

General Terms and Conditions of Property and Liability Insurance

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SECTION 1 COMMON PROVISIONS

Article 1 Introductory Provisions

- 1) The Insurance shall be governed by the Insurance Contract, by the Terms and Conditions of Insurance specified in the Insurance Contract, by Act No. 89/2012 Coll., the Civil Code (hereinafter referred to only as the “**Civil Code**”) and other relevant legal regulations.
- 2) These General Terms and Conditions of Insurance shall apply to the insurance of property, third party liability, possibly other values of insured interest.
- 3) In addition to these General Terms and Conditions of Insurance, the terms and conditions of the Insurance may be specified in greater detail in the relevant special of other Terms and Conditions of Insurance (hereinafter referred to only as the “**Special Terms and Conditions of Insurance**”). Should any provision of the General Terms and Conditions of Insurance be in conflict with the provisions of the Special Terms and Conditions of Insurance, the given provision of the Special Terms and Conditions of Insurance shall take priority. If the provisions of the Special Terms and Conditions of Insurance and the General Terms and Conditions of Insurance are not in conflict, the provisions of the General Terms and Conditions of Insurance and the Special Terms and Conditions of Insurance shall apply simultaneously.
- 4) These General Terms and Conditions of Insurance as well as the relevant Special Terms and Conditions of Insurance shall form part of the Insurance Contract; the Insurance Contract may contain a deviation from the same. In the case that any provision of the Terms and Conditions of Insurance is in conflict with the provisions of the Insurance Contract, the given provision of the Insurance Contract shall take priority. If the provisions of the Insurance Contract and the Terms and Conditions of Insurance are not in conflict, the provisions of the Insurance Contract and the Terms and Conditions of Insurance shall apply simultaneously.
- 5) The Insurance shall be effected as an indemnity insurance.
- 6) If the Policyholder is an entrepreneur, it is stipulated that the provisions of Section 1799 and Section 1800 of the Civil Code on contracts concluded as adhesion contract shall not be applied to the relationship established by this Insurance Contract.

Article 2 Origination and Duration of the Insurance

- 1) The Insurance shall be effected for an insured period which is defined by the date of the inception of the Insurance and, in the case of insurance for a definite period of time, also the date of the end of the Insurance. The Insurance shall be effected for an indefinite period of time, unless stipulated otherwise.
- 2) The Insurance shall originate at the moment defined by the date and time which are specified in the Insurance Contract as the inception of the Insurance. If the accurate time of the inception of the Insurance is not specified, the Insurance shall originate at 00:00 hours (midnight) of the day specified in the Insurance Contract as the inception of the Insurance, however, at the earliest upon the conclusion of the Insurance Contract. If the Insurance Contract does not specify the inception of the Insurance at all, the Insurance shall originate at 00:00 hours (midnight) of the first day following the conclusion of the Insurance Contract.

Article 3 Change of the Insurance

- 1) The Insurance Contract may be changed by agreement between the Policyholder and the Insurer (for example by an amendment to the Insurance Contract). The conclusion of such an agreement shall be governed by rules identical to those applied to the conclusion of the Insurance Contract. The moment of effectiveness of the change in the Insurance Contract shall be specified in the agreement on the change in the same.
- 2) In connection with a change in the Insurance Contract, the inception and the end of the insured terms or the insurance year specified in the Insurance Contract shall not change. The same shall apply also in the case that new Insurance is effected by agreement on

the change in the Insurance Contract. However, the first insured term of the Insurance effected by the amendment shall commence upon the inception of such new Insurance and shall end upon expiry of the day which precedes the inception of the following insured term resulting from the Insurance Contract.

- 3) The Insurance Contract may be assigned to a third party only upon approval by the Insurer.
- 4) In the case of non-payment of the insurance premium, the Insurance shall not be interrupted.

Article 4 Cessation of the Insurance

- 1) The Insurance shall cease to exist in the cases defined in the Insurance Contract, the Terms and Conditions of Insurance or the Civil Code. In particular, the Insurance shall cease to exist:
 - a) upon the date of expiry of the insured period, if the Insurance in question is one effected for a definite period of time;
 - b) upon the date of cessation of the insured interest; however, the Insurer shall have the right to the insurance premium until the time when the Insurer learns of the cessation of the insured interest of the Policyholder. The Policyholder shall be obliged to prove to the Insurer the cessation of the insured interest;
 - c) upon the date of cessation of the insured peril;
 - d) upon the date of cessation of the insured legal entity without legal successor;
 - e) upon the date of death of the insured natural person, unless Article 5 specifies otherwise. If ownership of the object to which the effected Insurance applies is changed as a result of death of the Insured Party, the cessation, or change in the participants to the Insurance shall be evaluated according to the provisions regulating consequences of change in the ownership of the given object;
 - f) upon the date of delivery to the Insurer of notification regarding the change in ownership of the insured object, unless otherwise specified in Article 5. The Insurer shall be entitled to require that the change is proven by submitting a document proving the change in the ownership of the object to which the effected Insurance applies (including a document on cessation of the joint assets of spouses) or in another manner; without submitting such a document, the change in the ownership of the insured object shall be deemed to be non-reported and the Insurance shall continue further, unless the Insurer and the Policyholder find agreement regarding another method of proving the change in the ownership of the insured object;
 - g) upon the date of declaration of bankruptcy over assets of the Policyholder or the rejection of motion for declaration of bankruptcy due to lack of assets; this shall not apply to mandatory insurance.
- 2) Additionally, the Insurance shall cease to exist in the case of a delay of the Policyholder with the payment of the insurance premium, this upon futile expiry of an additional period of time for payment of the overdue insurance premium, determined by the Insurer in a reminder to the Policyholder.
- 3) Both the Policyholder and the Insurer may terminate the Insurance upon notice of termination:
 - a) as to the last day of each insured term, if the Insurance is one featuring current insurance premium; such notice of termination must be delivered to the other party at least six weeks prior to the end of the insured term; otherwise the Insurance shall cease to exist as late as to the end of the following insured term, for which the six-week period is maintained;
 - b) delivered to the other party within two months from the date of conclusion of the Insurance Contract; the Insurance shall cease to exist upon expiry of the eight-day period of notice;
 - c) delivered to the other party within three months from the date on which the Insurer is notified of origination of an insured event; the Insurance shall cease to exist upon expiry of the one-month period of notice.
- 4) Additionally, the Insurer may terminate the Insurance by giving notice of termination without any period of notice in the case that the Policyholder or the Insured Party violates their obligation to inform the Insurer of an increase in the insured risk; the Insurance

shall cease to exist as to the date on which the notice of termination is delivered to the Policyholder.

