

**GENERAL INSURANCE TERMS AND CONDITIONS OF PROPERTY AND BUSINESS
INTERRUPTION INSURANCE
(VPP MAJ 01/2019)**

Article 1 INITIAL PROVISIONS

- 1) This insurance is governed by the insurance contract, including the aforementioned insurance terms and conditions, the Civil Code and other generally binding legal regulations of the Czech Republic. If individual provisions contravene, the insurance contract shall prevail over the insurance terms and conditions, the special insurance terms and conditions shall prevail over the general insurance terms and conditions and the additional insurance terms and conditions shall prevail over the special terms and conditions.
- 2) If the policyholder is an entrepreneur, it applies that he shall act on the basis of professional knowledge, while applying due care and prudence, and that the protective provisions shall not be used for adhesion contracts.
- 3) The insurance is arranged as insurance against loss and damage.

Article 2 DEFINITIONS

Sonic boom	the shock wave created by aircraft reaching the speed of sound;
Regular premium	the premium defined for an insurance period;
Building	an above-ground structure fixed to or in the ground, the space of which is enclosed by exterior walls and a roof;
Structure under construction	a unit under construction based on a written contract for work and labour entered into by and between the client and the contractor, including all the activities carried out in accordance with project documentation;
Current price	a new price decreased by wear and tear or any other devaluation, but allowing for any potential improvement (overhaul, refurbishment, etc.);
FLEXA	an abbreviation for insurable perils that stands for Fire, Lightning, Explosion and fall of Aircraft;
Gross negligence	gross negligence occurs if the principle of due or usual diligence has been violated in a very gross manner;
Hurricane	a very strong wind with destructive effects, usually accompanied by heavy rain;
Operator error	all phenomena and events resulting in physical damage of the insured object provided that the planned sequence of mental or physical activities fails to have the required (intended) effect and if the final failure has not been caused by any deliberate or intentional omission or action;
Single premium	a premium for the entire term of insurance;
Smoke	any sudden and unexpected spread of smoke due to a fire, explosion, breakdown of a device in the insured location or spread of smoke from fireplaces or fire chambers in the insured location in contrast to the defined purpose, but excluding long-term effects of the smoke;
Burglary	illegal seizure of the insured thing or any damage thereto, provided that the perpetrator forcibly breaks through the security system that prevents unauthorised people from entering the insured space, or if the perpetrator entered the locked insured space using the original key or

	its duplicate obtained by forcible breaking and entering; attempted burglary is also considered burglary;
Hailstorm	balls of ice formed in the atmosphere and falling on the land as part of atmospheric precipitations;
Avalanche	a fast and sudden detachment of a large mass of snow, stone, soil, mud or sand falling down a slope, including the shock wave generated;
Robbery	illegal seizure of the insured thing, or damage thereto, by a perpetrator, with the use of violence or a threat of immediate violence;
Insured location	the place or places specified in the insurance contract where the insured things are located at the time of the insured event's occurrence (e.g. address, cadastral area, lot number, state, continent, etc.);
Cost of debris removal	The cost of removing activities actually incurred after the insured event, including the cost of pulling the debris down and transporting it to the nearest dump site and the cost of the debris storage and disposal, but excluding the cost of detoxication, decontamination, elimination or removal of any material encumbering the environment;
Collision with a vehicle	collision of a road or rail vehicle with the insured thing, including the collision of a part or the cargo of such a vehicle in direct connection with its crash;
Indirect lightning strike	an overvoltage and/or induction event triggered by an electrical discharge caused by a direct strike of lightning;
Data media	data storage devices used for storing information and data; the term "external data media" means any removable data media, such as discs, tapes, cassettes, CDs, USB drives, etc.;
New price	the price for which the same or a comparable thing can be purchased at a particular time again and place as a new thing of the same kind and purpose;
Civil unrest and internal disturbances	physical damage to or destruction of insured things incurred in direct relation to any civil unrest or internal disturbances or in the course of suppressing thereof or mitigating its direct consequences by the competent body, whereas: <ul style="list-style-type: none"> i) internal disturbances – it means violent demonstrations that lead to sedition, including illegal actions and hostilities towards public authorities in order to disturb the existing political balance, ii) civil unrest – it means violent demonstrations, other than internal disturbances, that degenerate into sedition, culminating in riots and illegal actions;
General price	the price the insured person can achieve for selling the same, or a similar, thing through regular business at a particular time and place;
Asportation	a general term for insurable perils of burglary and robbery;
Beneficiary	the person to whom an insured event constitutes the right to an insured benefit (usually the insured person, unless otherwise provided by the relevant legal regulation or the insurance contract);
Fall of aircraft	a fall or a crash of aircraft or any other aerial transport vehicle or spacecraft (but not an unmanned aerial vehicle), its parts or cargo;
Fall of object	any accidental and unpredictable movement of vertically placed natural or artificial objects (e.g. trees, poles, chimney stacks or other objects), having the features of the free fall;

