



General terms of business interruption insurance

Until an insurance is extended to one or several risks (paragraphs 1-8.§, chapter B), all ordinances affecting this risk ceases to exist.

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Chapter A General ordinances

1. § Subject of the insurance

If the continuous operation of insured is interrupted by property damage [→ 2 §], the insurer pays indemnity for the damage suffered due to keletkezett üzemszünet on the following conditions. [→ 4 §].

2. § Property damage

1. Property damage is disturbance, fault or disappearance of property regularly used in the plant of the insured within the scope of the insurance as described in business interruption insurance in Chapter B paragraphs 1-8 [→ 3].
2. If parties agreed then the disturbance or fault of insured property described in Chapter B paragraphs 1-8 can be considered property damage which the transporter caused in the plant of the insured with whom they are in a professional relationship with.
3. Business interruption insurance on the other hand extends to dangers or danger groups according to Chapter B which have previously been agreed on.
4. A property required for standard operations can be considered temporarily out of order according to point 1, and – in case of fire insurance according to Chapter B paragraph 1 point 1 – newly added but not yet installed property, while it is being constructed. According to the ordinances in paragraph 4 business interruption damage caused by lengthy use or interrupted acceptance of some kind, these machines are liable to be indemnified.
Something outside the risk-taking area but required for standard operations can only be considered property if it belongs to the contractor, acquired by contractor maintaining its ownership rights or assigned as collateral, or which they hired/rented, leased or borrowed.
5. The insurer only provides indemnity if the time of the occurrence of the property damage is within the validity of the insurance contract and business interruption occurs within the cover period [→ 6 §]. If the occurrence of the property damage cannot be established objectively, then the time of the occurrence of the property damage must be considered when the property damage was earliest recognizable for insurer according to the known rules of technology, but not later than the commencement of the damage caused by business interruption.

3. § Territorial validity

1. Property damage must take place on the area of risk taking (plant) [→ 2 §], if not stated otherwise in points 2 – 4 or the insurance contract.
2. Area of risk taking
 - a) Risk taking area is the insured real estate entered into the insurance contract, including storage facilities to be found in direct proximity of the real estate, joining railway tracks and street water outlets; properly indicated parking facilities available to the contractor.
 - b) A real estate plant of the contractor to be found in Europe but not indicated in present contract must also be considered a risk taking area. Indemnity, however, is limited to indemnity specified in the insurance contract per insured event.



- c) Risk taking areas can be other real estates where the properties have been removed because of an already occurred or about to be occur insured event and got damaged, broke down or disappeared in connection with this process in time and space.
3. Insurance outside risk taking area
- a) Insurance coverage is also valid if damage occurred in property which have been transported to somewhere within Europe but outside the risk taking area for repair, restoration, supervision/checking, maintenance or other similar purposes.
- b) If parties agree insurance coverage is also valid if movable/portable properties break down or get damaged outside risk taking area but within Europe up to the amount of indemnity limit previously specified (pending external insurance).
4. Valid for points 2 c) and 3:
- Unless otherwise agreed by parties, ordinances in points 2 c) and 3 are not valid for
- a) insuring against elemi károk as specified in Chapter B, 3 §,
- b) insuring against damages caused by inner unrest, malicious vandalism, strike or exclusion from work as specified in Chapter B 5 §,
- c) insuring against damages caused by unnamed dangers as specified in Chapter B 7 §.

