

General Insurance Terms and Conditions for Construction and Assembly Insurance against All Risks

GENERAL PART

Article 1 Introductory Provisions

1. The insurance is governed by the provisions of the Civil Code, the insurance policy and the insurance terms and conditions referred to in the insurance policy.
2. Besides these General Insurance Terms and Conditions for Construction and Assembly Insurance against All Risks (hereinafter the "CAR_EAR General Insurance Terms and Conditions"), the insurance may be governed by clauses that are inseparable part of the insurance policy.
3. If a provision of these CAR_EAR General Insurance Terms and Conditions differs from a provision of the insurance policy, the provision of the insurance policy shall prevail. If the provisions of the CAR_EAR General Insurance Terms and Conditions differ from the provisions of the insurance contract in the same matter, the provisions of both shall apply.
4. The insurance applies to only those Sections under these CAR_EAR General Insurance Terms and Conditions that are stated in the insurance policy and in the scope stated in the insurance policy.

Article 2 General Exclusions from the Insurance

1. Unless otherwise expressly arranged otherwise, the insurance does not cover the right to the benefits for any damage, liability or other harm related to or worsened by:
 - (a) a terrorist act,
 - (b) as a result of acts of war, regardless of whether or not war has been declared, by an act of foreign hostility, by civil war,
 - (c) the declaration of a state of emergency, revolution, uprising, rebellion, coup d'état, military coup, seizure, requisition for military purposes,
 - (d) demonstration, internal disturbances, strike, lock-out from work,
 - (e) repressive interventions by state authorities or public administration,
 - (f) exposure to nuclear energy, nuclear radiation of any kind, radioactive contamination or pollution,
 - (g) intentional conduct, intentional omission or wilful negligence of the policy holder, the insured person or any other person acting on their initiative or instruction;
 - (h) loss, damage, destruction, malfunction, erasure, distortion or modification of electronic data or software for any reason (including, but not limited to, computer viruses, malware, hacker attacks) or reducing/limiting the functionality, usability or price due to these reasons,
 - (i) a defect or deficiency which the insured person suffered from at the time of concluding the insurance and which had or could have been known to the policy holder or to the insured person, regardless of whether they were known to the insurer,
 - (j) any decision of the state body, local authority, court decision or other official measures taken for purposes other than to prevent the occurrence or reduction of the scope of the insured event,
 - (k) pollution, contamination, including seepage, contamination of soil, water, including groundwater, air, or the environment,
 - (l) partial or complete cessation of construction and/or assembly work,
 - (m) asbestos or formaldehyde,
 - (n) mining and construction of tunnels.
2. The insurance does not cover damages to overhead transmission and distribution systems, including conductors, cables, poles,

masts, towers, other supporting structures and any equipment connected to them to transmit or distribute electricity, telephone or telegraph signal and all communication audio or video signals. Damages caused during transmission and distribution of electricity, telephone or telegraph signal and all other communication signals are excluded from the insurance. This exclusion does not relate to installations inside the insured real estate, insured premises inside the real estate and installations located on the insured real estate.

Article 3 Commencement, Duration and Termination of the Insurance

1. The insurance is arranged for the insurance period which is the period, for which the insurance policy is concluded. The insurance period is agreed for the definite period, from the insurance commencement date to the insurance end date.
2. The insurance commences (insurance commencement date) when the construction work/assembly work is started or when the insured items stated in the insurance policy are unloaded at the insured place, however, by the date stated in the insurance policy at the latest.
3. The insurance terminates:
 - (a) at the end of the insurance period, for which the insurance was agreed,
 - (b) upon the handover of the insured construction/assembly works,
 - (c) upon the commissioning of the construction works,
 - (d) at the end of the test operation for the insured assembly works or its test load; the test period or test load may take up to 4 weeks from the beginning of the test period or the beginning of the test load unless otherwise agreed in the insurance policy, however
 - (e) for the items already used, at the beginning of the test load of the insured assembly works,
 - (f) if the insured event is no longer possible,
 - (g) upon the termination of activity of the insured person or termination of the insured person, depending on which event (a) - (g) occurs earlier; the provisions of letters (b) and (d) apply to particular parts of the insured construction works/assembly works in respect of which the insurance terminates, for other parts of construction works/assembly works the insurance is still valid.
4. The insurance is also terminated by:
 - (a) by written **notice** from the insurer or the policy holder:
 - (i) within two months from the date of conclusion of the insurance policy; the notice period is of eight days and starts at 0:00am on the day after delivery of the notice to the other party; the insurance terminates at the end of the notice period, while the insurer is entitled to the insurance premium proportionate to the duration of the insurance,
 - (ii) within one month from the provision of benefits or refusal to provide benefits; the notice period is eight days and the insurance terminates at the end of the notice period,
 - (b) by a written **notice** from the insurer within two months from the day when they learned of a change in the facts that were the documentary basis (written and e-mail communication including attachments, questionnaires) for the conclusion of the insurance policy; unless the parties accept the stated changes by altering the insurance policy, the insurance terminates upon the delivery of the notice to the policy holder,
 - (c) by written **agreement** between the policy holder and the insurer,

- (d) by the **withdrawal** of the insurer from the insurance policy in the event of an intentional breach of the policy holder's obligation or the insured person's obligation "to answer truthfully and completely to all written questions of the insurer concerning the insurance arrangement", where the insurer would not have concluded the insurance contract if the questions had been answered truthfully and completely; the insurer may exercise this right within three months from learning this fact, otherwise the right expires,
- (e) by **refusing to provide the benefits** if the insurer learns after the insured event that it was caused by a fact that they were not able to learn when arranging the insurance due to knowingly false and incomplete answers and it was crucial for conclusion of the insurance policy, they are entitled to refuse to provide the benefits from the insurance policy, with this refusal the insurance terminates,
- (f) by **non-payment of the insurance premium** if a one-time insurance premium is not paid within three months from its due date; the same applies if it was paid only partially,
- (g) other reasons for termination of the insurance set by generally binding legal regulations are not affected by the provisions of this article.

