

**SPECIAL CONDITIONS OF ENVIRONMENTAL IMPAIRMENT LIABILITY
INSURANCE
(EIL)**

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Environmental impairment liability insurance - EIL

Unless otherwise provided for by the insurance contract of the Parties and/or the policy issued by the Insurance Company, with the derogations and additions stipulated herein, the General Terms and Conditions of Liability Insurance (FÁBF) shall apply mutatis mutandis to any and all liability insurance contracts concluded with a reference to these Special Insurance Terms and Conditions.

To the liability insurance contracts concluded with a reference to these Special Insurance Terms and Conditions, these provisions shall be applied in accordance with the rules on administrative liability as defined by the laws and regulations corresponding to the Environmental Liability Directive, even if these contain provisions on civil liability.

1. Subject of the insurance coverage

1.1. By way of derogation from paragraph 2 of Article 1 of FÁBF, in case of the occurrence of an insured event (refer to paragraph 2.1.), pursuant to the liability insurance contracts concluded with a reference to these Special Insurance Terms and Conditions, the Insurance Company shall indemnify the Insured up to the limits and in accordance with the provisions stipulated in the liability insurance contract (policy) for:

1.1.1. the costs of fulfilment of the obligations of the Insured falling within the scope of administrative liability incurred during taking preventive measures, or in case of the occurrence of Environmental Damage, remedial measures (hereinafter jointly referred to as "Remediation Obligation") stipulated by the laws and regulations in accordance with the Directive 2004/35/CE of the European Parliament and the Council of 21 April 2004 on environmental liability with regard to preventing and remedying Environmental Damage (hereinafter referred to as "Environmental Liability Directive");

For the purposes of these terms and conditions, "Environmental Damage" shall mean:

a measurable adverse change

(a) in the protected species and natural habitats defined by paragraph 3 of Article 2 of the Environmental Liability Directive,

(b) in the waters, and the

(c) land

or measurable impairment of a natural resource service which may occur directly or indirectly (hereinafter jointly referred to as "Damage") which occur as a result of the activity or omission of the Insured and/or the Co-Insured Company (or Companies).

Property damage, as stipulated in paragraph 2.3 of Article 1 of FÁBF, shall not include damage in the protected species and natural habitats.

1.1.2. the costs incurred during in-court and out-of-court proceedings initiated in order to establish and avert the Remediation Obligation alleged by the environmental authority or a third person, in accordance with paragraph 5 of Article 5 of FÁBF.

- 1.1.3. the legal defence costs, if a criminal proceeding is initiated in respect of such act, as a result of which the liability of the Insured or the Co-Insured Company (or Companies) may arise, provided that these cost have been incurred under the guidance of the Insurance Company.
- 1.2. The insurance cover provided under the liability insurance contracts concluded with a reference to these Special Insurance Terms and Conditions shall include such Environmental Damage which is triggered by a
 - (a) single,
 - (b) sudden, and
 - (c) unforeseeable event, and
 - (d) which is attributable to such event which deviates from the undisrupted normal business processes (hereinafter referred to as "Malfunction").

No insurance coverage shall be provided if the Environmental Damage is triggered by multiple events having similar effects (such as slow leaks, continuous evaporation) and would not have occurred as a result of one single event of such kind.

For the purposes of these Special Insurance Terms and Conditions paragraph 11 of Article 7 of FÁBF shall not be applied, i.e. the insurance cover stipulated herein shall also apply to such Environmental Damage which occurs in the manner and due to the reasons prescribed in the referred paragraph, provided that the casualty resulting in Environmental Damage is triggered by a single, sudden and unforeseeable event.