4. § Damages caused by business interruption

1. According to present condition a business interruption damage in the plant the lost plant profit and permanent costs generated during the cover period [6 §], in case this plant profit and permanent costs cannot be generated during the insurance period.
2. Costs are only indemnified if their further expenditure during business interruption is legally necessary and economically founded and if without the occurrence of business interruption they would have been generated. Insurer only considers further expenditure of rental and leasing costs as economically founded if payment to renter and beneficiary actually took place. Further paying of salaries and wages over notice period and appurtenances is only considered economically founded by insurer, if the employees, workers and representatives of the plant need to receive it.
3. Amortisation of buildings, machines and equipment is only compensated if they constitute part of buildings, machines and equipment not affected by property damage.
4. When establishing business interruption damage all circumstances must be considered which could have positively or negatively affected the course operations and its results if business interruption hadn't occurred.
5. Economic advantage arising out of business interruption after business interruption but in insurance period will be accounted for compared to indemnity.
6. Insurer does not indemnify if business interruption damage has considerably increased due to the following:
- a) rebuilding, remanufacturing or limitations at the plant ordained by authorities;
- b) insured does not have enough capital to remanufacture or re-procure the broken down, damaged or disappeared property in time.
7. Increasing of business interruption damage due to rebuilding, remanufacturing or limitations at the plant ordained by authorities.
- a) If parties agree insurance cover exists regardless of point 6 a) if business interruption damage increases considerably due to rebuilding, remanufacturing or plant limitations ordained by authorities.



- b) Those stated in point 7 a) are not valid if ordainment of authorities refer to property in plant which suffered property damage not according to 2 §.
 - c) If restoration of the plant is only feasible in a different place because of limitations ordained by authorities, increase in business interruption damage will be covered only to an extent to which it would have been covered if it had been restored in the original place.
 - d) Insured foregoes the demand of future business interruption damage to be indemnified for insurer if insurer indemnifies the damage caused.
8. Plant profit as stated in point 1 is profit made of manufactured products, turnover of commercial products or services. Profit realized outside the plant, such as profit realized out of capital or real estate transactions is not considered here.
9. The following don't belong to costs stated in point 1
- a) expenditure of raw and supplementary material and related material as well as expenditure of related services, if it is not about plant maintenance expenditure or or minimal and maintenance expenditures of energy procurement;
 - b) value added tax, excise duties and customs;
 - c) postage duties of parcels and export fees, in case based on non countinuous contracted obligations payment must be made regardless of the turnover of the product;
 - d) transport and credit insurance fees depending on turnover; licence fees depending on turnover and inventorship fees depending on turnover;
 - e) expenditures generated outside the actual plant activities for example by capital or real estate transactions.

5. § Insured expenditure

1. Expenditures intended to eliminate or decrease the damage
- a) Insurer must indemnify expenditures the insured makes to eliminate or decrease damage of business interruption in case they decrease the scope of the insurer's liabilities to pay indemnity or if contractor found them necessary in given circumstances
 - b) Expenditures cannot be indemnified if by them insured makes profit above the provided plant profit and costs, especially within temporal deductible or following the expiry of the coverage perido, or if they exceed together with the sum of indemnification the amount of insurance or the maximum agreed indemnity unless they are based on the instructions of the insurer.
 - c) If indemnity is decreased according to 13 § 7.sz., then expenditures can only be indemnified at the same rate as business interruption damage regardless of the decrees of the insurer.
 - d) Insurer does not indemnify the expenditures of the fire brigade or other common interest organizations obliged to give assistance, if carrying out these services are done because of common interest.
2. Expenditures of establishing and identifying damage

Insurer is liable to indemnify costs of establishing and identifying damage that occurred at the expense of contractor at such a level which makes these costs necessary compared to the circumstances.

Costs generated due to involving counsellors or experts are not indemnified unless the contractor was obliged to do so based on the agreement of insurance contract.



In case of establishing underinsurance the statements referring to underinsurances hold true based on present condition.

3. Expert costs

If parties agreed and if damage to be indemnified exceeds the identified sum, insurer indemnifies the established costs of the expenditures of the expert procedures to be borne by insured up to a specifically identified insurance sum or indemnity limit.

4. Other expenditures

If parties agreed insurer indemnifies within the coverage period several aspects of business interruption, such as

- a) extra costs of transfer liabilities (warehousing and transportation costs, interests) and penalties; penalty is not complying with payment liabilities on either the supplier or the commissioner's part before the occurrence of material damage;
- b) supplementary business interruption money and such similar added costs generated because of the material damage and with regard to the contract there is no more storage room available or the transportation vehicles cannot be unloaded;
- c) amortisation of stock and supplementary expenditure generated because due to business interruption insured could not use raw-, supplementary and and plant material and unfinished products properly.