Article 4 Place of Insurance

1. Unless otherwise stated in the insurance policy or elsewhere in these CAR_EAR General Insurance Terms and Conditions, the insurance covers the insured items only if damage to the items occurred at the place stated in the insurance policy as the insured place.
2. The insured place is a building, premises, plot of land or a construction site in the Slovak Republic defined in the insurance policy by an address or a cadastral territory and a plot number where the insured items are located, unless otherwise stated in the insurance policy.
3. For moveable property, the insurance relates also to a place where the insured items were relocated from the insured place stated in the insurance policy for a necessary period before an imminent or occurring insured event. The place is covered by the insurance from the day when the insured items were relocated there, and only if the insured person notified the insurer of this fact within 14 days, providing the insurer with an address and a list of the relocated items.
4. If it is not an insured event only as a result of an unintentional error or unintentional omission in stating the insured place where the insured item is located, then the insurance covers those places in the scope as if there was no such unintentional error or unintentional omission provided that each unintentional error or unintentional omission is reported by the policy holder or the insured person with the date when they learned about it and the date of correction. However, this does not increase the insured sums and the benefits limits stated in the insurance policy.

Article 5 Insurance Premium

1. The insurance premium is a contractually agreed price for the insurance protection provided by the insurer in the scope and during the period agreed in the insurance policy. The insurer determines the insurance premium.
2. The insurance premium according to Sec.796(1) of the Civil Code is a one-time insurance premium covering the entire insurance period. The insured person pays the insurance premium as per the amount and due dates agreed in the insurance policy.
3. Payment of the insurance premium in half-year or quarterly instalments may be agreed in the insurance policy. If the payment of the insurance premium was agreed in instalments in the insurance policy, then non-payment of an instalment means that the insurance premium for the entire insurance period is outstanding fully on the day following the due date of the instalment of the insurance premium, if the insurer exercises their right before the due date of the following instalment of the insurance premium.

4. The insurance premium is paid on time if credited to the bank account of the insurer in the correct amount on the due date at the latest while the "variable symbol" reference number assigned by the insurer is correctly entered.
5. If the facts on the basis of which the insurance premium is set change during the insurance period, the insurer is entitled to change the amount of the insurance premium as of the date of the change, including back to the date of this change.

Article 6 Benefits Limit, First Risk Insurance

1. The insurance policy may set the benefits limits for particular subjects of the insurance, particular insurance risks, groups of insurance risks and insurance. This insurance method and benefits limit has to be expressly stated in the insurance policy.
2. The benefits limit is agreed within the insured sum:
 - (a) of the subject of the insurance,
 - (b) of the insurance
 and thus does not increase their insured sum.
3. First risk insurance is a case if following the agreement of the insurer and the policy holder or the acceptance of the proposal of the insurer by the policy holder, an insured sum lower than the insured value is agreed for the insured item. This must be explicitly stated in the insurance policy.
4. The insured sum agreed for first risk insurance and the benefits limit are the upper benefits limits for the insurer for one and all insured events during one insurance period.

Article 7 Insurance Excess

1. The insurance excess is an amount by which the provided benefits will be reduced. The insurance excess is agreed in the insurance policy and may be expressed by a fixed amount, percentage or a combination of both.
2. The insurer will not provide the benefits if the total amount of the benefits (that is the benefits before deducting the insurance excess) is not higher than the agreed insurance excess.

Article 8 Expert Assessment

1. If there are disputes about the cause or a scope of the damage or about the benefits amount, the insurer and the insured person may agree that they will be set by expert assessment. The expert assessment may be extended to other circumstances and facts giving rise to the right to provide the benefits. The insured person may demand expert assessment by submitting a unilateral declaration to the insurer.
2. Principles of expert assessment:
 - (a) each party appoints one expert, who has no commitments vis-à-vis this party and immediately informs the other party in writing; it is possible to object to the expert of the other party only until the commencement of their activity,
 - (b) the appointed experts appoint a third expert, whose opinion will be the decisive if the experts appointed by the parties do not agree,
 - (c) the expert appointed by the insurer and the insured person prepare their expert opinions on the disputed questions independently,
 - (d) the experts submit their expert opinions to the insured person and the insurer; if they differ, the insurer submits both of them to the expert with the decisive vote; the expert with the decisive vote decides the disputed questions and submit their decision to the insured person and the insurer,
 - (e) each party pays the cost of their expert and the cost of the expert with the decisive vote is shared by the parties equally.
 If the expert opinions prepared by the experts appointed by the parties agree in favour of the insured person, the insurer reimburses the costs incurred by the insured person for the expert appointed by the insured person up to the amount of EUR 500 for the insurance period.
3. The expert assessments are without prejudice to the rights and obligations of the insured person and the insurer stipulated by

generally binding legal regulations, these general insurance terms and conditions, special insurance terms and conditions, the insurance policy and contractual arrangements.

