability insurance policies for architects and design professionals taken out from Generali Biztosító Zrt. (hereinafter: insurance company), provided that the policy has been concluded by reference to these insurance terms and conditions.

These General Terms and Conditions of Professional Liability Insurance for Architects and Design Professionals shall be read and interpreted together with the Specific Clauses of the covers selected and specifically stated by the policyholder in the insurance policy or in the related insurance application, which shall jointly constitute the General Conditions. For matters not covered by the Specific Clauses, the Terms and Conditions of the Professional Liability Insurance for Architects and Design Professionals shall prevail, while for provisions of the Specific Clauses which differ from the Terms and Conditions of the Professional Liability Insurance for Architects and Design Professionals, the provisions of the Specific Clauses shall prevail.

Parties may derogate from the General Conditions, in which case the parties' written agreement shall prevail. The Customer Information and General Provisions Governing Insurance Policies will also be an integral part of the insurance policy.

Pursuant to these policy conditions, Generali Biztosító Zrt. (hereinafter: insurance company) shall, in consideration of the payment of insurance premium by the policyholder, indemnify the insured for loss or damage arising out of specific future events (hereinafter: insured event), up to the indemnity limit stated in the insurance policy.

I. PARTIES TO THE INSURANCE POLICY

I.1. Insurance Company

The insurance company is a legal entity which, in consideration of the payment of insurance premium, provides coverage for the insured risk and undertakes the obligation to pay insurance claims subject to the policy conditions.

I.2. Policyholder

I.2.1. The policyholder of the insurance policy shall be the person who concludes the policy with the insurance company and undertakes to pay the insurance premium. The policyholder may be a person or organization who is not a consumer.

Consumer shall mean any natural person acting for purposes which are outside his trade, business or profession.

I.2.2. It is the policyholder who is entitled to submit legal statements to the insurance company with respect to the insurance, and who the insurance company shall address its legal statements to.

I.2.3. If the policyholder and the insured are different persons, the policyholder is required to inform the insured of all the legal statements he/she is delivered as well as of any modifications of the insurance policy, until an insured event occurs or until the insured enters the insurance policy.

I.2.4. Any change in the policyholder (change of policyholder) shall be subject to the insurance company's approval, unless the policyholder changes as a result of legal succession or if the insured replaces the policyholder in the insurance policy.

If the insurance policy was not concluded by the insured person, the insured may replace the policyholder in the policy by a written statement submitted to the insurer ('replacement of the policyholder'). The policyholder may be replaced by the insured without the consent of the insurance company. If the insured replaces the original policyholder in the insurance policy, he/she will assume all the related rights and obligations therewith, and the insured who entered the policy will be jointly liable with the policyholder for the payment of premiums due in the current policy period.

I.3. The Insured

I.3.1. The insured shall be the person whose indemnification obligation is assumed by the insurance company subject to the conditions set forth herein.

I.3.2. Pursuant to these conditions, the insurance may be taken out to cover a person or entity (e.g.: sole trader, legal entity or organization without a legal personality) who is licensed to pursue the insured activity in accordance with prevailing Hungarian legislation and is specifically named in the insurance policy.

II. INSURED EVENT

II.1. The insurance covers the insured's obligation to indemnify a third party for loss or damage which the insured of this insurance is liable for under Hungarian law, and which the insured is protected against by the insurance company subject to these Policy Conditions and to the Specific Clauses.

II.2. The insurance shall also cover any conduct violating the personality rights of another person in respect of which the insured is obliged to pay restitution and which the insured is relieved from by the insurance company in consideration of payment of the insurance premium, subject to the conditions set forth herein and in the specific clauses.

Unless otherwise provided for in these conditions, the provisions on tortious act, loss or damage, and liability for indemnification set out in these conditions shall also be applicable to any conduct in violation of privacy rights, restitution and restitution payment obligation mutatis mutandis.

II.3. Multiple damage shall be regarded as a single insured event. Serial loss shall mean loss and damage arising from the same tortious act or reason or attributable to the same cause, but occurring at different times, provided that there is a legal, economic or technical connection between the cause and the effect, regardless of the fact that more than one injured parties submit a claim for indemnification.

III. INSURED BUSINESS ACTIVITY

III.1. The activity covered under this insurance, according to the choice of the policyholder indicated in the insurance application:

a) architectural and engineering design in the following professional fields:
- architectural design and interior design
- landscape design
- specialist engineering design (engineering design for transport, communications, information technology, water management, mining, gas and oil, energy supply)
- industrial engineering design (bridge design, structural engineering, mechanical engineering, building physics, acoustics, electrical engineering, geotechnical engineering)
- technological engineering design (mechanical engineering, construction engineering, chemical engineering, forestry, woodworking, food engineering, design of health facilities and audiovisual systems)

If the insured activities are architectural-engineering activities, the insurance also covers architect's site supervision and design verification activities.

If the insurance is taken out to cover architectural-engineering design activities, the coverage shall not apply to architectural-engineering design activities carried out in the capacity of a general contractor for public construction projects subject to the Act on Public Construction Projects. This exclusion does not apply to fixed-term contracts concluded specifically for the provision of architectural-design activity related to a public works project.

b) design of machinery and equipment not classified as structures

c) construction site supervision and construction management

d) providing forensic expertise in the following areas:
- fire protection
- occupational safety
- transport and industry
- information technology and communication
- environment, nature conservation and water management
- housing and construction, town and regional development planning

e) energy auditing activities

f) energy advisory

g) technical inspection activities

h) technical and safety inspection of the gas installation of gas appliance replacement

III.2. **Activities not covered under these policy conditions:**
a) design activities for air transport,
b) the design of the following structures:
- **landfill sites,**
- **nuclear structures,**
- **dams and hydroelectric power stations, embankments of rivers and other watercourses, as well as navigation locks and floodgates,**
- **tunnels, airports, ports.**

III.3. **It is only by application of the relevant Specific Clauses that the insurance shall cover the engineer's coordination and representation activities.**

III.4. For the purposes of these conditions

a) architectural-engineering design: the preparation and statutory control of the architectural-engineering documentation required for the construction, extension, renovation, alteration, restoration, modernization, demolition, removal, change of use of a building, building element, building complex, landscape and garden architecture, as well as the architect's site supervision activities.

Structure, building, civil engineering works, landscape architecture:
- structure: a generic term for buildings and civil engineering works, i.e. all fixed engineering works resulting from construction activities or delivered as finished products to the construction site, which are created by altering the terrain, water or the ground below them or the atmosphere above them, by building on them, regardless of their purpose, construction design, materials, degree of completion or extent;
- building: a type of structure which encloses a covered space, a room or a combination of these for a specific purpose or for an activity related to its intended purpose;
- civil engineering works: all structures which are not buildings and do not typically have a building function, including in particular roads, bridges, towers, technical installations for telecommunications, engineering works for the transmission and storage of electricity, gas, liquids, bulk materials and traces, as well as outdoor sculptures and outdoor installations;
- landscape architecture: designed open space that is part of the built environment, shaped by landscape architectural techniques, which includes or is connected to individual structures and also contains natural elements;

Architect's site supervision: the architect's involvement at the construction site, during which he/she supervises the execution of the construction design documents prepared by him/her, facilitates the resolution of design issues arising in relation to the construction design documents during the construction activity.

Design verification: verification of compliance of the architectural-engineering documentation and the design documentation with the legislation, the professional standards and the developer's expectations, carried out on behalf of the developer.

b) design of machinery and equipment not classified as structures: the preparation of the technical design documentation necessary for the construction, conversion, renovation, modernization, dismantling, removal, change of use of machinery and equipment which does not constitute a structure;

c) construction site supervision: management of the construction and erection work on the construction site, enforcing and monitoring compliance with the legal regulations, mandatory authority requirements and the building (construction) permits issued by the building authorities, organizing the workflow of the construction works as well as all the tasks related to the construction works which are defined by law as the responsibility of the senior construction manager in charge (e.g. keeping the construction logbook, confirming the performance of subcontractors, participating in the handover procedure, etc.);

d) forensic expert's activity: the entirety of subtasks performed by a forensic expert (or other persons assisting the forensic expert in his work) who, on the basis of a secondment or a mandate from the authority, is required by law to provide specific expertise in order to establish or assess a fact or other circumstance, in particular to carry out the necessary investigations for an expert opinion, to prepare, draft and submit the expert opinion and to supplement it at the request of the authority, and all the subtasks related thereto,

e) energy auditing activity: a process, carried out using a defined methodology, which aims to gather appropriate knowledge of the current energy consumption profile of a building or group of buildings, industrial or commercial operation or facility, private or public service, and which identifies and quantifies cost-effective energy savings opportunities and reports the results;

f) energy advisory: performing legally defined activities related to the promotion of energy efficiency and energy-efficient behavior patterns in the operation and decision-making of the business organization that is obliged to use them;

g) technical inspection: on behalf of the developer, facilitating and checking compliance with the relevant legislation, official regulations, standards, contracts and construction documentation throughout the entire construction process, in particular:
   – checking the quality of the construction and erection work on the basis of the legally binding building (installation) permit and the corresponding approved architectural-engineering documentation, as well as the construction documentation,
   – verifying the correct placement of the structure and the location of the works to be covered,
   – checking the construction logbook(s), signing off the entries, making comments, pointing out errors, omissions and discrepancies,
   – making proposals to the developer for changes to the design justified by engineering or economic necessity,
   – making proposals on technical issues (e.g. to call in an expert), preparing the developer's decisions,
   – participation in the acceptance-handover procedure.