Insurer	HDI GLOBAL SPECIALTY SE, with a registered office in Roderbruchstraße 26, 30655 Hannover, Germany, Id.No.: 5299004VW9WNRHTLF050 registered in Germany at the local court in Hannover under No. HRB 211924, acting through its registered office in Sweden, Hantverkargatan 25, 106 50 Stockholm;
Policy period	a period of time for which the insurance has been arranged;
Insured event	an accidental event defined in the insurance contract, or in the special insurance terms and conditions, that constitutes the insurer's obligation to provide an insured benefit, while the time scope of one insured event – if the relevant insurable peril is covered by the insurance contract – shall be: <ul style="list-style-type: none">- 96 consecutive hours for a windstorm, hurricane, typhoon and cyclone,- 72 consecutive hours for hailstorm and tornado,- 168 consecutive hours for earthquake, tsunami and volcanic eruption;- 72 consecutive hours and within one community for civil unrest and national disturbances and intentional damage (e.g. asportation or vandalism),- 504 consecutive hours for a flood,- 168 consecutive hours for other insurable perils;
Insurable peril	the potential cause of an insured event's occurrence;
Insurance period	the period of one year, unless otherwise provided in the insurance contract;
Insurance risk	the degree of probability of an insured event's occurrence due to an insurable peril;
Insurable interest	the justified need for protection against the consequences of an insured event;
Insured person	the person to whose property, or any other value of this person's insurable interest, the insurance applies;
Damage	such an adverse change in the material nature of the insured thing that can be removed by repair, or this thing remains usable (or partially usable) for its original purpose even though it cannot be repaired;
The injured	a person who has suffered damage or harm through an insured event and is entitled to a replacement;
Flood	inundation with water of an area of land as a result of overflowing rivers and watercourses or water reservoirs or bursting banks or dams or the accidental and unforeseeable narrowing of a stream bed or excessive atmospheric precipitations or thawing of the snow or groundwater rising to the surface, and also inundation with a massive amount of water, flowing downwards, that has spread outside its natural limits due to a sudden rise of flowing water levels caused by increased flow rate or for another reason, usually containing mud, stones and other solid substances, including inundation with sewage water in direct relation to the flood;
Fire	a fire in the form of a flame spreading in contradiction to its purpose; but incandescence or smouldering with limited access of oxygen, or an effect of a utility fire and its heat or an effect of the heat generated by short-circuit of electrical wires and/or a device, where the flame generated by the short-circuit did not spread, cannot be considered a fire;