5) Both the Policyholder and the Insurer may withdraw from the Insurance Contract or agreement on a change in the same in cases and under the terms and conditions specified in the Civil Code.

6) The Insurer may withdraw from the Insurance Contract or agreement on a change in the same in particular in the case that the Policyholder or the Insured Party, intentionally or by negligence, fail to answer truthfully and completely written queries by the Insurer in connection with conclusion of the Insurance Contract or agreement on a change in the same, provided that the Insurer would not have concluded the Insurance Contract or agreement on a change in the same had such queries been answered truthfully and completely. Upon withdrawal the Insurance Contract shall be cancelled and void from commencement and the contractual parties shall be obliged to return to each other everything that has been provided from the Insurance Contract.

7) The Insurer may withdraw from the Insurance Contract or agreement on a change in the same also within a period of two months from the date on which the Insurer learns of a resolution on bankruptcy of the Insured Party or the manner of settling the bankruptcy of the Insured Party. Upon withdrawal the Insurance Contract shall be cancelled with effects applying to the future and the Insurance shall cease to exist as to the date of delivery of the withdrawal to the Policyholder.

8) The Insurance shall cease to exist as to the day on which notification from the Insurer on refusal of the insurance indemnity is delivered. The Insurer may refuse the insurance indemnity if the cause of the insured event is a fact of which the Insurer learns as late as following the origination of the insured event and which the Insurer was not able to discover at an earlier time due to the fact that the Policyholder or the Insured Party, intentionally or by negligence, untruthfully or incompletely answered the written queries by the Insurer when concluding the Insurance Contract or agreement on a change in the same, provided that the Insurer had not concluded the Insurance Contract or agreement on a change in the same or had concluded the same under different terms and conditions, had the Insurer known of such a fact.

9) Cessation of the Insurance shall be governed by the relevant provisions of the Civil Code, unless otherwise specified in the Terms and Conditions of Insurance or the Insurance Contract.

Article 5 Changes in Participants to the Insurance, Devolution of Rights and Obligations

1) Arrangement on duration of the Insurance pursuant to this Article shall be valid only in the case that the insured object or set of objects continues to be located at the place to which the effected Insurance applies.

2) If the owner of the insured object changes and the hitherto owner of the object had not been the Policyholder, the Insurance shall not cease to exist upon such a change. The rights and obligations from the Insurance effected shall pass from the hitherto owner to the new owner of the object. This shall apply also in the case that the Policyholder becomes the new owner of the object.

3) If the Policyholder dies, the Insurance shall cease to exist only upon the expiry of the last insured term for which the insurance premium has been paid, this even when these are insured terms with commencement after the death of the Policyholder. The Policyholder's legal successor shall accede into the Insurance in place of the Policyholder for the period until the cessation of the Insurance. However, if the insurance premium for the insured term in which the Policyholder died has not been paid, the Insurance shall cease to exist as to the date of death of the Policyholder. However, in deviation to this, Article 7 paragraph 5) shall be applied with respect to insurance of a third party's insured peril.

4) Unless the Contract stipulates insurance for liability for detriment other than the third party liability insurance for detriment resulting from ownership of object, the cessation and change in the participants to such insurance shall be evaluated according to the

provisions relating to the change in the ownership of the object specified in this Article.

Article 6 Insured Interest

1) The insured interest shall be a legitimate need for protection from consequences of an insured event. The insured interest on the part of the Policyholder shall be a precondition for the origination and duration of the Insurance. The Policyholder shall always have an insured interest in their own property. The Policyholder shall have insured interest also in the property of a third party, provided that without the existence and preservation of such property, the Policyholder would be threatened by a direct property loss. If the Insured Party granted consent to the Insurance, the insured interest of the Policyholder shall be deemed proven.

2) The insured interest on the part of the Policyholder may be established in particular when the following is concerned:

- insurance of property which is lawfully used by the Policyholder or received by the Policyholder for the purpose of undertaking an ordered operation;
- insurance of property which is under ownership of a person who is an immediate relation of the Policyholder;
- insurance of property of a legal entity by a member of such entity's statutory body or by a person who has a substantial control over the legal entity as a member of the same or on the basis of an agreement or another circumstance, and to the contrary, insurance of property of such persons by the given legal entity;
- insurance of property which is under the ownership of a partner or member of the Policyholder or an immediate relation of the partner (member);
- insurance of property of a company in which the Policyholder has a property share or in which property share is had by the same entity as in the Policyholder-legal entity;
- insurance of property which serves to secure a receivable of the Policyholder;
- insurance of property administered by the Policyholder;
- insurance of third party liability of persons specified under clauses b) to e);
- insurance of third party liability of a person who may cause a detriment to the Policyholder (for example insurance of liability of an employee by the employer).

3) If the Policyholder wilfully insured a non-existent insured interest, but the Insurer was not and could not be aware of this, the Insurance Contract shall be invalid. However, remuneration corresponding to the insurance premium until the time when the Insurer learns of such invalidity shall belong to the Insurer.

4) The Policyholder shall be obliged to notify the Insurer that the insured interest has ceased to exist. Such notification must be made in written form; information and documents showing the cessation of the insured interest must be specified in and appended to such notification.

Article 7 Insurance of a Third Party's Insured Peril

1) The Policyholder may conclude a Contract relating to an insured peril of a third party (the Insured Party) which is different from the Policyholder (hereinafter referred to only as the "**insurance of a third party's insured peril**"), provided that the policyholder has insured interest in such Insurance.

2) The Policyholder shall be obliged to familiarise the Insured Party with the content of the Insurance Contract relating to the insured peril of the Insured Party.

3) Unless the Insurance Contract specifies otherwise, the insurance of a third party's insured peril shall be effected to the benefit of the Insured Party, that is the right to the insurance indemnity shall be vested in the Insured Party, this even in the case when the Insurer is obliged to disburse the insurance indemnity the claim to which is vested in the Insured Party, to a person different from the Insured Party (for example in insurance of liability for detriment).