IV. SUBJECT OF THE INSURANCE COVER

IV.1. The insurance company undertakes, to the extent and under the conditions set out in the policy, to indemnify the insured against
a) personal injury, damage to property and pure economic loss caused by the insured person or a person employed or otherwise contracted to work for the insured – who is authorized to carry out the insured activity – through a breach of the rules of the profession and of the contract governing the activity, for which the insured is liable for damages;
b) the payment of aggravated damages, which the insured person is liable to pay, in respect of a violation of personality committed by the insured person, or a person employed or otherwise contracted to work for the insured – who is authorized to carry out the insured activity – in the course of or in connection with the insured activity, by reason of a breach of the rules of the profession governing his activity and of the contract for the performance of the activity.

IV.2. The insurance covers indemnity claims made against you arising out of the activities of a contractor (subcontractor, agent) who has been lawfully hired by you or your subcontractor or agent for the provision of the professional service.

For the purposes of this Specific Clause, 'contractor' means any legal entity contracted by the insured, its subcontractor, or its agent under a contract for services or an agency agreement.

If the contractor (subcontractor, agent) is protected under liability insurance against the loss or damage it may cause, the insurance company shall respond to claims only if and to the extent the insurance of the contractor (subcontractor, agent) causing the loss or damage does not cover the loss.

The insurance shall not cover claims made and enforced by the employees of the contractor (subcontractor, agent) against the contractor.

IV.3. For the purposes of these conditions
– personal injury shall mean the death, bodily injury or health impairment of a person;
– 'property damage' means damage to, destruction or loss of use of a movable.
– 'pure economic loss' means loss which does not include personal injuries and/or property damage, and which is not the result of the above.

V. CONCLUSION OF THE INSURANCE POLICY AND THE COMMENCEMENT OF INSURANCE COVERAGE

V.1. Conclusion of the insurance policy

V.1.1. An insurance policy may only be concluded by a party interested in avoiding an insured event based on a legal relationship linked with any property or individual (insured), or which concludes the policy to the benefit of a party interested (policyholder).

V.1.2. The insurance policy will be concluded
a) by way of a written agreement between the parties,
b) by acceptance of the policyholder's insurance application (insurance quote) by the insurance company within 15 days, which shall be considered as a written agreement,
c) by the insurance company's implicit conduct

V.1.3. If the policy has not been concluded in writing, the insurance company shall issue a document to certify insurance coverage (hereinafter: policy schedule).

If the certificate of coverage is issued with terms which differ from those in the insurance application, and this difference therein is not contested by the policyholder without delay, or within a maximum of 15 days, the policy will take effect on such different terms. If the policyholder rejects (contests to) the derogation, the insurance policy shall not be concluded. The insurance company shall warn the policyholder of any material derogation in writing at the time when the certificate of coverage is delivered. In the absence of this warning, the policy will enter into force with the terms specified on the application.

The policyholder is bound by the insurance application for 15 (fifteen) days of its date of submission.

V.1.4. **The policy shall be concluded – by the insurance company's implicit conduct (tacitly) – on the terms of the application, also if the insurance company fails to respond to the policyholder's insurance application within 15 days of its receipt, provided that**
- **the application was made upon receipt of the relevant statutory information on the content of such legal relationship,**
- **on the insurance company's own standard application form,**
- **and in accordance with the premium rates of the insurance company applicable to the type of policy in question.**

An insurance policy so concluded shall be concluded on the day following the end of the underwriting period, with retroactive effect to the date when the insurance company was delivered the insurance application.

If a policy which is concluded by the insurance company's implicit conduct derogates in material terms from the standard policy terms, the insurance company will have 15 days of the conclusion of the policy to propose that it be modified according to the standard terms. If the policyholder refuses the proposed modification or fails to respond to it within 15 days, the insurance company may terminate the policy giving 30 days written notice within 15 days upon receipt of the notification of the refusal or modification.

V.1.5. The insurance company is entitled to refuse the insurance proposal in writing within 15 days from its receipt.

V.2. Commencement of the insurance coverage

In case of a validly concluded insurance policy, insurance coverage (insurance protection) by the insurance company shall commence on the day specified as the commencement date of the insurance coverage in the insurance application by the policyholder.

The commencement date of the insurance coverage may not be earlier than 0 a.m. of the day following the date when the policyholder signs the insurance application.

V.3. Term of the insurance policy

V.3.1. This insurance policy may be concluded for a fixed term or for an indeterminate period. The coverage period shall be indicated in the insurance policy.

V.3.2. The policy period shall be the period for which the insurance premium has been calculated as a unit, regardless of any insurance premium payment in instalments. For policies concluded for an indeterminate period, the policy period shall start on the renewal date of the policy every year and shall last for 1 year from such date. **For policies concluded for a fixed term, the policy period shall be equal to the full coverage period, unless otherwise provided in the insurance policy.**

V.3.3. The renewal date of the policy (anniversary) is the first day of the policy period.

The renewal date will be the same day as the commencement of the insurance coverage provided that such date is the first day of a month; otherwise it will be the first day of the following month.

V.4. Termination of the insurance policy

V.4.1. The insurance policy will terminate
a) if the parties cancel a permanent policy with effect from the end of the policy period by giving 30 days written notice (V.4.2);
b) if the term of a fixed term policy expires;
c) if the insurance premium is not paid in accordance with Clause VIII.6 herein;
d) upon any change in the amount of the insurance premium if the policyholder terminates the policy – as set out in Clause VIII.5.3. – with effect from the end of the policy period;
e) upon termination of an insurance policy concluded by implicit conduct (tacitly), under the circumstances described in Clause V.1.4 or in case of a material increase in the insurance risk, as set out in Clause IX.2.3 of these conditions;
f) if an insured event occurs before the commencement of the insurance coverage, or its occurrence has become impossible or the insurable interest has ceased to exist. If the occurrence of an insured event becomes impossible or the insurable interest ceases to exist during the term of insurance coverage, the policy - or a relevant part thereof - shall terminate;
g) by the mutual written agreement of the Parties.

V.4.2. The parties may cancel a policy concluded for an indeterminate period with effect from the end of the policy period, subject to a 30-day notice period. The parties may exclude the cancellation right in the policy for a period of up to 3 years.

If the policy is concluded for a period exceeding 3 years and the parties have not stipulated that it may also be cancelled before the expiry of the period specified, the insurance policy may be cancelled by either party from the fourth year on.

V.4.3. If the insurance is taken out to cover architectural-engineering design activities, the insurance company undertakes to inform the Hungarian Chamber of Architecture and the Hungarian Chamber of Engineers in writing within 15 days of the fact and date of termination of the insurance policy, with the exception of insurance policies concluded for a fixed term.

By virtue of its declaration made on the insurance application, the policyholder shall release the insurance company from the obligation of insurance confidentiality for the above purposes.

VI. TERM AND GEOGRAPHICAL LIMIT OF THE COVERAGE

VI.1. The insurance provides coverage for loss or damage incurred and claims made in Hungary, unless otherwise provided for in the special conditions.