Article 9 Obligations of the Insurer, Policy Holder and Insured Person

1. In addition to the obligations set by generally binding legal regulations, the insurer is obliged to:
 - (a) notify the policy holder of the insurance terms and conditions related to the arranged insurance,
 - (b) after notification of an insured event, without undue delay to initiate the investigation to determine the scope of their obligation to provide benefits as well as the amount of benefits,
 - (c) after receiving all documents and other necessary particulars including documents prepared by a third party (e.g. expert opinion, fire brigade call-out report), documents and information needed to complete the investigation to determine the scope of the obligations of the insurer to provide benefits and the amount of benefits, to complete this investigation within fifteen business days,
 - (d) return to the policy holder or the insured person original documents they have asked to be returned unless they are a compulsory part of the insured event's file,
 - (e) on the agreed day, to allow the policy holder or the insured person to view the file of their loss event or the insured event, based on a written request, provide a copy of documents from the file of the loss event or the insured event, while the costs thereof are borne by the policy holder,
 - (f) keep confidential all facts that they learned when arranging the insurance, managing the insurance and investigating insured events; this information may be provided to third parties only with the consent of the policy holder or the insured person, if it is necessary for management of the insurance or the investigation needed to determine the scope of the obligation of the insurer to provide the benefits and the amount of the benefits.
2. In addition to the obligations established by generally binding legal regulations, the policy holder and the insured person are obliged to:
 - (a) answer completely and truthfully all the insurer's written questions including e-mail communication and completing the questionnaires related to arrangement of the insurance,
 - (b) allow the insurer or their authorized persons to access the insured place(s) and enable them to assess the insurance risk, investigate the functionality and operation of the equipment used to protect property; then they are obliged to submit project, fire-fighting and technical, anti-flood, accounting or other similar documentation to the insurer or their authorized persons for viewing,
 - (c) immediately notify the insurer in writing of any change in the particulars based on which the insurance policy was concluded,
 - (d) keep the insured property in good technical conditions, comply with the provisions of technical standards and regulations, generally binding legal regulations, CAR_EAR General Insurance Terms and Conditions, contractual arrangements, clauses and the insurance policy,
 - (f) if the insured person is not the policy holder, then the policy holder is obliged to notify the insured person of the contents of these CAR_EAR General Insurance Terms and Conditions, contractual arrangements, clauses and the insurance policy immediately after conclusion of the insurance policy,
 - (g) take care that an insured event does not occur and take appropriate measures to avert one,
 - (h) notify the insurer of conclusion of other insurance covering the same subject of the insurance and insurance risks with another insurer including information on the amounts of the insured sums, benefits limits and business name of the insurer with whom this insurance was concluded,
3. In the event of a loss event, the insured person is obliged to:
 - (i) the policy holder is obliged to pay the insurance premium under Art. 5(4) of these CAR_EAR General Insurance Terms and Conditions.
 - (a) immediately notify the insurer of the damage and confirm it within 5 days in writing,
 - (b) take appropriate steps to mitigate the consequences of the damage and request the instructions from the insurer and follow them,
 - (c) do not change the conditions caused by the damage without the consent of the insurer if it is not necessary to avert or mitigate the consequences of the damage or if in contradiction with the general interest; the insured person is at the same time obliged to secure additional evidence on scope of the damage and the cause of the damage such as investigations by the police or other investigative bodies, photographic or film footage,
 - (d) immediately notify the police of damage that has occurred in circumstances giving rise to suspicion of a criminal offense and allow the insurer access to the police investigation file,
 - (e) immediately notify the insurer upon the discovery of the insured items or remainders thereof if lost or stolen during the insured event; when taking over the items or remainders thereof, the insured person is obliged to refund the amount corresponding to the amount of the benefit provided, within 30 days from the day it was found at the latest; if the insured items were damaged during period from the insured event until found, the repair costs of the damaged item will be paid by the insurer as for the insured event,
 - (f) ensure against a third party the right to compensation for damages or other similar rights and claim compensation for damages against a liable party.
4. If liability insurance under Section II of these CAR_EAR General Insurance Terms and Conditions is agreed in the insurance policy and if a claim is asserted against the insured person in court or out-of-court proceedings for compensation for damages, the insured person is obliged to:
 - (a) immediately notify the insurer of this fact, provide an opinion about the required compensation and the amount and immediately provide the insurer with all written materials related to the claim,
 - (b) proceed in accordance with the instructions of the insurer, whereby the insured person may not, without the written consent of the insurer, acknowledge any commitment or acknowledge liability for any damage, conclude a court settlement or voluntarily provide any compensation for damages or for mitigation of the scope of any damage or expenditures needed to avert imminent damage,
 - (c) let the insurer decide on a lawyer and the initiation of court proceedings in all cases where the costs are paid by the insurer,
 - (d) ensure against the other person the right to compensation for damages or other similar rights and claim compensation for damages against the liable person.
5. Other obligations of the insured person may be set in the contractual arrangements, clauses or the insurance policy.

Article 10 Consequences of Breach of Obligations

1. If any breach of the obligations stated in points 2 to 4 of Article 9 of these CAR_EAR General Insurance Terms and Conditions would significantly contribute to the insured event (or damage for the liability insurance) or increasing the scope of the consequences of the insured event (or damage for the liability insurance), the insurer is entitled to decrease the benefits proportionally to the extent to which this breach of obligations affected the scope of obligations of the insurer to provide the benefits.
2. If the insured person breaches the obligation to allow the insurer to exercise a right that has passed to them (under point 3(f) and 4(d) of this Article), the insurer is entitled to require from the insured person compensation up to 50% of the paid benefits or may decrease the benefits by this amount.

3. If the damage arises to the insurer due to breach of any obligation stated in points 2 to 4 of Article 9, or the insurer pays unreasonable costs in this regard (e.g. costs on court proceedings), they have the right to compensation from the policy holder or the insured person, who caused this damage or unreasonable costs by breach of obligations.
4. If the policy holder is in delay with the payment of the insurance premium, the insurer is entitled to:
 - (a) require interest on arrears from the insurance premium for each day of arrears under generally binding legal regulations,
 - (b) compensation for damages arising in relation to delivery of documents related to payment of the due insurance premium,
 - (c) deduct the due insurance premium including the interest on delay from the benefits.

Article 11 Definitions

1. **Malware** is malicious software that is able to propagate by itself without the knowledge of the user, including computer viruses, worms, trojans, adware, spyware etc.
2. **Refusal of benefits** under Sec. 802(2) of the Civil Code is a case when, after the insured event the insurer learns that it was caused by a fact that they could not have learned when arranging the insurance due to knowingly false and incomplete answers and that was crucial for the conclusion of the insurance policy.
3. The **insured person** is a person:
 - (a) whose property or liability is covered by this insurance, or
 - (b) a person to whom the insurer is obliged to provide benefits under the act or the insurance policy, either directly or with the consent of the insured person specified in the insurance policy.
4. The **policy holder** is a person that concluded the insurance policy with the insurer.
5. An **insured event** is any accidental insured event which is, under the respective provisions of the insurance policy associated with an obligation of the insurer to provide the insured person with the benefits. An **accidental insured event** is an event that suddenly and unexpectedly occurs at the insured place during the insurance period about which, at the time of concluding the insurance policy, the insurer and the insured person assume that it may occur, but it is not certain whether it will occur at all and when it will occur.
6. The **insurance policy** is the written bilateral legal act based on which natural and legal persons are insured.
7. The **insurer** is PREMIUM Insurance Company Limited, an insurance company with its registered office at 68 George Borg Olivier Street, STJ 1081, St. Julian's, Malta, entered in the Malta Business Registry under registration number C 91171 and operating in the territory of the Slovak Republic through its organizational unit PREMIUM Poist'ovňa, pobočka poisťovne z iného členského štátu, with its registered office at Námestie Mateja Korvína 1, 811 07 Bratislava – district Staré Mesto, Slovak Republic, Company Reg. No.: 50 659 669, registered in the Companies Register at Bratislava I District Court, Section: Po, Entry No.: 3737/B.
8. **Damage to the insured item** is a change of its state that can be objectively removed by a repair.
9. **Requisition** is an official seizure, occupation, confiscation of an item in time of extraordinary needs (e.g. for the army).
10. The **loss of the insured item** is a condition where the insured person regardless of their will loses the possibility to have the insured item at their disposition.
11. **Damage** is physical damage or destruction of the insured item or material damage to the insured person that may be objectively quantified in money.
12. A **terrorist act** means an act involving the use of force or violence and/or the threat of their use by any person or group(s) of persons, whether acting alone or on behalf of someone else or in

connection with any organization(s) or government(s) committed for political, religious, ideological, social or similar reasons, including the intention to influence any government and/or intimidate the public or part of the public.

