



General Conditions of Insurances of Damage to Property

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§ 1. Fire insurance

1. The Insurer gives indemnity for those assets which are perished, damaged or disappeared by

- a) fire
- b) lightning
- c) explosion
- d) impact, crash of aircraft operated by crew and parts or cargo of such aircraft
- e) accidental spillage of molten matter

2. Fire

a) From the scope present contract, fire (flaming, ignition, glow) is: oxidative process that results such material change of state, which begins due to the combustion temperature self-sustainingly and is able to spread, accompanied with heat- and lighting effects and started up without a proper oven or started up in it, but stepped out of it and spread from its own potential. Fire is also the process with lighting effect and egress, which can only start up and spread in temperature-, pressure- or concentration relations differing from atmospheric conditions, or with contribution of halogen (e.g. chlorine) or copper. Electric short-circuit and surge is not a fire, even if accompanied with lighting effect.

b) If parties agreed separately then the fire started up in steam-producer appliances, heat exchangers, air pre-heaters, recuperators, pipes of flue gas, filter-, REA-, DENOX- and other similar industrial appliances count as a damage to property only in that case if the fire breaks out in the appliance. If parties didn't agree otherwise then within the frames of chapter 1 the walling, covering, layering and elasticising, filter materials and cartridges, wastages of contact materials and catalysts, which need to be replaced several times during the working life of the insured appliances, don't count as a damage to property. The value of the previously mentioned assets – differing from the one included in 12 § - depend on the level of use at the time of the incident.

3. Lightning

a) Lightning is an electric charge equalisation, or a high voltage electric discharge between the atmosphere and the ground or an object on the ground. According to present condition, the damage, which is caused in the insured assets directly by the igniting, burning action of heat or force of the bolt, must be considered as an insured incident.

The Insurer does not make good the damage as lightning damage, if it happened:

- due to the absence or deficiency of prescribed lightning protection system, or
- in the lightning protection system.

b) If parties agreed separately, then also the surge caused by lightning counts as damage to property.

4. Explosion

a) According to present condition, damages caused by destruction, fast action of power attendant on sonic effect, based on the expansion inclination of gases, steams and powders must be concerned as insurance incident of explosion. Explosion of tank is under constant gas- or steam pressure is when its walls damaged by an extent that the external and internal pressure are suddenly equalised. If there is an explosion inside the tank the damage originated from it must be compensated even if its walling did not split.

b) The insurance does not cover damage caused

- by explosions in the combustion chamber of internal combustion engines or
- in electronic interceptors because of already existing or arising gas pressure.



5. Molten matter

Those damages arisen in assets of plant count as damage to property, which are caused directly by accidental spillage of molten matter from its storing vessel or pipes. The arisen damage of these vessels or pipes is also damage to property, except for the damage inside the tank and at the site of eruption. Damage is arisen in the molten matter itself does not count as damage to property.

6. Irrespective of the causing reasons, the following are not insured:

- a) earthquake,
- b) damage caused by inner riots.

§ 2. Insurance of storm and hail

1. The Insurer gives indemnity for those assets which are perished, damaged or disappeared by

- a) storm or
- b) hail.

2. In the sense of present condition, such air movement is qualified as an insurance incident of storm, where the speed of the strongest squall reaches or exceeds 60km/h. In case the speed of the wind cannot be stated at the site of insurance, storm can be assumed at a given place, if Signatory proved that

- a) air movement at the surroundings of the site of the insurance also caused damage in buildings in fair condition and other similar assets able to resist, or
- b) the arisen damage in the insured buildings, otherwise being in fair condition, can only have been arisen due to storm.

3. Irrespective of the causing reasons, the following are not insured:

- a) penetration of rain, ice, snow or other contamination through an improperly closed window, outer door or other aperture, unless these apertures have arisen due to storm or hail;
- b) tidal wave;
- c) avalanche;
- d) fire, explosion, impact, crash of aircraft operated by crew and parts or cargo of such aircraft.

4. Also not insured are damage arisen in

- a) movable assets outside the building;
- b) buildings that are not in occupiable condition and assets that are found in these buildings.

§ 3. Damage caused by natural disasters (without storm or hail damage)

1. The Insurer gives indemnity for those assets which are perished, damaged or disappeared by

- a) flood,
- b) earthquake,



- c) settlement, landslide,
- d) snow pressure, avalanche,
- e) volcano eruption.

All dangers/danger groups are named from a) to e) can be insured if it's agreed in a separate agreement.

2. Flood

- a) The impairment of the risk-taking site due to
 - rivers or other water above ground level overflow of its bed or
 - effect of precipitationis called flood.
- b) Irrespective of the causing reasons, the following are not insured:
 - tidal wave,
 - earthquake,
 - volcanic eruption,
 - fire and explosion,
 - inner unrest.

3. Earthquake

- a) Earthquake is the natural shaking of the ground which is caused by the geophysical processes inside of the Earth
- b) Earthquake is assumed if the Signatory proves that
 - natural shaking of the ground at the surroundings of the site of the insurance also caused damage in buildings in fair condition and other similar assets able to resist, or
 - the arisen damage in the insured buildings, otherwise being in fair condition, can only have been arisen due to earthquake.

4. Settlement, land-sliding

- a) Settlement is the natural sinking of the ground due to the natural holes in it.
- b) Land-sliding is the natural slip or fall of rock or soil.
- c) Irrespective of the causing reasons, the following are not insured:
 - drought or desiccation,
 - fire or explosion,
 - earthquake,
 - flood,
 - volcanic eruption.

5. Snow pressure, avalanche

- a) Snow pressure is the static pressure effect generated by the weight of snow or ice.
- b) Crashing down of snow or ice on the mountain-side is called avalanche.
- c) Irrespective of the causing reasons, the following are not insured:
 - fire or explosion,



- earthquake,
- flood.

- d) The insurance doesn't cover damage arisen in buildings that are not in occupiable condition and assets that are found in these buildings.

§ 4. Insurance of pipe burst (tap-water) including leakage of sprinklers

1. The Insurer gives indemnity for those assets which are perished, damaged or disappeared due to pipe burst.

2. Damages caused by accidental discharge of water from

- a) pipes or hoses of water supply (pressure- or sewage pipes)
- b) other appliances connected to the pipe system,
- c) hot water-, steam heating-, air conditioning-, heat pump- or solar powered heating appliances,
- d) sprinkler-, vaporiser-, sprayer- or extinguisher appliances

are considered as a tap-water water damage.

Accidental discharge of heat transmitting liquids, such as brine, oil, other cooling or heating agents from the appliances above is also an insurance incident. From the scope of the insurance, steam is considered identical to tap-water.