VI.2. **The insurance**
- **in the case of an insurance policy concluded for an indefinite term, shall cover loss or damage which occurs during the term of the insurance policy and where the grounded claim is notified to the insurance company within 30 days of termination of the policy at the latest, unless otherwise provided for in the applicable specific clauses.**
- **in the case of an insurance policy concluded for a fixed term, shall cover loss or damage which occurs during the term of the insurance policy and where the grounded claim is notified to the insurance company within 1 year of termination of the policy, unless otherwise provided for in the applicable specific clauses.**

VI.3. For the purposes of these conditions

a) the date of the tort shall be the day when the tortious act is committed.
If tort is due to omission, the date of the tort shall be the day when the omission could still have been made good without causing loss or damage. In the event that a breach is based on any written document, then such breach shall be deemed as committed when the insured hands over such written document – signed by the insured – to the insurance company.
In any other case, a breach shall be deemed as committed when the insured makes a statement or supplies a declaration substantiating it.

b) the date of the loss or damage shall be the day when the insured's obligation to pay indemnity becomes due.
– In the case of personal injuries, the date of the injury shall be:
The time of death if someone dies;
The date of the injury if someone is injured, even if it later leads to death; The date of the health impairment if someone's health is impaired;
In a disputed case of health deterioration (gradual worsening of a personal injury over a longer time period), the date when the health impairment is first confirmed by a physician.
– In the case of property damage, the date of the damage shall be the date when it was caused;
– The date of the occurrence of a serial loss shall be the date of the first loss event within such series.

c) the date of notifying a claim shall be the day when the insured notifies the insurance company of the occurrence of a loss or damage in accordance with Clause X.1.1.;

d) 'personal injury' means the death, health impairment or bodily injury of a person;

e) 'property damage' means damage to, destruction or loss of use of a movable property. 'Movable property' (movables) means physical objects which may be possessed, including cash and securities.

f) pure economic loss is loss which does not include personal injuries (death, impairment or bodily injuries) and/or damage to property (destruction, loss of use or damage to movables), and is not the result of the above.

VII. SUM INSURED

VII.1. Upon the occurrence of an insured event, the insurance company liability for the payment of the claim shall be limited to the sum insured per insured event and per policy period in the aggregate, as stated in the insurance application.

VII.1.1. The sum insured for any one occurrence is the maximum amount of indemnity which may be paid out on any one insured event, subject to the rules governing the payment of claims (Clause X.2).

VII.1.2. The sum insured specified for the insurance period shall be the total of payouts payable in respect of all insured events arising from losses caused within such period, subject to rules governing the payment of claims (Clause X.2.).

If a claim for indemnity brought against the insured arising from an insured event which occurred in a given insurance period is notified to the insurance company only in the subsequent insurance period, the amount of the benefits payable by the insurance company will not be determined on the basis of the sum insured applicable to the current period of insurance, but on the basis of the remaining sum insured applicable to the insurance period in which the insured event occurred, while also taking into account the rules governing the payment of claims (X.2).

The sum insured specified for the policy period shall be reduced by any amounts paid out for insured events which occurred (loss and damage caused) within the same policy period. The policyholder shall not be entitled to increase the sum insured determined for the insurance period to its original value (maintaining adequate coverage) by supplementing the annual sum insured accordingly. The insurance policy shall remain in effect for the current policy period with the sum insured reduced by any payment of claims.

VII.2. The claim payable by the insurance company (Clause X.2) may not exceed the sum insured even if the indemnification obligation rests with several insured parties or if claims for indemnity are brought by several persons.

If claims are brought by several persons, and the sum insured for each occurrence is not enough to settle all claims for indemnity, the insurance company shall pay the indemnity in proportion to the loss suffered by the injured parties – or if the loss cannot be determined at all or it would require extra expenditures on behalf of the insurance company – in the proportion to the estimated loss or damage.

VIII. INSURANCE PREMIUM

The insurance premium is received in consideration of the insurance coverage offered by the insurance company.

VIII.1. Party required to pay the insurance premium

VIII.1.1. The insurance premium is required to be paid by the policyholder.

VIII.1.2. If the insured enters the insurance policy as the policyholder by a written statement addressed to the insurance company (Clause I.2.4.), the liability for the payment of premiums due in the current policy period shall lie with the insured and the original policyholder jointly.

VIII.2. Payment period (payment frequency)

The insurance company shall specify the insurance premium for each policy period. The premium payment frequency shall be determined by the parties in the insurance policy.

VIII.3. Premium payment due date

VIII.3.1. The first insurance premium (in case of half-yearly or quarterly premium payment frequency, the first premium installment) shall be due at the date specified by the parties, and in the absence thereof, at the time of concluding the policy. Permanent premium payment shall be due on the first day of the insurance period (year, half-year, quarter) which it is payable for. Single premium payment shall be due on the day when the policy is concluded.

VIII.3.2. Any insurance premium (or premium instalment) paid by the policyholder prior to the conclusion of the insurance policy shall be deemed as an advance premium, which the insurance company will handle free of interest. If the insurance policy is concluded, the advance premium shall count in full against the insurance premium.

If the insurance policy is not concluded, the insurance company shall refund the advance premium to the policyholder.

VIII.4. Calculation of the insurance premium

VIII.4.1. The insurance premium shall be calculated on the basis of the premium tariffs of the insurance company or by individual underwriting.

VIII.4.2. The policyholder (insured) is required to disclose all the data which is required for the calculation of the insurance premium.

Basis for calculating the premium

a) for policies of indefinite duration, the policyholder's net revenue from the insured activity in the previous year. If the policyholder has not yet been in business in the previous year, the premium for the first period of insurance is calculated on the basis of the estimated (projected) annual net revenue from the insured activity for the current year.
b) for policies of fixed duration, the policyholder's net revenue from the insured design project.

Further factors modifying the insurance premium shall particularly include the sum insured, the amount of the co-payment undertaken, the insured's business, the frequency and manner of insurance premium payment, and other data disclosed by the policyholder in the course of risk assessment (e.g. precedent claims).

VIII.5. Modification of the insurance premium

VIII.5.1. Adjustment of premium if the data underlying the premium calculation change

VIII.5.1.2. If the data used for the calculation of the insurance premium change, the parties shall modify the insurance premium for the next policy period with effect from the next policy renewal date (anniversary). For the calculation of the premium, the policyholder is required to notify the change in the data on which the premium calculation is based at least 60 days before the insurance anniversary date.

VIII.5.1.3. **If the insurance company becomes aware that the actual data and the data used for the premium calculation are different, it shall be entitled, notwithstanding the provisions set out in Clause XIV.1., to determine and charge premiums for the last five years retroactively based on such actual data and to claim any difference from the policyholder.**

VIII.5.1.4. **If the policyholder provides incorrect data for the calculation of the premium or does not comply with the obligation set out in Clause VIII.5.1.2, the insurance company shall be liable to pay only that part of the loss or damage determined, but not more than the total loss or damage, which is the proportion of the premium paid of the premium that would have been charged if the policyholder had provided correct data.**

VIII.5.2. Changes in premium rates

While the insurance policy is in force, the insurance company may modify insurance premium rates in the cases specified below:

a) in the event of a material change of at least 4% in the loss ratio of this policy or in the loss frequency or average loss ratio of insurance policies pertaining to the same product as registered by the insurance company in the calendar year preceding the entry into effect of such modification;
b) in the event of changes in public burdens affecting the insurance claim;
c) in accordance with the rate of inflation published by the Hungarian Central Statistical Office in the month of July immediately preceding the policy period.

The insurance premium may be modified with effect from the next renewal date of the insurance policy, in proportion to such altered circumstances, but up to a maximum of 100% (in case of a premium rise in view of an increase in the loss ratio of this policy, up to 300%).

VIII.5.3. The insurance company shall send written notification to the policyholder of the modified insurance premium in accordance with the provisions in Clauses VIII.5.1. and VIII.5.2. at least 30 days before the policy renewal date (anniversary). If the policyholder does not wish to maintain the policy subject to the new insurance premium amount communicated by the insurance company, the policyholder may terminate the insurance policy prior to the policy renewal date (anniversary) – by derogation from Clause V.4.2. of these conditions, without a notice period – with effect from the policy renewal date. In the absence of such termination, the policyholder shall be obligated to pay the modified amount of the insurance premium with effect from the insurance policy renewal date.

VIII.5.4. The insurance premium will also be modified if the insurance company proposes the the policyholder to modify the insurance premium with effect from the next policy renewal date, and the policyholder approves the proposed modification by paying the first modified premium due after the renewal date in accordance therewith. The insurance company will communicate its proposal for the modification of the insurance premium to the policyholder in writing and at least 30 days prior to the next renewal date of the policy.

VIII.5.5. To verify the disclosed data, the insurance company is entitled to inspect the books of the policyholder (insured) to the extent necessary for the verification.

VIII.6. Consequences of premium payment default

VIII.6.1. **The insurance policy shall 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 has not been permitted to defer the payment, or the insurance company has not enforced the claim for premium payment in litigation. In the event that the policyholder has not paid the total amount of premium arrears but only part of it, and the period thus covered by premium payment corresponds to a date after the 60th day of the due date, then the policy will terminate with effect from the last day of premium payments being settled.**

VIII.6.2. **The insurance company may postpone the termination of the contract and the deadline for the enforcement of the payment in litigation by an additional 30 days, if it summons the policyholder for the payment of the arrears in writing, informing him/her of the delay, before the end of the 60th day from the due date of the insurance premium. In the event that the policyholder is in default of premium payment and the insurance company institutes the enforcement of premium payment by litigation, the insurance premium calculated by the end of the insurance period concerned shall be due in a single sum.**

VIII.6.3. No insurance policy terminated as a consequence of premium payment default may be reinstated by posterior payment of the insurance premium.