Simple theft	unlawful taking of the insured thing or damage to the insured thing committed by a perpetrator without violently surmounting the security or without using violence or a threat of immediate violence;
First risk	the insured benefit limit that is the ceiling of the insured benefits provided for all insured events within one insurance period and stipulated in cases where it is impossible or difficult to determine the sum insured or where it has thusly been agreed between the policyholder and the insurer;
Direct lightning strike	immediate transition of an atmospheric discharge / lightning onto the insured thing so that the spot of the lightning strike is visible on the surface of this thing in accordance with the effects of the heat and/or mechanical traces;
Glass breakage	any breakage, cracks or fractures of glass incurred for any reason, but a mere scratching of the glass, paint spraying on the glass or any damage or destruction of the glass when being installed, assembled, disassembled or otherwise handled or due to a manufacturing defect is not considered breakage of the glass; for the purposes of this insurance, glass shall mean any firmly fixed or inserted glass (a furnishing of the insured building), including shop windows and door glazing, illuminated advertising and illuminated signs – including their electrical installation and supporting structure, glass countertops, display cabinets and glass walls inside the building, glazing of movable things, affixed non-detachable sensors of security equipment, affixed foils, signs, paintings or other decoration, if part of the insured glass;
Landslide and rockslide	any downward movement of soil, rock or detritus caused by the effect of gravitation and violated long-term balance of the Earth's surface, but not any descent of the Earth's surface as a result of the impact of the forces of nature or a human activity;
Set	a set is formed by the objects of insurance that are of a similar or the same nature and intended for the same purpose; if a set is insured, the insurance shall apply to all the objects of the insurance belonging to the set at the moment of an insured event's occurrence; the sum insured for the set is the sum of insured values of individual items included in the set;
Meteoric water	a sudden and unexpected impact (leakage) of meteoric water in the form of a downpour, thawing snow or ice that has permeated or leaked into the insured space;
Existing property	tangible items placed in the insured location or its immediate vicinity and owned or having been taken care of by the insured person and not being part of the structure under construction and not to be used for its realisation;
Construction machinery	any equipment used for construction of the structure under construction that is capable of making way under its own power and can be used only if driven by its operator (e.g. fork-lift trucks, cranes, construction site trailers, excavators, bulldozers and other earth-moving machinery, construction site vehicles, rollers, paving machines);
Strike	physical damage to insured things caused by strikers, i.e. during any organised cessation of work by a larger number of employees of the insured establishment focusing on a certain goal;
Machinery	a machine or a set of several mutually connected (in the technological or constructional aspect) machines and mechanisms intended to perform pre-defined operations, including their electronic parts.

Sub-contractor	a person whose delivery is part of the structure under construction and is included in the structure's price;
Sublimit	the maximum limit of cover agreed under the sum insured, or possibly within the limit of cover (i.e. sublimit does not increase the sum insured or the limit of cover);
Damage	damage to property;
Loss event	an event resulting in a loss or damage incurred, based on which the entitlement to the insured benefit can be established;
Terrorism	any use of violence or a threat of violence by a person or a group of people acting independently or on behalf or with the support of any organisation or government for political, religious, ideological or similar reasons, including the intention to influence any government and/or intimidate the public or any population group;
Weight of snow or glaze ice	unforeseeable and accidental destructive effects of the weight of the fallen snow or glaze ice layer formed on the structure of insured buildings or constructions, or destructive effects of a slide or a fall of the snow or glaze ice from the roof;
Tornado	a localised windstorm with destructive effects, usually accompanied by heavy rain;
Insurance participants	the insurer and the policyholder, as contracting parties, and the insured person plus any other person to whom a right or an obligation has been constituted by the insurance;
Vandalism	intentional or unjustified damage or destruction of the insured object by a third party, i.e. not by the beneficiary, the policyholder, the insured, their next of kin or a person acting at their instigation;
Windstorm	any sudden atmospheric disturbance caused by a strong flow of air (wind) moving at a speed over 20.8 m/s (approx. 75 km/h) and usually accompanied by an atmospheric electrical discharge having a destructive impact on the insured things;
Water damage	<ul style="list-style-type: none"> - leakage of water, liquid or steam from water installations, tanks, inflow and outflow water piping (excluding outside rainwater gutters and downpipes), heating or air-conditioning systems, from other similar facilities that are, in accordance with their purpose, connected to the water supply system, and/or - leakage of the extinguishing agent from the automatic extinguishing system (sprinklers or drenchers) in contradiction to the defined purpose, and/or - a fracture or freezing of the piping systems located inside the insured building with the maximum benefit from the insurer to cover the cost of repairing 2 metres of pipeline for one insured event and the cost of detecting the frozen part and defrosting it of up to CZK 50,000 for one insured event;
Explosion	<ul style="list-style-type: none"> - a sudden destructive impact of compressive force due to gas or steam expansivity, i.e. a very fast chemical reaction of an unstable set or the bursting of the wall of a pressure vessel to such an extent that the pressure between the inside of the vessel and its surroundings is instantly equal, and/or - an abrupt equalisation of a negative pressure (implosion), however, sonic boom, the reaction in the combustion chamber of an engine, in the barrel of a firearm, in other devices or during activities with intentional use of the explosion's energy are not considered an explosion;

