

Special insurance terms for business interruption insurance

Article 1 Opening provisions

1. These special insurance terms for business interruption insurance (hereinafter as the "OPPPP") supplement the provisions of the General insurance terms for property insurance (hereinafter as the "VPPM") and are an inseparable part of the policy. The business interruption insurance by reason of damage on property is governed by the relevant provisions of the Civil Code, the VPPM, these OPPPP, clauses and by the policy.

Article 2 The subject of the insurance

1. Insurance may be agreed for:
 - (a) loss of gross profit,
 - (b) loss of rent income,
 - (c) additional increased operational costs.

Article 3 The insurance value, the sum insured

1. The insurance value for:
 - (a) loss of gross profit are:
 - (i) the assumed profit from the production activities, business activity and provision of services that the insured would have obtained and
 - (ii) the assumed fixed costs that the insured would have incurred during the period of same length as the period of indemnity stated in the insurance policy had the business interruption not happened,
 - (b) loss of rent income is the income that the insured would have incurred during the period of same length as the period of indemnity stated in the insurance policy had the business interruption not happened,
 - (c) additional increased operational costs is their estimated value spent during the duration of business interruption but not longer than the period of indemnity.
2. The sums insured for the subjects of the insurance indicated in the article 2 point 1 letters (a) and (b) shall be determined in the policy upon the proposition of the insured in the manner to correspond to the insurance value thereof.
3. The insurance for the subject of the insurance indicated in the article 2 point 1 point (c) is being arranged for as the first-loss policy.

Article 4 The place of insurance

1. The place of insurance is the place stated in the policy.

Article 5 The hazards

1. In the insurance policy it is possible to agree upon the business interruption insurance as a result of property damage caused by the following hazards:
 - (a) natural hazards,
 - (b) supplementary natural hazards,
 - (c) earthquake,
 - (d) flood, overflow,
 - (e) water damage,
 - (f) theft,
 - (g) technical risks.The business interruption insurance shall apply to those hazards agreed upon in the policy for the business interruption insurance only.
2. In case of agreement upon the hazards indicated in the point 1. under the letters (a) to (e) the insurance shall apply also to the business interruption

as a result of property damage caused by fire-fighting, demolition, emergency or clearance works in connection with the events stated in the point 1. letters (a) to (e).

Article 6 Exclusions

1. The insurance shall not apply to the damage caused by and/or resulting from:
 - (a) effects of the business interruption on other enterprises or operations working together or having a business relationship with the insured,
 - (b) harm, destruction or loss of cash, securities and other valuables, accounting books, documents, plans, drawings, data carriers or files of any kind,
 - (c) business interruption caused by destruction, harm, loss or theft under these OPPPP of an uninsurable object.
2. The insurer shall not be obliged to provide the insurer the payment for intensification of damage as a result of business interruption due to:
 - (a) unnatural events occurring in the course of the business interruption,
 - (b) official measures of authorities restricting the restoration and operation of the business,
 - (c) the fact that the insured fails due to lack of funds to procure on time the restoration or recovery of the destroyed, damaged, lost or stolen objects necessary for the performance of the operation activity of the insured business,
 - (d) the restoration of the interrupted business in the larger extent than it has been before the occurrence of damage (e.g. renovation, rebuilding).
3. The insurance shall not apply to costs that do not need to be incurred during the business interruption, in particular, with:
 - (a) raw materials, subsidiary and operational materials, technological energy and costs of collected goods, except of cases of costs incurred with the upkeeping of the operation, necessary fees for the supply of energy from a third-party source,
 - (b) levies and tax obligations and export customs,
 - (c) transport and export costs, communication fees,
 - (d) premium dependant on the turnover,
 - (e) licence fees and inventor's fees depending on the turnover,
 - (f) costs and profit not associated with production, commercial or industrial operation, e.g. from financial operations, transactions with lands etc.,
 - (g) proprietary sanctions (penalties, fines, default interests and so on the insured is obliged to pay as result of failure or breach of its duties, delivery dates or other obligations stated by the generally binding regulations or by the contractual obligations of the insured,
 - (h) leasing instalments related to the property destroyed while the property damage for which the payment has been provided by the insurer.
4. Further, the insurance shall not apply to the costs incurred with the mitigation of damage if by spending thereof:
 - (a) the insured accrues a benefit beyond the period of indemnity,
 - (b) financial resources to cover expenses that are not insured by this insurance have been generated,
 - (c) along with other payments exceed the sum insured or the payment limit except of cases if these costs have been incurred as per instructions of the insurer.
5. The insurance shall not apply to business interruption as a result of property damage on objects in construction, assembling objects, devices on building sites and damages on glassing and property during transportation.
6. The insurance shall not apply for depreciation of property that has been as a result of property damage destroyed, lost or stolen.
7. It is possible to agree also upon other exclusions to insurance in the policy.