The insurance company is required to refund the premium difference. If a contract is terminated for premium payment default, the insurance company shall not send an express written notice of such fact to the policyholder (insured).

VIII.6.4. **The insurance company shall not be obligated to set another extended deadline in the event of a default in premium payment.**

VIII.6.5. If only a part of the due premium is paid, the policy shall remain in force with the same amount of coverage (sum insured) for a term to which the premium paid corresponds.

VIII.7. Obligation of premium payment if the policy is terminated

The insurance company may demand payment of the insurance premium due by the date of termination of coverage. If any amount in excess of the pro-rata premium has been paid, the insurance company shall be required to refund such premium in excess.

IX. COOPERATION OF THE PARTIES

IX.1. Obligation to disclose information

IX.1.1. Upon conclusion of the insurance policy (submission of the insurance application), the policyholder and the insured shall be obligated to disclose to the insurance company any and all material circumstances relevant for undertaking the insurance which they were or should have been aware of; to provide true and complete answers to the questions in the underwriting data sheet and the insurance application, even if such data and information constitute a business (professional) secret. Parties will have complied with their disclosure obligation if they answer all the written questions asked by the insurance company provided that such answers are true and accurate.

IX.1.2. The policyholder and the insured are required to submit all documents, contracts, authority decisions which may be relevant for the insurance company's risk assumption and for the conclusion of the insurance to the insurance company, and/or allow the inspection of such files.

IX.2. Obligation to notify changes

IX.2.1. The policyholder and the insured are required to notify the insurance company of changes in material conditions subject to the disclosure obligation in writing, within 5 workdays, particularly if
- there are changes in any data and conditions specified in the insurance application and/or the underwriting data sheet;
- there is a material change in the circumstances of pursuing the insured business;
- a liability insurance policy is concluded with another insurance company for the risk covered by the insurance policy;
- the systems of loss prevention and damage control have been modified;
- the competent court has ordered the institution of bankruptcy or liquidation proceedings against them or a voluntary dissolution procedure is instituted.

IX.2.2. If there are changes in the documents, contracts, authority decisions relevant for the insurance company's risk assumption and for the insurance policy, the policyholder and the insured are required submit the modified documents within 5 workdays to the insurance company.

IX.2.3. The policyholder and the insured may not defend themselves by not knowing about any changes or circumstances that either of them failed to disclose or report to the insurance company, although they should have known about and should have been obligated to report them.

IX.2.4. If the insurance company becomes aware of material circumstances regarding the policy or is advised of a change therein only after the policy has been concluded, and these circumstances bring about a considerable increase in the insurance risk, the insurance company shall be entitled to propose within 15 days after gaining knowledge thereof that the policy be amended or may cancel the policy in writing with 30 days' notice.

If the policyholder does not accept the proposed modification or does not respond within 15 days from its receipt, the policy shall terminate on the 30th day after notification of the proposal for modification was given, provided that the insurance company has advised the insured of this legal consequence when sending notification of the modification.

If the insurance company fails to exercise this right, the policy shall remain in force on the original terms.

A significant increase in the insured risk shall in particular mean cases when had the insurance company known about the material circumstance, it would have denied the coverage, or would have undertaken the coverage for a premium of at least 10% higher than the standard rate or it would have applied an exclusion.

If the policy covers multiple property items or persons and the considerable increase in the insurance risk only applies to some of them, the insurance company will not exercise its rights set out in the foregoing with respect to the other property items or insured persons.

IX.3. **In the event of any violation of the disclosure obligation and the obligation to notify changes, the insurance company may be relieved from the payment of the claim as set out in Clause XII.3.**

IX.4. Obligation to prevent loss or damage

IX.4.1. The policyholder and the insured are required to take all expected measures as generally expected in the given situation. They shall be obligated to observe, at all times, current legal regulations, standards and authority decisions, as well as professional requirements related to installation, operation, protection and storage together with manufacturer's instructions and recommendations related to the same, as well as to eliminate hazards in a hazardous situation already identified and to implement the loss prevention measures requested by the insurance company.

In disputed cases, any such circumstance which earlier resulted in tort, and any such hazard which the insured was warned about by the insurance company or by a third party should be regarded as an identified emergency.

IX.4.2. The insurance company is entitled to check if damage prevention measures have been put in place and maintained.

IX.5. Obligation to mitigate loss

IX.5.1. The policyholder and the insured are required to take all measures necessary to mitigate loss or damage according to the insurance company's requirements and the instructions given consequent upon the occurrence; and in the absence thereof, according to the requirement of conduct generally acceptable in the given situation.

IX.5.2. The insurance company is entitled to check the implementation of the mitigation measures, compliance with its regulations and instructions.

IX.6. In the event that loss or damage has been caused by the policyholder's or insured's deliberate or grossly negligent breach of their obligations to prevent or mitigate loss or damage, or if the extent of the damage increased due to such conduct or omission, the insurance company shall be released from its obligation to pay the claim as set out in Clause XII.2.

X. RULES OF THE PAYMENT OF CLAIMS

X.1. Notification of claims

X.1.1. The insured shall be obligated to notify the insurance company without delay or within a maximum of 30 days if the insured is notified of a claim or is made aware of any circumstance that may give rise to such a claim.

Notifications of claims may be given:
a) in person: at any customer service center of the insurance company,
b) by phone: call the Call Centre at +36 1 452 3333 during opening hours (disclosed by the insurance company on its website),
c) on the Internet: using the online claim notification system (generali.hu/Online_ugyfelszolgalat/Karbejelentes),
d) in a postal mail addressed to: 7602 Pécs, PO Box 888.

Failure to comply with the deadline for notifying a claim is not in itself time-barred, but in such a case it is necessary to ensure that the circumstances relevant to the assessment of the claim remain identifiable.

X.1.2. The insurance claim shall contain:
- the reference number of the certificate of coverage;
- the name and address (reg. seat) of the injured party (parties);
- the extent of the damage, if known, as well as the place and date of its occurrence;
- the detailed description of the incident;
- a written reasoned statement by the insured assuming or refusing liability;
- the reference number of the authority proceedings, if one was initiated, together with the name of the acting authority and any authority decisions made;
- the name, address and telephone number of the person authorized by the insured to cooperate in the claim settlement procedure;
- all material information related to the damage;
- the actual data pertaining to the preceding calendar year, required for the premium calculation (e.g.: average headcount, annual net turnover).

Claims may also be reported through the Internet by completing compulsory data fields of the online claim report and submitting it electronically to the insurance company.

X.1.3. The insurance company is entitled to request the provision of the following documents for the reimbursement of losses and expenses arising from the insured event or for the payment of the claim, provided that they are necessary to establish the legal basis and the amount of the claim and are available or can be obtained in connection with the claim concerned:
- other certificates of coverage or other document to provide evidence for an insurance policy taken out from another insurance company for the same insurable interest and in force on the day of the insured event,
- documents evidencing that the conditions stipulated in the insurance policy are fulfilled,
- the documents necessary for the clarification of all the circumstances and consequences of the insured event (a statement by the insured and/or any other person involved in the insured event about the circumstances of the insured event, a copy of reports with such information),
- if a police investigation, administrative or other official proceedings have been initiated in connection with an insured event or a circumstance leading to such event, all the documents produced or used in the proceedings (the binding decision made in criminal proceedings or in misdemeanor proceedings only if available at the time when the insurance claim is filed or during the claim settlement procedure),
- medical documentation of the insured or the injured party, produced in connection with the insured event as well as their medical history: medical files issued by a general practitioner, a company physician, documents produced during outpatient or inpatient care, documents in proof of the administration of medication,
- the documents managed and/or processed by the social insurance body or another person or organization, containing data on the insured event or a circumstance leading to such an event, the entitled party's authorization for a release from the confidentiality obligation and for a request of data,
- for its decision on the insurance (benefit) claim, the insurance company may require that documents, invoices, accounting vouchers, expert opinions, reports, photos, contracts, and the Hungarian text of foreign language documents translated at the cost of the claimant, in support of the claim be also submitted,
- documents in proof of the costs incurred in relation to the use of tools and resources for loss prevention, loss mitigation and rescue in connection with the insured event,

X.1.4. the insurance company may verify the documents submitted in support of the insurance (benefit) claim, and may also obtain further documents if required for the assessment of the reported claim.