Volcanic eruption	a sudden discharge of pressure caused by a crack in the Earth's crust and connected with outflow of lava, release of ash or other materials and gases;
Machinery and equipment	the equipment used for the construction or assembly of the structure under construction (e.g. construction site cabins, pumps, fixed mixing equipment, generators, construction winches, scaffolding, ladders, lifts, fixed platform lifts);
Earthquake	the shaking of the surface of the Earth reaching at least degree 6 of the international scale for macroseismic evaluation of the impact of an earthquake (MCS) caused by a sudden horizontal, vertical or torsional movement of the Earth's crust, being the result of internal physical disbalance of tectonic or volcanic origin or of a drop of the land surface;
Contractor	it means the person indicated in the contract for work done as the contractor or the supplier;
Destruction	such an adverse change of the material nature of the insured thing that cannot be removed by repair and the thing cannot be used for its original purpose anymore;
Loss	such a state when the insured has lost, independently of his volition, the possibility to dispose of a thing.

Article 3 POLICY INCEPTION AND DURATION

The insurance comes into effect on the day specified in the insurance contract. Unless the insurance contract specifies the date of the policy inception, the insurance shall come into effect on the first day following the day of entering into the insurance contract. Unless the insurance contract otherwise stipulates, the insurance is arranged for an indefinite period of time and the insurance period is one year. If the policyholder arranges insurance to the benefit of another person, he shall inform that person about the insurance arrangement and acquaint him with the content of the contract.

Article 4 TERMINATION OF INSURANCE

- 1) The insurance shall be terminated upon agreement of the Contracting Parties, upon expiry of the stipulated policy period, upon lapse of the period defined by the insurer in the reminder concerning the settlement of the premium or its part, upon the notice of cancellation given by the insurer or the policyholder that:
 - a) is delivered to the other contracting party no less than six weeks before the end of the insurance period; however, if the notice of cancellation is delivered to the other party later than six weeks before the day on which the insurance period expires, the insurance shall be terminated by the end of the following insurance period;
 - b) is delivered to the other contracting party within two months following the day of entering into the insurance contract and the period for notice of cancellation is eight days;
 - c) is delivered to the other contracting party within three months following the day of the insured's event notification and the period for notice of cancellation is one month.
- 2) The insurance shall also be terminated:
 - a) upon withdrawal from the insurance contract, provided that an insolvency decision concerning the policyholder or the insured has been issued or that the insolvency petition has been dismissed due to a lack of assets of the debtor or the insured person;
 - b) upon withdrawal from the contract, provided that there has been a serious breach of the obligations under the insurance contract;
and the termination shall be effective as of the day on which the withdrawal is delivered to the other party.
- 3) The insurance shall also be terminated:
 - a) at the end of a period for which a premium has been paid, provided that the legal entity has ceased to exist without having any legal successor;

- b) for other reasons specified in the Civil Code and/or these insurance terms and conditions.
- 4) If there is any change in the ownership or co-ownership of the insured property, the insurance shall not expire provided that the policyholder or the insured remains a co-owner or the owner of the insured property even after this change, even though this change occurs upon termination of the legal entity without any legal successor.

