

# Property and Business Interruption Insurance

Non-committal translation of the original  
Czech wording

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CHUBB®

## 1. Initial Terms

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- 1.1 The insurance terms and conditions (the “**conditions**”) of property and business interruption insurance are issued by **Chubb European Group Limited**, with its registered office in London, address of business at the Chubb Building, 100 Leadenhall Street, London EC3A 3BP, UK, operating its insurance business in the Czech Republic based on freedom of establishment via its branch **Chubb European Group Limited, organizační složka**, with its registered office at Praha 8, Poblěžní 620/3, Post Code 186 00, ID no 27893723, registered in the Commercial Register maintained by the City Court of Prague, section A, insert 57233 (the “**insurer**”).
- 1.2 The insurance is established based on an insurance policy (the “**policy**”) concluded between the insurer and the policyholder. The conditions form an inseparable part of the policy (any reference of the act to the policy shall therefore be understood as including reference to the conditions).

## 2. Scope Of Insurance Cover – Insured Event, Insured Peril

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### 2.1 Property Insurance

- 2.1.1 **Insured event – all risks property insurance** If the insurance is provided on all risks basis, the insured event is a property damage occurring during the policy period to the insured property located at the insured location, not otherwise excluded.
- 2.1.2 **Insured event – named risks property insurance** If the insurance is provided on named risks basis, the insured event is a property damage occurring during the policy period to the insured property located at the insured location, arising as a consequence of direct influence of an insured peril; the policy shall set out individual specific insured perils covered.

### 2.2 Business interruption insurance

- 2.2.1 **Insured event – BI insurance** The insured event is full or partial interruption of or interference with the business of the insured at the insured location arising during the policy period as a direct result of occurrence of insured event under property insurance including loss events which are not insured events under property insurance due to application of a deductible. The business interruption insurance is provided only if the policy specifically sets so and determines the type of the insurance to apply.
- 2.2.2 **Gross profit insurance** If the gross profit insurance is agreed in the policy, the insurer shall provide indemnity for (i) loss of gross profit due to a) “reduction in turnover” and b) “increase in cost of working” and (ii) “additional increase in cost of working” and the financial loss shall be calculated as follows:
- (i) a) loss in respect of “reduction in turnover” equals to the sum produced by applying the rate of gross profit to the amount by which the turnover during the indemnity period shall, in consequence of the insured event, fall short of the standard turnover;
- (i) b) “increase in cost of working” equals to the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the “reduction in turnover” which but for that expenditure would have taken place during the indemnity period in consequence of the property damage but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided;
- less any sum saved during the indemnity period in respect of such of the charges and expenses of the business payable out of gross profit as may cease or be reduced in consequence of the property damage.
- Cap of loss of gross profit: If at the commencement of the insured event the sum insured in respect of gross profit (or the indemnity limit ) shown in the policy is less than the sum produced by applying the rate of gross profit to the annual turnover (or to a proportionately increased multiple thereof where the maximum indemnity period exceeds twelve months) the amount of the financial loss shall be proportionately reduced.
- (ii) “additional increase in cost of working” equals to further additional expenses beyond that recoverable under item (i) b) above necessarily and reasonably incurred during the indemnity period in consequence of the insured event for the sole purpose of avoiding or diminishing a “reduction in turnover” or resuming or maintaining normal business operations, but not exceeding the specific indemnity limit.

- 2.2.3 **Gross revenue insurance** If the gross revenue insurance is agreed in the policy, the insurer shall provide indemnity for a) “loss of gross revenue” and b) “increase in cost of working” and the financial loss shall be calculated as follows:
- a) “loss of gross revenue” equals to the amount by which the gross revenue during the indemnity period shall, in consequence of the insured event, fall short of the standard gross revenue;
- b) “increase in cost of working” equals to the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in gross revenue which but for that expenditure would

have taken place during the indemnity period in consequence of the insured event but not exceeding the amount of the reduction thereby avoided,

less any sum saved during the indemnity period in respect of such of the charges and expenses of the business necessary to achieve the gross revenue as may cease or be reduced in consequence of the property damage.