3. The insurance covers

- a) the inside of the building
 - damages of frost or breaking arisen in the pipes of
 - water supply (pressure pipes and sewers)
 - hot water-, steam heating-, air conditioning-, heat pump- or solar appliances,
 - sprinkler-, vaporiser-, sprayer- or extinguisher appliances,
 - damages of frost of other parts, not in the pipe system of
 - bath appliances, washing tubes, water closets, water taps, stench-traps, water-meters,
 - heaters of hot water- or steam heating-, air conditioning-, heat pump- or solar appliances, boiler, water heater, including its parts
 - sprinkler-, vaporiser-, sprayer- or extinguisher appliances,
- b) outside of the building
 - damages of frost or breaking arisen in pipes of household water supply (pressure pipes and sewers), hot water- or steam heating-, air conditioning-, heat pump- or solar appliances
 - in case these pipes are located in the insured property
 - or
 - in case they are outside the insured property and they supply a building or appliance insured within this contract and the signatory takes the responsibility for damages.

Those pipes, which are accessories of boilers, water heaters, heat exchangers or similar appliances, don't count as pipes according to points a) and b).

4. Irrespective of the causing reasons, the followings are not insured:

- a) bath- and washing waters;
- b) back-flowing water from public sewer systems;



- c) settlement, land-slide, unless the settlement or land-slide is caused by water as described in point 1.
- d) mould or fungus,
- e) fire or explosion,
- f) earthquake,
- g) inner riot.

Exceptions according to points a) and b) don't refer to the breaking damages of pipes according to point 3., and of those damages according to point 1. which are the consequences of pipe breakages.

- 5. The insurance doesn't cover damages arisen in buildings are not in occupiable condition and assets found in these buildings.

§ 5. Strike, inner riots, malicious vandalism, exclusion from work

- 1. Present insurance gives indemnity for those assets which are perished or damaged by
 - a) violent action in direct relation with inner unrest,
 - b) direct malicious vandalism,
 - c) direct action of employees on strike or excluded from work against strike or exclusion from work,or
 - d) lost by looting in direct connection with inner unrest.
- 2. According to the interpretation of the present condition, inner unrest is, if the a large group of the people behave offensively against the rest and order of the public or use violence against persons or assets.
- 3. Directly caused failure or impairment in the insured assets might be considered as malicious vandalism.
- 4. Strike is a methodically performed common stoppage of work with defined objective intent by the involvement of a relatively large number of employees. Exclusion from work is a methodical exclusion from work of a relatively large number of employees with defined objective intent.
The insurance does not cover the relatives of strikers or excluded employees.
- 5. Irrespective of the causing reasons, the following are not insured:
 - a) fire or explosion, unless it is a consequence of inner riots,
 - b) earthquake,
 - c) ordainments by state authority bodies.
- 6. Filed claim for indemnity for damage caused by inner riots, malicious vandalism, strike or exclusion from work is not reversionary, if it is covered by any state coverage.



§ 6. Collision of third party vehicles, smoke, sonic boom

1. According to the present insurance policy, the Insurer gives indemnity for those insured assets which are perished, broken or lost by
 - a) collision of third party vehicle,
 - b) smoke,
 - c) sonic boom.

2. Damages of insured assets by all vehicles run on fixed trail or road or their cargo count as a collision of third party vehicle.

Damages arisen
 - a) in vehicles,
 - b) by wearare not covered.

3. Perish or failure by smoke of the insured asset is qualified as damage of smoke, which is caused by accidentally emergent smoke of fire-, heating-, cooking- or drying appliances.

4. According to present condition sonic boom is when an airplane exceeds the speed of sound and creates a pressure wave.

5. Irrespective of the causing reasons, the followings are not insured:
 - a) fire or explosion,
 - b) earthquake,
 - c) inner riot.

§ 7. Unnamed dangers

1. According to present condition, insurer gives indemnity for all sudden, unexpected, unpredictable damage of insured assets, which are caused by reasons not found under 1. § – 6. §. Those damages are unpredictable which are not foreseen in time by the signatory or its representative, nor can be foreseen with the necessary skill needed for the daily operation of the factory, unless in case of gross negligence.

Distraction or failure is the detrimental change emerging in the state of the insured asset. According to present condition, discovering an originally existing fault or deficiency does not count as distraction or failure.
Disappearing or distraction of insured assets by way of criminal offence counts as an insurance incident, only if there is a separate agreement about it.

That insignificant change due to incidence in assets for personal use, which is not affect the use value, is not an insurance incident; therefore indemnity cannot be paid for them.

2. Irrespective of the causing reasons, the following are not insured:
wear due to normal use;



- a) In present case, consequential damages of other assets or their parts are insured only if they are not excluded. This is related similarly to machine parts at machinery equipment, if otherwise renewal would not have been necessary of the damaged machine part; according to this condition, functional unit (minimum manufacturing group or replacement unit) count as material part.
- b) Damages caused without external impact in machines, machinery equipment and appliances, electronic data processors and storage appliances caused by
 - production faults, such as construction, casting, material, planning, counting or execution faults or
 - operational faults, clumsiness,
 - failure of meters, regulators and safety appliances or
 - during maintenance, alteration, readjustment, repair or installation.

The insurance covers consequential damages in other assets if these damages are not excluded;

- c) Damage in stock due to breakdown or malfunctioning of air conditioning, heating or cooling appliances. The insurance covers consequential damage in other assets, if these types of damage are not excluded.

3. The insurance does not cover damage which:

- a) has arisen in processed or repaired assets during the process or repair. The insurance covers consequential damages in other assets if these damages are not excluded.
- b) has arisen due to pollution (e.g. poisoning, smoke, settlement, dust, spill). The insurance covers consequential damages in other assets if these damages are not excluded.
- c) has arisen due to premature wear, corrosion, erosion, shrinking, scale-crust, mud or other crusts. The insurance covers consequential damage in other assets if these damages are not excluded.
- d) sinking or expansion of buildings and part of the buildings, including the court- or pavement fixations and roads; sinking of ground because of under- or above-ground edifices or exsiccation of subsoil. The insurance covers consequential damages in other assets if these damages are not excluded.

Exclusions of b) – d) are not valid if incidents named above are caused by another covered damage to property at the insured base of operation.