Article 5 LIMIT OF COVER

- 1) The insurance value expressed by the new or current or usual price shall be the maximum acceptable property damage that can be incurred as a result of an insured event.
- 2) The sum insured or the limit (or the sublimit) of cover represents the ceiling of the insured benefit for one loss event, unless otherwise stipulated in the insurance contract. The sum insured shall be determined by the policyholder and it shall correspond with the insurance value of the insured property at the time of entering into the insurance contract.
- 3) The policyholder (or the insured) is obliged to notify the insurer without undue delay of any increase in the insurance value of the insured property by more than 10% and to ask the insurer for increasing the sum insured. If he fails to do so, the insurer has the right to lodge an objection to underinsurance.

Article 6 DEDUCTIBLE

The insured person shares the financial risks of each insured event through a sum stipulated in the insurance contract as the deductible by which the calculated insured benefit will be reduced. In the event of one insured event concerning different objects of insurance, the insurer shall deduct only one deductible, which is the highest one stipulated, unless it is more advantageous for the insured to deduct individual deductibles for each object of insurance separately.

Article 7 PREMIUM

- 1) The policyholder shall pay the premium in a due and timely manner.
- 2) The premium shall be regular, unless otherwise agreed in the insurance contract.
- 3) The settlement of the premium can be arranged in instalments. The settlement of the premium in instalments has no effect on the length of the insurance period. The due date of the premium is specified in the insurance contract. Unless otherwise agreed, the premium is considered paid as soon as it is credited to the account of the insurer.
- 4) The insurer has the right to deduct from the insured benefit (excluding insured benefits from compulsory insurance) any due premiums and other due receivables from all insurance policies bought by the policyholder.
- 5) If the policyholder has been given a discount on the premium for the stipulated length of the policy period and the insurance was terminated for any reasons on the part of the policyholder or the insured before this period has expired, the policyholder is obliged to return to the insurer the amount corresponding to the provided discount for the entire period of insurance.
- 6) Unless the premium has been paid in time, the insurer can ask for late payment interest in the amount given by legal regulations.
- 7) The insurer can unilaterally change the amount of the regular premium for the following insurance period in the below specified cases in particular:
- a) if there has been a change in the generally binding legal regulations or judicial practice that influence the compensation for damage or a loss or the determination of the insured benefit's amount or the amount of the insurer's costs;
 - b) if the insured benefit is increased for any reasons that cannot be influenced by the insurer (e.g. price changes, an increase of taxes and/or the number and frequency of insured events);

- c) if the insurer, while the policyholder carries out his or her obligations according to art. 8(4) of these conditions, ascertains such substantial facts that increase the insurance risk to such an extent that the insurer would not have entered into this insurance contract or would have entered into it under different conditions, had it been aware of this fact / these facts;
- d) if the premium is insufficient to guarantee permanent feasibility of the insurance company's obligations under legal regulations and/or the insurance contract, these insurance terms and conditions and/or the special or additional insurance terms and conditions.

If the insurer modifies the amount of the premium, it shall notify the policyholder of this change no later than two months before the due date of the premium for the particular insurance period in which the amount of the premium is to be modified. If the policyholder disagrees with the change, he can notify the insurer of his disagreement within one month of the day on which he learnt of the change. In such a case, the insurance is terminated upon expiry of the insurance period for which the premium has been paid.

- 8) The insurance shall not be suspended for non-payment of the premium.