Cap of loss of gross revenue: If at the commencement of the property damage the sum insured in respect of gross revenue (or indemnity limit) shown in the policy is less than the annual gross revenue (or to a proportionately increased multiple thereof where the maximum indemnity period exceeds twelve months) the amount of the financial loss shall be proportionately reduced.

2.2.4 **“Increase in Cost of Working” insurance** If the increase in cost of working insurance is agreed in the policy, the insurer shall provide indemnity for additional expenditure necessarily and reasonably incurred by the insured for the purpose or resuming or maintaining business during the indemnity period, but not exceeding the indemnity limit for this insurance.

2.2.5 **Rent and business lease receivable insurance** If the rent and/or business lease receivable insurance is agreed in the policy, the insurer shall provide indemnity to a) “loss of rent receivable” and b) “increase in cost of working and the financial loss shall be calculated as follows:

- a) “loss of rent receivable” equals to the amount by which the rent receivable during the indemnity period shall, in consequence of the insured event, fall short of the standard rent receivable,
- b) “increase in cost of working” equals to the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of rent receivable which but for that expenditure would have taken place during the indemnity period in consequence of the insured event but not exceeding the amount of the reduction in rent receivable thereby avoided,

less any sum saved during the indemnity period in respect of such of the charges and expenses necessary to achieve the rent receivable as may cease or be reduced in consequence of the property damage.

Provided that if the sum insured or indemnity limit on rent receivable be less than the annual rent receivable (or a proportionately increased multiple thereof where the maximum indemnity period exceeds twelve months), the amount of the financial loss shall be proportionately reduced.

## 2.3 Extensions

2.3.1 **Relocation of Insured Property** If, in case of occurrence or direct threat of an insured event affecting the insured property, the insured moves (or causes to move) the insured property to a new location with intention to prevent the occurrence of an insured event or amplification of its consequences, the insurance cover extends for a period of up to thirty days to this new location (as if it is an insured location), subject to the insurer being immediately reported this in writing. In any event, the insured is obliged to take security measures for protection of the moved insured property appropriate to the arising circumstances. The above period can be extended after the insurer has received a request from the policyholder or the insured in writing regarding such an extension and accepted that request.

2.3.2 **Capital Additions** This insurance extends to cover amounts representing additions and extensions (but not appreciation in value) to the buildings and content specified in the policy at the insured location in excess of the sums insured relating to such buildings and content provided that the insured

- Informs the insurer about such additions and extensions in writing within thirty (30) days from its acquisition; and
- In writing undertakes to pay the additional premium required from the date of inception thereof. A specific indemnity limit shall be set out by the policy in respect of this extension.

2.3.3 **Debris Removal** If set out so in the policy, the insurance extends to include costs and expenses necessarily and reasonably incurred by the insured with the consent of the insurer in removing debris of, dismantling and/or demolishing and shoring up or propping of that portion or portions of the insured property destroyed or damaged by any loss event not otherwise excluded but excluding any costs or expenses:

- Incurred in removing debris except from the site of such property which has sustained property damage and the area immediately adjacent to such site, a
- Arising from pollution or contamination of property not insured under this insurance.

An indemnity limit shall be set out by the policy in respect of this extension.

2.3.4 **Fire Extinguishing Expenses** If set out so in the policy, the insurer will reimburse the insured for the reasonable costs of

- Replacing used sprinkler heads,
- Refilling fire extinguishing appliances, and
- Refilling sprinkler tanks (if costs are metered)

incurred by the insured solely in connection with property damage relating to insured property, not otherwise excluded, by heat caused by fire

and only subject to an indemnity limit (first risk insurance) to be set out in the policy.

2.3.5 **Professional Fees** If set out so in the policy, the insurance provided extends the architects', surveyors', consulting engineers' and other fees necessarily and reasonably incurred in the reinstatement of any insured property (other than stock and materials in trade) consequent upon it having sustained property damage not otherwise excluded, but not for preparing any claim. An indemnity limit shall be set out in the policy for this extension.