4) Only if the same is explicitly specified in the Insurance Contract shall the insurance of a third party's insured peril be effected to the

benefit of the Policyholder or another third party. In such case, such persons may exercise their right to the insurance indemnity only if they prove that they have familiarised the Insured Party with the content of the Insurance Contract and that the Insured Party, being aware that the Insured Party shall not obtain the right to the insurance indemnity, agrees that the Policyholder or another third party accepts the insurance indemnity.

If the Policyholder fails to prove such consent of the Insured Party at the latest by the end of the insured period effected, the Insurance shall cease to exist upon the expiry of such insured period. If an insured event occurs, and such consent of the Insured Party has not been granted, the right to the insurance indemnity shall be acquired by the Insured Party.

If the Insured Party who is not fully competent is a descendant of the Policyholder, the consent of the Insured Party regarding disbursement of the insurance indemnity to the Policyholder must be superseded with a special consent. The special consent shall not be required if the Policyholder is a legal guardian of the Insured Party and property insurance is not concerned.

5) The Insured Party shall accede into the Insurance in place of the Policyholder as to the date of the Policyholder's death or their cessation without legal successor. However, if the Insured Party notifies the Insurer in written form within a period of 30 days from the date of the Policyholder's death or from the date of the Policyholder's cessation that the Insured Party does not have interest in duration of the Insurance, the Insurance shall cease to exist as to the date of the Policyholder's death or cessation.

Article 8 General Exclusions from the Insurance

1) The Insurance shall not apply to any events which have occurred as a result of the following:

- a) events of war, rebellion, uprising or other mass violent disturbances, strikes, lockouts, acts of terrorism (that is violent actions with political, social, ideological, or religious motives), including chemical or biological contamination;
- b) intervention of state authority or public administration;
- c) operation of nuclear power.

2) Under the Insurance, no right to the insurance indemnity shall arise for detriment caused intentionally by the Insured Party, the Policyholder, the Entitled Party or another person under the stimulus from any of the same.

3) The right to the insurance indemnity or other benefit from the Insurance shall not originate in the case that its provision would be in conflict with legal regulations of any country (including international treaties) governing international sanctions for the purpose of maintenance or restoration of international peace, security, protection of fundamental human rights and fight against terrorism.

4) If the Insurance Contract stipulates that the Insurance, in deviation from the Terms and Conditions of Insurance, applies also to the case which is otherwise excluded from the Insurance, such arrangement shall not influence validity and effectiveness of other exclusions from the Insurance or other provisions restricting insurance cover.

5) Other exclusions specified in the Insurance Contract, the relevant Special Terms and Conditions of Insurance or resulting from legal regulations may apply to the Insurance.

Article 9 Territorial Validity of the Insurance

The origination of the right to the insurance indemnity from the Insurance shall be preconditioned by the fact that the detriment and the cause for the same occurred in the territory of the Czech Republic, unless stipulated otherwise.

Article 10 Insurance Premium

1) The Policyholder shall be obliged to pay the insurance premium properly and duly.

2) The insurance premium shall be effected as the current insurance premium, unless the Insurance Contract specifies that single insurance premium is concerned.

3) The single insurance premium shall be effected for the entire insured period. The current insurance premium shall be effected for the individual insured terms the length of which is specified in the Insurance Contract. Unless stipulated otherwise, the insured term shall be 12 months. The first insured term shall commence on the date of the inception of the Insurance.

4) Unless stipulated otherwise, the current insurance premium shall be due always on the first day of the given insured term and the single insurance premium on the date of the inception of the Insurance.

5) The insurance premium shall be deemed paid duly if the bank account of the Insurer or a party appointed by the Insurer is, at the latest at the due date of such insurance premium, credited with such insurance premium, with a variable code defined by the Insurer, possibly if the insurance premium is paid in cash to the Insurer or a representative of the Insurer who is authorised by the Insurer to collect the insurance premium.

6) The insurance premium paid with a variable code defined by the Insurer shall be deemed paid by the Policyholder or another party upon the Policyholder's consent.

7) The Insurer shall have the right to the insurance premium for the period of duration of the Insurance, unless otherwise agreed or otherwise determined by the Civil Code.

8) The Insurer may change the amount of the insurance premium unilaterally in cases determined by the Civil Code or specified in the following paragraph of this Article, or by agreement with the Policyholder. Agreement with the Policyholder on a change in the insurance premium shall be deemed to include also a modification of the insurance premium on the basis of the conditions specified in the Insurance Contract, which make clear the method of determining the new amount of the insurance premium (for example bonus/malus system).

9) The Insurer may unilaterally change the amount of the current insurance premium for the following insured term, if the conditions decisive for determination of the amount of the insurance premium change, in particular the following:

- a) generally binding legal regulations or a settled judicial practice (for example in the field of compensation for detriment) which influence the determination of the amount of the insurance premium or the insurance indemnity or the amount of costs of the Insurer (for example change in taxes or mandatory scope of insurance protection);
- b) factors resulting in an increase in the insurance indemnity, which do not depend on the Insurer's will (for example as a result of changes in prices of goods, spare parts, services or as a result of change in frequency of loss-incurring events);
- c) generally binding legal regulations which impose on the Insurer additional expenses (for example mandatory transfers) to which the Insurer was not bound at the time of concluding the Insurance Contract; or
- d) when the insurance premium is not sufficient to secure the sustainable dischargability of liabilities of the insurance company pursuant to the act governing insurance industry.

10) If the Policyholder disapproves of the change in the amount of the insurance premium pursuant to the preceding paragraph, the Policyholder must express their disapproval in writing within a period of one month from the date on which they learnt of the proposed change in the amount of the insurance premium. In such case, the Insurance shall cease to exist upon expiry of the insured term preceding the insured term in which the amount of the insurance premium should have been changed, provided that the Insurer informed the Policyholder of such consequence and provided that no other agreement takes place between the Policyholder and the Insurer. However, the Insurance shall not cease to exist due to the disapproval of the Policyholder of the new amount of the insurance premium, if the insurance premium for the new insured term, modified according to this Article, is lower than the insurance

premium for the preceding insured term. If no disapproval is expressed in the specified period of time, the Insurance shall not cease to exist and the Insurer shall have the right to the newly determined insurance premium.

11) The Insurer shall have the right to settle, from the insurance premium paid, the Insurer's receivables regarding the insurance premium in such order in which the same originated. The Insurer shall have the right to settle other their receivables relating to the Insurance preferentially.