X.1.5. In addition to the documents listed herein, the insured and/or the injured party shall be entitled to certify costs and expenses by submitting other instruments and documents in accordance with the general rules of providing evidence in order to be able to enforce their claim.

X.1.6. If there is any doubt as to the reliability or authenticity of the copies of the documents submitted, the insurance company may request the submission of the original copies of the above documents and their submission on any medium chosen by the customer.

X.1.7. The insurance company may request the submission of a certified Hungarian translation, at the expense of the party making the claim, of all foreign-language documents necessary for the assessment of the claim.

X.1.8. If any official certificate is required for the settlement of the claim pursuant to these policy conditions, the insurance company shall specify in its request for documents which authority shall issue the certificate as part of its proceedings, and such certificate shall then be a prerequisite for the payment of the insurance claim. In the event that any of the authorities listed in the policy conditions is dissolved, transformed or renamed in the meantime, the successor entity – existing at the time of the loss – shall be competent to act.

X.1.9. The insurance company may only request an official certificate if the information necessary to investigate the circumstances of the claim or to settle the claim cannot be obtained by other, faster procedures/ways.

X.1.10. The insured must ensure that the documents submitted do not contain personal data which are not relevant to the claim. If so requested by the insured, the insurance company will specify what data or information may be relevant to the claim in question. One way of concealing personal data which are not relevant to the assessment of the claim may be to make a copy of the document by redacting the parts containing such data and submit it to the insurance company.

X.1.11. The insurance company shall inform the insured of the documents necessary for the assessment of the claim no later than at the time of the claim survey. For the purposes of the foregoing provision, a 'claim survey' means any contact by the insurance company with the insured the purpose of which is the survey or assessment of the loss or damage, irrespective of whether such survey or assessment is carried out in person, by telephone, by online video connection or by any other means.

If the circumstances of the occurrence do not require a claim survey, the insurance company will contact the insured within 5 working days of the notification of the claim. In such a case, the insurance company will inform the insured of the documents necessary for the assessment of the claim at the time of such contact.

Within 15 days of receipt of the documents necessary for the assessment of the insurance claim, the insurance company must provide duly substantiated information on the claim payment in cases where the insurance company has confirmed that the claim is grounded and could also determine the amount of the loss payment for each claimed benefit (including information about interests) or where it refuses to recognize the payment obligation.

Within 30 days of the notification of the insurance claim, the insurance company shall, even in the absence of the receipt of the last document necessary for the assessment of the claim, be obliged to provide a reasoned response to each claim included in the notification in cases where the insurance company refuses the insurance claim, or where the assessment of the claim is ongoing or where the amount of the loss payable has not been fully determined. If the ground for the insurance claim is doubtful or if the insurance company has partially determined the amount of the claim, the insurance company must inform the beneficiary of the additional documents required to be submitted, which are essential for the assessment of the claim, also within 30 days of the notification of the claim. Subsequently, the insurance company may only request additional documents if the submission of such additional documents is related to the documents already submitted or their possible incompleteness or to the notification of a new insurance claim.

The insurance claim is due to be paid by the insurance company within 15 days of receipt of the last document necessary for the assessment of the claim. Documents necessary for the assessment of the claim are those which evidence the legal ground for and the amount of the insurance claim.

The insurance company must provide information to this effect no later than within 15 days after the claim has been paid. The information shall include, in an identifiable manner, the reference number of the claim under which or in the context of which the payment was made, the recipient of the payment, the amount of the payment and its title, and, in relation to the date of receipt of the last indispensable document and the date of payment, if the insurance company is also required to pay interest to the injured party, with a separate indication of the amount of interest for late payment.

X.1.12. The insured is required to provide any and all information deemed necessary for the assessment of the claim, and shall cooperate with the insurance company in determining the value of the damage or loss caused, in the settlement of the claim, and in averting any insurance claim which is without valid legal grounds.

X.1.13. The insured is required to allow and make it possible that the cause of loss, the circumstances of its occurrence, the extent of the damage and the extent of the indemnification obligation resting with the insured be examined and assessed by the expert of the insurance company.

X.1.14. **In the event of a breach of the obligation to notify a claim, the insurance company may be exempted from the payment of the insurance claim, as provided for in Clause XII.4.**

X.1.15. **If the claim is notified late, the insurance company shall not be liable to pay late payment interest to the injured party as part of the insurance claim payment.**

X.2. Insurance Claims

X.2.1. With respect to an insured event and up to the amount of the sum insured (Clause VII.1) the insurance will provide coverage for

a) any and all such loss that is incurred by the injured party on account of indemnity for which the insured is held liable for indemnification, including
   – in the case of damage to property, personal injury and pure property, the loss of value of the injured party's property arising out of a tortious circumstance; as well as the costs necessary for the mitigation or elimination of the financial losses sustained by the injured party;
   – in the event of personal injury, any loss of income.
b) restitution to be paid by the insured, provided that the injured party proves that his/her privacy rights have been injured as a consequence of a tortious act, therefore the insured is liable for restitution. The insurance company shall pay the restitution by taking into account the circumstances of the case, in particular the gravity of the infringement, whether it was committed on one or more occasions, the degree of culpability, the impact of the infringement upon the aggrieved party and their environment.
c) the interest of late payment to be charged on the claim of indemnification and the restitution, subject to the restriction set out in Clause X.1.7.;
d) costs of legal proceedings to enforce substantiated claims against the insured in connection with the insured event and to avert ungrounded claims for indemnification (e.g. procedural fees, duties, litigation costs to be borne by the insured, etc.), provided that such costs are incurred on the basis of the insurance company's directions or upon its prior approval.
   The insurance company will reimburse the insured in respect of the fees and costs charged by the attorney representing the insured, as well as costs charged by the expert requested to determine the legal ground of the insured event and the extent of the loss or damage, provided that the appointment of the attorney and the expert has been approved by the insurance company in advance. In the absence of such prior approval, the insurance company will reimburse attorney's fees as set forth in the prevailing legal act on Attorney's Fees Determined by Courts in Judicial Procedures, and reimburse expert fees as determined in the prevailing legal act on Expert Witnesses' Fees.
e) social security recovery claims payable by the insured;
f) costs incurred in relation to the mitigation of loss.

X.2.2. **The insurance benefits specified in Clauses 2.1. a)-f) shall be paid by the insurance company within the scope of the sum insured for each and every loss and for the insurance period in the aggregate, up to the amount thereof. This provision shall also apply to the tortfeasor insured's liability for the costs of legal representation and interest payment.**

X.2.3. If the insured is required by law or in a judicial order to provide a collateral or deposit to cover its indemnification obligation, the insurance company shall be obliged to do so only to an extent that it is required to pay damages.

X.2.4. If the damage or loss was caused by several persons jointly, and thus the insured bears joint and several liability with others, the insurance company's liability shall be limited to the extent of the insured's culpable conduct. If the degree of culpability with respect to the tortfeasors' acts cannot be determined, the insurance company will pay the claim in proportion of the respective contributions of the tortfeasors. If the proportion of the contributions cannot be determined, the insurance company will pay the insurance claim as if the loss or damage would have been caused by the tortfeasors in equal share.

X.2.5. If there is an obligation to pay annuities, both the insurance company and the insured and the injured party may initiate that the annuities be replaced by a lump sum cash payment (capitalization). The capitalization of the annuities shall be subject to the mutual consent of the parties, which means that the capitalization as well as the amount of the lump sum payment shall be agreed by both the insurance company, the insured and the injured party. If the annuities are capitalized, the insurance company shall determine the capital value of the annuities on the basis of the female mortality table of 1993 and a 6.25% technical rate of interest.

X.2.6. If the insurance company reimbursed litigation costs and attorney's fees in relation to a lawsuit against the insured in accordance with Clause X.2.1. d), and the court has awarded, in a binding decision, litigation costs and attorney's fees to the insured, such amount shall be due to the insurance company to the extent of the indemnity paid out by the insurance company.

All legal expenses reimbursed shall be refunded by the insured to the insurance company within 15 days of such repayment.

In the event that the insured fails to take any measures to collect legal expenses awarded to the insured, the insurance company shall enforce a claim based on the agreement of assignment concluded with the insured.

The insured is required to support the insurance company in enforcing any claims and to issue a deed of assignment in favor of the insurance company.

X.3. Claim settlement

X.3.1. The insurance company shall settle the claim pursuant to the provisions of the insurance policy effective as of the date of the tort.

X.3.2. Subject to the provisions of Clause X.1.11, the insurance company shall pay the insurance claim within 15 days of the day when all the documents required for the assessment of the claim have been made available to it.