6. § Indemnity period

1. Damage due to business interruption must exist within the indemnity period.
2. Indemnity period commences with the occurrence of material damage. [2 § 5. pont].
3. Indemnity period is 12 months. For salaries, wages and commissions taking the annual sums into consideration a six- or nine-month indemnity period can also be established.
Similarly, a 15, 18, 21 or 24 month indemnity period can also be agreed on with regard to one or several titles. In these cases for every title the two-year sum must be considered.

7. § Insurance value; valuation period

In case of damage with the insurance value plant profit and those costs are crucial which would have been realized in the insured plant without business interruption during the valuation period. Valuation period is a uniform 12 months. If, however, with one or more items the coverage period is established in 24 months then the valuation period is also uniformly 24 months. Valuation period ends when there is no longer business interruption damage but not later than the expiry of coverage period.

8. § Risk circumstances at making the offer, the increasing of risk

1. Insurer acknowledges that all circumstances were known to them that was given at the time of making the offer and could have affected risk taking. This does not apply to undisclosed circumstances.
In general the ordinances of 540 paragraph in the Civil Code are valid.
Those stated in chapters 1 and 2 are valid for the assessment of risk and all types of risk newly admitted to the insurance contract.
2. Increasing of risk



- a) Insurer must always be notified of the increasing of risk. Insurer demands the increment in insurance fee from the day of the increasing of risk.

It is not considered increasing of risk if a new division has been adopted which belongs to the plant to be found on the territory of the insured building. Every necessary auxiliary, side and experimental plant belongs to the manufacturing plant.

- b) Contractor is obliged to announce increasing of risk upon being informed of it..
Liability of insurer exists even if contractor does not fulfill its duty of information provisioning except if the contractor did so deliberately or out of serious negligence.
Contractor is obliged to ensure that those working in the plant inform those competent in insurance issues by making the necessary reports without delay.
Those included in ordinances regarding underinsurances are valid in unchanged form.
- c) Increased risk circumstances can be offset with the measures of the contractor or any other risk decreasing circumstances especially so if these have been checked with the insurer.
- d) In all other matters paragraphs 540 and 541 of the Civil Code are valid.

9. § Security ordinances

1. Insured is liable

- a) to keep to every security ordinance agreed on in every legal, authoritative and security contracts;
- b) to keep property found in plant always in proper condition and immediately eliminate the arisen disturbances, deficiencies and damage;
- c) to carry out the necessary data security ordinances and maintain and operate the data security and data storage devices according to the requirements and instructions of the manufacturer;

2. Deviations from those security ordinances which the industrial supervisory body or other professional organisation approved of in writing do not affect the insurer's indemnity liability.
Temporary deviation from the security and plant ordinances during building-, rebuilding and maintenance work is possible, that the realisation and carrying out of the necessary technical solutions is done with increased care and security ordinances referring to them is not violated. Deviations lasting longer than 6 months cannot be considered as temporary.

3. For those buildings and rooms which only serve dwelling, office or social purposes the established security ordinances needn't be kept; the same applies to rented or risks covered with external insurances as long as contractor has no say in keeping to security ordinances.

4. If contractor violates liabilities as stated in section 1, then insurer is entitled to terminate the contract according to paragraphs 540 or 541 of the Civil Code or even exemption from completion. The same holds true for violation of liabilities leads to increasing of risk. Termination of insurer becomes effective one month from its arrival. Insurer becomes exempt from liabilities if the violation of duties was done deliberately or out of severe negligence.

Contractor is not responsible for violating legal, authoritative and contracted security ordinances, if these were done or commenced with without them or their legal deputy or representatives knowing about them.