13. **Refusal to provide benefits** is any authorisation of the insurer not to provide the benefits in case of breach of obligations stated in these General Insurance Terms and Conditions for Property Insurance, special insurance terms and conditions related to the insurance, contractual arrangements or the insurance policy if such breach of obligation would have a significant effect on occurrence of the insured event or the scope of the insured event.
14. **Destruction of the insured item** is a change in its condition, when the insured item can no longer be used for the original purposes and cannot be returned to this condition. Destruction means a condition when the repair cost would exceed the costs for acquisition of the same item or a similar item, in terms of type, kind, quality and parameters.

Article 12 Handling Complaints

1. You may submit your complaint to any establishment of the insurer during business hours either personally or in writing to: PREMIUM Poist'ovňa, pobočka poisťovne z iného členského štátu, with its registered office at Námestie Mateja Korvína 1, 811 07 Bratislava – district Staré Mesto, Slovak Republic You may send your complaint to the following e-mail address: staznosti@premium-ic.sk

For more information on where and how to file your complaint and further steps for its handling go to the Insurer's website: www.premium-ic.sk
2. The provisions of these CAR_EAR General Insurance Terms and Conditions related to the insured person apply to the policy holder (if the policy holder is not the insured person) and/or another authorized person. Your complaint will be handled without undue delay, within 30 days from its delivery at the latest. If that is impracticable due to circumstances of the case, you will be informed about the reasons for the extension of the deadline for handling your complaint with an indication of the expected date of handling your complaint.

Article 13 Final Provisions

1. These CAR_EAR General Insurance Terms and Conditions are an integral part of the insurance policy and unless explicitly banned in the CAR_EAR General Insurance Terms and Conditions, the parties may derogate from their provisions in the insurance policy.
2. The insurance contract with its annex CAR_EAR General Insurance Terms and Conditions shall be governed by the law of the Slovak Republic in terms of its effectiveness, interpretation and implementation. The courts of the Slovak Republic shall have exclusive jurisdiction over legal disputes arising from this insurance policy. The above also covers damages occurring abroad.
3. The provisions of these CAR_EAR General Insurance Terms and Conditions relating to the insured person apply to the policy holder (if the policy holder is not the insured person) and/or other authorized person as well.
4. Any documents shall be delivered to the Insurer, policy holder and insured person to the last known registered office or correspondence address of the policy holder or insured person if different from the registered office and the Insurer has been notified about it. The policy holder and the insured person shall notify the insurer if their address has changed, without undue delay.
5. The insurer sends documents to the last known address of the policy holder or insured person. A document from the Insurer addressed to the policy holder or insured person (hereinafter the "Recipient") shall be deemed to have been delivered on the date of its delivery to the recipient. If the document is kept at the post office because the recipient was not reached and the recipient

does not collect it within the relevant collection period, the document is considered delivered on the day it is held at the post office, even if the recipient did not learn of this. The same applies if the document was returned to the Insurer as undelivered because of a change of address which was not notified by the policy holder or the insured person. If the recipient refuses to receive the document, the document shall be deemed to have been delivered on the day on which it was refused.

6. You may notify any change in your address, business name or other data if practicable by telephone or e-mail. The Insurer is entitled to request completion of the notification in writing.
7. You may also communicate the loss event by telephone to the Insurer's telephone number or by e-mail to the Insurer's e-mail, which are set up for this purpose. However, this does not relieve the insured person from their obligation also to report the insured event in writing on the insurer's prescribed form.
8. These CAR_EAR General Insurance Terms and Conditions shall enter into force as of 20th July 2022.

SECTION I - Property Insurance

Article 14 Subject of the Insurance

1. The subject of the insurance is the construction/assembly works stated in the insurance policy including material and items that are to be a part of the completed construction/assembly works and which are stored, transported or relocated in the insured place.
2. Unless otherwise agreed in the insurance policy, the insurance covers:
 - (a) property:
 - (i) site facilities
 - (ii) construction / assembly machinery and equipment,
 - (iii) property owned, used or managed by the insured person specified in the insurance policy located at the insured place.
 - (b) costs incurred in connection with the occurrence of the insured event:
 - (i) of vacating the insured place, including the removal of standing parts of the built works, removal of debris and other remains to the nearest landfill and the cost of depositing or destroying them,
 - (ii) of wage benefits for overtime, night work, work on non-working days and holidays,
 - (iii) of express surcharges,
 - (iv) of the carriage of spare parts by air,
 - (v) travel expenses for foreign technicians and experts.

Article 15 Insured Value, Insured Sum, Sub-Insurance

1. The insured value of the insured item when the insurance is arranged is decisive for determination of the insured sum.
2. The insured value for:
 - (a) **built construction/assembly works** is the value of the works after its completion including prices of the material used and items, wages, transport, duties and fees,
 - (b) a **site facility** is the value as new,
 - (c) **construction / assembly machinery and equipment** is the value as new,
 - (d) **property owned, used or managed by the insured person** is the value as new.
3. The value as new is the value that needs to be paid at the insured place for the re-acquisition of the same item or an item of the similar type, kind, quality and parameters.
4. The insured sum is the upper limit of the benefits for the insurance period and at the same time for the calculation of the insurance premium. The insured sum is set for particular items of the subject of the insurance and should correspond to their insured value.
5. The policy holder shall set the insured sum and is responsible for its correctness.