X.3.3. Acknowledgement and fulfillment of the claim for indemnification of the injured party by the insured and any compromise in connection therewith shall be effective with respect to the insurance company if it was previously approved or subsequently accepted by the insurance company, and the insured's court condemnation shall only be effective with respect to the insurance company if the latter took part in the litigation, made arrangements for the insured's representation or waived thereof.

X.3.4. **In the event that the insurance company can settle the claim by a compromise with the injured party or otherwise, but the case is failed to be closed by reason of the insured's resistance and/or groundless debates on the claim for indemnification, then the insurance company shall retain the amount of insurance claim to the injured party until disposal by the insured or the case is lapsed. Any additional loss or damage, cost and interest incurred due to the insured's unsubstantiated challenge shall be borne by the insured; the insurance company shall not be required to pay such costs.**

X.3.5. The indemnification provided for in points a), b), c) and e) of Clause X.2.1. may only be paid out to the injured party.

The insured may only claim a direct payment from the insurance company to the extent the insured has settled the claim of the injured party.

X.4. Deductibles

The deductible (co-payment) – which may be stated as an absolute sum, a percentage value or a combination of the two in the insurance policy (insurance application) – is the part of the claim which must be borne by the insured himself/herself in respect of each and every insured event. The insurance company shall deduct the amount corresponding to the amount of deductible from the total amount of the claim to be paid in accordance with Points a)-f) of Clause X.2.1.

XI. EXCLUSIONS FROM THE INSURANCE COVERAGE

The insurance does not cover

1. **the insured's own loss as well as any loss caused to the insured's close relatives within the meaning of Section 8:1. 2) of the Hungarian Civil Code;**

   Insured legal entities, representatives of organizations without legal personality, as well as the legal guardians of insured incapacitated persons or insured persons with limited legal capacity and their relatives shall be subject to identical treatment with the insured and their relatives;

2. **if the insured is a legal entity or another organization without legal personality, the loss incurred by the owners in proportion to the ownership share;**

3. **damage or loss caused to a legal entity or other organization without a legal personality owned by the insured, in proportion to the ownership share;**

4. **if there are several insured parties, the loss or damage caused by such insured parties to each other;**

5. **loss or damage which the insured is not liable for in the capacity specified in the contract;**

6. **damages imposed on the insured on the basis of his/her liability obligation assumed in a contract or a unilateral statement if it is more stringent than liability obligations set forth in legislation;**

7. **the performance of warranty obligations and the costs and other expenses incurred in connection therewith, in particular the costs and other expenses incurred in connection with the repair or redelivery of defective performance, and losses resulting from the refund of fees (e.g. commission and contractor fees) and costs paid to the insured;**

8. **deposits and guarantees set forth in the contract (e.g.: stipulated damages), fines imposed on the insured, financial penalties, and other penalties, as well as the related legal expenses of the injured party;**

9. **loss of income in the event of damage to property and pure economic loss;**

10. **claims filed on pure emotional damage, psychological, mental disorders or a detriment caused to the range of emotions, if the extent of the psychological damage does not qualify as a mental impairment;**

11. **damage caused by pollution and damage to environmental elements (e.g. land, water, air, wildlife);**

12. **damage caused by the explosion of fissile materials, nuclear reactions, possession and use of radioactive substances for medical purposes, and damage caused by electromagnetic fields;**

13. **damage covered by other liability insurance;**

14. **obligations to pay compensation for damage to structures, machinery, equipment or facilities in the construction of which the insured person is or must be involved in some way. The architect's supervision of the construction design documentation at the site does not constitute participation in the construction. This exclusion does not apply to the senior construction manager and the technical inspector.**

15. **losses arising from the infringement of patents, trademarks and copyrights;**

16. **losses arising from the failure to observe deadlines and to make declarations concerning deadlines (e.g. the duration of the construction of the structure);**

17. **losses arising from exceeding budgets or credit limits;**

18. **losses arising from consultancy services provided to the contractors of the planned structure, machinery, equipment or facilities;**

19. **loss or damage caused by research and development activities, or by the design of machinery, equipment or facilities which are essentially new from an engineering perspective, if the loss or damage is attributable to the new development;**

20. **loss or damage resulting from the application of design or calculation methods which have not been properly tested in accordance with the known principles of science and engineering;**

21. **loss or damage arising from the failure to carry out proper propping (bracing and shoring), under-construction penetrations and associated strengthening an existing foundation system (underpinning).**

    Strengthening of existing structures (underpinning) are construction works carried out on load-bearing structures for reinforcement or for the purpose of installation and removal (e.g. replacement or construction of columns or pillars, construction of new foundations for existing structures or strengthening of existing foundations).

    Under-construction penetrations are construction works which are made under a structure or cross a structure (e.g. tunnels under existing buildings, sewer penetrations).

22. **loss or damage caused by fungous decay and mould; as well as loss or damage caused by the application or use of asbestos;**

23. **loss or damage caused in relation to advertising activities.**

    For the purposes of these conditions, advertising shall mean any such disclosure, communication or publication which is for the purpose of promoting the sales of a product or service, or the use of them in any other manner, or in the above context, it is for the purpose of promoting a company's name or designation, its business activities, or of raising awareness of certain goods or product indications;

24. **loss or damage caused by the criminal acts of the insured (or of any person whose conduct is the responsibility of the insured under Hungarian law), or by conduct forming a basis for compromise in the mediation procedure conducted under the provisions on criminal proceedings (except for loss and damage caused by endangerment committed in the line of duty);**

25. **any loss, damage, liability, claim, cost or expense which directly or indirectly**
    a) **caused by or contributed to by, resulting from or arising in connection with a cyber event or a cyber incident, including but not limited to, any measures taken to control, prevent, suppress or remedy the consequences of a cyber event or a cyber incident (hereinafter collectively referred to as „cyber loss"), whether or not the occurrence or presence of any other cause or event, whether simultaneous or in any order, contributed to the occurrence of the cyber loss;**
    b) **caused by, contributed to by, resulting from, arising out of or relating to the loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any data (including the amount corresponding to the value of such data). This exclusion does not apply to physical damage to the data storage media.**

    For the purposes of these policy conditions
    - **'cyber incident' means any unauthorized, malicious act or crime (or a series of related unauthorized, malicious acts or crimes), regardless of the time or place of their occurrence, or the threat or scaremongering communication relating to the access, processing, use or operation of any computer system;**
    - **'cyber activity' means any error or omission (or a series of related errors or omissions) affecting the access to, the processing, the use or the operation of any computer system, or any partial or total unavailability, partial or total failure (or a related series of failures) which prevent the access to, the processing, the use or the operation of any computer system;**
    - **'computer system' means any computer, hardware, software, communications system, electronic device (including but not limited to smart phones, laptops, tablets, portable devices), server, cloud service or microcontroller, including any similar system or configuration, and including any associated input, output, data storage device, network equipment or backup device.**
    - **'data' means information, facts, concepts, codes which are recorded or transmitted in a form that can be used, accessed, processed, transmitted or stored by a computer system;**
    - **'data storage device' means an object on which data can be stored, but not the data itself.**

26. **damage to property caused by slow, steady deterioration, which is the result of noise, percussion, smell, smoke, sooting, corrosion, steam or similar effects;**

27. **risks, losses and claims which arise from or in relation to any activities or conduct which break the embargo implemented or imposed by the United Nations, the United Kingdom, the European Union, or the United States of America or infringe or violate any other economic, commercial or financial prohibition or restriction imposed by the same organizations or states.**

It is only by application of the relevant Specific Clauses that insurance company shall be liable for losses caused by the illegal collecting, handling or processing of personal data, or in the capacity of a data processor or data controller.

XII. EXEMPTION OF THE INSURANCE COMPANY FROM THE PAYMENT OF CLAIMS

XII.1. The insurance company shall be relieved from its obligation to pay the claim if the insurance company proves that the loss or damage was caused unlawfully, by willful conduct or in gross negligence

a) by the policyholder or the insured;
b) by any relatives thereof living in the same household with them, by any of their members authorized for business management, or by any of their employees, members or agents holding a position directly or indirectly linked to the pursuance of the insured activity; or
c) by any senior executive, company director, executive employee (e.g. head of department, head of group, head of section) of the insured legal entity, or by any member, employee or agent thereof involved in pursuing the insured activity.

For the purposes of these conditions, gross negligence shall, in particular include cases when

a) the person liable for the damage caused such damage while under the influence of alcohol, drugs or stupefying agents and this fact contributed to causing loss or damage;
b) loss or damage has been caused by the insured through activities pursued without a license, by transgressing his/her scope of authority or sphere of activity, through conscious derogation from legal regulations, obligatory standards, technical specifications, the client's written instructions and terms and conditions, or by other deliberate breach of obligation;
c) the insured pursued the activities in the absence of the personnel and material conditions required by law or prescribed in other regulations, and this fact contributed to his committing the tort;
d) gross or willful negligence is determined in a binding court decision, a legal act, a contract (e.g.: employment contract, collective contract), or in a resolution of the employer (e.g. in a disciplinary resolution).