10. § Insurance fee, commencement of insurance coverage, duration of the contract, termination of the contract due to resignation

1. Insurance fee



- a) Unless parties agree otherwise, the fee stated in the insurance bond is annual fee and always the ever valid insurance tax is to be paid in advance adding fire protection contribution.
If parties agreed on paying the insurance fee in instalments, then contractor is required to pay the missing sum until the date stated in the insurance contract. Insurer is able to demand the missing instalment immediately for the current year if insured is late with payment of one or several instalments. In the latter case paying in instalments for the remaining duration of the insurance period may cease to exist as well.
- b) According to the insurance contract the first fee is due, if insured receives the insurance cover certificate or bond and the payment reminder or payment certificate and the possibility for rejection ceases to exist which the insurer could refer to. If the parties agreed on paying in instalments, only the first instalment can be considered the first fee.
- c) All payment following the first fee is continuous fee. This applies to the fees arising from modification of the contract. Assuming paying on instalments the insurance fee must be paid on the first day of the month with which the new insurance year commences.
- d) The appropriate paragraphs of the Civil Code refer to late payment of instalments.

2. Commencement of the risk taking of the insurer

The insurance becomes effective following the day when the contractor has transferred the first fee to the account of the insurer or when the parties agreed on delayed payment or insurer claims demand of the fee in court. If it is known to the contractor at the time of making the offer that an insurance event has taken place then the risk taking of the insurer is not extended to it.

3. Duration of the contract, extending the contract

The contract has been made for the duration specified in the insurance contract.

The insurance contract made for one year is always extended with an additional year unless it is terminated not later than one month before its expiry.

If the agreed time is less than one year then the insurance contract without termination ends at the time fixed in the insurance contract, unless parties have agreed otherwise.

4. Terminating the contract with notice

If the insurance contract after the occurrence of an insured event is terminated with notice on the part of the insurer or with a change of ownership as a legal successor, or if the insurance was paused right after commencement post effectively, or it is invalid from commencement, then the insurer is entitled the insurance fee according to the Civil Code.

With a premature termination of the insurance contract, with the change of fees or fees by title the fee is settled based on the pro rata temporis principle.

11. § Multiple insurance, overinsurance, double insurance

1. If the insured makes an insurance for the insured property for one of the same risks (multiple insurance), then they are liable to immediately inform the insurer of the other insurers and the insurance amounts not later than following the insurance event.

If insured violates their liability according to paragraph 1, the insurer becomes exempt. The insurer does not become exempt if the violation of the liability is based on neither deliberation nor severe negligence, or if the insurer was informed or got information of the other insurer before the insurance event.

2. In case the insurance contract includes deductible and if there is multiple insurances on the insured property, then no more can be demanded from multiple contracts as indemnity than the total volume of the damage, deductible deduced.



3. If the contractor or the insured demands indemnity from another insurance contract for the same damage, then the demand from the existing contract is decreased in a way, that the amount of indemnity from all contracts cannot be higher, than the amount of the insurance amounts, based on which the fees are calculated had only been stated in the existing contract.
4. If the amount of insurance is decreased due to overinsurance or multiple insurance, then from that time on insurer can demand insured the fee it would have provided if the contract had been made with the decreased insurance amount.

12. § Contractor, insured

1. If according to the contract the contractor and the insured are not the same entity, then the contractor even if they are not in possession of the insurance contract, can dispose of the rights of the insured in its own name without the latter's consent. The contractor is entitled to accept indemnity or exercise rights of the insured without the consent of the latter, even if they are not in possession of the insurance contract. However insurer prior to paying indemnity can ask for proof of insured having approved of it.
2. Insured cannot exercise its own rights, even if they are in possession of the insurance contract. They can only demand indemnation with the consent of the contractor.
3. The contractor's liability of reporting changes to the insurer also applies to the insured, except when the contractor made an insurance for the insured property without the knowledge of the insured.