Article 7 The payment

1. The aggregate payment shall be limited by the sum insured or by the payment limit for one or for the aggregate of all insured events during one insurance period regardless of the number of the insured events per one insurance year.
2. In case the sum insured of the subject of the insurance is itemized in the policy the amount of the payment for the individual items shall be limited by the relevant values of the items.
3. In case of loss of gross profit insurance the insurance shall apply to:
 - (a) loss of gross profit that has occurred as a result of turnover drop and/or
 - (b) incurred with the increased operational costs.
4. The amount of the payment under the point 3. is calculated as follows:
 - (a) in case of turnover drop it is the multiplication of the rate of the gross profit and of the difference between the standard turnover and of the turnover attained during the period of indemnity,
 - (b) in case of expenditure of the increased operational costs it is the multiplication of the rate of the gross profit and the of the value by which the turnover has not been decreased as a result of expenditure of the increased operational costs.
5. In case of loss of rent income insurance the insurance shall apply to:
 - (a) loss of rent income and/or
 - (b) expenditure of increased operational costs.
6. The amount of the payment under the point 5. is calculated as follows:
 - (a) in case of loss of rent income it is the difference between the rent income the insured would have attained had the business interruption not happened and the rent income the insured has attained during the business interruption,
 - (b) in case of expenditure of the increased operational costs it is the value of costs in the amount by which the loss to the rent income has been prevented as a result of expenditure of the increased operational costs.
7. In case of insurance of additional increased operational costs the insurance shall apply to the sum of the additional increased operational costs incurred by the insured:
 - (a) with the consent of the insurer,
 - (b) because the insured regarded them as necessary, however, with regard to their urgency it was unable to ask the insurer for its consent; in such case the insured is obliged to inform the insurer without undue delay on the performed measures and any associated costs therewith.
8. To determine the amount of the payment due to the business interruption all circumstances that favourably or adversely affected the operation of the activities of the insured before or after the occurrence of the business interruption or the circumstances that might have affected the activity of the insured had the business interruption not happened are to be regarded.
9. In case theft is the cause of the occurrence of the business interruption or at the time the of theft of the insured object the security measures for protection against theft specified by the policy have not been observed the insurer shall be entitled to decrease the payment due to the business interruption in the same proportion as the value of the stolen subject of the insurance to the payment limit pertaining to the type of property security measure against theft stated by the policy at the time of the theft of the insured object.
10. The economic benefits resulting from the business interruption during the period of indemnity need to be fairly regarded as the insurance may lead to enrichment.

Article 8 Underinsurance

1. In case the sum insured for the loss of gross profit is determined lower than the sum calculated as the multiplication of the gross profit rate and of the annual turnover, or its proportionally modified value in case of period of indemnity other than 12 months the insurer shall provide the insured the payment corresponding to the ratio of the agreed sum insured to the multiplication of the gross profit rate and of annual profit.
2. In case the sum insured for the loss of rent income is lower than the insurance value, the insurer shall provide the insured the payment corresponding to the ratio of the insured sum and the insurance value of the loss of rent income.

Article 9 Duties of the insured

1. In addition to the duties specified by the legal regulations, by documents indicated in article 1 point 1. of these OPPPP and by the Special insurance terms of the insurer for the natural hazards insurance/ property insurance for case of theft and vandalism / for insurance of machinery and electronic equipment depending on the hazards agreed upon in the policy for the business interruption the insured shall:
 - (a) keep constant accounts in accordance with the generally binding legal regulations, carry out inventory checks, complete accounting statements (profit and loss statement, balance sheet),
 - (b) ensure that the inventory check statements, accounting statements, business results and lease agreements for the preceding three years are executed in two counterparts and are safely separately kept in a manner not allowed to be simultaneously damaged, destroyed, lost or stolen while one insured event.
2. In case of occurrence of damage of property that might result into a business interruption the insured further shall:
 - (a) submit to the insurer or to persons authorized by the insurer, in particular, the inventory books, financial statements, balances, tax documents and all other documents pertaining to the activity (operation) of the business in a regular accounting period and for two preceding years,
 - (b) allow the insurer inspection of management and compliance with the measures leading to the restoration of the operation,
 - (c) proceed in accordance with instructions of the insurer, if any.