6. If, at the time of occurrence of the insured event, the insured sum of the insured item is lower than its insured value, the insurer is entitled to decrease the benefits before application of the insurance excess in the same proportion as that between the insured sum and the insured value of the insured item. This provision shall not apply for the insurance for the first risk under Article 6(3) of these CAR_EAR General Insurance Terms and Conditions.

Article 16 Special Exclusions from the Insurance

1. This insurance does not cover damages:
 - (a) up to the amount of the insurance excess,
 - (b) caused by a faulty project or design,
 - (c) in the form of a fine, interest on arrears, any other penalty, securities or guarantee, loss of contract,
 - (d) caused by a normal wear and tear, corrosion, oxidation, cavitation, due to deterioration due to non-use of items, ongoing impact of operation, aging of material, fatigue of material, long-term storage, formation of deposits,
 - (e) caused by normal atmospheric conditions to be taken into account according to the season and local conditions,
 - (f) in the form of a loss (shortage) found during inventory,
 - (g) which does not affect the functionality of the insured item,
 - (h) caused by theft without demonstrably overcoming a mechanical restraint or a measure to protect the item against theft,
 - (i) a flood or inundation, if the peak flow of water does not reach the level of at least twenty-year flow at the insured place; the twenty-year flow means the peak flow of water in a watercourse that has been reached or exceeded once in twenty years over a long term,
 - (j) an earthquake that does not reach at least the 6th degree of the European Macroseismic Scale (EMS-98) at the insured place,
 - (k) a dynamic action of a mass of air that did not move at a speed of 65 km/h (18.06 m/s) or faster.
2. This insurance does not cover damages caused to the built works due to defective material and/or bad workmanship and costs of repair, replacement or modification of the defective material and/or bad workmanship. If due to damage to the built works caused by the defective material and/or bad workmanship a consequent damage arises, the insurer will provide benefits for the damage if not excluded from the insurance.
3. This insurance does not cover damages:
 - (a) for construction / assembly of machinery and equipment due to internal mechanical or electrical damage, malfunction or failure without external cause,
 - (b) due to freezing the coolant or other fluid, faulty or insufficient lubrication, lack of oil or coolant.This exception, however does not apply to consequent damage to the insured property due to a cause mentioned in (a) or (b).
4. This insurance does not cover:
 - (a) motor vehicles, aeroplanes, vessels and other equipment capable of movement in the atmosphere,
 - (b) data carriers, data, and data retrieval,
 - (c) documents, plans, business books and similar documentation, files, drawings,
 - (d) money, valuables and items of value,
 - (e) exhibition models, samples, prototypes, exhibits and production equipment not usable for standard production,
 - (f) works of art and collections,
 - (g) vegetation and plants,
 - (h) structures on water,
 - (i) hand-held tools,
 - (j) operating and auxiliary substances (e.g. fuels, lubricants, chemicals, filter materials, coolants, catalysts), media.
4. If, in the case of the insurance of construction/assembly machines and equipment, the insured items for which the insurer is obliged to provide the benefits are not damaged or destroyed due to the same reason, the insurance does not cover:

- (a) parts of the equipment, components and tools that are regularly replaced when the work-task changes or when worn out (e.g. cutting tools, matrices, moulds, pins, dies, engraved and patterned rollers, batteries, fuses, light sources),
 - (b) spare parts and parts that are regularly replaced due to rapid wear or aging (e.g. hoses, seals, rubber and plastic linings, conveyors, chains, belts, ploughshares, working replaceable parts of construction / assembly equipment, brushes, tyres, ropes, wires, sieves, working parts of crushers, stone or concrete buckets, cables).
5. The insurance does not cover damages to the property of others for which the owner is liable under the law or contract.
 6. The insurance does not cover damages and costs of any kind caused by or related to a defect or deficiency which the insured person suffered from at the time of concluding the insurance and which had or could have been known to the policy holder or to the insured person, regardless of whether it was known to the insurer.

Article 17 Insurance Risk

1. The insurance covers physical damage or the destruction of the insured items caused by the insured event during the insurance at the insured place and which is not excluded in these CAR_EAR General Insurance Terms and Conditions, contractual arrangements, clauses or the insurance policy.
2. The insurance covers cases when the insured item or part thereof was lost, with a causal link to the insured event under point 1 of this article establishing a right to benefits for the insured person.

Article 18 Benefits

1. The benefits are the monetary fulfilment paid by the insurer to the insured person for the insured event due to which the insured person is entitled to benefits. The insurer will provide the benefits in the currency valid in the Slovak Republic. When converting a foreign currency to the currency valid in the Slovak Republic, the exchange rate of the European Central Bank applicable as of the date of the insured event will be applied.
2. The remains of the damaged or destroyed insured item remain the property of the insured person.
3. The benefits are decreased by the value of the remains under point 2 and the insurance excess.
4. If the insured event causes:
 - (a) the destruction, loss or theft of the insured item then the insurer provides benefits amounting to the costs of re-acquisition of the insured item, however, no more than the actual cash value of the insured item immediately before the insured event,
 - (b) damage to the insured item, then the insurer provides benefits corresponding to reasonable and economic costs needed to repair the insured item at the place and time of the insured event; these costs include costs of:
 - (i) deconstruction and disassembly of the damaged item,
 - (ii) customs and other fees if included in the insured sum of the damaged item,
 - (iii) temporary repair of the damaged item, however only if these costs are included in the total costs of repair and do not increase the total benefits.

If the total costs under (b) exceed the actual cash value of the insured item immediately before the insured event, the insured item will be considered destroyed and the process under (a) will be followed.

5. After payment of the benefits, the insured sum for the corresponding item of the subject of the insurance is decreased by the paid benefits, unless otherwise agreed in the insurance policy. The insurance sum may be increased to the original sum based on a proposal from the policy holder, after payment of the corresponding insurance premium.
6. The insurer will provide the benefits for all insured events during one insurance period up to:

- (a) the insured sum set for the insured item,
- (b) the total limit of the benefits agreed in the insurance policy for the insured item,
- (c) the total limit of the benefits agreed in the insurance policy for the insurance risk.

The lower of the stated sums is decisive in terms of the amount of the benefits.