13. § Sum insured; pre-care; fee calculation

1. Insurer provides cover over the individual sum insured of each item up to the amount of the agreed pre-care in the contract. Present agreement is not valid for the indemnity limits and the first risk amounts.
2. The insurance year is the same as the fiscal year. Contractor is liable after not later than the sixth month following the end of the fiscal year according to the ordinances of point 3 the business results of the past fiscal year. In case a 24 month coverage period the amount following from the 24 months must be reported at the end of the fiscal year.
3. The results of the fiscal year must be provided according to the following:
Net turnover; added / deducted the changes of the stock in finished and non-finished products; deducted the raw-, supplementary and plant material expenditure. Settlement of indemnity remains unchanged.
4. Fee for the finished fiscal year is calculated based on results published based on point 3.
If the published sum
 - a) was lower in the previous fiscal year than the insurance amount, then the fee paid for the remaining amount will be paid back to one third of the already paid annual fee;
 - b) was in the previous fiscal year higher than the insurance amount, then the fee for the differential must be paid according to the agreed pre-care amount.
5. If the reporting of the result does not take place according to point 2 by the deadline, then the pre-care fee calculated for the finished fiscal year and the pre-care fee following from the annual average according to point 8 must be paid.
6. Indemnity for the amount to be reported, for the amount to be refunded and for post payment must be established individually. Items with the same coverage period count as one item.
7. If in case of damage it turns out that the amount reported for the settlement according to point 2 was lower than the amount that should have been reported according to points 2 and 3, then according to present condition the demanded (and justified) indemnity is proportionate to the paid indemnity the same way as the fee calculated based on the inappropriately reported data to the fee calculated based on appropriately reported data.



If in case of one several a coverage period of over 12 months but not longer than 24 months coverage period has been agreed on, then the amount to be reported according to point 2 uniformly refers the 24 months period with the finished previous fiscal year ending it.

8. If the insurance amount changed in the previous fiscal year, then according to point 4 their average weighted with duration is valid as insurance amount.

14. § Indemnity calculation; indemnity limits; deductible

1. Insurer indemnifies business interruption damages according to paragraph 4 and insured extra costs according to paragraph 5.
2. Ordinances referring to underinsurance are not applied, however, point 7 paragraph 13 is still valid.
3. Insurer indemnifies damage as insurance event up to
 - a) the insurance amount established for each item;
 - b) the indemnity limit, as directed or supplementarily established in present condition.

In every case the lower amount is decisive.

Extra expenditure that insured uses to eliminate or reduce damage are not indemnified if together with the other indemnities they exceed the maximum amount of indemnity, unless they are based on guidance of the insurer.

4. An insured event is considered every event of damage according to Chapter B paragraphs 5 – 7 and 8 which starts within 72 hours due to one and the same insured risk .
5. If parties agreed on an annual maximum indemnity limit, then every insurance event of damage which commence in the ongoing year belong together to the annual maximum indemnity.
6. If parties agreed on deductible, then according to present condition an amount that has been settled as indemnity liability, including extra expenditure indemnation according to paragraph 5 point 1 as an insurance event is deduced by the decreased amount.
For each item or for the expansion of the insurance protection the supplementarily pre-determined deductible must be deduced beforehand.
7. As determined time-proportionate deductible the contractor bears the part of the amount established as indemnity (including expenditure according to paragraph 5 point 1), which is proportionate to the whole amount as the time-proportionate amount to the whole duration of the business interruption within the coverage period. Besides this for the whole duration of the business interruption only that period is taken into account, when work was done in the insured plant, or would have been done in the plant without existence of insurance incident.

15. § Liabilities of the insured on occurrence of and following insurance event; protection of trade secrets

1. Insured is liable to report insurer of every property damage which could result in business interruption.
Reporting is done in time if it's done immediately after the insurance department or insurance rapporteur of insured has been notified of the damage. Insured must ensure that appropriate parts of the plant report the insurance department or insurance rapporteur of the damage.
2. Liabilities of the insured on occurrence of business interruption:
 - a) To make an effort to reduce the damage based on guidance of insurer.