- e) has arisen due to data deletion or alteration because of all kind of magnetic impact but without the simultaneous destruction or damage of data carrier;
- f) has arisen due to weather impact in outdoor, movable assets or assets found in open buildings. The insurance covers consequential damages in other assets if these damages are not excluded.
- g) has arisen due to inner deterioration or the natural state of goods, and such normal air humidity or usual fluctuation of temperature, and normal temperature impacts which can be calculated because of the seasons and local circumstances;
- h) has arisen due to flood or tsunami.
- i) has arisen due to inner unrest, strike or exclusion of work if those are based on authoritative civil law. In these cases the damage claim is related to those parts of damages, which are exceed the dispensable part based on authoritative civil law;
- j) has arisen in alive animals and plants, micro organisms, vehicles;
- k) has arisen in fulfilment of building and repairing, until their conveyance or during trial operation;
- l) has arisen in water, soil and ground, spoil-areas, off-shore appliances, and appliances that can be related to nuclear fissile material.



4. If there is other insurance coverage that is valid for the insured assets, then the insurance coverage of present contract is void.

§ 8. Not insured dangers and damages

1. Supplementary to the not insured dangers and damages based on 1. § – 7. §, irrespective of the causing reasons, those damages are not insured which are caused by
 - a) war, invasion, civil war, revolution or other war-like events and ordainments issued by state authority bodies;
 - b) nuclear energy; this doesn't concern those damages, which have arisen due to other incidents covered by present insurance at the insured property by operationally existing or used radioactive isotope (except fission reactor) especially damages due to combination or activation. Extra expenses which are necessary to cleaning, conveying and isolating the radioactively contaminated assets are insured according to 10. § point 3, if parties separately agreed in the contract of insurance, and if these actions are prescribed by the authoritative legal ordainments;
 - c) malice or severe negligence of signatory or its representative. If malicious mischief is stated by final sentence, then present clause is applicable without any further investigation.

§ 9. Insured assets

1. According to present condition, assets are marked in the contract of insurance are insured according to contract's item explanation.

Exclusions under 1-8 § remain valid in unchanged form and content.

If signatory adds to an item an asset which not belong there, then at the signatory's request, they will be compensated by the item they considered. This does not apply to assets which are specifically excluded from the insurance coverage. The value of insurance adjusts to the item, which belongs to the asset according to the item explanation.

2. According to the ordainments of present condition, those movable assets can be insured, in which case the signatory
 - a) is the owner,
 - b) acquires the reservation of property or
 - c) assigned as a security and the person acquired the reservation of property is not entitled to claim of indemnity.
3. Beyond point 2., those foreign owned assets are insurable, which are taken care of by the signatory and are based on the contract's condition between the asset's owner and the signatory, the signatory bears the exposure to risk.
4. In case of a concluded insurance according to points 2. b) – c) and 3 the contract is addressed to the credit of the owner and the signatory. But in case of point 3., in all cases the amount of indemnity is given to the owner, unless owner and signatory agreed differently.
5. In case of the employees' personal belongings are covered by a separate agreement, then only those damages are covered, which have arisen in assets used during the daily work or were at the site of coverage because of the expressed request of the employer. Securities and motor vehicles are not insured.
6. Not covered:
 - a) water, soil, ground;

- b) dumps, depots;
- c) off-shore appliances, including other assets found there
- d) appliances for using and producing nuclear energy and the assets found there.

§ 10. Insured expenses

1. Expenses spent on prevention and reduction of damage

- a) those expenditures, even if they are unsuccessful, which are spent on the prevention and reduction of damage by the signatory, are recompensated by the insurer. These expenditures and the insured assets' amount of indemnity together cannot exceed the amount of insurance or the stated maximal indemnity. This statement is not valid if the appropriate steps for reduction and prevention of damages are taken by the insurer's marked request and based on its guidance. If underinsurance is stated, then the above expenditures will be compensated in the same proportion as the damage, irrespectively to the insurer's decrees.
- b) Help and ministratation given by the fire-service, or other official, helping organisation, acting for public interest are not compensable by the insurer.

2. Expenses of exploration of damage

- a) Insurer compensates the expenses of exploration of damages for the burden of payable damage to the signatory in such extent, which expenditures were made necessary by the circumstances.
- b) Insurer is not liable to compensate those expenses of signatory, which have arisen due to involvement of expert or advisor, except if signatory was bound to avail them, based on present contract of insurance.
- c) In case of underinsurance, insurer compensates these expenditures only up to the same proportion than the damage.

3. If there is a separate agreement, the insurer compensates the below expenditures necessary due to insurance incidence

- a) Expenses of fire extinguishing
Expenses of fire extinguishing are those expenditures, which have to be paid by the signatory for extinguish the fire; these include those fair and equitable remunerations given to their own or foreign firemen who were actually availed for surmounting the fire.
- b) Expenses of cleaning and demolishing
Expenses of cleaning and breaking-down are the expenditures of cleaning up the site of incident, including demolishing the remained parts, transporting the rubbish and other remains for further storage or destruction to the nearest dump;
At those insurance incidences which have arisen due to damage caused by natural disasters according to 3 §, and found outside of the site of coverage stated in the contract of insurance, insurer only compensates these additional charges if these damages arisen in the insured assets were included in the contract of insurance.
- c) Expenses of cleaning, breaking-down, conveying and isolating of radioactively contaminated assets
Expenditures for the expenses of cleaning, breaking-down, conveying and isolating radioactively contaminated materials based on lawfully mandatory provisions; point 3 b), paragraph 2 is valid in present case with unchanged content;
- d) Moving and protective expenses



The moving and protective expenses are such expenditures, which have arisen by moving, changing or protecting assets for reconstructing or purchasing other assets (moving and protective expenses); especially machines installation and uninstallation, pounding, breaking-down or rebuilding of building's parts, or widening apertures;

e) Expenses of data storages' repair

These expenses are the necessary expenditures for repairing files, plans, books, filers, drawings, punch cards, magnetic tapes, magnetic discs and other data storages, including the new value of the data storages devices [→ § 12 Nr. 1 a)]; the losses or changes of stored information is compensated by the insurer only if these items of data were stored on a data storage in which the covered damage to property arose.

If the repair is not necessary or it is not done within 3 years of the insurance incidence, then the insurer pays indemnity only up to the value of the accounted material according to 12 § point 5.

4. Additional expenses of price increase

a) If contracting parties agreed, the insurer recompenses the necessary additional expenses arisen between the occurrence of insurance incidence and the time of reconstructing or purchasing.

b) If the signatory does not act forthwith about the reconstructing or purchasing, then the insurer covers the additional expenses only to the extent it would have been arisen in case of forthwith reconstruction or purchase.

c) Additional expenses due to shortage of capital are not coverable.

5. Additional expenses due to official reconstruction limitations

a) If parties agreed, distinctively from 19 § 1 point, the insurer covers the necessary additional expenses of insured and damages assets due to official reconstruction limitations. If official mandates are concluded with deadline before the insurance incidence occurs, then the arisen additional expenses due to this are not covered.

