



General Conditions of Property Insurance

Validity:

In present rules and regulation contains those conditions, which – in absence of contrary contractual stipulation - must be applied to the contract of property insurances of the HDI Versicherung AG (hereafter Insurer), supposing that the contracting was referred to this regulation.

WM Questions not specified in present regulation and contract, the ordainments of the Hungarian Civil Code (1959. IV. law) are authoritative.

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1. Chapter Burden of reporting

Insured is responsible for truthfully and fully reporting to Insurer in writing all known circumstances which are important to assumption of risk. Notably those circumstances which are questioned by Insurer in writing. In case of violating this burden, Insurer is not responsible for paying indemnity, unless Insured proves that

1. Insurer knew the not reported circumstance
or
2. the not reported circumstance didn't contribute to the incident (HCC § 540)

2. Chapter Burden of reporting changes

1. After contracting, Insured cannot change the circumstances, affecting the risk, without the consent of Insurer, and cannot take over obligations from third parties to increase the risk of Insurer. If Insured obtain information about increased risk, despite of its knowledge or will, then Insurer must be reported in writing immediately.
2. If after contracting, Insurer obtain information about a new circumstance influencing the contract or the changes of circumstances defined in the contract, then within 15 days it might make written proposal for modification of contract or might cancel it within 30 days.
3. Ordainment of the above chapters might apply in those cases, if the changes of substantial circumstances arose between the insurance proposal and acceptance, and Insurer was not familiar with the them at the acceptance of proposal.

3. Chapter Safety regulations

1. If Insured violates the legal, official or agreed safety regulations or tolerates their violation within a month of obtaining information, Insurer might cancel the insurance with a 30 day notice period. Cancellation right ends if the original status is restored from the scope of the insurance contract.
2. Insurer becomes exempt from liability if the incident happens after the violation of legal, official or agreed safety regulations and is based on the awareness or severe negligence of the Insured. Insurer's burden of indemnity remains, if above mentioned has no effect on the origin of incidence, and has no effect on the extent of indemnity or at the time of incidence, the referred cancellation didn't happen, despite the expiration of the notice period.
3. If the increasing of risk can be related to the violation of safety regulations the ordainments of increasing risk apply.

4. Chapter Insurance fee, beginning and end of insurance coverage

1. Contract of insurance comes into effect by the written agreement of the parties. The contracting is initiated by the Insurer's proposal. The contract is effective from the time the policy is issued by the Insurer.
2. The first insurance fee is due at the time of contracting; all subsequent fees are due on the first day of the period which the fee is concerned with (HCC 542 § (1)).
3. Assuming that the contract of insurance came into effect according to point 1, the risk-taking of Insurer starts:
 - at 00.00 hour on the next day of the first fee's payment



or

- in case of delayed risk-taking, at 00.00 hour on that day which were agreed on by the parties assuming that till that day the first fee will be paid to the Insurer.

4. At delayed payment points 1 and 2 of HCC 543 § apply.
5. Unless there is a different agreement, the Insurer is entitled to the fee, concerning the contractual period in case the contract of insurance is cancelled during the insurance period before its expiration.

If the contract of insurance ends due to loss of interest, before the risk-taking period expires, then the Insurer is entitled to the fee which would have been defined, if at the time of contracting the date of the loss of interest would have been known.

If the Insurer cancels the contract because of delayed payment it can demand from the Signatory the payment of minimal fee.

6. If the contract is cancelled before its expiration and the Insurer discounted the insurance fee based on the agreed contract period, then the Insurer might demand the subsequent payment of the difference between the contracted fee and the fee which would have been calculated to the effective contract period.

5. Chapter Bankruptcy and legal settlement

Insurer might cancel the contract of insurance with a one-month notice period, in case of bankruptcy, legal settlement of property or the start of the debt collection procedures.

6. Chapter Multiple insurance: stated deductible

1. If the Signatory effects insurance with another Insurer for the same risks, then Insurer must be immediately informed of the name of the other Insurer and the amount of insurance.
2. If parties agreed in the contract of insurance that Insurer bear a part of the damage (agreed deductible) then Insured cannot effect another insurance for this part. In the contrary case, the indemnity is decreased to the level that Insured should bear the stated part of the damage (the original deductible).

7. Chapter Overinsurance: double insurance

1. The insurance cannot lead to enrichment.
The insurance amount cannot exceed the factual value of the insured asset. If after all the insurance amount exceeds the insurance value (overinsurance), the Insurer cannot give higher indemnity than the insurance amount of the damaged asset, valid on the day of incident.
2. If the insurance amount significantly exceeds the insurance value then the Insured and the Insurer might ask to decrease the insurance amount and fee. The minimum fee stated by tariffs remains the same.
3. In case of double insurance, the contract of insurance concluded first is valid and the other concluded second must be cancelled, or its fee and coverage must be decreased to cover only that which is not covered by the first one.