- b) To allow every investigation on the volume, causes and scope of indemnity liability within reason must be provided at request and each necessary piece of information must be provided in writing, especially current and business books for the past three years, inventory and balance sheets, as well as auxiliary books, invoices and other information must be provided at disposal.
 - c) Avoid changing the venue of damage until insurer gives consent. This does not apply to that case when to decrease the business interruption it is necessary to commence with cleaning and restoration work.
 - d) Damage proving liability of the insured remains unchanged.
3. If insured violates one of the above mentioned liabilities, then insurer becomes exempt from liability of indemnity according to the corresponding sections of the Civil Code.
4. If deliberate violation of liability does not affect either the establishment of the insurance event or paying indemnity and its scope, or this fact wasn't enough to do reputational harm to insurer, and if furthermore insured cannot be said to be guilty then regardless of point 3 the indemnity liability of the insurer doesn't cease to exist.
5. Those charged with establishing the damage event should only examine property affected by the damage to an extent which is absolutely necessary to considering the damage event.

16. § Representatives

1. Representatives of contractor are equal to contractor.
2. The following are considered representatives:
- a) at joint-stock companies the directors of the board
 - b) at LLCs the managing director
 - c) at (un)limited partnerships active partners
 - d) at general partnerships the partners
 - e) at sole proprietorships the sole proprietors
 - f) at other company forms the official higher representative authorities prescribed by law
3. Individuals, who have been lent the insured property based on rental, leasing or other contracts for permanent exclusive care can only be representatives if the contractor as the owner of the property has transferred their jurisdiction in order to be represented to a certain extent.
If contractor in the course of their work continuously makes a large number of rental or leasing contracts, then renters and beneficiaries cannot be representatives of the contractor.

17. § Expert procedures

1. After the occurrence of the insurance event the insured and the insurer can agree on that the volume of the damage will be established by experts. Expert procedures can be extended to the factual conditions of the indemnity demand or the volume of the indemnity.
Contractor can unilaterally request expert procedures against insurer.
2. Findings related to expert procedures:
- a) Each partner names an expert and can demand the other party to name a second expert by giving the data of the first expert. If the second expert is not named within 2 weeks of the request, then the requesting party



can have it named with a competent court on the venue of the damage. In the request references must be made to consequences.

- b) The two experts ask a third one as chairman before commencing with the procedure. If they don't agree on it, at the request of one of the parties chairman can be named by the competent court on the venue of the damage event.
 - c) Insurer cannot name such an expert who is a business partner of the contractor or has a business relationship with them, furthermore such a person who is employed by them or is in a similar contracted relationship between. This naturally applies to appointing the expert too.
3. The agreements of experts must include the following:
- a) results of the current and the past fiscal year (profits and losses), up to the commencement of business interruption;
 - b) results (profits and losses) that show how the plant profit and expenditure of the insured would have been like in the valuation period, without a legally speaking indemnity-free business interruption;
 - c) results (profits and losses) that show what the plant's profits and expenditure was like in the situation in the valuation period formed due to business interruption;
 - d) how and in what ways the circumstances changed which affect the indemnity liability of the insurer which had to be taken into account when establishing business interruption.
4. Experts in the results statement must take paragraph 4 points 8 and 9 into consideration. Each type of costs must be shown differently, continuous costs must be indicated.
5. Experts report their findings to both parties simultaneously. If the findings are different insurer immediately hands them over to chairman. He makes a decision within the lines drawn by the experts, and hands it over to both parties simultaneously.
6. Both parties bear the costs of their own expert. Parties bear the costs of the chairman by 50-50%.
7. Findings of the experts or the chairman are binding, unless they prove to seriously deviate from the factual state of events. Insurer makes the decision based on this binding findings based on paragraph 14.
8. Liabilities of the insured as stated in point 1 paragraph 15 are still valid.

18. § Paying indemnity

- 1. If indemnity liability of insurer has been established, then indemnity is paid within two weeks.
- 2. Damage advance can be demanded, if it has been established what minimum amount is to be paid for the past business interruption.
- 3. Payment deadline can be modified, also paying in instalments cannot be demanded according to point 2, if due to indebtedness of the contractor indemnity cannot be established or cannot be paid.
- 4. Insurer can modify payment deadline,
 - a) if and as long as there is doubt about the entitlement of the reception of the contractor;
 - b) 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.