2.3.6 **Customers and Suppliers** If set out so in the policy, the business interruption insurance cover is extended to include financial loss following damage to property at the below locations (as if such damage to property were property damage at the insured location):

- Suppliers: the premises of any of the insured's suppliers, manufacturers or processors of components, goods or materials but excluding the premises of any supply undertaking from which the insured obtains electricity, gas, water or telecommunications services;
- Customers: the premises of any of the insured's customers;
- Storage Sites – insured property whilst stored elsewhere than at premises in the occupation of the insured.

In consequence of property damage occasioned by or happening through the following insured perils:

- Fire;
- Lightning;
- Explosion; or
- Aircraft or other aerial devices or articles dropped therefrom.

This extension shall not apply in respect of financial loss arising from any cause within the control of the insured. This extension shall apply solely in respect of locations or property within the territorial limits and only if a specific indemnity limit is set out for it in the policy.

2.3.7 **Public Utilities** If set out so in the policy, the business interruption insurance is extended to include financial loss following damage at the following locations (as if such damage were property damage at the insured location):

- Generating station or sub-station of the public electricity supply undertaking from which the insured obtains electricity,
- Land premises of the public gas supply undertaking or of any natural gas producer linked directly therewith from which the insured obtains gas,
- Waterworks or pumping stations of the public water supply undertaking from which the insured obtains water,
- Telecommunication services from any land based facilities of a public telecommunications undertaking

This extension shall not apply in respect of financial loss occasioned by the deliberate act of any supply authority or by the exercise by any such authority of its power to withhold or restrict supply, by any industrial action or by drought or any scheme of rationing unless necessitated solely by physical damage to apart of the authority's property.

This extension shall not apply in respect of financial loss arising from any cause within the control of the insured.

This extension shall apply solely in respect of locations or property within the territorial Limits and only if an indemnity limit is set out for it in the policy. The maximum indemnity period shall be three months in respect of this extension.

2.3.8 **Denial of Access** If set out so in the policy, the business interruption insurance cover is extended to include financial loss following physical loss or damage to property in the vicinity of the insured location which prevents or hinders the use of the insured location or access thereto for purposes of the business, whether the insured location or property of the insured therein shall be damaged or not. For the purposes of this extension, "vicinity" shall mean within one kilometre of the insured's insured location. An indemnity limit for one insured event and for all insured events occurred during the term of insurance shall be set out in the policy. The maximum indemnity period shall be three months in respect of this extension. This extension shall not apply in respect of financial loss arising for the first 24 hours of any interference with the business.

2.3.9 **Transit** If set out so in the policy and if the insurance is provided for insurance cover under article 2.2.2 in respect of gross profit, the insurance shall be extended to apply in the event of interruption of or interference with the business carried on by the insured in consequence of property damage to insured property whilst in transit as if such property damage were property damage at the insured location.

This extension shall not apply in respect of financial loss arising from any cause within the control of the insured.

This extension shall apply solely in respect of locations or property within the territorial limits and the insurer's liability under this extension shall not exceed in respect of any one insured event 10% of the indemnity limit on gross profit or CZK 300,000 whichever is the lesser amount.

### 3. Exclusions

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The insurer shall not be liable to provide indemnity in respect of the loss (including for the avoidance of doubt any consequential loss arising or resulting), caused by or occasioned through:

- 3.1 **Wear, tear etc.** Wear, tear, gradual deterioration, rust or corrosion, inherent vice, moth, vermin, insects, damp or mildew, wet or dry rot, seepage below ground level or frost;
- 3.2 **Shrinkage, change etc.** Shrinkage, evaporation, loss of weight, marring, scratching, change of flavour, colour, texture or finish, change in temperature or humidity (unless such property damage is directly caused by any peril not otherwise excluded under this insurance);
- 3.3 **Error or omission** Operational, clerical or accounting error or omission on the part of the insured or their proxy, authorized representative, employee or any assistant;
- 3.4 **Breakdown, defect etc.** Mechanical or electrical breakdown, failure, derangement or disturbance, latent defects, its own faulty materials, design or workmanship but this shall not exclude ensuing loss caused by a peril not otherwise excluded under this insurance;
- 3.5 **Theft** Theft or any attempt thereat
  - Of movable property in any garden, yard or open space, verandah, outside showcase, other appurtenance or open-sided building,
  - Of property contained in any building unless involving violent and forcible entry into or exit from the building or unless following violence or threat of violence against the insured or any director, partner or employee of the insured,
  - Of property contained in any vehicle while such vehicle is left unattended unless such vehicle be securely locked with all windows and doors closed and fastened and with the ignition key removed, and overnight such vehicle be housed in a securely locked building;
- 3.6 **Dishonesty** Infidelity or dishonesty, wilful or malicious acts, gross negligence or arbitrariness of the insured or any of his employees or other persons to whom insured property may be entrusted;
- 3.7 **Fraudulent device** The insured voluntarily parting with title or possession of any property if induced to do so by any fraudulent scheme, trick, device or false pretence;
- 3.8 **Disappearance** Disappearance, unexplained shortage disclosed at normal stock-taking, delay, loss of market, loss of use;
- 3.9 **Subsidence** Subsidence, ground heave or landslip
  - To any building (or contents therein) which stands on made-up ground, over mine workings or on any site where there has been a previous occurrence of subsidence, ground heave or landslip;
  - To land, yards, car-parks, roads, pavements, walls, gates or fences unless a building insured hereby is also affected;
  - Resulting from coastal or river erosion or from any building, demolition or excavation works at the premises;unless (applicable to all bullet points above) resulting from fire, explosion, earthquake or the escape of water from any tank, apparatus or pipe,  
or
  - Subsidence, ground heave or landslip commencing prior to the granting of this insurance;
- 3.10 **Settlement** its own collapse or the normal settling, cracking, shrinkage or expansion of the building or the site or any parts thereof on which the within described property stands;
- 3.11 **Vacant property** The undernoted perils occurring while any building is vacant, disused or ceases to be operated:
  - Theft,
  - Malicious act or vandalism except destruction or damage caused by fire or explosion,
  - Escape of water or oil from any water or heating installation;
- 3.12 **Solidification of molten material** Solidification of the contents of molten material holding units, molten material transmission lines and/or appurtenances (unless such property damage is directly caused by any peril not otherwise excluded under this insurance);

- 3.13 **Molten material breakout** The escape of molten material from any furnace, mould, ladle, holding unit, transmission line or appurtenance (but excepting ensuing property damage caused by fire or explosion to the extent not otherwise excluded under this insurance);
- 3.14 **Dilapidated property, fences, gates, sewers and the like** Storm, tempest, flood or the bursting or overflowing of water tanks apparatus or pipes to
- Buildings (and contents therein) not maintained in a good and substantial state of repair,
  - Fences, gates, drains, sewers or water courses, nor the cost of cleaning or making good;
- 3.15 **Asbestos**
- Asbestos material removal unless the asbestos is itself damaged by fire, lightning, explosion, aircraft or other aerial devices or articles dropped therefrom, earthquake, impact by any road vehicle or animal, storm, tempest, flood and escape of water from any tank or apparatus, or
  - Demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material, or
  - Any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the insured property can no longer be used for the purpose of which it was intended or installed and must be removed or modified.

This insurance does not cover:

- 3.16 **Steam pressure vessel**
- Property damage caused by or occasioned through explosion (other than property damage by fire resulting from explosion) occasioned by the bursting of a boiler (not being a boiler used for domestic purposes only), economiser or other vessel, machine or apparatus;
  - Any consequential loss of whatsoever nature resulting or arising from property damage or occasioned through explosion (other than property damage by fire resulting from explosion) occasioned by the bursting of any vessel, machine or, apparatus (not being a boiler or economiser on the insured location);
- in which internal pressure is due to steam only and belonging to or under the control of the insured; but this shall not exclude subsequent loss resulting from an ensuing cause which is not otherwise excluded;
- 3.17 **Pressure vessel collapse or failure** Loss caused by or occasioned through the cracking, fracturing, collapse or overheating of boilers, economisers, vessels, tubes, or pipes, nipple leakage and/or the failure of welds of boilers;
- 3.18 **Withholding utilities** Any consequential loss of whatsoever nature resulting or arising from the deliberate act of a supply authority in withholding the supply of water, gas, electricity or fuel or telecommunications services but this shall not exclude
- Such loss if resulting from a cause which is not otherwise excluded, or
  - Subsequent loss resulting from an ensuing cause which is not otherwise excluded;
- 3.19 **Water table level** Property damage attributable solely to change in the water table level.