According to the 1. paragraph, additional expenses are also those expenditures, which are arisen if the remains of insured and damaged assets are not reusable due to official reconstruction limitations.

b) If the reconstruction of the insured and damaged assets is possible only at a different place based on official reconstruction limitations, then the additional expenses are covered only to the extent it would have been necessary to reconstruct at the original place.

c) If the claim of indemnity emerges against to third party, then the signatory obliges itself to cede the fortuitous excess to the insurer.

6. Additional expenses due to technological development

a) If there is a separate agreement, the insurer recompense the additional expenses of reconstructing or purchasing of insured and damages assets, if the reconstructing or purchasing of a same type and quality asset was not possible or advisable due to technological development. In this case that amount is essential, which were expended to purchase of such asset, which is similar to the damaged asset's type and quality.

b) Under this point those additional expenses are not insurable which are caused by official reconstruction limitation.

7. Expenses of experts

If parties agreed separately and the size of the covered damage exceeds an agreed amount, insurer recompenses the expert procedure's payable expenses for the insured, according to the ordainments of the 23 §, up to a defined indemnity limit.

8. Expenses of soil's recovery



- a) If parties agreed, then insurer recompenses those necessary expenses which have to be spent for the following, according to official ordinances for an insurance incidence due to radiation:
 - examine and if necessary decontaminate from radioactivity or change the soil of the owned, rented or leased insured base of operation, in the territory of the Hungarian Republic;
 - excavate the contaminated soil, transport it to a designated place, store or destroy it there;
 - restore the state of the insured base of operation to the state before the insurance incidence.
- b) Expenditures according to a) point are covered only if the authoritative ordinances are refer to
 - such contaminations, which are proven consequences of an insurance incidence and caused by insured assets, and
 - appeared within nine months from the insurance incidence and were reported to the insurer within three months after got knowledge of it, irrespectively to the time of recourse.
- c) Emerging expenditures, based on other authoritative ordinances or other burdens of the signatory (including the so-called subcontracting guarantee), are not covered.
- d) According to present condition, insurer does not give indemnity, if signatory is entitled to indemnity based on another contract of insurance.
- e) The amount of indemnity cannot exceed the maximum limit of indemnity stated in the contract.
- f) Expenses according to 8 a) point are not qualified as cleaning expenses according to 3 b) point.

9. Traffic safety measures

If parties agreed, then the insurer gives indemnity for those necessary expenditures, which are paid for preventing to the emerged danger at or outside of the site of insurance due to insurance incidence, if the signatory is obliged to do them according to the legal regulations.

§ 11. Site of coverage

1. Insurance security is valid exclusively at the site of coverage, unless there is a differing agreement under 2.) – 4.) points or in the contract of insurance.
2. Site of coverage:
 - a) The site of coverage is the insured real estate marked in the contract, including
 - storages, connected tracks and street water connections next to this real estate;
 - parking lots, which are available for signatory, and appropriately marked.
 - b) Signatory's other industrial real estate within Europe, which is not marked in present contract considers also as a site of coverage. But the indemnity for the insured incidence is limited to the indemnity agreed in the contract of insurance.
 - c) The personal belongings of the factory worker's relatives are not insured in their homes.
 - d) Cash, document and other security, precious metals, jewellery, pearls, precious stones and other valuables, unless they function as a decoration, are insured only if stored, outside of working hours, in closed, defined mode by the contract of insurance. According to present condition, the break time counts as a working hour.
 - e) Those assets, which are moved away from the site of coverage before a supervened or directly before the supervening of insurance incidence, and they are perished in connection with these process in space and time, are covered by insurance.

3. Insurance outside of the site of coverage



If parties agreed, those movable assets which are found outside of the site of coverage, but within Europe, insurance coverage can be gained, up to the agreed limit of indemnity (dependent outer insurance), or the amount of insurance (independent outer insurance).

4. Addendum to 2 b) and 3. points:

- a) If parties did not agree differently, the ordainments of 2 b) and 3 points are not valid in case of
 - 3 § insurance of damage caused by Act of God,
 - damages cause by inner riots, malicious vandalism, strike or exclusion from work according to 5 §
 - damages caused by additional, not named dangers, according to 7 §
- b) If the amount of insurance is not enough, then the ordainments of underinsurance must be apply, according to 19 §

§ 12. Insurance value

1. Insuring in new value

If the assets are insured in new value, then this value is equal to the insurance value.

- a) new value;
The new value of buildings are the usual reconstruction value, including all additional expenses of planning and building; in case of other assets new value is that expense, which needs for the restitution of the asset to its original state
- b) amortised value is if the value of the asset is lower, then the 40% of the new value; the amortised value is calculable from the new value of the asset, like a value specific to wear is being deducted from the new value of the asset;
- c) general value is if the asset is not applied any more at the signatory's factory; general value is the assts or used materials obtainable selling price

2. Insuring in amortised value

If assets are insured in amortised value, then the followings are valid:

The insurance value is amortised value according to the given conditions at 1 b) point or general value according to the given conditions at 1 c) point.

3. Insurance value of stocks

- a) The insurance value of the below assets is that amount which are used for purchasing or manufacturing similar type and quality products, like the asset were damaged, broken-down or loss:
 - products manufactured by the signatory, even if they are not ready a
 - products, which are traded by the signatory,
 - raw materials or primary products,
- b) Selling price as an insurance value

The following ordainments are valid, if the insurance value is the selling price based on a separate agreement included into the contract of insurance:

- In case of products are produced fully or partly by the signatory, which are ready to delivery, but not sold yet, the insurance value is the obtainable selling price, deducted the saved delivery expenses from it; Those increased prices, which might be achieved by special relationship between companies, cannot be compensated. For non-marketable products and newly introduced items the insurance value should be calculated by a).



– In case of products are produced by the signatory, ready to delivery and sold, but not delivered yet to the buyer (if the buyer didn't refuse the receipt), the insurance value is the agreed selling price, deducted the saved delivery expenses from it.

If cannot prove for a certain batch where and how it was stored at the emergence of damage, then the damage divides in the same proportion for the sold and unsold items of this batch, as the whole value of the batch is dividing between the sold and unsold items.

If despite of the emergence of damage, signatory delivers to its customers at the agreed price of the sales contract, then the insurance value is the expense of the remanufacturing or the market price, in case of sale on the open market. Both are calculated at the time of the insurance incidence, but at least the minimum selling price according to the 1. chapter.

The definitely call-for-delivery ordered, ready to deliver products are equal to the already sold goods.

– The insurance value of the already sold commercial goods is the agreed selling price, deducted the saved delivery expenses, if the signatory proves that it cannot fulfil its contractual commitments in the same quality, not from its undamaged stocks, nor from buying up similar, but same quality products, provided that buyer didn't refuse the receipt of goods.