Article 8 OBLIGATIONS AT THE POLICY INCEPTION AND IN THE COURSE OF INSURANCE DURATION

- 1) When arranging an insurance contract or any change of it, the insurance applicant, the policyholder and the insured are obliged to provide truthful and complete answers to the insurer's written questions concerning the insurance to be taken out and to inform the insurer in writing about all known material facts important for the insurer to assess the insurance risk, to decide about acceptance for insurance and to determine the conditions of the insurance. The facts, which the insurer expressly asked about, shall always be considered material.
- 2) If the facts specified in the previous paragraph change so seriously that they increase the probability of an insured event's occurrence (an increase of the insurance risk), the policyholder and the insured are shall notify the insurer of this change of the insurance risk without undue delay. To assess the insurance risk, the following factors are decisive in particular: the insured activity (including its nature and extent), the method of using the property and its conditions and security, the scope of any potential compensation for damage or a loss.
- 3) At the insurer's call, the policyholder is obliged to prove his insurable interest.
- 4) At the insurer's call, the policyholder and the insured have to meet the below specified obligations, no later than within 10 working days of the day on which such a call of the insurer was delivered, in order to assess the insurance risk, which means that the insurer or any persons authorised by it will particularly (but not exclusively):
 - a) be allowed to perform an inspection of the policyholder's and the insured person's establishments;
 - b) be given access to accounting and other documentation;
 - c) be provided with a proof of the actual amount of the decisive figures (even in the course of the insurance) within 1 month of the day on which the insurer's request was delivered.
- 5) The insured is obliged to prevent the occurrence of an insured event, especially by:
 - a) meeting the obligations imposed by legal regulations, this contract, security and technical standards (even the recommending ones) and the reasonable instructions of the insurer;
 - b) due care for the property, to the ownership, possession, management and use of which the insurance applies.
- 6) The policyholder and the insured are also obliged to:
 - a) inform the insurer about buying another insurance against the same insurance risk and to give the insurer the name of the insurer with whom that other insurance has been arranged, the amount of the sum insured (or limits or sublimits) and the deductible, and it shall be done without undue delay, but no later than within 20 working days following the inception of such a policy;
 - b) notify the insurer of any increase in the insurance risk about which they learn and which occurs after having entered into the insurance contract, especially (but not exclusively) of all the changes in the facts about which they were asked when arranging the insurance, as well as of all the

changes in the material facts according to above art. 8(1), and it shall be done without undue delay, but no later than within 20 working days following the moment when the insurance risk increased.

Article 9 OBLIGATIONS AT THE OCCURRENCE OF A LOSS EVENT

- 1) If a loss event occurs, the insured shall:
 - a) notify the insurer of this fact without undue delay and provide it with true and complete information about the occurrence and scope of this event, about assertion of the right to compensation for the damage or loss by the injured party, the rights of third parties, any potential multiple insurance;
 - b) submit to the insurer the necessary documents and information required by the insurer;
 - c) minimise the scope and the consequences of the loss event and proceed according to the insurer's instructions;
 - d) enable the insurer and the persons authorised by it to perform any investigations necessary to assess the claim for the insured benefit and to determine its amount (mainly to enable an inspection of the damaged thing and to examine the causes and the scope of the damage or loss);
 - e) keep the condition caused by the loss event, i.e. to wait with repairing the damaged property or with removing the remains until the insurer grants its consent thereto;
 - f) notify of it the competent authorities, if there is a suspicion of a crime or an offence having been committed;
 - g) act in such a way so that he does not render it impossible for the insurer to make towards another person a claim for damages or to assert any other similar right arising to the insurer in relation to the insured event;
 - h) notify the insurer without undue delay that criminal or administrative proceedings have been initiated in relation to the loss event and inform the insurer about the course and the results of these proceedings.