This insurance does not cover property damage (nor, for the avoidance of doubt, any consequential loss resulting or arising therefrom) to:

- 3.20 **Vehicles, craft and rolling stock** Aircraft, watercraft, motor vehicles licensed for road use, railway locomotives or rolling stock or their accessories;
- 3.21 **Transit** Property in transit whether by air, sea, road, rail or inland waterway (cover provided by the extension 2.3.9 if agreed not being affected);
- 3.22 **Electrical damage** That portion of any electrical apparatus, appliance or device of any kind (including wiring) caused by its own over-running, excessive pressure, short-circuiting, self-heating or leakage of electricity;
- 3.23 **Livestock, crops, trees and explosives** Livestock, growing crops or standing timber or explosives;
- 3.24 **Land, roads, and the like** Land, roads, pavements, piers, jetties, bridges, culverts or excavations;
- 3.25 **Valuable articles** Antiques, works of art, rare books, jewellery, precious stones, articles of gold, silver or other precious metals or furs;

- 3.26 **Marine risks** property covered by a marine policy;
- 3.27 **Money** Securities and other negotiable instruments, coins, bank and currency notes, cheques, national giro payment orders, money and postal orders, postage and revenue stamps, national savings stamps and certificates, holiday-with-pay-stamps, trading stamps, luncheon vouchers, credit cards and credit card vouchers;
- 3.28 **Property being worked upon** That part of the insured property which is actually being worked upon or undergoing any process, directly resulting therefrom or caused by any testing, repairing, adjusting, servicing or maintenance operation;
- 3.29 **Property in the open** Movable property in the open by the action of wind rain, hail, snow, sleet, frost, flood or dust;
- 3.30 **Construction and erection** Property or structures in course of construction or erection and materials or supplies in connection with all such property in course of construction or erection;
- 3.31 **Water** Water other than water which is normally contained within any tank, piping system or other process equipment;
- 3.32 **Mould** This insurance does not cover any property damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to mould, mildew, fungus, spores or other micro-organism of any type, nature or description including but not limited to any substance whose presence poses an actual or potential threat to human health; This exclusion applies regardless whether there is any property damage to insured property, any insured peril or cause, whether or not concurrently or in any sequence, any loss of use, occupancy or functionality, or any act or action required, including but not limited to repair, replacement, removal, clean-up, abatement, disposal, relocation or steps taken to address medical or legal concerns;
- 3.33 **Riot and Civil Commotion** This insurance does not cover property damage directly or indirectly occasioned by or happening through riot, civil commotion and (except in respect of destruction or damage by fire or explosion) strikers, locked-out workers or persons taking part in labour disturbances or malicious persons nor any consequential loss of whatsoever nature resulting or arising therefrom;
- 3.34 **War and terrorism** This insurance does not cover any property damage, cost, expense, consequential loss or injury directly or indirectly caused by, resulting from, in connection with or in consequence of any of the following, regardless of any other cause or event contributing concurrently or in any other sequence to the loss:
- War, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power,
  - Any act of terrorism; "act of terrorism" shall mean any act, including but not limited to the use of force or violence and/or the threat thereof of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes, including the intention to influence or overthrow any government and/or to put the public or any section of the public in fear,
  - Any action taken in controlling, preventing, suppressing or in any way relating to any of the above.
- In any proceedings where the insurer alleges that by reason of this exclusion, any loss is excluded from the insurance cover, the burden of proving that that loss is covered shall be upon the insured. In the event that any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect;
- 3.35 **Nationalisation, confiscation** This insurance does not cover any property damage, cost, expense, consequential loss or injury directly or indirectly occasioned by, happening through or in consequence of nationalisation, confiscation, requisition, seizure or destruction by the government or any public authority;
- 3.36 **Radioactive contamination / Explosive nuclear assemblies** This insurance does not cover any property damage whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss directly or indirectly caused by or contributed to, by or arising from:
- Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel,
  - The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
- 3.37 **Sonic Boom** This insurance does not cover any loss directly occasioned by pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds;

