

## ALL RISKS INSURANCE CONDITIONS 1/2011

Effective as of 01.01.2011

### 1 PURPOSE OF INSURANCE

The purpose of the insurance is to indemnify for direct material damage arising from a sudden and unforeseen event and separately specified costs pursuant to these Conditions, the General Contractual Terms and Conditions (ÜL) and the Appraisal and Indemnity Regulations (HH).

### 2 INSURED OBJECT

The Insured Object comprises the structures which are owned or used by the Policyholder and which are at the location specified in the Policy and/or the movable property in the said structures.

#### 2.1 Structures

2.1.1 A structure is a building or a structure.

2.1.2 A building is a complete structure which is built by people, fixed to the subsoil and has a roof, interior space and envelope structure and includes the essential parts of the structure.

2.1.3 The essential parts of a building are in particular the main structures of the building, its internal and external finishing, internal heating/cooling/water supply/sewerage/ventilation/communication/alarm systems, elevators and escalators and any other systems and equipment adding to the functions of the building, as well as the cables, pipes, conduits and containers belonging to these systems and equipment.

2.1.4 The insurance of the building includes insurance of the exterior stationary sewerage, water supply, oil, gas, heating and steam pipelines and electric cables belonging to the building up to the lot boundary but not further than to the common connection point.

2.1.5 A structure is permanently connected to the ground and erected by people but it is not a building. Structures are insured only if there is a note to that effect in the policy.

2.1.6 The following are not Insured Objects:

- 1 pile foundation;
- 2 plot of land;
- 3 structures built or equipment mounted into the building by the person who possesses or uses the building, even if these are permanently integrated into the building;
- 4 equipment which is used in the building only for professional or economic activities and the structures, cables, pipelines, conduits, containers, etc., which belong to these.

#### 2.2 Movable Property

Unless there is a separate note to that effect in the Policy, the insurance does not cover:

- 1 information and programs in automated information processing systems and equipment;
- 2 drawings, archives, models and moulds;
- 3 engine driven vehicles and equipment and their accessories;
- 4 aircraft;
- 5 boats and ships;
- 6 money and securities, including unused or cancelled postmarks, stamps, coupons, lottery tickets, bills of exchange, cheques and bonds;
- 7 living creatures and plants.

### 3 INSURANCE COVERAGE

Any direct material damage to the Insured Object due to an unforeseen and sudden event shall be indemnified taking into account the restrictions specified in clauses 3.1 to 3.15.

#### 3.1 Long-Term Process

Any damage arising from deterioration, rusting, corrosion, spoilage, decaying, moulding, fungus disease, oxidation, the material's fatigue or other similar long-term processes shall not be indemnified.

#### 3.2 Maintenance Costs

Any damage and costs arising from adjustment or maintenance work or from replacement or repairs of details related to maintenance shall not be indemnified.

#### 3.3 Shortcomings in materials or work

3.3.1 Any damage resulting from inadequate work or materials, those of poor quality, products with defects, errors in calculations or drawings, misleading advice or instructions shall not be indemnified.

3.3.2 Any damage caused by a faulty thing to another Insured Object as a result of the reasons given in Clause 3.3.1 shall be indemnified.

#### 3.4 Installation and Testing

Any damage to the equipment which has been caused during installation, montage or testing, overloading or testing it in conditions in which the equipment is not meant to be operated.

#### 3.5 Contractual Liability

3.5.1 Any damage for which a third party or the Insured Person is liable under a sales, maintenance or another contract, including as the guarantor, shall not be indemnified.

3.5.2 If the Insured Person is the producer of the object, any damage for which the producer would be liable pursuant to law or the principles or practice generally followed in the respective economic or professional activity shall not be

indemnified.

### 3.6 Wrongful Acts

3.6.1 Any damage arising from wrongful act committed by a third party, except theft, robbery or deliberate damaging or destruction of a thing, shall not be indemnified.

3.6.2 Any damage which is due to the fact that the Insured Person(s) did not follow the safety regulations or reasonable precautions shall not be indemnified.

### 3.7 Loss

Any damage caused by the loss of the Insured Object or a part thereof which was discovered in the course of making an inventory shall not be indemnified.

### 3.8 Blasting Operations

Any damage arising from blasting operations or related excavation work or an explosion in an explosives warehouse shall not be indemnified.

### 3.9 Flood

3.9.1 Any damage caused by floods, including the rising of the surface of a body of water, waves emerging as a result of storm wind, movement or accumulation of ice, spring high water due to melting snow, or downpour shall not be indemnified.

3.9.2 A flood is a temporary rising of the water surface and spread of the water onto land which is usually dry, as well as temporary accumulation of water or accumulation of things or substances carried by water onto land which is usually dry, if the ground and drainage system established according to the design cannot cope with the extraordinary amount of water induced by natural phenomena.

### 3.10 Natural Phenomena

Any damage caused by natural phenomena to the Insured Property which is located outdoors or in an open structure shall not be indemnified if the property is not meant to be used or kept in such a place.