19. § Failure of indemnity payment liability; claim deadline;

1. If insured tries to maliciously deceive insurer of a fact affecting the cause or the volume of indemnity, then insurer becomes exempt from indemnity payment.
If malicious deceit or deceit attempt in point 1 is underpinned by legally binding court ruling, then conditions in point 1 can be deemed to be justified.
2. If indemnity demand is not validated within 6 months in a legal way, after the insurer with the legal consequence in connection with expiration of deadline rejected in writing, insurer becomes exempt from paying indemnity. Expert procedures [17. §] can delay the expiry of the deadline.

20. § Indemnity demand toward third party

1. Indemnity liability does not change if contractor desists of or renounces their demand for indemnity or their right from indemnity towards third party. This does not apply to the case when third party or their representative caused the damage deliberately or out of serious negligence.
Besides this insurance protection remains unchanged, if contractor before the commencement of insurance event renounces their demand for indemnity within the usual framework of events.
2. If contractor is entitled indemnity demand towards third party, and this demand is transferred to insurer, insurer can only validate this demand with the consent of the contractor, except if the damage was caused by third party or their representative deliberately or out of serious negligence.

21. § Legal relationship after the insurance event

1. Insurance charges do not decrease by insurer paying indemnity.
2. After the insurance event insurer or contractor can terminate the insurance contract.
Termination must be done in writing and it must arrive at insurer not later than one month following indemnity payment. Equal to payment, if the damage was turned down for reasons which did not affect the existence of insurance event. Termination becomes effective after 3 months of receiving it. Contractor can specify for termination to become effective immediately or at a later date but not later than the end of the insurance year. Paragraph 10 point 4 remains unchanged.

22. § Correspondence, rejection of termination, reporting

Reports and announcements must always done in writing. This does not apply to damage reporting in paragraph 15 point 1.

23. § Authorization of agent

Representative of the insurer can only be authorized to accept reports and announcements of insured if the policy was mediated by them and handles it continuously.



24. § Coinsurance

1. With insurance policies signed by several insurers insurers are only exposed to risk as far as their retention.
2. The leading insurer is entitled to accept reports and announcements of insured for every participating insurer.
3. If the contract base is the same for participating insurers, they agree on the following:
Contractor can only validate legal disputes arising from present contract against the leading insurer and only in its proportions.
Participating insurers acknowledge the legally-binding decision against leading insurer and the resulting concluded agreement with the contractor after the trial dependence.
In case the proportion of leading insurer does not reach appeal or legal remedy amount, then contractor is entitled to extend their demand to another or if necessary several other insurers on requirement of leading or participating insurer until it reaches the amount. If this request is not met then the condition is not valid.

25. § Applied law, competence

Unless parties agreed differently in insurance terms, legal decrees are valid.

In every part of the insurance, also in every question regarding its existence, efficiency and interpretation Hungarian Law is only valid. This applies to foreign risk too.

Hungarian Law is exclusively competent. Contractor's seat can also be competent if it is found within the boundaries of the Hungary.



Chapter B Insured property damages

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 unrest.

§ 2. Insurance of storm and hail

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

Earthquake is the natural shaking of the ground which is caused by the geophysical processes inside of the Earth
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
 - aa) 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,
 - bb) 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,
- 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 wear

are 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 tidal wave.
- 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.

8. § Exclusions

As a supplement to exclusions in Chapter B paragraphs 1-7 it is also not considered material damage regardless of the causing reasons furthermore

- 1. war, invasion, civil war, revolution and other war-like events, and decrees issued in pressing circumstances;
- 2. core energy; this does not apply to other damage, which damage incidents belonging to the insurance contract on the insured property operationally or used radioactive isotopes (with the exception of core reactors), especially damage caused by contamination or activation,
- 3. deliberation or severe negligence of contractor or their representatives. If the deliberate causing of the damage is established with a legally binding penalty, present clause can be exercised without any further investigation.