If despite of the emergence of damage, signatory delivers to buyer according to the sales contract, then the insurance value of the given commercial goods is the average market value of the open market. If there is no such market value, then signatory is entitled to the replacement's expenses of the given insured asset. Both are calculable at the time of insurance incidence, but cannot be less than the selling price according to the 1. chapter.

– can be considered as ready to delivery, if the manufacturing is completed. There is no need for packaging and assembling of articles on hand.

4. Insurance value of securities

The insurance value of securities

- a) valid middle price at the last market day of listing of securities, on stock exchange registered and operating in Hungary;
- b) amount of due in the deposit book at on demand saving passbooks;
- c) expenses of the publication procedure of notice at registered saving passbooks;
- d) market price at other securities.

5. Insurance value of samples, prototypes and exhibition items, moreover of manufacturing appliances which are cannot be used for current producing. Unless parties agreed differently, insurance value is the amortised value according to 1 b) point, or the general value according to 1 c) point, according to the given conditions.

§ 13. Circumstances of risk at the proposal, increase of risk

1. Insurer acknowledges that it was informed of all such circumstances, which were given at the time of proposal and could be influenced the risk taking. This does not refer to the concealed circumstances.

In general the HCC 540 § is valid.

The 1. and 2. chapter is valid for the time of risk assessment and all newly including risk to the contract of insurance.

2. Increase of risk

a) The increase of risk must be report to the insurer in all case. The insurer raise a claim for the rate increase valid from the day of increase of risk.

The inclusion of new line of business is not qualified as increase of risk, if it's the part of the manufacturing plant found at the insured property. All necessary subsidiary-, accessory- and experimental factory belongs to the plant.

- b) The increase of risk must be reported by the signatory when it got knowledge of it.
The insurer's obligation to compensate remains even if signatory violates the burden of reporting changes, unless it's done with intentionally or with gross negligence.
The insured obliged to ensure that the factory workers report forthwith the necessities of insurance cases to the authorised persons.
The ordainments of underinsurance are valid unchanged.
- c) The increased risk circumstances can be balanced with the signatory's actions, especially if they are negotiated with the insurer.
- d) In other cases the HCC 540 and 541 § are valid.

§ 14. Safety regulations

- 1. The insured obliged to
 - a) comply with all legal, official and agreed in the contract of insurance safety regulations;
 - b) ensure the faultless condition and eliminate forthwith the emerged faults and deficiencies of the insured assets, especially the safety appliances, drainage equipments and appliances, roofs and insured assets placed outside of building;
 - c) attend the usual data safety and comply with the maintenance and operating regulations/instructions of the manufacturer of data storages and back up devices;
- 2. Those deviations from the safety regulations, which are approved in writing by the industrial inspectorate or other professional association, are not influencing the obligation to compensate of the insurer. Temporary deviations from the safety and factory regulations at the insured property for building-, reconstructing- and repairing works are possible, if extra care is taken for executing the necessary technical changes and the concerning safety regulations are not violated. Those deviations, which exceed 6 months, cannot be considered temporary.
- 3. For those buildings and halls, which are only for residential, office or community purposes, the stated safety regulations are not applicable; the same is concerning to the rented and risks covered by outer insurance, if the insured has no influence for the compliance of safety regulations.
- 4. If signatory violates the burdens according to 1. point, then the insurer is entitled to cancel the contract of insurance according to HCC 540 and 541 §, or to escape liability. This is valid also, if the violation of burden leads to increase of risk. The insurer's cancellation is effective after a month of its arrival. The insurer escapes liability, if the infringement of burden is committed intentionally or with gross negligence. The insured is not liable for the violation of legal, official and agreed in the contract of insurance safety regulations, if that was done or started without its- and its legal deputy's or representative's knowledge.

§ 15. Insurance fee; beginning of the insurance coverage; duration of contract; end of contractual relation due to cancellation

- 1. Insurance fee
 - a) If parties didn't agreed separately, the fees in the insurance policy are yearly fees, and it is payable always in advance, together with the current insurance tax and fire safety contribution. If there is a hire-purchase agreement between parties about the insurance fee, then the missing instalment must be paid till the date stated in the contract of insurance.

The delayed instalment of the current insurance year can be immediately matured, if the insured delays partly or wholly with an instalment. In the latter case, the instalment payment might be cancelled for the future insurance periods.

- b) The first fee according to the contract of insurance is matured, if the insured receives the certificate of insurance coverage (or policy) and the demand or request for payment, and the possibility of refusal is terminates which could be referenced to. If there is a hire-purchase agreement, then only the first instalment is considered as first fee.
- c) All other payments following the first fee are continuous fee. This refers also to the fees due to modification of contract. Assuming the hire-purchase agreement, the insurance fee is payable at the first day of the month which starts the new insurance year.
- d) The relevant paragraphs refer to the delayed payment.

2. Beginning of the insurance coverage

The insurance takes effect at the following day of the first fee is transferred to the insurer's account, and if the fee is agreed to be paid delayed or the insurer enforces its claim for the fee. If the signatory is aware of an already occurred insurance incidence at the time of proposal, then the insurer's risk-taking does not cover it.

3. Duration of contact, extension of contract

The contract is concluded to the duration stated in the contract of insurance. The contract of insurance concluded for at least a year, extends always with a year, if it's not been cancelled in writing before latest a month it's termination. If the agreed time is shorter than a year, then the contract terminates without cancellation, at the date agreed in the contract of insurance, unless parties agreed differently.

4. End of contractual relation due to cancellation

If the contract of insurance terminates due to the insurer's cancellation, after an insurance incidence, or there is a succession, or if the insurance relation was discontinued retroactively after its starting, or that is void since the beginning, then the insurer is entitled to the fee included in HCC. The fees are calculated by "pro rata temporis" principle, if the insurance relationship terminates prematurely, or if the insurance fees, rate of charges are changed.

§ 16. Multiple insurance; overinsurance; double insurance

- 1. If signatory effects additional insurance for the insured assets, for one of the same risks (multiple insurance), then insurer must be informed forthwith in writing of the other insurances and amount of insurances, latest following the insurance incidence.
If signatory violates its burden according to 1. chapter, then the insurer escapes from obligation to compensate. The insurer does not escape from obligation to compensate, if signatory did not act intentionally or with gross negligence, and if the insurer got knowledge of the other insurance before the insurance incidence.
- 2. If the contract of insurance contains deductible and the given assets have more insurance, then the claimed indemnity from more contracts of insurance cannot exceed the size of damage, deducted from it the deductible.
- 3. If the signatory or insured claims indemnity for the same damage from another contract of insurance, then the live claims from the existing contract reduced as the indemnity amount from all contract cannot be bigger than the sum of the amounts of insurance, which were the base for calculating the fee, if it would have been calculated only in the existing contract.
- 4. If the amount of insurance is reduced due to overinsurance or double insurance, then from that date the insurer can claim the fee from the signatory, which would have been given if the contract was concluded with the reduced amount of insurance.