3.38 **Pollution** This insurance does not cover any loss caused by pollution or contamination except (unless otherwise excluded) destruction of or damage to the insured property caused by:

- Pollution or contamination which itself results from fire, lightning, explosion, aircraft or other aerial devices or articles dropped therefrom, earthquake, storm, flood, bursting, overflowing, discharging or leaking of water tanks, apparatus or pipes, hail, landslide, avalanche, weight of snow, theft or burglary; or
- Any of the perils listed in the previous bullet point which itself results from pollution or contamination;

3.39 **Electronic Data** This insurance does not insure loss, destruction, damage, distortion, erasure, corruption or alteration of electronic data from any cause whatsoever (including but not limited to computer virus, i.e. a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorised instructions or docs, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature, including but not limited to ‘Trojan Horses’, ‘worms’ and time or ‘logic bombs’) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss nor any consequential loss resulting or arising therefrom. However, in the event that a fire or explosion results from any of the matters described above, this insurance, subject to all terms, conditions and exclusions of the conditions and of the policy, will cover property damage occurring during the policy period to insured property directly caused by that fire or explosion;

3.40 **Date Recognition** This insurance does not cover any loss, destruction, damage, cost, claim, expense or consequential loss of whatsoever nature directly or indirectly caused by, contributed to by, arising from or relating to:

Any actual or alleged failure or inability of any computer equipment whether or not owned by or in the possession of the insured,

- To correctly recognise or to correctly process (including but not limited to capture, save, retain, calculate, compare, interpret, record, retrieve, sequence, read, store, manipulate, write to media, determine, distinguish, convert, transfer or execute) date/time material
- To correctly recognise or to correctly process (including but not limited to capture, save, retain, calculate, compare, interpret, record, retrieve, sequence, read, store, manipulate, write to media, determine, distinguish, convert, transfer or execute) any data or information as a result of the treatment of any date/time material by such equipment or by any command or instruction which is or has been programmed or in any other manner entered into it,

Any actual or alleged failure to provide or inadequacy of any services whether provided by the insured or by any other person or persons due to any actual or alleged failure or inability described at section (a) above,

Any advice, consultation, design, evaluation, inspection, installation, maintenance, alteration, repair, replacement or supervision provided or done by the insured or for or on behalf of the insured to determine, rectify or test for any potential or actual problem described at section (a) above,

For the purposes of this exclusion

- “Computer equipment” means computer hardware, including microprocessors, computer application software, computer operating systems or related software, computer networks, microprocessors (computer chips) not part of any computer system, any other computerised or electronic equipment and/or any other equipment which directly or indirectly contains uses or relies upon in any manner any of the previously listed items,
- “Date/time material” means dates, times or data or information or command or instruction that in any manner depends upon, is contingent upon, is derived from or incorporates any date or time irrespective of the manner by which it is stored, recorded or entered.

## 4. Conditions

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### 4.1 Inception, duration and termination of insurance

4.1.1 The date and exact time of inception of the insurance shall be set out in the policy. If the exact time is not set out in the policy, the insurance cover starts at 00:00 AM of the day of the inception of the insurance.

4.1.2 The insurance is agreed for a definite period of time for, unless set out otherwise in the policy, one year from the date of inception of the insurance.

4.1.3 General regulation of termination of the insurance is set out by the act.

4.1.4 In case that significant change affecting corporate or business status of the insured or the policyholder arise (4.5.2), the insurer is entitled to terminate the insurance by notice within one month from receiving the relevant notification of the insured or the policyholder. In case of preliminary notification, the termination becomes effective upon legal effect of the change. In case of ex-post notification, the termination period is one month from the delivery of the insurer’s notice. In case of failure to notify (or to notify timely), the insurer is entitled to terminate within a six-month period after becoming aware of the change, upon an eight-day notice.