7. The benefits are payable within 15 days after the end of the investigation by the insurer needed to determine a scope of the obligations of the insurer to provide the benefits and the amount thereof.
8. The insurer makes an advance payment on the benefits to the insured person within 10 days from the day on which the ongoing investigation of the insurer determines that it is the insured event and the insured person is entitled to the benefits. The advance payment to the benefits is of 20% of the preliminary benefits amount. If, during the further course of the investigation or after its completion it is found that the insured person was not entitled to provision of the benefits or the amount of the advance payments to the benefits exceeds the total benefits, the insured person is obliged to return the provided benefits, or the part thereof to which they are not entitled, to the insurer.
9. The insurer is entitled to:
 - (a) deduct an amount corresponding to insurance premiums in arrears and other claims of the insurer from the benefits,
 - (b) decrease the benefits by a reasonable amount for intentional breach of obligations stated in Article 9(2) and (3) of these CAR_EAR General Insurance Terms and Conditions, clauses and insurance policy if it had significantly contributed to the insured event or increasing the scope of the consequences of the insured event, by the extent by which this breach of obligations affected the scope of the insurer's obligation to provide the benefits.
10. If the insurer learns after the insured event that it was caused by a fact they could not have learned when arranging the insurance due to knowingly false and incomplete answers where this was crucial for conclusion of the insurance policy, they are entitled to refuse provide benefits from the insurance policy.
11. If the insured person misleads the insurer about the facts related to the entitlement to the benefits and/or the amount of the benefits, the insurer is not obliged to provide the benefits arising out of the loss event.

Article 19 Methods of Storing and Securing the Insured Items to Prevent Theft or Vandalism

1. The condition for the provision of benefits for damages caused by a theft by burglary, robbery or vandalism is that the insured item was secured as agreed in the insurance policy during the insured event.
2. The amount of the benefits is limited by manner of securing the insured property under this article that the offender had to overcome during the insured event.

Article 20 Definitions

1. A built construction/assembly works is the material result of all activities performed according to the project to reach the required purpose.
2. **Cash equivalents** are deposit books and check books, payment cards, securities, postage stamps, government fee stamps, lottery tickets, travel tickets and public transport coupons, credit coupons for mobile phones, motorway vignettes, meal vouchers etc.
3. **Items of value** are:
 - (a) precious metals, precious or semi-precious stones, pearls and items made of them,
 - (b) costume jewellery, wristwatches and pocket watches, glasses and pens with a selling price of more than EUR 160.00.

Items of value does not include components or parts of machines, machinery (hereinafter the "Machines") that are a part of the insured machines, i.e. they are properly mounted, installed or fitted into the machine. However, these items are considered items of value if they were not a part of the insured machine during the loss event.

4. **Actual cash value** is the replacement cost value decreased by the amount corresponding to the wear degree of the item or other depreciation of the item.
5. **Electrical damage** is a damage or destruction of the insured item due to a shortcut or other impact of electricity (e.g. overvoltage, defective insulation, corona, discharge, arc, leap) causing a loss of its functionality or functionality of its elements.
6. **Mechanical damage** is a physical damage or destruction of the insured item, e.g. by a crack, deformation, break, seizure, loosening, leak, clogging or melting.
7. **Motor vehicles** are vehicles powered by their own engine (including trailers) made or approved for operation on the roads and subject to vehicle registration.
8. **Consequent damage** is physical damage to the insured item as a direct consequence of physical damage to another insured item or a part of the insured item or another part of the damaged insured item.
9. **Cash** is valid national and foreign banknotes and coins.
10. **Hand tools** are any type of tools with individual technical and economical purpose including mechanically or electrically driven tools (e.g. shovels, picks, hammers, saws, grinders, manual drills).

SECTION II - Liability Insurance

Article 21 Subject and Scope of the Insurance

1. The insured person is entitled for the insurer, on their behalf, to pay a third party for liability for damage to an item and/or personal injury prescribed by the legal order whereby:
 - (a) damage to items means physical damage to a tangible item including consequent damage to property or lost profit due to the loss of the possibility to use the damaged item or due to loss of functionality of the damaged item,
 - (b) personal injury means bodily injury to a person including illness or death and material damage including lost profit resulting therefrom; material damage also includes regressive claims from the Social Insurance Company and/or health care insurance companies related to the personal injury of persons other than employees of the insured person.
2. The insurance covers only damages that are the result of the loss event:
 - (a) directly related to the construction/assembly works at the construction site stated in the insurance policy as the insured place or in its vicinity and at the same time
 - (b) during the validity of the insurance policy (the "**Loss Occurrence**" insurance principle.)
3. The insured person is also entitled to compensation for reasonable costs:
 - (a) incurred in order to avert the damage covered by the insurance and/or to prevent an increase in the extent of the damage covered by the insurance already incurred; except for the costs incurred by the police, fire brigade or rescue service or other subjects that are obliged to intervene in the public interest based on legal regulations; the amount of these costs is limited to 20% of the insured sum for the liability insurance unless otherwise provided in the insurance policy,
 - (c) of legal defence (up to the tariff remuneration rate of the lawyer) regarding the claim against the insured person due to the damage covered by the insurance even if the claim brought against the insured person was unjustified, provided that the insurer has approved the defence costs of the insured person in advance; instead of compensation for defence costs, the insurer is entitled to provide the insured

person with an attorney for a reasonable time who will represent the insured person in proceedings for compensation for damages and who will be paid by the insurer; the insurer reserves the right to investigate, examine and settle out-of-court any claim at their own discretion.