8. Chapter Selling insured objects

In case of selling the insured object, the loss of interest's rule applies.

9. Chapter Signatory, insured

In case of effecting insurance for third party, the ordainments of points (1) and (2) of HCC 547 § are applicable.

10. Chapter Restriction of compensation, underinsurance

1. The upper limit of the Insurer's compensation is the amount of insurance. The upper limit of the insured asset's compensation, found in the policy under each item is limited by the stated relevant items of the insurance amount.
2. If the insurance amount is lower than the factual value of the asset (see the relevant part of the General Conditions of Property Insurance – Underinsurance), then the Insurer compensates the damage only in the rate of the insurance amount in the policy and the factual value of the asset.

11. Chapter Expert procedure

1. Any of the contracted parties might ask for expert opinion of the reason and size of the damage. Statements given by the expert in his official responsibility are obligatory, unless they are proven to be significantly different from the actual facts.
2. Unless agreed differently, the ordainment of the civil procedures of the district court are authoritative of the expert procedures.
 - a) One of the contracting parties requests in writing the other party to appoint its expert based on the appointment of the first expert. If it has not been done within two weeks of the receipt of the request then the second expert will be appointed by the district court having jurisdiction at the site of the damage based on the first party's recommendation. This consequence must be noted in the request.
Both experts choose a third party as a chairman before starting their work. If they don't agree, than the chairman will be appointed by the district court having jurisdiction at the site of the damage for the request of one of or both contracted parties.
 - b) The experts file their statement simultaneously to the Insurer and the Insured. If the statements differ from each other, then the Insurer forthwith hands it over to the chairman. The chairman makes decisions in disputed questions and files his/her statement simultaneously to the Insurer and the Insured.
 - c) The costs of the experts are paid by both parties respectively, and the chairman's expenses are divided into fifty-fifty.
3. The extent of the indemnity will be stated on the basis of the experts' or chairman's statements.
4. The burdens of Insured are not modified by the expert procedure.



12. Chapter Causing incident; burdens after the incident

1. Insurer escapes payment liability if it can prove that the incident was caused unlawfully, intentionally or out of severe negligence
 - a) the Insured or Signatory,
 - b) relatives living in the same household,
 - c) employees or representatives of Insured in a position defined in the rules and regulations,
 - d) members or bodies of Insured defined in the rules and regulations of legal entity
2. Insurer also becomes exempt from if Insured, or the person in top/higher managerial position in the plant is convicted by final judgement for the caused damage, fraud or attempt to commit fraud in the burden of accomplishment or during the indemnity process

13. Chapter Indemnity

1. The payment of the indemnity is due only after closing the entire process of claim adjustment, but deposit might be claimed within one month after reporting the damage. The process of claim adjustment cannot be closed until the indemnity can be stated or paid due to the culpability of the Insured.
2. The Insurer might postpone the payment of compensation if
 - a) there is a question about the Insured's entitlement of payment, until the necessary documents are presented;
 - b) there is a police or official investigation against the Insured in connection with the damage, until closing the investigation
3. If the Signatory is a legal entity, the claims arising from the contract become barred in a year from the due date.
4. In other cases the concerning parts of the HCC is authoritative.

14. Chapter Legal relations after the incident

1. Unless there is a different agreement from the General Conditions of the Property Insurance then both the Insurer and the Insured are entitled to cancel the contract of insurance after an insured event.
2. Cancellation is permitted only within a month after closing the negotiations of indemnity.

The Insurer must observe the one month notice period.

The Insured cannot cancel later than the end of the running insurance period.
3. Insurer is entitled to cancel the contract of insurance with immediate effect after refusing the claim of indemnity, in case the Insured claims the indemnity in bad faith.



**15. Chapter
Draft recourse**

If the Insurer compensated the loss, Insurer is entitled to the rights which were exercised by Insured against the person responsible for the damage.

If the insured asset is found, the Insured might file a claim for it but in that case the amount of indemnity must be paid back to the Insurer.

**16. Chapter
Form of declarations**

All communication by Insured including notice of withdrawal and cancellation must be done in writing.

Regarding the impeachment of waste in case of incident, see the relevant ordinances of the General Conditions of Property Insurance about the burden of Insured.

**17. Chapter
Tacit prolongation of contract of insurance**

1. The contract is valid for the time period agreed on in the policy. If it is at least a year, then the relation of insurance might be prolonged with a year at once unless either of the parties cancelled it in writing at least a month before the expiration of the risk-taking period.