- 1.3. By way of derogation from paragraph 2 above, the product liability insurance set out in paragraph 2 of Section A of the Special Terms and Conditions of Liability Insurance (FKBF) shall also cover such Environmental Damage which is not attributable to any Malfunction, provided that such Environmental Damage arises otherwise than during the normal use of the product, or would arise independently of the normal use thereof.
- 1.4. By way of derogation from paragraph 6 of Article 7 of FÁBF, under these Special Insurance Terms and Conditions, the insurance shall also cover Environmental Damage to land or natural water, if such land or natural water is owned or possessed by the Insured or his relative (paragraph 6.2 of Article 7 of FÁBF), by the Insured's owner or the relative thereof (paragraph 6.3 of Article 7 of FÁBF), by a company of the Insured or which belongs to the same company group or to a company group in which the Insured's relative has holdings (paragraph 6.4 of Article 7 of FÁBF), provided that the Environmental Damage was not caused deliberately or by the gross negligence of the Insured or a third person acting on behalf of the Insured. (Possession shall include in particular the possession of the water and land on the basis of rental, leasing and usufruct legal relationships.)
- 1.5. The relation between the liability insurance contract and other insurance covers
 - 1.5.1. The liability insurance contracts concluded with a reference to these Special Insurance Terms and Conditions shall not cover those costs which are recoverable under any other insurance contract providing insurance cover for property damage due to environmental impairment provided for in Article 6 of FÁBF or for product liability provided for in paragraph 2 of Section A of FKBF.

- 1.5.2. If there is any other insurance providing insurance cover for the costs insured herein, under the insurance contracts concluded with a reference to these Special Insurance Terms and Conditions the Insurance Company shall not be obliged to indemnify for such insured costs, irrespective whether the costs were actually recovered under the other insurance providing similar insurance cover (subsidiarity).

2. Insured event

- 2.1. By way of derogation from paragraph 1.1. of Article 1 of FÁBF, an insured event shall mean Environmental Damage out of which the liability of the Insured and/or the Co-Insured Company (or Companies) to take remedial measures (refer to paragraph 4) arises or may arise.

- 2.2. Series of loss

By way of derogation from 1.2 of Article 1 of FÁBF, several occurrences of Environmental Damage arising out of one and the same event shall be deemed as one single insured event. Furthermore, several occurrences of Environmental Damage which are attributable to similar, time-related causes shall also qualify as one single insured event, provided that there is a legal, economic or technical relationship between such causes.

Paragraph 2 of Article 4 of FÁBF shall be applied correspondingly.

- 2.3. Product liability

For the purposes of these Special Insurance Terms and Conditions, under the product liability cover, an insured event shall mean the delivery of a defective or an incomplete product or a deficient or incomplete work performed.

3. Aggravation of the covered risk

By way of derogation from paragraph 1 of Article 2 of FÁBF, the insurance contracts concluded with a reference to these Special Insurance Terms and Conditions shall not cover automatically the new locations (e.g. manufacturing and distribution branches, warehouses etc.).

4. Covered remedial measures

- 4.1. For the purposes of these Special Insurance Terms and Conditions, with respect to Environmental Damage to protected species, natural habitats and water, remedial measures shall mean the following:

- (a) "Primary Remediation" is any remedial measure which returns the damaged natural resources and/or impaired services to, or towards, baseline condition;
- (b) "Complementary Remediation" is any remedial measure taken in relation to natural resources and/or services to compensate for the fact that Primary Remediation does not result in fully restoring the damaged natural resources and/or services; and

(c) “Compensatory Remediation” is any action taken to compensate for interim losses of natural resources and/or services that occur from the date of the Environmental Damage occurring until Primary Remediation has achieved its full effect.

4.2. For the purposes of these Special Insurance Terms and Conditions, in case of land Environmental Damage the remedial measures shall mean the measures to be taken to ensure, as a minimum, that the relevant contaminants adversely affecting human health are removed, controlled, contained or diminished so that the damaged (contaminated) land, taking account of its current use or approved future use at the time of the damage, no longer poses any significant risk of adversely affecting human health.

5. Insured costs of remediation obligations - Conditions to the Insurance Company’s service

5.1. Under these Special Insurance Terms and Conditions, the insurance shall cover the costs incurred during the adequate and efficient fulfilment of the Remediation Obligations (refer to paragraph 1.1.) complying with the laws and regulations, irrespective whether:

(a) the Insured itself shall take the remedial measures or the competent environmental authority or a third party (claimant) files a claim against the Insured to compensate its costs, or

(b) an administrative or civil claim is brought against the Insured.