Article 22 Special Exclusions from the Insurance

1. This insurance does not cover:
 - (a) damages up to the amount of the insurance excess,
 - (b) costs of manufacture, repair or modification or replacement of any item that could be insured under Section I of these insurance terms and conditions,
 - (c) damage to property, plots of land or structures due to vibrations, weakening or removal of supports as well as liability due to damage to an item and or/personal injury after this damage or as a consequence thereof,
 - (d) liability for the damage caused by an insured person who is bound to compensation for damages based on an agreement beyond that set by generally binding legal regulations; however, this does not apply to damage for which the insured person would be liable under the generally binding legal regulations even if not bound by an agreement,
 - (e) liability for damage caused intentionally or by wilful negligence of the policy holder or other persons acting as instructed by the insured person,
 - (f) by an action, for which a legal regulation imposes an obligation to conclude liability insurance or which gives rise to claims subject to any compulsory, legal or compulsory contractual insurance,
 - (g) claims for compensation for damages including costs of legal representation with regards to compensation for any damage admitted by an official public authority locally or functionally competent for the United States of America (USA) or Canada,
 - (h) liability for damages arising out of contracts for transport,
 - (i) liability for damages arising out of employment relationships and liability for damages arising out of occupational injuries or occupational illness including regressive claims of the Social Insurance Company and health insurance companies,
 - (j) damages caused by construction/assembly work without a valid construction permit or notifying of the construction to the construction authority,
 - (k) damages caused by aeroplanes and vessels and damage caused to aeroplanes and vessels,
 - (l) damages caused as a result of demolition or removal works using explosives,
 - (m) any claims related to breach of the right to protection of personality or other costs due to non-material damage,
 - (n) damages due to the damage or loss of functionality of overhead and underground lines of any kind, unless stated otherwise in the insurance policy,
 - (o) liability of the insured person for damage to an item due to sudden and unforeseeable leak of pollutants (*pollution incident*),
 - (p) liability of the insured person for damage and destruction of accepted movable property that the insured person received to process, repair, modify, sell, keep, transport or store or provide professional assistance (*accepted items*),
 - (q) liability of the insured person for damage and destruction of movable property that the insured person received to use for operating purposes (*items received to use*),
 - (r) damages that directly result from material damage to an item or personal injury (*financial damage only*),
 - (s) caused by formaldehyde, asbestos, silicon, persistent organic pollutants, polychrome biphenyls, methyl tert-butyl ether, lead, mercury, artificial mineral fibres,
 - (t) services related to preparation, granting consent, approval of any maps, drawings, reports, surveys, dimensions, orders, designs, assignments, specifications or project documentation,

- (u) caused as a result of a defect in concrete or similar building materials, and also as a result of building (construction) prefabricates.
- 2. The insurance does not cover compensation for contractual, administration and/or criminal penalties or fines of any type including punitive damages or exemplary damages.
- 3. Further, the insurance does not cover claims under the Directive 2004/35/EC of the European Parliament and of the Council on environmental liability with regard to the prevention and remedying of environmental damage or in accordance with generally binding legislation governing environmental liability or remedying of environmental damage.

Article 23 Insured Sum

- 1. The insured sum is the upper limit of the benefits for the insurance period. The scope of the compensation for damages by the insurer is limited by the insured sum and other sub-limits arranged in the insurance policy and these insurance terms and conditions. The sub-limit stated in the insurance policy or in these insurance terms and conditions does not increase the insured sum.
- 2. The policy holder shall set the insured sum and is responsible for its correctness.

Article 24 Benefits

- 1. The insurer will compensate for damages as a consequence of one or more damages caused during the insurance period up to the amount of the insured sum or limit of benefits agreed in the insurance policy.
- 2. The insured person participates in the benefits of each damage with an amount agreed in the insurance policy as a insurance excess used by the Insurer to decrease the compensation for damages paid to the injured person.
- 3. If it is found that the injured person was not entitled to the benefits or the insured person and/or co-insured persons did not meet the requirements/conditions for provided benefits, the injured person or the Insured person and/or co-insured persons are obliged to return to the Insurer the full benefits and the insured person is obliged to pay the costs of the insurer related to provision of benefits.
- 4. If the insured person causes an increase in costs to the Insurer because any decisive facts have to be re-ascertained, or because of delayed notification of the insured event, the insured person causes the insurer not to be able to provide compensation for damages in time and the insurer is entitled to claim compensation for such costs.
- 5. If, due to late notification of the loss event, the insurer is not be able objectively to determine the cause of the damage and/or its scope, the insurer is entitled to refuse the benefits or decrease the amount of the benefits by the part of the damage that could not be documented.

Article 25 Definitions

- 1. A pollution incident is a sudden and unforeseeable release of pollutants causing personal injury and/or damage to items caused or resulting from leakage, distortion, seeping, vaporization or release of pollutants to the soil, air or watercourses, however, exclusively provided that it is a sudden, identifiable, unforeseeable and unintentional event that occurred in a specific time at a specific place and at the same time assuming that the claim for compensation for damages against the insured person is exercised during the insurance period for the first time. Costs and expenditures incurred upon the removal, disposal or cleaning the consequences of the pollution incident are included in the damage. Claims related to environmental damage under Directive 2004/35/EC of the European Parliament and of the Council on environmental liability with regard to the prevention and remedy of environmental damage or in accordance with generally binding legislation governing

environmental liability or remedying environmental damage are not considered to be damage due to a pollution incident.

- 2. An loss event is an event that occurs during the insurance period suddenly and unexpectedly, about which, at the time of concluding the insurance policy, the insurer and the insured person assume that it may occur, but it is not certain whether it will occur at all and when it will occur and at the same time it is an event giving rise to the damage which may be the reason for the entitlement to the benefits. The consequence of damage when one cause damaged more injured persons is also included as one loss event. If the cause of the loss event and the damage caused are covered by the insurance agreed in the insurance policy, the loss event is classified as an insured event.
- 3. A third party is a person except for persons that are parties to the construction and/or assembly works being built.
- 4. Lost profit is material damage that can be expressed in monetary terms which consists of the fact that the injured person will not, as a result of the damage, develop an increase in the property values that could be expected in the case of regular operation.
- 5. A wilful negligence is an act or omission that the insured person knew was likely to cause damage, but without reasonable grounds relied on it not causing it.

SECTION III - Insurance of Lost Gross Profit of the Investor

Article 26 Subject and Scope of the Insurance

- 1. The insured person named in the insurance policy as the investor is, based on this insurance, entitled to be provided from the insurer with benefits for lost gross profit actually incurred by the insured person as a result of a decrease of turnover and/or increase of operating costs as specified in this Section in the event that during the insurance period specified in this Section an insured event occurs on the insured construction / assembly part, which causes disruption of construction / assembly work and subsequent delay in commissioning and / or disruption of anticipated operating conditions (hereinafter the "Delay").