§ 17. Signatory, Insured

1. If the signatory and the insured is not the same person according to the contract of insurance, then the signatory, even if does not possess the contract of insurance, might ordain the rights of insured, without its consent. The signatory is entitled to accept the indemnity or assert of the right of the insured without its consent, even if does not possess the contract of insurance. But before paying the indemnity, the insurer might request to the evidence of the insured's consent.
2. The insured cannot ordain its own rights, even if possess the contract of insurance. Insured might claim indemnity only with the consent of signatory.
3. The signatory's burden of reporting changes refers also to the insured, unless if signatory insured given assets without the insured's knowledge.

§ 18. Insurance amount

1. Pre-care insurance for the equalisation of underinsurance

The pre-care insurance amount included in the contract of insurance, is divided in case of damage for those item's insurance amounts, which are relevant according to the contract and are underinsured, or where the insurance amount is not sufficient due to the expenditures for avoiding or reducing the damage. In case of damage, this partition might change according to the insurer's interest.

2. Payment of the insurance amount

If the insurance amounts of each item exceed their insurance value, then the excess amounts are divided among those items, which are still underinsured after the partition of the pre-care insurance amount, and their rate of charges are equal.

The standard at the division is, that the insurance value of each items should reach at least the insurance amount.

Exceptions from this insurance amount are:

- a) stocks, if they are covered with maturity insurance;
 - b) pre-care amounts for stock increase;
 - c) first risk amounts.
3. Value pursuance of the insurance amount of buildings and factory appliances (in case of separate agreement)

At the time of the yearly fee's maturity, the insurance amount of the insured buildings and factory appliances increase or decrease by the percentage ratio which corresponds the changes of the building or purchasing costs, since the latest indexation. The insurance fee increases or decreases in the same measure.

In case of those items, where the contract of insurance contains the agreement of value pursuance, the following statements are valid:

- a) The new insurance amounts will be stated based on the stated insurance amounts of the basic year and the emerged price increases at the passed period (insurance year).
- b) At the beginning of all insurance year, the signatory checks the insurance amounts and their value pursuance of the assets included in the contract of insurance. If at the first three months of the insurance year, the insurer proposes actualisation of the insurance amount, then these modifications are valid retrospectively till the accounting day.
Till the commission according to the a) point arrives, the followings are valid as addendum:
The insurance amounts found in the contract of insurance will be indexed by the relevant inflation rate, published by the Central Statistic Office.

- c) If the sum of the principals and the value increases was sufficient at the beginning of the insurance year, the upper limit of the insurer's indemnity is the twice of the sum of the principal and the value increase.
If the indexation hasn't or not satisfactory happened, then the insurer covers only till amounts stated at the latest proper indexation.
The agreements of the underinsurance examination are valid unchanged.

4. Pre-care insurance for stock increase

In case of those assets, where is a separate item agreed by the pre-care of the stock change, the following ordainments are valid:

- a) Those stock changes of current insurance year, which are not brought to the insurance amount by modification of the contract during the year, are belongs to a separate pre-care item.
- b) The insurances amounts of the agreed items for buildings and appliances increase by the beginning of the following insurance year, always without separate proposal, temporarily with the sufficient amount of the pre-care insurance amount. The changes must be followed by the final insurance amount as soon as possible.
- c) In case of buildings and appliances, the index of the purchasing year is the standard for the recalculation of the transferable pre-care amount to the value of the stated basic year (principal).
- d) The extent of the pre-care amount does not change by the yearly insurance renewal, if the signatory does not ask for it.
- e) The last year's final amount of pre-care will be calculated afterwards.

5. Maturity insurance of stocks

If parties agreed about a maturity insurance of the insured stocks, then the following ordainments are valid:

- a) Indemnity limits are the stated insurance amounts of the insured stocks.
- b) That insurance value, which is the value of the insured stocks at the insured place at the stated maturity day (maturity value) after registration must be reported after the maturity day (maturity amount) within sixty days or within other deadline written in the contract.
Till the due maturity report is not done, the latest reported maturity amount is valid for this maturity day also.
- c) The signatory must correct forthwith the wrongly given report due to fault of writing, calculating or mishearing. If meanwhile insurance incidence occurs, then the error must be proven.
- d) If the latest, before the insurance incidence, reported maturity amount is lower, than the maturity value for which the maturity amount is reported or valid as reported according to 2 chapter b) point, then the damage will be compensated to the extent, as the percentage of the reported maturity amount to the maturity value.
- e) The maturity value must be fully reported, even if it exceeds the insurance amount. The report is valid, if at the same time of the notification, the signatory propose the increase of the insurance amount. The proposal binds the insurer for two weeks. If the insurer does not refuse it, within the deadline, than it's considered as accepted.
- f) If in case of e) signatory declares, that does not claim the higher increase amount, or by that time the insurer refuse the proposal, then at the insurance incidence till the next maturity report, only that amount is compensated by the insurer, which proportionally the same to the whole damage, than the proportion of the insurance amount to the maturity value.
If the insurer refuses the signatory's proposal, then the signatory might cancel the contract within a month, after got knowledge of the refusal.

- g) The d) and f) points and the underinsurance ordainments must be neglected at the 19 § 3 point. The waiving of the underinsurance investigation is valid unchanged according to the 19 § 3 point.
- h) The half of the fee, calculated from the insurance amount refer to the whole insurance year, must be paid in advance. The final fee must be calculated from the average of the maturity amount reported till the end of the insurance year, if in case of e) the signatory declares that does not claim the higher insurance amount, or the insurer refuses this proposal, then the part of the maturity amount, which exceeds the insurance amount, will be neglected

§ 19. Calculation of indemnity; underinsurance

1. Compensated with charging the incidental residual value

- a) in case of total loss
the insurance value of the insured asset [→ § 12], directly before the insurance incidence
- b) in case of partial loss
the necessary expenses at the insurance incidence, which are necessary to the reconstruction, adding the value decrease which fortuitously emerged by the insurance incidence and was not paid off at the reconstruction, but maximum the insurance value directly before the insurance incidence.

Partial loss is, when the reconstruction expenses adding the residual value are not higher, than the insurance value of the insured assets, directly before the insurance incidence.

The insurer's compensable expenses are decreased, if the reconstruction increases the insurance value of the asset.

If parties don't agree differently, then the official reconstruction limitations or other authoritative ordainments are neglected at the clarification of the damage amount.