12) If the insurance premium is not paid duly and to the effected amount, the Insurer shall be entitled to require default interest and costs associated with reminding and collecting such insurance premium.

Article 11 Indemnity from the Insurer

1) The insurance indemnity shall be limited by an uppermost limit determined by the sum insured or the insurance indemnity limit.

2) The Insurer shall provide the insurance indemnity if the person exercising the right to the insurance indemnity proves, and the investigation by the Insurer confirms, that an accidental event covered by the Insurance is concerned, that is that there exists an obligation of the Insurer to provide indemnity and the scope of such obligation is identified.

3) The Entitled Party (that is the person who has the right to the insurance indemnity from the Insurance) shall be the Insured Party, unless specified otherwise in the Insurance Contract or in other provisions of the Terms and Conditions of Insurance related to the Insurance effected.

4) The Entitled Party shall participate in the insurance indemnity with a deductible agreed on. A deductible may be determined as a fixed amount, percentage, time section, or a combination thereof. The Insurer shall deduct such deductible from the total amount of the insurance indemnity. The total amount of the insurance indemnity shall mean the amount at which the insurance indemnity would be determined before deducting the agreed deductible. Should the total amount of the insurance indemnity not exceed the agreed deductible, the Insurer shall not provide any insurance indemnity. In insurance of liability for detriment, compensation for detriment shall be disbursed to the injured party following deduction of the deductible from the total amount of the insurance indemnity.

5) The insurance indemnity shall be provided in money. This shall apply also in the case when insurance indemnity is disbursed from the insurance of liability for detriment and the Insured Party is obliged to compensate for the detriment incurred by reinstatement. The insurance indemnity and any other benefits from the Insurance shall be disbursed in domestic currency, unless legal regulations, including international agreements binding upon the Czech Republic, or an agreement with the Policyholder, specify the obligation to provide the same in another currency. For the purpose of determination of the amount of the insurance indemnity, the exchange rate declared by the Czech National Bank relating to the date of the origination of the insured event shall be applied to convert currencies. For the purpose of disbursement in foreign currency, the exchange rate of the bank of the Insurer valid at the date of the disbursement of the insurance indemnity shall be used. In order to eliminate doubts it is declared that the Insurer shall not bear any exchange rate risk associated with currency conversion.

6) Should the Entitled Party or the injured entity in repair or compensation related to the insured event be entitled to deduct the value added tax (hereinafter referred to only as the "VAT"), the Insurer shall provide the insurance indemnity at the amount excluding VAT. In cases when the Entitled Party or the injured party is not so entitled, the Insurer shall provide the insurance indemnity at the amount including VAT.

Article 12 Investigation by the Insurer

1) Upon receipt of a notification regarding a loss-incurring event, the Insurer shall commence investigation without undue delay and shall continue the same in such way that the same is completed at the latest within a period of three months following the receipt of

such a notification. If it is not possible to complete the investigation within such period of time, the Insurer shall be obliged to notify the person who exercised the right to the insurance indemnity of reasons for such condition.

2) The term of the investigation shall not include the period of time during which proceedings before a public power body (in particular civil or criminal judicial proceedings, misdemeanour proceedings or other administrative proceedings) or arbitration proceedings take place, the result of which is decisive for determination of the obligation of the Insurer to provide the insurance indemnity, or proceedings regarding a charge of suspicion of an insurance fraud filed due to untruthful or concealed data in connection with the event reported. During such period of time, the Insurer shall not be in default with the discharge of their obligation to disburse the insurance indemnity, or an advance payment for the insurance indemnity.

3) The insurance indemnity shall be payable within a period of 15 days from the date of completion of the investigation by the Insurer necessary to determine the existence and scope of their obligation to provide the indemnity. The investigation shall be completed when the results of the same are reported to the person who claimed their right to the insurance indemnity.

4) In well-founded cases, the Insurer may recommend a manner of repair to or replacement of the object to which the effected Insurance applies. If the Entitled Party nevertheless repaired or replaced the object in a different manner, the Insurer shall be obliged to provide indemnity only to such an amount which the Insurer would have provided had the Entitled Party proceeded according to the Insurer's recommendation.

5) In the case that the investigation cannot be completed within three months from the date of notification, the Insurer shall provide, upon written request from a person who claimed the right to the insurance indemnity, a reasonable advance payment for the insurance indemnity. When determining the reasonable amount of the advance payment, the Insurer shall take into account in particular the hitherto results of the investigation and the amount of the proven and substantiated detriment. The Insurer shall not provide the advance payment, if there is a sound reason to refuse to provide such advance payment, in particular:

- a) if it is not certain from the results of the hitherto investigation whether the Insurance applies to the loss-incurring event or who is the Entitled Party;
- b) if the Policyholder, the Insured Party or another person claiming the right to the insurance indemnity, violated an obligation associated with claiming the right to the insurance indemnity and the investigation of the Insurer, in particular if the notification of the loss-incurring event or any other notice or document regarding a loss-incurring event contains untruthful or grossly distorted data relating to the loss-incurring event or if such data are concealed, or if the above-specified parties do not duly provide co-operation;
- c) if criminal proceedings in the case associated with the reported loss-incurring event is administered against the person claiming the right to the insurance indemnity or the Entitled Party; or
- d) if there is a reasonable suspicion that, when claiming the right to the insurance indemnity, a criminal act might have been committed; reasonable suspicion that a criminal act might have been committed exists at all times when charges are filed against the Policyholder, the Insured Party, the Entitled Party, the person who claimed the right to the insurance indemnity or another person acting under the stimulus of the above persons, in connection with such claiming the right to the insurance indemnity.

6) The Insurer shall be entitled to deduct due receivables related to the insurance premium or other Insurer's receivables related to the Insurance from the insurance indemnity. This shall not apply to mandatory Insurance.

7) The Insurer shall be entitled to set off their receivables against the person who has the right to the indemnity from the Insurance against the indemnity from the Insurance, even when such receivable against such person originated from another insurance.