Article 10 CONSEQUENCES OF A BREACH OF OBLIGATIONS

- 1) If the policyholder or the insured breaches intentionally, or due to negligence, the obligation to provide true information defined in sec. 2788 of the Civil Code, the insurer has the right to withdraw from the contract, provided that it proves that it would not have entered into the contract, had its questions been answered in a truthful and complete manner. The policyholder has the right to withdraw from the contract if the insurer breaches its obligation to provide true information defined in sec. 2789 of the Civil Code. Withdrawal means that the insurance contract is cancelled from the beginning.
- 2) If any lower premium has been arranged due to a breach of the policyholder's or the insured person's breach of obligation at the formation or changing of the insurance contract, the insurer has the right to reduce the insured benefit in the same proportion as the proportion of the paid premium to the premium that should have been paid.
- 3) If the insured event has been caused by a fact about which the insurer learnt only after the insured event's occurrence and which it could not have ascertained when arranging the insurance or a change in the insurance due to a breach by the insured or the policyholder of the obligation to provide truthful information defined in the Civil Code and if, had it been aware of this fact, the insurer would not have entered into this contract or have entered into it under different conditions, the insurer has the right to refuse to provide any insured benefit. The refusal to provide the insured benefit means that the insurance is cancelled.
- 4) If the policyholder or the insured person breaches the obligation to inform about an increase in the insurance risk, the insurer has the right to give a notice of cancellation without any notice period. If the insurer gives a notice of cancellation, it has the right to the premium until the end of the insurance period in which the insurance was cancelled. A single premium belongs to the insurer in the full amount in such a case.
- 5) If the policyholder or the insured person breaches the obligation to inform about an increase in the insurance risk and if an insured event occurred after this change, the insurer has the right to reduce

the insured benefit in proportion of the premium paid to the premium that should have been paid, had it been notified of the increase in the insurance risk in time.

- 6) If a breach of the obligation of the policyholder, the insured or any other person entitled to the insured benefit has had a substantial impact on the insured event's occurrence, its course, enlargement of the scope of its consequences or on ascertaining or determining the amount of the insured benefit, the insurer has the right to reduce the premium proportionally with regards of the impact of this breach on the scope of the insurer's obligation to indemnify.
- 7) If a loss event and/or an insured event occurs, the insurer has the right to:
 - a) reduce the insured benefit, provided that there has been a breach of obligations of the policyholder or the insured and if this breach of obligations has had a substantial impact on the insured event's occurrence, its course, enlargement of the scope of its consequences, in proportion to the impact of this breach on the amount of the insured benefit;
 - b) refuse to indemnify from the insurance contract if the beneficiary intentionally states untrue or grossly distorted information concerning the scope of the insured event or if the beneficiary intentionally withholds any substantial information concerning this event, when asserting the right to be indemnified; upon refusing to indemnify for this reason, the insurance is not cancelled;
 - c) compensation for the costs and damage incurred by the insurer due to the breach of obligations of the policyholder, the insured person or the beneficiary.

Article 11 INSURED EVENT, INSURED BENEFIT

- 1) After the insurer has been notified of the insured event, it shall start investigations without undue delay. If the investigation concerning the insured event cannot be completed within 3 months of its notification, the insurer shall explain the reasons why the investigation cannot be completed.
- 2) The beneficiary shall prove his right to the insured benefit to the insurer.
- 3) The insurer can provide the beneficiary, at the beneficiary's request, with an adequate advance on the insured benefit. This shall not apply if there is a good reason for denying the advance payment.
- 4) The insured benefit is due within 15 days following the investigation into the insured event has been completed. The insured event investigation is considered completed as soon as the insurer informs the beneficiary of its results.
- 5) The scope of the insured benefit provided by the insurer is limited by the stipulated scope of insurance, including the limits and sublimits of cover.
- 6) The insurer shall provide the insured benefit in the domestic currency, unless otherwise agreed. If the insured benefit is to be provided in a foreign currency, the rate published by the Czech National Bank on the day of the insured event's occurrence shall be applied on conversion.
- 7) The insured benefit shall be provided in the amount calculated without value added tax. If the beneficiary is not entitled to any deduction of value added tax and if value added tax has been charged to the beneficiary, the insurer shall provide the insured benefit, value added tax inclusive.
- 8) A claim for the insured benefit can be assigned only upon previous written consent of the insurer. The insurer has the right to deduct from the insured benefit any due debts on premiums or any other debts on the insurance.
- 9) The proprietary rights to insured objects are not transferred to the insurer through a claim for damages or the provision of an insured benefit. If there is an insured event of a lost or stolen thing that is later found, the insured is obliged to accept the thing and to return the insured benefit provided (potentially reduced by the amount corresponding with the degree of the thing's depreciation due to the insured event), provided that these things are found no sooner than after the insured benefit has

been paid out. The insured or another beneficiary is obliged to inform the insurer, without undue delay, about the fact that the lost or stolen items have been found as soon as he so learns.