XII.2. The insurance company shall be relieved from its obligation to pay the claim if a party as specified in points a)-c) of Clause XII.1. fails to comply with their obligation to prevent or mitigate loss – as set out in Clauses IX.4 and IX.5 – due to their willful conduct or gross negligence, particularly if

a) the insured has committed tort repeatedly under identical circumstances, and has not eliminated the tortious circumstance despite the insurance company's warning, although it could have been eliminated;
b) the insured has been warned in writing on the hazard of loss by the insurance company or a third party, and the loss has incurred thereafter, in the absence of taking the measures required;
c) upon the occurrence of the loss, the insurance company supplied written instructions to take the necessary loss mitigation measures, but the insured failed to comply.

A breach of the obligation to prevent loss or damage will release the insurance company from its liability if the gross negligence or willful misconduct in preventing loss or damage is a deliberate violation of the prevention requirement and it can be reasonably assumed that an insured event may occur as a result of such misconduct.

XII.3. In the event that the policyholder or the insured breach their disclosure obligation or their obligation to notify changes as set out in Clauses IX. 1. and IX.2, the insurance company's obligation shall not set in, unless the policyholder or the insured proves that any one of the circumstances below prevail:

a) the concealed or unreported circumstance was known to the insurance company at the time when insurance policy was concluded, or
b) the policyholder and/or the insured infringed their obligation to notify changes, but the insurance company was made aware of such concealed or unreported circumstance during the term of the insurance before an insured event occurred, and the insurance company did not exercise its rights to amend or terminate the policy within 15 days, in accordance with Clause IX.2.3 of these policy conditions, or
c) the concealed or unreported circumstance did not intervene in the occurrence of the insured event.

XII.4. The insurance company shall be relieved from the payment of the claim if the insured fails to comply with the obligation to notify a loss (as defined in Clause X.1.), and as a result material conditions or circumstances (e.g.: the occurrence of the insured event, its date, the cause of loss, the extent of the damage or loss, or circumstances which may affect the insurance claim may not be revealed.

XIII. SUBROGATION OF THE INSURANCE COMPANY

In the event that the insured is liable for indemnification in respect of any tortious act by a third party, and the insurance company will pay a claim thereon, then the insurance company shall be entitled for subrogation against the tortfeasor up to the amount of insurance claim paid by the insurance company, unless the tortfeasor is a close relative living in the same household with the insured.

XIV. LIMITATION PERIOD

The limitation period for claims arising under this insurance policy shall be 2 (two) years.

The limitation period starts from the date of the insured event.

XV. PROVISIONS OF THESE POLICY CONDITIONS WHICH DEROGATE FROM THE PROVISIONS OF THE CIVIL CODE

This chapter summarizes the provisions of the Professional Liability Insurance for Architects and Design Professionals which substantially differ from the respective provisions of the Hungarian Civil Code.

XV.1. Deadline for contesting a certificate of coverage which derogates from the application

Clause V.1.3. of these conditions clarifies the provision set out in Section 6:443. § (2) of the Civil Code in that the policyholder shall have the right to contest without delay or within a maximum of 15 days that the insurance company has issued a certificate of coverage whose content is different from that of the application.

XV.2. Conclusion of the insurance policy by the insurance company's implicit conduct

Pursuant to Clause V.1.4 of these policy conditions – and by way of derogation from Section 6:444 of the Civil Code – the insurance policy may be concluded by the insurance company's implicit conduct even if the policyholder is not a consumer.

XV.3. Policy period of policies concluded for a fixed term

Pursuant to Clause V.3.2. of these policy conditions and by way of derogation from Section 6:447 (2) of the Civil Code, in respect of policies concluded for a fixed term the policy period shall be equal to the term of the insurance, unless otherwise provided for in the insurance policy.

XV.4. Exclusion of the right of maintaining adequate coverage

Pursuant to Clause VII.1.2. of these conditions – and by way of derogation from Section 6:461 of the Civil Code – policyholders are not entitled to maintain adequate coverage insurance, which means that the insurance policy shall remain in force for the current policy period with the sum insured reduced by payments made on insured events which occurred within the same policy period, and the policyholder shall not be entitled to increase the sum insured determined for the policy period to its original value by supplementing the sum insured accordingly.

XV.5. Stipulation of the right to unilaterally reduce the amount of the claim if the obligation to disclose information and notify changes with respect to data used for the premium calculation is breached

If the policyholder is in breach of the obligation to disclose information and notify changes by discloses incorrect data for the premium calculation, or fails to comply with the duty to notify changes in the data underlying the premium calculation, and an insured event occurs – pursuant to Clause VI.5.1.4 and notwithstanding Section 6:446 of the Civil Code – the insurance company shall pay the insurance claim for only the same proportion of the damage assessed as the proportion of the paid premium compared to the premium the policyholder should have paid if the correct data had been disclosed to the insurance company.

XV.6. Consequences of Premium Payment Default (Non-payment)

Pursuant to Clause VIII.6.1 of these conditions – and by way of derogation from Section 6:449 of the Civil Code –, the insurance policy shall terminate after the 60th day from the due date of the insurance premium without setting an extended deadline if by that time, the premium arrears have not been settled or the policyholder has not been permitted to defer the payment, or the insurance company has not enforced the claim for premium payment in litigation. In the event that the policyholder has not paid the total amount of premium arrears but only part of it, and the period thus covered by premium payment corresponds to a date after the 60th day of the due date, then the policy will terminate with effect from the last day of premium payments being settled.

The insurance company may postpone the termination of the policy and the deadline for the enforcement of the payment in litigation by an additional 30 days, if it summons the policyholder for the payment of the arrears in writing, informing him/her of the delay, before the end of the 60th day from the due date of the insurance premium. In the event that the policyholder is in default of premium payment and the insurance company requests the enforcement of premium payment by litigation, the insurance premium calculated for the entire policy period shall be due in one sum.

XV.7. Notification of an insured event

By way of derogation from Section 6:471 of the Civil Code, the insured may submit a notification of claim not only in writing but in other ways of reporting insured events as set out in Clause X.1.1 of these conditions.

XV.8. With respect to the insured's legal representation costs and late payment interest, the insurance coverage is limited to the sum insured

By way of derogation from Section 6:470 (3) of the Civil Code – and pursuant to Clauses X.2.1 and X.2.2 of these policy conditions – costs of legal representation and any amounts of interest payable by the insured causing loss or damage shall be indemnified by the insurance company up to the sum insured for each and every loss and for the insurance period in the aggregate as a maximum even if they exceed the amount of the sum insured if added up to the amount of indemnity.

XV.9. Period of limitation

The provision on the statute of limitations set out in these conditions differs from the five (5) year limitation period stipulated in Section 6:22 (1) of the Civil Code. Pursuant to Clause XIV.1.1 of these conditions, the limitation period for claims arising under this policy shall be 2 (one) year.

XVI. AMENDMENT OF POLICIES CONCLUDED PURSUANT TO INSURANCE APPLICATIONS SUBMITTED PRIOR TO MARCH 15, 2014

In the event of any amendment – by way of an insurance application for modification – to an insurance policy concluded on the basis of an insurance application submitted before 15 March 2014, the contracting parties agree to fully subject the insurance policy to the scope of Act V of 2013 on the Civil Code, entered into effect on March 15, 2014.

Specific Clauses

The insurance coverage shall only apply to the risks specified in the Specific Clauses if the insured selected this coverage in the insurance application and the insurance company accepted it.

Unless otherwise provided for in the Specific Clauses, the risks agreed to be covered under the Specific Clauses shall be subject to the other provisions of the policy conditions

Specific Clause No. 306 – Extension of the Policy Term

Under this Specific Clause, the insurance covers insured events which are caused under the term of the insurance policy extended subject to these special conditions, but the damage occurs and the claim is filed not later than within 5 years after the termination of the insurance.

SPECIFIC CLAUSE NO. 308 – EXTENSION OF THE POLICY TERM

Under this Specific Clause, the insurance covers insured events which are caused under the term of the insurance policy extended subject to these special conditions, but the damage occurs and the claim is filed not later than within 2 years after the termination of the insurance.

SPECIFIC CLAUSE NO. 309 – EXTENSION OF THE POLICY TERM

Under this Specific Clause, the insurance covers insured events which are caused under the term of the insurance policy extended subject to these special conditions, but the damage occurs and the claim is filed not later than within 3 years after the termination of the insurance.