Article 13 Salvage Costs

- 1) Salvage Costs shall be understood to be reasonably expended costs of:
 - a) averting the immediately threatening insured event;
 - b) mitigating consequences of an insured event which has already occurred;
 - c) removing insured property damaged by the insured event or remains of the same, should there be obligation to do so for reasons of hygiene, the environment or safety.
- 2) Unless stipulated otherwise, the Insurer shall compensate for the salvage costs and loss incurred in connection with activities specified under paragraph 1) up to the amount of 10% of the uppermost limit of the insurance indemnity for one insured event effected for a specific scope of the Insurance (in relationship to the insured peril, subject of the Insurance and suchlike), from which origination of an insured event was threatening or from which an insured event took place to which the expenditure of salvage costs or origination of the loss is related; however, maximally to the amount of 10 % of the insured value of the insured property, or such parts of the same which were endangered or afflicted by the origination of the insured event, to which expenditure of the salvage costs or origination of the loss relates.
- 3) When saving life or health of persons is concerned, the Insurer shall compensate for salvage costs and loss incurred in connection with activities specified under paragraph 1) up to the amount of 30% of the uppermost limit of the insurance indemnity for one insured event effected for a specific scope of the Insurance (in relationship to the insured peril, subject of the Insurance and suchlike), from which origination of an insured event was threatening or from which insured event took place to which the expenditure of salvage costs or origination of the loss is related.
- 4) Restriction resulting from paragraphs 2) and 3) shall not apply to salvage costs which the Policyholder, the Insured Party or another party expended upon consent from the Insurer and which they would otherwise not be obliged to expend.
- 5) The uppermost limit of the insurance indemnity shall not be decreased by the disbursed compensation for the salvage costs and compensation for loss according to this Article.
- 6) The Insurer shall not cover costs expended for the following:
 - a) regular maintenance and care of an object;
 - b) for compliance with the obligation to prevent origination of detriment, with the exception of costs under paragraph 1) clause a);
 - c) by the Insured Party or another person within the scope of obligations imposed on them by an enactment other than the Civil Code.

Article 14 Obligations of the Insurer

- 1) The Insurer shall be obliged to comply with the obligations determined in the Insurance Contract, the General Terms and Conditions of Insurance or the relevant Special Terms and Conditions of Insurance and in the Civil Code or other legal regulations.
- 2) The Insurer shall in particular be obliged:
 - a) to answer truthfully and completely any written questions which the party interested in the Insurance or the Policyholder asked when negotiating on conclusion of or change in the Insurance Contract;
 - b) to maintain confidentiality regarding facts relating to the Insurance;
 - c) to return documents requested by the person which submitted the same, unless it is necessary that their original copies remain part of the relevant files of the Insurer.

Article 15 Obligations of the Policyholder, the Insured Party and Other Person Claiming the Right to the Insurance Indemnity

- 1) The Policyholder, the Insured Party and other person claiming the right to the insurance indemnity, shall be obliged to comply with the obligations determined in the Insurance Contract, the General Terms and Conditions of Insurance or the relevant Special Terms and

Conditions of Insurance and in the Civil Code or other legal regulations.

- 2) The Policyholder and the Insured Party shall in particular be obliged:
 - a) to make it possible for the Insurer or persons appointed by the Insurer to assess the insured risk and to examine operation of devices serving for protection of property, to submit for inspection the design documentation, technical documentation relating to fire protection, flood-control documentation, accounting documentation and other similar documentation and to make it possible to make copies thereof. Additionally, they shall be obliged to make it possible for the Insurer to verify correctness of data for calculation of the insurance premium;
 - b) to answer truthfully and completely written questions by the Insurer relating to the Insurance being effected;
 - c) to inform the Insurer without undue delay of changes relating to facts of which they were enquired by the Insurer or which are specified in the Insurance Contract, in particular change in activities undertaken by the Insured Party, change in the ownership of objects to which the effected Insurance relates, changes in personal and other data specified in the Insurance Contract, including change of the surname, residential address or office address or correspondence address, any other contact data provided for the purpose of mutual communication, bank contact and suchlike;
 - d) to not do, without consent from the Insurer, anything that increases or could increase the insured risk and not to make such conduct possible to any third party; the Insured Party shall be obliged to report any increase in the insured risk without undue delay to the Insurer;
 - e) to expend any and all effort which may be reasonably required from them to prevent the origination of an insured event, in particular they must not violate obligations directed at averting or mitigating risk, which are imposed on them by legal regulations or on the basis of such regulations or which they have assumed by any contract, and must not tolerate violation of such obligations by any third party;
 - f) to take proper care of maintenance of the insured object, including implementation of prescribed servicing and inspections according to legal regulations, technical standards or instructions from the manufacturers;
 - g) to inform without delay the Insurer of other insurers with which they are insured against the same insured peril and of the limits of insurance indemnities (sums insured, the insurance indemnity limits and suchlike) specified in other policies;
 - h) to inform the Insurer of a change in the insured value of the insured object or set of objects, if the same was increased in the period of duration of the Insurance at least by **10%**, unless stipulated otherwise; upon failure to discharge this obligation, the Insurer shall have the right to apply underinsurance;
 - i) to inform the Insurer without undue delay that the possibility of origination of an insured event has ceased to exist (for example that the insured peril or the insured risk have ceased to exist);
 - j) to inform the Insurer without undue delay of a resolution on bankruptcy and of the manner of settling the bankruptcy of the Policyholder and the Insured Party;
 - k) to submit to the Insurer documents the Insurer requests in connection with conclusion of, change in or cessation of the Insurance Contract and to provide them with any and all required assistance in this connection;
 - l) to submit a document proving a change in the ownership of the object to which the effected Insurance relates (including documents on the cessation of joint property of spouses); without submitting such document, the change in the ownership of the insured object shall be deemed to be not reported and the Insurance shall continue to exist, unless the Insurer finds agreement with the Policyholder regarding a different method of proving the change in the ownership of the insured object.
- 3) If a loss-incurring event occurs, the Policyholder, the Insured Party and any third party claiming the right to the insurance indemnity, shall be in particular obliged:
 - a) to take any and all measures in order to prevent any increase in the scope of consequences of the loss-incurring event;