5.2. the insurance shall not cover costs incurred during the fulfilment of the Remediation Obligation which may be reclaimed from the state. However, the insurance shall cover costs incurred in relation with recourse claims against the state.

5.3. The limit of indemnity of the Insurance Company for Primary Remediation and Complementary Remediation is the cost within the sum insured which is incurred during fully restoring the damaged natural resources and/or services.

5.4. If the existing water or land pollution intensifies, the insurance under these Special Insurance Terms and Conditions shall cover only the costs in excess to the amount necessary to remove the existing contamination, irrespective whether this amount would have been spent in the absence of an insured event and when.

5.5. The Insurance Company provides insurance coverage for defence costs (with the interests) under paragraph 1.3 of these Special Insurance Terms and Conditions up to the sum insured reduced by the aggregate amount of indemnity.

5.6. The party claiming the insurance service shall provide the Insurance Company with the following official and other documents and certificates necessary for the assessment of the Insurance Company’s service obligation within 8 days of receipt:

- expert opinions;
- official decisions and administrative orders;
- official records;
- health-related documents;
- photos, satellite images, measurement results;

- remediation plans, cost proposals;
- contracts, orders, invoices, certificates of completion;
- operational and site licences, official activity licences;
- maintenance records and minutes;
- title deeds of the land registry;
- indications and data of weather stations;
- environmental review on surface-water and groundwater;
- description of pre-existing contamination
- documents, licences, contracts of the actual user(s) of the building;
- documents on the available environmental security

The Insurance Company reserves the right to request further data and documents in writing if it deems it necessary for its claim adjustment or it is prescribed by law.

If the party claiming the insurance service fails to provide the documents listed above or requested by the Insurance Company in respect of a specific claim, the Insurance Company shall not be obliged to perform its service.

- 5.7. The party claiming the insurance service shall demonstrate that any and all conditions of the Insurance Company's service prescribed by the contract or law are met, including in particular evidencing the occurrence of an insured event and the extent of the damage resulting thereof. On the other hand, the Insurance Company shall demonstrate such facts and circumstances that exclude the indemnification obligation of the Insurance Company, particularly exclusions and exemption options or any other obstacles of performance.
- 5.8. The Insurance Company shall provide its insurance service within 30 days of receipt of the last document necessary for the assessment of the claim, provided that its indemnification obligation is established according to these Special Insurance Terms and Conditions.
- 5.9. If a criminal or infringement procedure is initiated in connection with the occurrence of the insured event, the party claiming the insurance service shall provide the Insurance Company with the final decision concluding such procedure even if the indemnification service has been performed in the meantime. Regardless of the absence of such decision, the Insurance Company's service shall become due.
- 5.10. The Insurance Company shall pay the amount of indemnification directly to
 - (a) the Insured if the remediation has been performed by the Insured itself and/or the Co-Insured Company;
 - (b) the third party claimant, or
 - (c) the environmental authority if the costs of Remediation Obligations have been financed by the central state budget instead of the Insured and/or the Co-Insured Company.

6. Territorial scope

6.1 Within the scope of liability insurance contracts concluded with a reference to these Special Insurance Terms and Conditions and by way of derogation from paragraph 1 of Article 3 of FÁBF, the insurance shall cover such Environmental Damage covered by the Environmental Liability Directive which occurs due to:

- the operation of a co-insured location in accordance with paragraph I.III of these Special Insurance Terms and Conditions
- the products delivered or authorized to be delivered by the Insured thereto;
- the products of the Insured therein, without being delivered or authorized to be delivered there by the Insured;
- assembly, maintenance (including examination and customer service), repair or construction; and
- the possession or use of movable operating equipment necessary to perform such activities;
- a business trip and participating in an exhibition or a trade fair.