### 3.11 Consumables

3.11.1 Any damage to machine or equipment parts which usually deteriorate during use, e.g. lamps, valves, fuses, cables, seals, fabrics, tapes, belts, chains, pipes, filters, blades, tubes and tyres, and substances needed for operating, e.g. oils, fuels, lubricants, liquids, etc., shall not be indemnified.

3.11.2 Any damage to machine or equipment parts which usually deteriorate during use and substances needed for operating, which are both listed in Clause 3.11.1, shall be indemnified if the damage would have occurred even if that property would not have been used in a work process.

### 3.12 Errors of Computing Equipment

Any damage to IT equipment or any other programmable electronic equipment, their data carriers, data or programs if the damage has been caused by faulty programs or operation of faulty programs, the equipment being not in order, wrong input of data or damage or loss of data due to a magnetic field shall not be indemnified.

### 3.13 Power Source Failure

3.13.1 Any damage caused by a failure of a power source,

e.g. electricity, gas, liquid, heat, steam, etc., shall not be indemnified.

3.13.2 Any damage to frozen goods which is the result of a power failure in the common electricity distribution network shall be indemnified.

### 3.14 Groundwater

Any damage due to any changes in groundwater level shall not be indemnified. Groundwater is free water on a waterproof layer in the pores of minerals and depositions, in gaps and other free spaces in the Earth's crust.

### 3.15 Decrease in Value

Any damage which constitutes any decrease in the value of the Insured Object or physical damage thereto which does not affect the usability of the Insured Object.

## 4 SAFETY REQUIREMENTS

The Policyholder and persons for whom the Policyholder is responsible shall follow the safety requirements set out in the Policy and in the Insurance Terms and Conditions (see also the General Contractual Terms and Conditions), including:

- 1 the fire safety requirements established in legal acts, e.g. the Hot Work Fire Safety Requirements, the General Fire Safety Requirements and the Requirements and Need for Basic Fire Extinguishment Equipment;
- 2 the doors, windows and other apertures of storage rooms must be securely locked to provide protection against burglary and theft;
- 3 cash safes must be locked after use and the keys thereto must not be kept in the same room;
- 4 cash registers and cash drawers must be emptied upon end of work and left in locked rooms unlocked and open;
- 5 pipelines and equipment connected with these must comply with the requirements and instructions given by their manufacturers, importers or resellers and those set in legal acts;
- 6 pipelines of buildings must be regularly maintained and protected from freezing. If a building is left without sufficient heat or supervision during a cold season, the piping shall be emptied of water;
- 7 goods kept in the basement shall be stored at least 10 cm from the floor. The basement is a room the floor of which is fully or partially at least one metre below the ground;
- 8 insured equipment must be installed and maintained in accordance with the requirements and instructions given by their manufacturers, importers or resellers and those set in legal acts;
- 9 keys or any other things allowing entrance may not be left in sight of unauthorised persons or in places where they can access these or these may be given to unauthorised persons. Entrance codes must be used in a way that unauthorised persons are not able to learn these;
- 10 movable property may not be left unattended or kept in unlocked premises. Portable equipment must be taken from cars or other means of transport to locked and guarded rooms;
- 11 the control unit of an automatic alarm system must be installed in a way that unauthorised persons are not able to see its use;
- 12 the sensors of automatic fire and alarm systems must be placed taking into account the size and special characteristics of the rooms to cover the whole room and the working range of the sensors

- may not be obstructed by furniture, goods or any other objects;
- 13 automatic fire and alarm systems must be regularly checked, maintained and improved or replaced as necessary. The systems must definitely be checked after the objects in the room have been considerably moved;
- 14 upon leaving the building the person must be convinced that the alarm system is in order and they have to turn it on;
- 15 the alarm system must register the times it is turned on and off;
- 16 upon receipt of an alert, it must be immediately dealt with and everything in the person's power has to be done to minimise the extent of damage;
- 17 The system and application software and data in computers and other electronic devices must be protected by providing these, in addition to the original, with at least two dated backup copies on magnetic tape, data disc or other data carrier. Copies must be made at least once a week and one copy must be kept in a fireproof cupboard designed for computer software, which must be located separately from other copies, in the fire section of the structure or at least in a fireproof cupboard of class S60 DIS;
- 18 electronic devices have to have voltage fluctuation or overvoltage protection devices;
- 19 automatic fire extinguishing systems have to be in working order, checked regularly and maintained by a person having a respective certificate. An automatic fire extinguishing system must have a maintenance programme.

## **5 RULES OF INDEMNIFICATION**

The amount of insurance indemnity shall be calculated according to the Appraisal and Indemnity Regulations (HH) taking account the following:

- 1 If the fire damage to be compensated under these terms and conditions (see Clause 4(1)) has resulted from hot work, the Policyholder shall have a tenfold excess specified in the Policy, but not over EUR 6,500 or a higher excess which has been specified in the Policy. Hot work is work where sparks appear or gas flame is used. Hot work includes welding, cutting, hot drawing of metals and work where gas burners, open fire or hot blowers are used.