- b) to notify the Insurer without undue delay of the fact that a loss-incurring event has originated, to give an explanation of the origination (under what conditions the loss-incurring event occurred) and the scope of the consequences of such an event and to prove such facts; to give explanation of the rights of third parties, to submit documents required by the Insurer, to make it possible to make copies of the same and to proceed in a way determined by the Insurer. All data must be truthful and non-distorted and no data relating to the loss-incurring event may be concealed;
 - c) to submit documents required by the Insurer in the Czech language. If the document is issued in another language, the Policyholder, the Insured Party and any third party claiming the right to the insurance indemnity shall be obliged, on the basis of a request from the Insurer, to submit its original copy and a corresponding authorised translation to the Czech language which the Policyholder or a third party claiming the right to the insurance indemnity shall secure at their own costs, and to make it possible to make copies of the same;
 - d) to not change the condition caused by the loss-incurring event without consent from the Insurer, however, at the latest for a period of five days from reporting the loss-incurring event to the Insurer. This shall not apply if it was necessary to commence the repair to the property or to remove remnants of the same earlier for reasons of safety, hygiene, the environment or other serious reasons. In such cases, they are obliged to secure sufficient evidence on the scope of the damage, for example through the investigation conducted by the police or other investigating bodies, through photographic or video records;
 - e) to make it possible for the Insurer or persons authorised by the Insurer to conduct any and all investigations necessary for the assessment of the claim to the insurance indemnity and its amount;
 - f) to proceed in accordance with the instructions from the Insurer;
 - g) to notify bodies involved in criminal proceedings or misdemeanour proceedings, without undue delay, of origination of an event which occurred under circumstances which indicate that a criminal act or misdemeanour might have been committed;
 - h) to discharge the obligation to provide notification imposed on them by generally binding legal regulations.
- 4) If an insured event occurs, the Policyholder, the Insured Party and the Entitled Party shall additionally be obliged:
- a) to hand over to the Insurer documents needed to exercise the right to compensation for the detriment caused by the insured event or another right which passed to the Insurer upon disbursement of the indemnity from the Insurance, and to proceed in such way that the Insurer may exercise such rights against a third party;
 - b) to inform the Insurer without undue delay of the fact that the object for which the Insurer had provided the insurance indemnity was found. Unless the Insurer and the Entitled Party agree otherwise, the Entitled Party shall be obliged to return the insurance indemnity after deducting reasonable costs of repairing such an object, if the same are reasonable and necessary to remove defects which occurred at the time when such a party was deprived of its possibility to dispose of the given object.

Article 16 Consequences of Violation of Obligations

- 1) **The Insurer shall have the right to withdraw from the Insurance Contract** if the Policyholder or the Insured Party, intentionally or by negligence, violated the obligation to provide truthful and complete answers to written queries from the Insurer relating to the Insurance being effected, if the Insurer would not have concluded the Insurance Contract had the Insurer known of such a circumstance.
- 2) **The Insurer shall have the right to decrease the insurance indemnity** in proportion to the ratio between the insurance premium which the Insurer received and the insurance premium which the Insurer should have received:
 - a) if, as a result of violation of obligation of the Policyholder or the Insured Party when negotiating the conclusion of or a change in the Insurance Contract, a lower insurance premium has been effected;

- b) if the Policyholder or the Insured Party violated the obligation to inform the Insurer without undue delay of changes relating to the facts of which the Insurer enquired in writing or which are specified in the Insurance Contract, and the Insurer, as a result of this, could not have defined a new amount of the insurance premium;
 - c) if the Policyholder or the Insured Party violated the obligation to report without undue delay an increase in the insured risk and if an insured event occurred following such a change.
- 3) **The Insurer shall have the right to decrease the insurance indemnity** if violation of obligations of the Policyholder, the Insured Party or another Entitled Party is of material influence on the origination of an insured event, the course of the same, increase in the scope of the consequences of the same, or on ascertaining or determining the amount of the insurance indemnity. The Insurer shall decrease the insurance indemnity in proportion to the effect said violation of the obligation has had on the scope of the Insurer's obligation to provide the indemnity. In such case, the Insurer shall have the right not to provide the insurance indemnity or, in the case of a repeated indemnity, to suspend the disbursement of the same until the obligations are discharged.
 - 4) **The Insurer shall have the right to refuse provision of the insurance indemnity**, if the insured event was caused by a fact of which the Insurer learnt only after the origination of the insured event and which the Insurer could not discover earlier due to the fact that the Policyholder or the Insured Party, intentionally or by negligence, answered untruthfully or incompletely the written queries from the Insurer when concluding the Insurance Contract or agreement on a change in the same, provided that the Insurer would not have concluded the Insurance Contract or agreement on a change in the same, possibly concluded the same under different terms and conditions, had the Insurer known of such a fact. The insurance shall cease to exist as to the date of delivery of a notification from the Insurer of refusal of the insurance indemnity.
 - 5) **The Insurer shall not provide the insurance indemnity** provided that the Entitled Party has stated, when exercising the right to the indemnity from the Insurance, wilfully untruthful or grossly distorted data relating to the scope of the insured event or concealed material data relating to such insured event.
 - 6) **The Insurer shall have the right to terminate the Insurance without giving a period of notice** if the Policyholder or the Insured Party violated the obligation to report an increase in the insured risk. The Insurer may terminate the Insurance within a period of two months from the date on which the Insurer learnt of the increase in the insured risk. In such case, the insurance premium shall belong to the Insurer until the end of the insured term in which the Insurance ceased to exist; the single insurance premium shall belong to the Insurer in full.
 - 7) The Insurer shall have the right to a compensation for costs specified below in this paragraph. The Insurer may set such costs off against the indemnity from the Insurance or to deduct the same from the insurance indemnity. The Insurer shall have the right to the compensation for the following:
 - a) costs expended for investigation of circumstances relating to the loss-incurring event regarding which wilfully untruthful or grossly distorted data were reported to the Insurer or regarding which such data were concealed;
 - b) costs expended for investigation of a loss-incurring event if the same were caused by the Policyholder, the Insured Party or another person claiming the right to the insurance indemnity through violating their obligations;
 - c) detriment incurred as a result of a violation of obligations of the Policyholder, the Insured Party or another person claiming the right to the insurance indemnity, and compensation for unreasonably expended costs, including costs of holding a judicial dispute, incurred for the same reason.

Article 17 Form of Acting

- 1) The Insurance Contract must be concluded in a written form, unless the Civil Code provides otherwise.

2) In the case that the acceptance of an offer by the Policyholder is found to be invalid for the reason of failure to comply with the written form or another reason and the Policyholder pays the first insurance premium or any instalment thereof at the amount and time specified in the offer (if the time is not specified in the offer, then within one month from the delivery of the offer), the offer shall be deemed accepted upon payment of such first insurance premium or any instalment thereof.

3) Legal acting, notifications and requests shall require a written form, if the same have an influence on the following:

- a) duration and cessation of the Insurance;
- b) change in the insurance premium;
- c) change in the scope of the Insurance.