Article 10 Interpretation of terms

1. **Period of indemnity** is agreed in the policy and represents a time period stated in months during which the insurer provides the payment for the business interruption occurring during that period. The period of indemnity starts upon the moment of occurrence of damage on property and ends upon:
 - (a) the recovery or repair of the property that has been damaged and resulted into the business interruption into a condition having been in immediately before the occurrence of damage; in case the restoration of the interrupted business requires a start-up operation (phase) the period of indemnity shall end upon the moment of accomplishing the business operation into the condition having been in immediately before the occurrence of the business interruption,
 - (b) the cancellation of the operation or end of activity of the insured,
 - (c) the declaration of bankruptcy upon the property of the insured or with dismissing the application on declaration of bankruptcy due to lack of property,
 - (d) the expiration of the agreed period of indemnity, depending on whichever of the above events shall occur first.
2. **Additional increased operational costs** are reasonably and efficiently incurred costs common in the place of occurrence of the insured event that the insured incurs during the period of indemnity for the purpose of:
 - (a) avoiding or reducing the drop of turnover and/or
 - (b) restoration of the production activity, business activity and provision of services and/or,
 - (c) keeping the production activity, business activity and provision of services.The costs of nature of the payment for damage property (e.g. costs for property repair) are not regarded as additional increased operational costs.
3. **Supplementary natural hazards** mean insured risks:
 - (a) sonic bang,
 - (b) smoke,
 - (c) hailstorm,
 - (d) avalanche,
 - (e) car crash driven by a person other than the insured,
 - (f) tumble of trees, poles and of other objects,
 - (g) fierce wind,
 - (h) weight of snow or ice coating,
 - (i) volcanic eruption,
 - (j) landslide, collapse of rocks or soil,to the extent agreed in the policy entered into by and between the insured and the insurer.

4. **Gross profit** means the sum of profit and fixed costs.
5. **Gross profit rate** means the ratio between the gross profit and the turnover related to the financial year immediately preceding the year in which the property damage had occurred due to which the interruption of the business operation occurred.
6. **Turnover** means the revenue from sold goods, own products and services provided in the operating premises in course of the activities of the insured. In case that during the period of indemnity there are goods, own products being sold and/or services being provided by the insured or by any other persons authorized by the insured outside the operating premises of the insured the relevant revenues shall be included for the purpose of determining the turnover during the period of indemnity.
7. **Theft** means damage to inventory or production or operating equipment caused by the one of the hazards:
 - (a) theft by breaking and entering,
 - (b) robbery
 to the extent agreed in the policy entered into by and between the insured and the insurer.
8. **Property insurance** means insurance of property agreeable under the Special insurance terms of the insurer for:
 - (a) natural hazards insurance,
 - (b) property insurance for case of theft and vandalism,
 - (c) insurance of machinery and electronic equipment,
 to the extent agreed in the policy entered into by and between the insured and the insurer.
9. **Flood, overflow** means hazard to the extent agreed in the policy entered into by and between the insured and the insurer.
10. **Business interruption** means interruption or restriction of business due to property damage.
11. **Annual turnover** is the turnover attained during the 12 consecutive months preceding the occurrence of property damage.
12. **Fixed costs** mean the costs determined by legal regulations and contractually documentable costs the expenditure of which is necessary even during the time of business interruption while the insured would have saved the expense thereof from the operation of the business being interrupted even though the business interruption had not happened. Labour costs are also regarded as fixed costs. Any costs that would have been not incurred by the insured had the business interruption not happened are not regarded as fixed costs.
13. **Loss of gross profit** is the difference between the gross profit that the insured would have attained had the business interruption not occurred and the gross profit the insured attained during the business interruption.
14. **Loss of rent income** is the difference between the rent income the insured would have attained had the business interruption not occurred and the rent income the insured attained during the business interruption. The rent income means the sum resulting from lease of residential and non-residential premises (hereinafter as the "immovable property") reduced by the costs associated with the ownership of the immovable property including any costs of maintenance and costs of utility services that are not supplied during the business interruption.
15. **Property damage** means harm, destruction, loss or theft of property serving the business activity of the insured in the operation premises of the insured business in consideration of which the insurer is required to provide the payment for the property insurance and which occurred in the place of insurance. Any damage of aesthetic nature without any effect on the operation of the insured object is not regarded as property damage.
16. **Standard turnover** is the turnover that would have been attained during the period of indemnity had the business interruption not occurred.
17. **Water damage** is an hazard to the extent agreed in the policy entered into by and between the insured and the insurer.
18. **Earthquake** is a hazard to the extent agreed in the policy entered into by and between the insured and the insurer.
19. **Increased operational costs** are reasonably and efficiently incurred costs common in the place of occurrence of the insured event that the insured incurs during the period of indemnity to avoid or reduce the drop of:
 - (a) turnover in case of loss of gross profit insurance,
 - (b) rent income in case of loss of rent income insurance.
 The costs of nature of the payment for damage property (e.g. costs for property repair) are not regarded as increased operational costs.
20. **Natural hazard** mean the following hazards:
 - (a) crash or fall of a flying object with crew,
 - (b) crash or fall of a flying object without crew,
 - (c) conflagration,
 - (d) direct lightning strike,
 - (e) explosion,
 to the extent agreed in the policy entered into by and between the insured and the insurer.

Article 11 Closing provisions

1. The OPPPP form an inseparable part of the policy and the parties may modify by way of derogation the provisions thereof in the policy if not specifically prohibited in these OPPPP.
2. The provisions of these OPPPP regarding the insured shall also apply to the policyholder (if the is a person other than the insured) and / or another authorized person.
3. These OPPPP shall enter into force as of 7th March 2018.