6.2. The insurance cover under paragraph 6.1 shall include solely those obligations and claims which comply with the laws and regulations of the Member States of the EU which have transposed the Environmental Liability Directive in their domestic law, provided that such obligations and claims do not impose stricter regulations than the Environmental Liability Directive. Paragraph 1 of Article 3 of FÁBF shall be applied correspondingly. The insurance shall not cover punitive payment obligations undertaken in a contract or established by court or other authorities, such as punitive or exemplary damages. The insurance cover provided by the Insurance Company shall not be valid if it is prevented by the state, third party or the Insured from investigating the circumstances of the loss and settling the claim or fulfilling its any other duties, and, as a result, it becomes impossible to clarify relevant circumstances.

7. Temporal scope

7.1. By way of derogation from Article 4 of FÁBF, the liability insurance contract concluded with the Insurance Company with a reference to these Special Insurance Terms and Conditions shall cover such Environmental Damage, which are identified

(a) during the validity period of insurance contracts concluded with a reference to these Special Insurance Terms and Conditions, but

(b) no later than within 2 years of the expiration thereof

(refer to paragraph 2.1. of these Special Insurance Terms and Conditions), provided that the insured event occurs within the validity period of the insurance contract concluded with a reference to these Special Insurance Terms and Conditions.

7.2. The insurance provided by the Insurance Company shall cover the Environmental Damage identified during the validity period of the liability insurance contract which arose out of insured events occurring before the conclusion of the liability insurance contract only if:

- (a) such insured event occurred *two years* before the conclusion of the liability insurance contract the earliest, and
- (b) the Insured or the Policyholder did not know, and ought not to have known about the insured event or the Environmental Damage until the conclusion of the liability insurance contract.

Paragraph 2 of Article 4 of FÁBF shall be applied correspondingly.

8. Obligations

The Policyholder / Insured shall

- 8.1 comply with the laws and regulations on environmental protection and environmental remediation (such as
 - (a) Government Decree No. 219 of 2004 (VII. 21.) on the protection of underground waters,
 - (b) Government Decree No. 220 of 2004 (VII. 21.) of the Government providing rules on the protection of the quality of surface waters, and
 - (c) Government Decree No. 91/2007 (IV.26.) on establishing the extent of damage caused to the natural environment and on the rules of remedying the damage),and with the standards and regulatory requirements;
- 8.2. take such appropriate security measures which prevent the Parties to cause harm to third parties;
- 8.3. perform or arrange for expert maintenance of environmentally hazardous facilities and other environmentally hazardous equipment and to carry out all necessary repair and maintenance work without delay. Unless a shorter interval is prescribed by law or the authorities, these facilities and equipment shall be inspected by experts at least every five years. Irrespective of the inception date of the insurance, this interval shall commence with the date of commissioning the facility or installing the equipment or the date of the most recent inspection thereof.

9. Exclusions

Unless otherwise agreed by the Parties:

- 9.1. The insurance cover provided by the Insurance Company shall exclude any Environmental Damage arising out of the following:
 - 9.1.1. intervention in the environmental media on the basis of legal empowerment or official decision (e.g. on water management, environmental protection, hunting or fishing);
 - 9.1.2. compliance with official orders or provisions, provided that such orders and provisions of the authorities are not in connection with any threatening or existing Environmental Damage,

- 9.1.3. an emission or activity or any manner of using a product in the course of an activity which was not considered likely to cause environmental damage according to the state of scientific and technical knowledge at the time when the emission was released or the activity took place,
- 9.1.4. damage caused during designing, erecting, operating, maintaining, repairing or demolishing the following:
- interim storage facilities of hazardous waste or ultimate storage facilities of waste of any kind (e.g. landfills), and
 - underground pipelines, tanks unequipped with leakage detector, sewage treatment equipment, water treatment plants, waste treatment facilities,
- 9.1.5. a change in the level or flow of the groundwater,
- 9.1.6. diseases transmitted to protected species.
- 9.2. The insurance provided by the Insurance Company shall not cover any expenditures over the necessary salvage costs set out in paragraph 5 of Article 5 of FÁBF incurred in connection with the maintenance, repair, post assembly, securing or reconstruction of the facilities or other equipment of the Insured, even if such facility or equipment is owned or possessed by the Insured or his relative (paragraph 6.2 of Article 7 of FÁBF), by the Insured's owner or the relative thereof (paragraph 6.3 of Article 7 of FÁBF), by a company of the Insured or which belongs to the same company group or to a company group in which the Insured's relative has holdings (paragraph 6.4 of Article 7 of FÁBF). Possession shall include in particular the possession of the water and land on the basis of rental, leasing and usufruct.