4) Legal acting for which a written form is necessary shall be valid in particular if it is autographed by the acting person, if it is executed through a data box, if it is equipped with a secure electronic signature according to the special law or if it is executed using an internet application of the Insurer with a secured access.

5) Legal acting, notifications and requests not specified in paragraph 3) may be made in writing, via telephone, electronic mail, using an internet application of the Insurer or through data box, if the Insurer makes deliveries to the data box possible. This applies in particular to reports of an insured event, notifications from the Policyholder or the Insured Party regarding change in surname, residential address, correspondence address and other contact data specified in the Insurance Contract, and a request from the Policyholder for a change in the manner of payment of the current insurance premium (with the exception of payment of the insurance premium on the basis of a consent with collection from the bank account). Legal acting, notifications and requests according to this paragraph made otherwise than in a written form must be subsequently amended with their written form, should the Insurer so request.

6) In matters of insurance relationship, in particular in connection with administration of the Insurance and settlement of insured events, the Insurer shall be entitled to contact other participants in the Insurance also via electronic or other technical means (for example telephone, SMS, electronic mail, facsimile, data box), unless agreed otherwise. When choosing the form of communication, the Insurer shall take into account the obligations defined by relevant legal regulations and the nature of the information being passed.

7) Legal acting, notifications and requests shall be effective towards the other contractual party as soon as delivered to such party.

Article 18 Delivery

1) Written materials delivered via holder of a postal licence shall be sent:

- a) to the Insurer to the following address: Kooperativa pojišťovna, a.s., Vienna Insurance Group, Brněnská 634, 664 42 Modřice, possibly to another address of which the Insurer informs the Policyholder;
- b) by the Insurer to the correspondence address of the given person (addressee) specified in the Insurance Contract or otherwise reported to the Insurer. If the correspondence address is not specified in the Insurance Contract specified or subsequently reported to the Insurer, written materials shall be sent to the address specified in the Insurance Contract or reported to the Insurer as a place of residence or domicile or a registered office of such a person.

2) The Policyholder shall be obliged to inform the Insurer without undue delay of any change in their correspondence address and the address of their domicile, place of residence or registered office. If the Policyholder disconcerts delivery of a written material by not properly informing the Insurer of a change in their correspondence address, the address of their domicile, place of residence or registered office, the consignment shall be deemed properly arrived on the third working day after dispatch and, if delivery to an address in a country other than the Czech Republic is concerned, then the fifteenth working day after dispatch.

3) If delivery according to paragraphs 4) to 6) is not concerned, a written material dispatched by the Insurer as a registered consignment with a bill of receipt shall be deemed delivered as to the date specified as a date of receipt of the written material at the bill of receipt (note of delivery), and the written material dispatched by the Insurer via registered consignment without a bill of receipt, possibly dispatched as a regular consignment, shall be deemed delivered at the third working day after dispatch; if delivery to an address in a country other than the Czech Republic is concerned, then the fifteenth working day after dispatch.

4) If the addressee disconcerts the arrival of a written material by refusing to accept it, such written material shall be deemed arrived properly as to the day when the addressee refused to accept the written material.

5) If the addressee disconcerts the arrival of a written material by not collecting such written material (dispatched by the Insurer as a registered consignment or registered consignment with a bill of receipt) deposited at the post office within the deposition period, such written material shall be deemed properly arrived as to the day of expiry of the deposition period.

6) If the addressee disconcerts the arrival of a written material in a way other than specified in the previous paragraphs (for example by not identifying their letterbox with their name and surname or business name), the written material shall be deemed properly arrived as to the date of its return to the Insurer.

7) A written material dispatched by the Insurer as a registered consignment or registered consignment with a bill of receipt shall be deemed delivered also in the case that the same is accepted, instead of the addressee, by a different person (for example a family member) to whom the post office delivered the consignment in accordance with legal regulations governing postal services.

8) Unless agreed otherwise, written materials may be delivered also in electronic way (for example via data box, using an internet application of the Insurer, electronic message, possibly electronic message equipped with secure electronic signature), this to the contact data provided for the purpose of electronic communication. Written material dispatched by the Insurer electronically to the last contact data provided by the addressee shall be deemed delivered on the tenth day following its dispatch if the date of its delivery cannot be ascertained or if the given legal regulations do not provide otherwise, even when the addressee has not obtained the knowledge of its content, unless a legal regulation renders this impossible.

9) Written material may also be delivered by an employee of the Insurer or another person authorised by the Insurer, in particular to addresses according to paragraph 1) clause b), but also to any other place where the addressee is willing to accept the written material. Written material delivered in such a way shall be deemed delivered as to the date of acceptance of the same.

Article 19 Governing Law and Settlement of Disputes

1) The Insurance Contract and legal relationships resulting from or associated with the same shall be governed by the Czech law.

2) Disputes resulting from or associated with the Insurance Contract shall be submitted for settlement to the competent court of justice in the Czech Republic.

Article 20 Costs of the Insurer

Remuneration according to the Cost Overview effective at the date of requesting the service for services specified in the Cost Overview shall belong to the Insurer. The current version of the Cost Overview is published at all business points of the Insurer and at the web pages of the Insurer.

SECTION 2 INSURANCE OF OBJECTS OR OTHER PROPERTY

Article 21 Insured Value, Sum Insured

1) The insured value shall be the value of an object, decisive in the determining of the sum insured.

- 2) The insured value of an object may be defined as:
 - a) the replacement value, being the value for which the same or comparable object, serving the same purpose, may be re-acquired as new at the given time and at the given place (replacement value insurance);
 - b) the current value, being the value determined from the replacement value of the object, taking into consideration the degree of wear and tear or other depreciation and/or appreciation of the object through repair, upgrade or in another manner (current value insurance);
 - c) the standard value, being the value which would be realised through the sale of the same or similar object within standard business liaison at the given time and at the given place (standard value insurance).
- 3) The sum insured shall be determined by the Policyholder so that it corresponds to the insured value of the insured object at the time of the conclusion of the Insurance Contract, unless stipulated otherwise.