2. The insurer pays indemnity for expenses or outage damages according to 10 § 3 - 9 points only if there is a separate agreement of it.

3. If the insurance amount is lower, then the insurance value directly before the insurance incidence (underinsurance), then will be compensated only the same percentage of the given amount according to 1. point to the whole damage, that is equal to the percentage of the insurance amount to the insurance value.

If the indemnity is limited only to a certain amount [→ § 20 Nr. 1 b)] in case of the asset insured in one item, then maximum this value is considered at the affected assets at the notification of the insurance value. If underinsurance emerges by the insurance value given such way, then the whole amount of the damage is decreased respectively, then the 20 § 1 b) must be applied.

The insurer waives of the investigation of underinsurance, if the size of the obligation to compensate is smaller than the 3 % of the total amount of insurance, maximum 15.000.000 HUF.

4. The ordainments of the underinsurance [→ Nr. 3] are not valid for the insurance to first risk. The insurance to first risk is concluded, if parties agreed separately in the contract of insurance.

5. If the insurance is concluded to new value [→ § 12 Nr. 1 a)], then the signatory's claim of indemnity for an insurance incidence, which is exceeding the amortised value, can be sustained for three years from its emergence, only if the indemnity is spent on

- a) reconstructing the buildings within the European Union for the same business purpose;
- b) purchasing the damaged, perished or lost movable tangible assets in the same feature and quality; at the destroyed parts of machine appliances it's enough to purchase the new machines or engines for the same business purpose, the replacements can be used from stock;
- c) reconstructing the damaged movable or fixed parts.



6. Signatory is entitled for the part of the indemnity exceeds the general value f[→ § 12 Nr. 1 c)] of samples, demonstrative models, prototypes and exhibition items, moreover of type specific manufacturing appliances which are not necessary for the current producing [→ § 12 Nr. 5)], type specific, if the conditions according to 5 b) or 5 c) points are fulfilled and reconstruction is not necessary.

§ 20. Limits of indemnity; deductible

1. The insurer covers the indemnity at the emergence of insurance incidence up to the maximum of
 - a) stated amount of insurance by items;
 - b) indemnity limit, as these conditions are intended or parties separately agreed. In all cases the lower amount is the conclusive. Those expenditures, which are spent to prevention or reduction of damage are not covered if together with the other indemnities are exceed the maximum indemnity limit, unless they are based on the insurer's guidance.
2. All damage cases, according to 2-5, 7 and 8 §, are considered as one insurance incidence, which are emerged within 72 hours due to the same insured risk.
3. If parties agreed in a yearly maximum indemnity limit, then all insurance incidence, which have started in the previous insurance year come within the yearly maximum indemnity together, so their yearly amount cannot exceed the yearly indemnity limit.
4. If parties agreed in deductible, then the calculated amount of indemnity by the condition, including the compensation of expenditure for each insurance incidence according to 10 § 1, will be reduced by the stated deductible. The stated deductible for each items or for the extension of coverage must be deducted in advance.

§ 21. Obligations of the Insured at time and after the incidence; protection of business secret

1. At the emergence of insurance incidence, the signatory must report it to the insurer.
 - a) the damages must be shown forthwith to the insurer, the disappearance of assets must be also reported to the competent police; the reporting to the insurer can be accounted as prompt, if it's been done within three days.

The mandatory reporting of damage to the insurer counts as in time, if it's been done forthwith after the signatory or its authorised person got knowledge of it. The signatory is obliged to take care of damage's forthwith reporting of the factory's all competent departments to the signatory itself or to an authorised person.
 - b) the list of disappeared assets must be given forthwith to the police;
 - c) the lost or damaged securities or other marketable documents must be reported forthwith to the issuer authority and must take care of the contingent rights, especially at the disappeared saving passbooks. Other distrainable documents must be closed forthwith;
 - d) the insurer, for its request, must be informed of the reason, the estimated size and the circumstances of damage, within the limits of reasonability. All necessary information and data must be acquainted in writing for the request of insurer. At building damages, genuine abstract of title might be requested.
 - e) Changing the sire of damage shall be possible avoid, till the insurer agrees of it. This is not valid where prevention of breakdown is necessary. In this case the work of cleaning and reconstructing must be started forthwith. The signatory's burden of proof damage is valid unchanged.



- f) a list of disappeared, perished or damaged assets, signed by the signatory, must be handed in to the insurer for its request, within a defined deadline, but maximum within two weeks;
 - g) the damage should be possibly avoided, or if it's already emerged, should be reduced, if possible based on the insurer's guidance;
2. If signatory violates one of the listed burdens, then the insurer escapes from indemnity, based on the legal regulations refer to the contract of insurance (relevant parts of HCC). If the disappeared assets are not or not in appropriate time reported, then insurer might escape from the indemnity of these assets.
 3. If the intentional violation of burden has no influence on the statement of insurance incidence, nor the assess of indemnity or extent of it, and if this fact was not enough to influence seriously the interest of insurer, and besides the signatory cannot be charged with serious guilt, then despite of the 2 point, the insurer's obligation to compensate does not terminate.
 4. Persons appointed to assess the amount of damages shall examine the affected assets only from a point of view and to such extent, as unconditionally necessary to consider the incidence.

§ 22. Representatives

1. Representatives of signatory are equal to him/her.
2. The followings qualify as representatives:
 - a) members of board of directors at joint-stock companies
 - b) manager at limited-liability company
 - c) full partners at limited partnerships
 - d) members at unlimited partnerships
 - e) owners of private companies
 - f) official upper level representative bodies according to statutory regulations at other forms of corporations
3. Persons, who are given for longer term the insured assets for exclusive care, based on rent-, lease- or other contract, can only be representatives, if the signatory, as the owner of the asset, transfers its jurisdiction for being represented for a certain extent.
If the signatory conclude a rent- and/or lease contract continuously and in large numbers as part of its profession, then the tenants and beneficiaries cannot represent the signatory.

§ 23. Expert procedures

1. After the insurance incidence, the signatory and the insurer might agree to examine the size of the damage with the help of experts. The expert procedure can be extended to the other actual conditions of the claim of indemnity and the size of the indemnity, based on the agreement. The signatory might request unilaterally the expert procedures against the insurer. .
2. Statements refer to the expert procedures :
 - a) All partners appoint an expert in writing and might request in writing the other party to appoint its expert based on the first expert's appointment. If the second expert has not be appointed within two weeks of the



receipt of the request, then he/she can be appointed for the request of the demander party by the court having jurisdiction at the site of the damage. This consequence must be noted in the request.