Article 27 Benefits

- 1. The amount of the benefits is determined as follows:
 - (a) for the **lost gross profit** as an amount which is the multiplication of the gross profit margin and by which, during the period of compensation, the turnover actually achieved is decreased, which would have been achieved if there was no delay,
 - (b) for the **increased operating costs** as additional costs that were unavoidable and reasonable to prevent or reduce the turnover decrease that would otherwise have occurred during the compensation period without incurring such costs; the amount of the benefits may not exceed an amount calculated as a multiplication of the gross profit margin and the amount of turnover thus lost.
- 2. If the insured sum agreed in the insurance policy for the insurance according to this Section is lower than the amount corresponding to the gross profit margin multiplied by the annual turnover, the benefits will be decreased accordingly.
- 3. When calculating the gross profit margin and annual turnover, the following are taken into account:
 - (a) results of the operation of the construction/assembly works for 12 months after commissioning,
 - (b) changes and special circumstances that could affect the insured operation if there was no delay,
 - (c) changes and special circumstances that affected the insured operation after its commissioning,
 in such a way that the calculation is as close as possible to the results that the insured operation would have achieved after the planned date if there had been no delay.

Article 28 Special Exclusions from the Insurance

1. The insurance does not cover:
 - (a) lost gross profit and/or increase of operating costs due to any delay caused by or resulting from:
 - (i) damage insured under Section I in the form of a clause, unless otherwise agreed in the insurance policy,
 - (ii) earthquake, volcanic activity, tsunami, unless otherwise agreed in the insurance policy,
 - (iii) damage to surrounding property, construction/assembly machinery and equipment, construction site equipment,
 - (iv) damage to operating media or materials, decrease, destruction, deterioration or damage to any materials necessary for the insured operation,
 - (v) any restriction issued by state or local authorities,
 - (vi) insufficient financial means,
 - (vii) alterations, extensions, improvements, repairs to defects or malfunctions or the removal of any deficiencies made after the insured item has been damaged or destroyed,
 - (viii) damages to items taken over or handed over for use, or for which the insurance under Section I of these CAR_EAR General Insurance Terms and Conditions has expired.
 - (b) any losses incurred as a result of contractual or legal penalties or damages for breach of contract, late performance or the execution of an order or penalty of any kind,
 - (c) damages for reasons such as suspension, interruption or cancellation of a lease, trade permission, license or order that occurred after the date of actual commencement of operation,
 - (d) damage to construction / assembly work of a prototype nature, unless otherwise agreed in the insurance policy.
2. The exceptions defined in Article 2(1) are hereby not affected.
3. Other exceptions may be arranged in the insurance policy.

Article 29 Extension of the Insurance Period

1. Extension of the insurance period for the property insurance under Section I does not automatically extend the compensation period agreed for the insurance of the lost gross profit of the investor.
2. Any extension of the insurance period for insurance under Section III of these CAR_EAR General Insurance Terms and Conditions must be requested in writing and the insured person is required to state the circumstances leading to require the extended insurance period. Extension of the insurance period is valid only when the insurer has approved the request of the insured person in writing.

Article 30 Special Obligations of the Policy Holder, Insured Person

1. The insured person is obliged to submit updated reports on the course of the construction/assembly works to the insurer within the intervals set in the insurance policy.
2. If there is any material change of the original risk such as:
 - (a) change in the planned work schedule,
 - (b) change, modification or completion to any item of the build works,
 - (c) deviation from the prescribed technological procedure and/or construction method,
 - (d) change of the interest of the insured person (interruption or termination of activities of the insured person, declaration of bankruptcy for the insured person's assets)
 the insurance according to this Section is terminated unless otherwise stated in the insurance policy.
3. If any event could cause delay and lead to a claim for benefits under this Section, the insured person is obliged to:
 - (a) without undue delay inform the insurer by telephone or by e-mail and at the same time notify the insurer in writing,

- (b) act and be of assistance in the taking of all steps to minimize and stop damage to the construction/assembly works so as to completely avoid delay or shorten the delay as much as possible,
 - (c) allow the insurer or any other person assigned by the insurer to access the insured place where the damage occurred, speak directly with the responsible contractor or sub-contractor to determine the possible cause and scope of the damage, its impact on the insured item of the insurance in order to minimize any delay of the planned date of commencement of the insured operation and if needed, apply any reasonable instructions to completely avoid or minimize duration of this delay.
4. When claiming benefits under this Section, the insured person is obliged to deliver a detailed written report on their claim for benefits without undue delay. At the same time, the insured person is obliged to draft and submit to the insurer, at their own costs, accounting and business books, e.g. invoices, balance sheets and other documents, evidence, documentation, information, explanations or other proof documents that the insurer may request to investigate or check the insured event. Based on the request of the insurer, the insured person is obliged to confirm the veracity of the declared insured event and all related facts by their affidavit.
 5. The insurer is entitled to postpone payment of the benefits including an advance payment:
 - (a) if there are doubts on the right of the insured person to the benefits until all the needed evidence has been submitted,
 - (b) if, due to any damage, loss or delay in the planned date of commencement of the insured operation a criminal proceeding against the insured person is initiated, until the end of this proceeding.

Article 31 Definitions

1. The **insurance period** under this Section is set in the insurance policy. The insurance period ends on the day set in the insurance policy or an earlier date which terminates the insurance according to Section I.
2. The **planned date of commencement of the insured operation** is the date stated in the insurance policy for this Section or another revised date as of which the operation of the construction/assembly works would have commenced, if the delay had not occurred.
3. The **compensation period** is the period during which the results of the operation are affected by delay. The period starts on the planned date of commencement of the insured operation and does not exceed the maximum compensation period set in the insurance policy for this Section.
4. The **time threshold** is the period set in the insurance policy for this Section, during which the insurer is not liable to provide benefits. The insurance excess is equal to the amount which is calculated as multiplication of the average daily value of the loss suffered during the insurance period and the number of days agreed as the time threshold.
5. **Turnover** is a sum of money (decreased by discount) paid or due to the insured person for rented accommodation or other services that are provided in relation to the operation of the insured construction/assembly works.
6. **Annual turnover** that would be achieved during 12 months after the planned date of commencement of the insured operation if there had been no delay.
7. **Annual gross profit** is the amount by which the value of annual gross turnover exceeds the sum of specified operating costs. Specified operating costs are variable costs, that is costs paid for acquisition of goods, material, stocks and services (if not used to maintain operation) and all expenditures related to taxes, administration costs for business license, license fees, etc., if these costs depend on turnover.
8. **Gross profit margin** is the margin of profit that would have been made on turnover during the period for which the benefits are provided if there had been no delay.