Article 22 Underinsurance

- 1) Should, at the time of the origination of an insured event, the sum insured be lower than the insured value of the insured object, the Insurer shall have the right to decrease the insurance indemnity in the same proportion as that between the sum insured and the insured value of the insured object.
- 2) The provisions of paragraph 1) shall not apply if the sum insured at the time of concluding the Insurance corresponded to the insured value of the object and the Policyholder did not violate the obligation to inform the Insurer of an increase in the insured value of the insured object or set of objects by at least 10% or an obligation corresponding thereto imposed on the Policyholder in the Insurance Contract.

Article 23 Insurance Indemnity Limit

- 1) The insurance indemnity limit shall be determined as the uppermost limit of the insurance indemnity in the case that:
 - a) the insured value cannot be determined at the time of effecting the Insurance ("**first loss insurance**");
 - b) the Insurance is wilfully effected to cover only a part of the known insured value of the object without determining the sum insured ("**fractional insurance**");
 - c) the insurance indemnity limit shall be effected within the scope of the sum insured determined; in these cases, there shall be an obligation on the part of the Policyholder to determine the sum insured at the amount corresponding to the insured value of the insured object at the time of conclusion of the Insurance Contract; obligation to inform the Insurer of an increase in the insured value at least by 10%; possibly an obligation corresponding thereto imposed in the Insurance Contract; and entitlement of the Insurer to apply Underinsurance in the case of violation of the above-specified obligations.
- 2) The Insurer shall provide the insurance indemnity from one insured event maximally up to the amount of the insurance indemnity limit effected. To cover all insured events occurring during one insurance year, the Insurer shall provide the insurance indemnity in aggregate maximally to the amount of the insurance indemnity limit effected. If the Insurance is effected for a period of time shorter than one insurance year, the Insurer shall provide, as coverage of all insured events occurring in the course of duration of the Insurance, the insurance indemnity in aggregate maximally to the amount of the insurance indemnity limit effected.
- 3) If, in the course of an insurance year, a part of the insurance indemnity limit is disbursed as a result of origination of an insured event, the Policyholder may, on the basis of agreement with the Insurer, restore the insurance indemnity limit to the original amount for the remaining part of the insurance year for an additional insurance premium.

Article 24 Insurance of Set of Objects

If insurance of a set of objects (hereinafter referred to only as the "**set**") is effected, the Insurance shall apply to all objects which form part of the set when the insured event originates. Arrangement on the sum insured or the insurance indemnity limit, the insured value, underinsurance or over-insurance shall apply to the whole set. If the Insurance applies to several sets the sum insured or the insurance indemnity limit shall be determined for each set separately. All arrangements relating to the Insurance of a set shall apply similarly also to the Insurance of a collective object.

SECTION 3 CLOSING PROVISIONS

Article 25 Definition of Terms

- 1) **Current value** shall be the value determined from the replacement value of the object, taking into consideration the degree of wear and tear or other depreciation and/or appreciation of the object through repair, upgrade or in another manner.
- 2) **Collective object** shall be a set of individual objects belonging to the same person, deemed to be one item and as such bearing a common designation.
- 3) **Accidental event** shall be an event which is possible and for which it is not certain whether it actually transpires in the course of duration of the Insurance, or the time of its origination is not known.
- 4) **Replacement value** shall be the value for which the same or comparable object, serving the same purpose, may be re-acquired as new at the given time and at the given place.
- 5) **Standard value** shall be the value which would be realised through the sale of the same or similar object within standard business liaison at the given time and at the given place.
- 6) **Policyholder** shall be the person who entered into the Insurance Contract with the Insurer.
- 7) **Insured period** shall be the period of time for which the Insurance is effected.
- 8) **Insured event** shall be a random event covered by the Insurance.
- 9) **Insured peril** shall be the possible cause of the origination of the insured event.
- 10) **Insured term** shall be the period of time agreed upon in the Insurance Contract, for which the insurance premium is paid. The first insured term shall commence at the inception of the Insurance. If the insured terms are determined in months or years, the following insured term shall commence on the day which, in terms of its numerical designation, is identical with the day of inception of the first Insurance effected by the Insurance Contract. If there is no such day in the given month, the commencement of the insured term shall fall on the last day of such month. The insured term shall end upon expiry of the day which preceded the date of commencement of the following insured term.
- 11) **Insured risk** shall be the measure of the probability of origination of an insured event caused by an insured peril. **The insured risk shall increase** if there is a change in circumstances which were specified in the Insurance Contract or which were the subject of the Insurer's enquiries when negotiating on conclusion of or modification to the Insurance Contract for the purpose of assessment of the insured risk, when such a change is so essential that the probability of origination of the insured event from explicitly effected insured peril is increased.
- 12) **Insurance year** shall be a period of 12 months. The first insurance year shall commence at the date of inception of the first Insurance effected by the Insurance Contract. The following insurance year shall commence on the day which, in terms of its numerical designation, is identical with the date of commencement of the first insurance year. If there is no such day in the given month, the commencement of the insurance year shall fall on the last day of such month. The insurance year shall end upon expiry of the day which preceded the date of commencement of the following insurance year.

- 13) **Insured Party** shall be the person to whose property or liability or other value of insured interest the Insurance applies.
- 14) **Set of objects** shall be formed by individual objects which are of the same or similar nature or are determined for the same purpose.
- 15) **Loss-incurring event** shall be an event which might form a cause for the origination of the right to the insurance indemnity.
- 16) **Indemnity insurance** shall be insurance the purpose of which is to cover, to the scope stipulated, a decrease in property of the Insured Party caused as a result of an insured event.
- 17) **Participants to the Insurance** shall be the Insurer and the Policyholder as the contractual parties and additionally the Insured Party and any other person who acquired a right or obligation from the Insurance.
- 18) **Events which have occurred as a result of the operation of nuclear power** shall mean events caused:
- a) from ionising radiation or contamination with radioactivity from any nuclear fuel or nuclear waste and/or from the combustion of nuclear fuel;
 - b) from radioactive, toxic, or otherwise hazardous and/or contaminating features of any nuclear device, reactor or nuclear assembly or nuclear component;
 - c) from the operation of any weapon using atomic or nuclear fission, synthesis or similar reaction, radioactive power or materials.
- 19) **Detriment caused intentionally** shall be any detriment that is caused by intentional action or by intentional omission, provided that the perpetrator was aware that they may cause a harmful consequence and intended to cause such consequence, and/or that the perpetrator was aware that they may cause a harmful consequence and, in the case of such consequence being actually produced, they were consentient.
- 20) **Object** shall mean a material object.