- b) Both experts choose a third expert as a chairman. If they don't agree, than the chairman will be appointed by the court having jurisdiction at the site of the damage for the request of one of the parties.
 - c) The insurer cannot appoint an expert, who is the competitor of the signatory, or who is in business relation with it, moreover such person, who is employed by the competitor or business partner, or being in a similar contractual relationship with them. This is valid obviously also for the appointment of the chairman.
3. The statement of the experts must contain:
- a) a note of a perished, damaged, or disappeared assets, and their value of insurance by the time of the insurance incidence; in the cases of the 19 § 5 point the amortised value, in the cases of the 19 § 6 point the general value must be given;
 - b) the amounts according to 19 § 1b) point for the broken or damaged assets
 - c) all other essential facts according to 19 § 1 point, especially considered the residual values of the assets affected in damage;
 - d) the arisen expenses which are insured according to the 10 §;
 - e) dates of the damage's reasons.
4. The experts file their statement simultaneously to both parties. If the statements are differing from each other, then the Insurer forthwith hand over that to the chairman. The chairman makes decision in disputed questions within the limits of the experts' statements and files his/her statement simultaneously to both parties.
5. The expenses of the experts are paid by both parties respectively. The chairman's expenses are divided into fifty-fifty.
6. The statements of the experts or the chairman are mandatory, if it's not proven to be significantly different from the obvious actual circumstances. Based on this mandatory statement, the insurer makes its decision according to the 19, 20 §.
7. The expert procedure does not affect the burden of signatory according to 21 § 1 point.

§ 24. Indemnity, assignment, cession, found assets

- 1. If insurer's burden of performance is stated, then the payment of indemnity will be processed within two weeks. After two weeks of application for indemnity, disbursement of advance payment of damage can be requested, which is cannot be refused by the insurer if the theory of case is cleared
- 2. The deadline of disbursement might be modified, if the indemnity cannot be stated or paid due to the signatory's indebtedness.
- 3. At the payment of the indemnity part beyond the amortised value, that time is prevalent when signatory proves the emergence of conditions to the insurer, according to 19 § 5 point. The 1. chapter is valid to the assets named in 19 § 6 point, if the indemnity exceeds the general value. The same is valid based on a separate agreement, if a part of the indemnity depends on such conditions, which are arisen only after the insurance incidence. According to 1. and 2. chapters, interest is due only, if the given indemnity conditions are stated there.
- 4. The insurer can modify the date of disbursement
 - a) if and till there are doubts about the signatory's right of reception;

- b) if an authoritative or criminal procedure initiated against signatory or its representative due to the insurance incidence, which is legally substantial to the claim of indemnity, till the procedure become final.
The insurer cannot practice its right to postpone disbursement, exclusively if the authoritative or criminal procedure tends against the signatory itself, its legal agent or representative. if authorized or legal proceedings have been initiated against insured and their representative due to insured event, which is legally binding from the point of view of indemnity until proceedings become legally binding.
Insurer cannot exercise its right of delayed payment if authorized or legal proceedings are not explicitly directed against insured or their representative.
 - c) if the legal regulations refer to the security of real-credit (given credit secured by property) remain unchanged;
 - d) Claim of indemnity can be ceded before the maturity only with the assent of insurer. This assent must be given if insured request it because of important reason.
5. If the lost assets are found meanwhile, insured must forthwith notify the insurer in writing.

§ 25. Default of obligation to pay compensation; deadline of action

- 1. If the signatory tries to maliciously mislead the insurer about a fact influencing the reason or size of the damage, then insurer gets immunity from burden of indemnity.

If final sentence is stated due to malicious mislead or attempt of mislead according to 1 paragraph, then the conditions of 1 paragraph are deemed to verified.
- 2. Insurer gets immunity from burden of indemnity, if the claim of indemnity is not validated within six month by a litigious way, after the insurer refused it in writing with filing the legal consequence connected to the expiration of deadline. The expert procedure delays the expiration of deadline [→ § 23].

§ 26. Claim for indemnity against third party

- 1. The burden of indemnity does not change, if the signatory withdraws or puts aside in advance its claim of indemnity against third party or the right providing the claim. This does not refer to a case, when third party or its representative caused the damage intentionally or with gross negligence.
- 2. Hence the insurance coverage remains unchanged, if the signatory puts aside the claim of indemnity within the usual limits, before the insurance incidence occurs.
- 3. If signatory sets up a claim for indemnity to third party, and this claim vests to insurer, then insurer can validate this claim only with the written agreement of signatory, except if the damage was caused by intentional or gross negligence of third party or its representative.

§ 27. Legal relation after the insurance incidence

- 1. The insurance amounts don't decrease due to occurrence of indemnity.
- 2. After the occurrence of insurance incidence, the insurer or the signatory might cancel the contract of insurance. The cancellation must be done in writing and must be arrive to the insurer within a month after the payment of indemnity. If the damage is refused for a reason which is not influenced the insurance incidence, which is equal to payment.

The cancellation is authoritative in 3 months after its arrival. The signatory might define whether its cancellation becomes authoritative immediately or at a later date (latest by the end of the actual insurance year).



§ 28. Documentation; refusal of cancellation; announcements

Announcements and declarations must be done in writing in all cases. This does not refer to notice of loss according to 21 § 1 a) point.

If the insured factory has an insurance of standstill at the HDI, then the signatory's announcements are valid also for the insurance of standstill at all cases.

§ 29. Certificate of agent's authority

The representative of insurer can only be authorised to receipt the signatory's announcements and declarations, if he/she transmitted and continuously handling the contract of insurance.

§ 30. Co-insurance

1. At those insurances, which are subscribed by more insurers, insurers are accountable only for their own proportion and not as a joint debtor.
2. The leading insurer is entitled to receipt the signatory's announcements and legal declarations on behalf and for all insurers.
3. If the base of contract is equivalent for the participant insurers, then they agree the followings:
 - a) The signatory can only validate the litigation comes from present contract against the leading insurer and only for that's proportion.
 - b) The participant insurers acknowledge mandatory the final order against the leading insurer, and the concluded agreement with the signatory after pendency of action.
 - c) If the proportion of the leading insurer does not reach the amount of appeal or recourse, then the signatory is entitled to extend the claim to another or if necessary more insurers for the request of the leading- or another participant insurer, till it reaches the necessary amount. If signatory does not comply the request, then the 3. is not valid.

§ 31. Applied law; jurisdiction

1. The statutory regulations are authoritative, if parties did not agree differently in the conditions of insurance.
2. The Hungarian law is exclusively authoritative for all part of the contract, and for all questions concerning of its conception, effectiveness and interpretation. This concerning also foreign risks.
3. Exclusively the Hungarian law is competent. Competent could be the headquarters of the signatory, if it's found within the territory of the Hungarian Republic.