- 10) If – for the reasons on the part of the policyholder, the insured person, third parties or due to force majeure – it is impossible to investigate the insured event or to meet other obligations of the insurer, no obligation to indemnify shall arise to the insurer, unless such reasons on the part of the policyholder, the insured person or third parties cease to exist or unless the force majeure impact is eliminated.

Article 12 SALVAGE COSTS

Salvage costs defined in the Civil Code shall be paid by the insurer beyond the limit of cover up to 10% of the sum insured or of the limit (or sublimit) of cover stipulated for the insurable peril that might have caused an insured event or that have caused the insured event to which the salvage costs incurred relate. If it concerns the saving of lives or health of people, the insurer shall pay for salvage costs up to 30% of the sum insured or the limit (or sublimit) of cover stipulated for the insurable peril that might have caused an insured event or that have caused the insured event to which the salvage costs incurred relate. The insurer shall not pay for any costs of preventative nature.

Article 13 FORM OF ACTION, DELIVERING

- 1) An insurance contract can be arranged or changed and any legal actions leading to termination of insurance can be made in the form of a simple e-mail without an electronic signature, by which the relevant insurance contract proposal and/or a proposal for its change or the relevant legal action leading to termination of insurance, as well as acceptance of such a proposal, change or legal action leading to termination of the insurance, will be sent. That does not affect sec. 2758 and sec. 2759 of the Civil Code.
- 2) For delivering, the delivery address and the contact details given by an insurance participant to the insurer are mainly used. The delivery address is the address of the residence or the registered office, or any other address, given by the insurance participant to the insurer for these purposes (if an address of a person other than the insurance participant has been provided, the insurance participant shall bear the consequences arising from the exchange of correspondence between these parties). Contact details shall mainly mean the electronic address and the telephone number of the insurance participant.
- 3) An insurance participant is obliged to notify the insurer without undue delay of any change of the delivery address and the contact details.
- 4) Any written documents the addressee refuses to accept (the moment of delivery is the day on which they were refused) and any written documents stored at the operator of postal services (the moment of delivery is the last day of the storage period) shall be considered delivered.
- 5) If the addressee intentionally hinders the delivery, the written document shall be considered duly delivered. The situation when an insurance participant fails to notify the insurer of a change in the information necessary for delivering is also considered intentional hindering.
- 6) Unless another moment of delivery has been proved, the written document sent through the operator of postal services shall be considered delivered to the addressee on the 3rd working day following the dispatch, or the 15th working day if sending the document abroad.
- 7) A written document to be delivered to an electronic address is considered delivered on the day on which it was delivered to the e-mail inbox of the addressee. If there are any doubts, it shall be considered delivered on the day on which it was dispatched by the sender.

Article 14 GOVERNING LAW

The insurance contract, as well as the legal relationships arising therefrom or relating thereto, shall be governed by the body of laws of the Czech Republic. Any disputes arising from the insurance contract or relating thereto shall be resolved by the competent courts for Prague 2 in the Czech Republic.

Article 15 RESOLUTION OF COMPLAINTS

The policyholder, the insured, the beneficiary, or other persons concerned by this insurance, can send their potential written complaints to the address of the registered office of the insurer, or the address of a branch of the insurer that entered into the insurance contract with the policyholder. Any complaint shall be handled, within 30 days of the date of receipt, by an employee in a superior position to the employee who arranged the insurance. If you are dissatisfied with the handling of your complaint, you can contact the Czech National Bank, Na Příkopě 28, 115 03 Praha 1, which is the supervisory body for the insurance industry.