10. Right of recourse of the Insurance Company

- 10.1. The Insurance Company shall be entitled to claim the reimbursement of the amount of indemnity paid from the Insured if the Insured has caused the loss wilfully or by gross negligence.
- 10.2. For the purposes of these Special Insurance Terms and Conditions, gross negligence shall particularly mean the following:
- 10.2.1. the Insured pursues its activity without meeting the resource requirements in staff and equipment stipulated by the laws and regulations, which contributes to the occurrence of the loss or damage;
- 10.2.2. the environmental authority or the court declares in its final decision that the loss or damage was caused by gross negligence.

11. Subrogation rights of the Insurance Company

- 11.1 If the Insurance Company pays indemnity in virtue of the insurance contract concluded with a reference to these Special Insurance Terms and Conditions, up to the amount thereof the Insurance Company shall be entitled to subrogation right with respect to any and all rights to which the Insured and/or the Co-Insured Company is entitled against the person liable for the

damage, except if the Insured or the Co-Insured Company is responsible for the conduct of such person.

- 11.2. If the right to compensation is transferred to the Insurance Company only in part, and the Insurance Company brings an action against the person liable for the damage, upon the written request of the Insured or the Co-Insured Company, it shall enforce their claims as well. The Insurance Company may enforce such claims conditional upon costs advancement. If the Insurance Company and the Insured and/or the Co-Insured Company enforce their claims in one and the same proceeding, and the amount of compensation received does not cover the claims of both parties, the Insured and/or the Co-Insured Company shall take precedence.
- 11.3. The Insured and the Co-Insured Company shall provide the Insurance Company with any and all necessary documents and make any and all reasonable efforts to ensure that the Insurance Company is able to exercise its right to subrogation.
- 11.4. In case, due to any reason, the Insurance Company is not able to exercise its right to subrogation, the Parties agree to apply the following transaction-based assignment:
 - 11.4.1. If the Insurance Company has compensated the damage caused by the Insured or the Co-Insured Company in whole or in part, in virtue of the insurance contract concluded with a reference to these Special Insurance Terms and Conditions, up to the amount of the compensation and its contributions paid, the Insured and/or the Co-Insured Company shall transfer to the Insurance Company its/their rights against such third parties against whom it/they has/have the right of recourse in respect of the indemnity paid by the Insurance Company.
 - 11.4.2. The Insured and/or the Co-Insured Company shall inform the person or company being responsible for the occurrence of the insured event in due time on the aforementioned assignment.
- 11.3. The Insured and/or the Co-Insured Company shall both provide the Insurance Company with any and all necessary documents and make any and all reasonable efforts to ensure that the Insurance Company is able to exercise its assigned rights.

12. Limitation period

- 12.1. Any claims arising out of insurance contracts concluded with a reference to these Special Insurance Terms and Conditions lapse after 3 three years from the due date.

13. Non-cumulative clause

In case more than one insured events arising out of the same event are covered by, besides the insurance contract concluded with a reference to these Special Insurance Terms and Conditions, another environmental liability insurance contract and/or a liability insurance contract for remedial costs concluded by and between the Insured and/or the Co-Insured Company (or Companies) and Talanx Group or its fronting partners, the limit of indemnity payable by the Insurance Company shall be the highest sum insured on the basis of these insurance contracts. In the aforementioned case, if the limit of indemnity set out in the liability insurance contract concluded with a reference to these Special Insurance Terms and Conditions is not the highest sum insured, the Insurance Company shall not be liable to pay an indemnity. For the purposes of this paragraph, environmental liability insurance contract and/or a liability insurance contract for remedial costs shall include any insurance, the scope of cover of which corresponds to the

insurance cover of the insurance contract concluded with a reference to these Special Insurance Terms and Conditions only in part.