SPECIFIC CLAUSE NO. 350. – ENGINEER'S COORDINATION AND REPRESENTATION ACTIVITIES

1. Under this Specific Clause, the insurance covers coordination and representation activities in the field of construction under an engineering contract. The insurance covers coordination and representation activities carried by an engineer for both underground and structural architecture civil engineering projects.

2. **In addition to the cases set out in Chapter XI of the ÉMTSZF, the insurance does not cover:**
   - **a) loss or damage caused in the capacity of an official procurement consultant;**
   - **b) the valuation of developed and undeveloped real estate, if the valuation is for insurance purposes (e.g. to establish sums insured when concluding policies, or valuation in claims settlement, etc.);**
   - **c) losses incurred in the management of accounts;**
   - **d) losses resulting from the failure to conclude, renew or extend insurance policies in due time, or from insufficient or incomplete coverage of insurance policies, or from late payment of insurance premiums;**
   - **e) losses (including interest payments) resulting from the improper management of the mortgage;**
   - **f) damage to or loss of property in the possession of the insured (rented, leased, lent or received in trust or custody by the insured).**

SPECIFIC CLAUSE NO. 399 – EXTENSION OF THE LIABILITY INSURANCE COVERAGE FOR THE TERRITORY OF EUROPE

1. Under this Specific Clause, the insurance coverage is extended to loss or damage caused and claimed in the territory of Europe, provided that the insured is liable for the loss or damage under the terms of the basic policy, in accordance with the rules of Hungarian civil law.

   For the purposes of this condition, the term „Europe" is understood to refer to Europe in the geographical sense.

2. **Irrespective of the geographical extension of coverage, the insurance policy shall in all cases be governed by Hungarian law. If a Member State of the European Union imposes compulsory third party liability insurance for the insured activity, a liability insurance contract concluded on the basis of this policy condition cannot be used to fulfil this legal obligation (i.e. as compulsory third party liability insurance). An exception to this is where the law of the Member State providing for compulsory civil liability insurance allows Hungarian law to be applied to the insurance policy. No direct action can be brought against the insurance company in litigation initiated in a European state other than that of the European Union.**

3. **In addition to the cases listed in the basic policy, the insurance coverage does not apply to indemnification obligation, where the insurance company is hindered by a foreign state in the assessment of the loss and the settlement of the claim, in the clarification of the legal ground or in the fulfillment of other obligations in relation to the settlement of the claim.**

4. In the case of claims arising from events which were caused, which occurred and which were enforced outside the territory of Hungary, the sum insured for any one insured event shall be reduced by the total of costs incurred by the insurance company in connection with the assessment of the loss and the settlement of the claim, the clarification of the legal ground or the fulfillment of any other obligations in relation to the settlement of the claim.

SPECIFIC CLAUSE NO. 478 – EXTENSION OF COVER FOR LOSS CAUSED DURING THE PROCESSING OF PERSONAL DATA

In respect of insurance policies concluded pursuant to these Specific Clauses, other provisions of the policy conditions shall be applied subject to the amendments set forth hereunder.

1. Under this Specific Clause and in accordance with Clause 2, the insurance company shall be liable for
   - losses caused by the insured – in the course of or in relation to pursuing the insured activity – to natural persons as a result of the unlawful collecting, handling or processing of personal data, or in the capacity of a data processor or data controller, and which the insured is liable for under the EU's General Data Protection Regulation, and
   - restitution which the insured is liable for under the EU's General Data Protection Regulation, on account of any violation of the privacy rights of natural persons by the insured as a result of the unlawful handling or processing of personal data in the course of or in relation to the pursue of the insured activity.

2. The insurance company shall only be liable for losses (restitution) if they arise out of any of the following unlawful conduct:
   a) the **personal data** stored in the insured's computer systems **are destroyed, modified or are otherwise damaged** and become available to unauthorized parties due to malicious software (malware), malicious activities targeting the insured's computer systems, or human error;
   b) personal data processed by the insured and stored in the insured's computer systems, electronic or printed communication means **are stolen;**
   c) personal data processed by the insured and stored in the insured's computer systems, electronic or printed communication means **become public,** that is they become accessible to unauthorized parties;
   d) personal data processed by the insured **become public,** that is they become accessible to unauthorized parties, even in cases when the unlawful activity resulting in the data becoming public is not related to either the electronic (or printed) communication means, or to the insured's computer systems.

3. **Based on this special condition – apart from the exclusions regulated in the chapter "Exclusions from the scope of risk coverage" – the insurance coverage does not cover**
   - **losses caused by or in relation to the information technology services and advice, data protection and security advice provided or the data protection audit carried out by the insured;**
   - **losses caused by or in relation to electronic commerce;**
   - **losses caused by the insured's reluctance to remove a content from the website despite having received formal notice;**
   - **losses incurred in relation to websites which are not directly controlled by the insured, or which allow users to disclose content without prior registration;**
   - **losses incurred in relation to restraining the insured's ownership rights through official measures taken in public interest, for instance if the insured's computer system, and the personal data stored in it, are seized, forfeited, destroyed or otherwise damaged, whether permanently or temporarily, through official measures of any form and nature;**
   - **losses arising out of the use of illegal software, software rights infringement, or the unauthorized use of software;**
   - **fines and penalties imposed on the insured, as well as punitive damages;**
   - **losses arising out of the infringement of intellectual property rights (copyrights, patents, trademarks, etc.), payment of license fees and other royalties;**
   - **losses arising out of blackmail, the payment of ransom, trade (business) and political espionage for any reason;**
   - **if the insured is provided information technology services by a third party (e.g.: subcontractor) and the subcontractor engages other service provider partners for the provision of the service, and the loss or damage is caused by this service provider partner, or if the loss results from a human error made by the third party service provider engaged by the insured.**

4. **In addition to the cases listed in the chapter on "Exemption of the insurance company from the payment of claims", loss or damage shall be deemed to have been caused in gross negligence, and in accordance with the relevant provisions of the policy conditions the insurance company shall be exempt from benefit payment if**
   - **the insured's computer devices or computer network is not protected by advanced anti-malware software (e.g.: antivirus software) or such software is not updated regularly as required by the manufacturer's instructions;**
   - **the insured does not have in place suitable safeguarding and security measures (e.g.: passwords, access control, network firewalls, etc.) to prevent malicious conduct targeting its computer systems.**
   - **the supervisory authority notifies the data controller or data processor about the presumed infringement of the European General Data Protection Regulation (GDPR), or issues a warning, or instructs them to comply with the requirements set out in the GDPR, but the insured fails to take the necessary actions to ensure lawful data processing;**
   - **the supervisory authority repeatedly imposes sanctions on the insured in respect of the same infringement (e.g.: imposes an administrative fine, orders a restrain on the data processing, or suspends data exchange).**

5. For the purposes of these special conditions
   - 'personal data' means any information relating to an identified or identifiable natural person ('data subject'); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person;
   - 'data controller' means the natural or legal person, public authority, agency or other body which, alone or jointly with others, determines the purposes and means of the processing of personal data;
   - 'data processor' means a natural or legal person, public authority, agency or other body which processes personal data on behalf of the controller;
   - 'data processing' means any operation or set of operations which is performed on personal data or on sets of personal data, whether or not by automated means, such as collection, recording, organization, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction;
   - 'European General Data Protection Regulation' shall mean Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.
   - computer system: an information technology device that is able to electronically record, process, store and transfer data, including hardware components and the associated software operating them, as well as its computer networks;
   - 'computer network' means a system providing communication between computers, and enabling the transfer of data stored in computer systems, as well as a shared use of ancillary and peripheral devices, applications and data, including the Internet, intranet and virtual private networks;

- ‘malicious conduct targeting the computer system’ means the unlawful and illegal use of a computer system or network intended to have unauthorized access to the target’s computer system or computer network, including data stored in them;
- ‘malicious software (malware)’ means any unwanted or invasive harmful software which is intentionally designed to cause damage to the computer systems, or the data stored in them (e.g.: computer viruses, worms, spyware, ransomware, Trojan horses, etc.).
- ‘human error’ means any error in the information technology operations which is caused, whether directly or indirectly, by a person employed or contracted for work by the insured, including in particular the inadequate choice of the software used, or faulty settings, etc.
- ‘data theft’ means any malicious conduct targeting the computer system which allows that the data stored in the computer system may be illegally obtained or copied by unauthorized parties;
- ‘electronic communication device’ means any information technology device which is used in data processing to record and store data (e.g.: external and internal drives, CD-ROM, USB devices);
- ‘printed communication tool’ means any form of communication materials which are published in printed form, including information mails, magazines, books and literary works, brochures, publications, advertisements, packaging, photos etc.