- 4.1.5 If owner of the insured property changes due to a significant change affecting corporate or business status of the insured or the policyholder arise (4.5.2) such as a merger, demerger or sale of (part of) enterprise, the insurance does not cease to exist by such change and general principles of succession shall apply in respect of relevant rights and obligations of the insured and/or policyholder under the policy. In that case the insurance continues only under the condition that the obligation to notify the insurer in advance is duly fulfilled.
- 4.1.6 Insurance ceases to exist at the date of the change of (i) ownership of the insured property, or (ii) co-ownership of the insured property, on the basis of which the change of the ownership interest(s) in the insured property at least in the amount of 50 % or more is achieved. In case the ownership or co-ownership of the real property is acquired by a constitutive entry (“vklad”) into the Land Register, the insurance ceases to exist at the date when the decision on the registration of ownership or co-ownership of the new owner in the Land Register comes into force. This does not affect the article 4.1.5 of these conditions.

#### 4.2 Insurable Interest

- 4.2.1 The insurance can be concluded only if there is an insurable interest of the policyholder.
- 4.2.2 The insurance can be concluded also on the insurable interest which arises in the future. However, if such insurable interest does not arise, the policyholder is not obliged to pay premiums.
- 4.2.3 If the policyholder knowingly insures a non-existent insurable interest without the insurer’s knowledge, the policy is invalid; the insurer, however, has right to the premium until he learns about invalidity of the policy.
- 4.2.4 The policyholder and the insured shall inform the insurer in writing without undue delay about termination of the insurable interest. By termination of the insurable interest, this insurance is also terminated; the insurer has, however, right to the premium until he learns about such termination.

#### 4.3 Change and termination of the insurance risk

- 4.3.1 The policyholder shall not, without the insurer’s consent, do anything or allow any third person to do anything that may increase the insurance risk.
- 4.3.2 The policyholder or the insured shall inform the insurer in writing without undue delay about change or termination of the insurance risk occurred during the policy period.
- 4.3.3 If the insurance risk is increased during the policy period, the insured has the right to propose amendment to the policy or to terminate the policy in accordance with the act.
- 4.3.4 If the insurance risk is substantially reduced during the policy period, the insurer shall reduce the premium proportionally with effect from the day when he learns about such reduction.

#### 4.4 Insurance premium

- 4.4.1 The insurance premium (“premium”) is a lump-sum one and shall be set out in the policy. The conditions or the policy may set out that the premium is payable in instalments or in advances. Premium or instalment or advanced payment of premium is considered to be paid at the date when it is credited to the insurer’s account specified in the policy or (in case the policy does not specify such account) to any other account properly announced to the policyholder for this purpose.
- 4.4.2 In respect of business insurance covers others than under 2.2.4 **Error! Reference source not found.**, in the event of the gross profit (gross revenue or rent receivable respectively) earned (or a proportionately increased multiple thereof where the maximum indemnity period exceeds twelve months) during the financial year most nearly concurrent with any policy period as certified by the insured’s auditors being less than the sum insured thereon, a pro rata return of premium (however not exceeding 50% of the premium paid on such sum insured) for such policy period will be made in respect of the difference. If any insured event shall have occurred, giving rise to a claim under the policy, such return shall be made in respect only of so much of the said difference as is not due to such insured event.
- 4.4.3 In case that the insurance expires at any other moment than at expiry of the policy period, the insurer is entitled for a pro rata temporis (calculated on a daily basis) portion of the premium corresponding to the proportion of duration of actual insurance coverage to originally expected duration of the policy period. However, the insurer is entitled to receive the premium for the whole policy period (even if the premium or its part has not become due yet at the moment of expiry of the insurance), if the insurance ceases to exist due to
- Occurrence of an insured event or termination of the policy by notice by the policyholder as a result of an insured event;
  - Termination by the insurer due to failure of the policyholder and/or the insured to notify the increase of the insurance risk;
  - Refusal (as construed by the act) by the insurer to provide indemnity.

#### 4.5 Obligations of the policyholder and the insured

- 4.5.1 In addition to or for the purpose of further specification of his/her statutory obligations, the insured is obliged (further obligations, upon occurrence of a loss event, are set out in 4.7.1) to:
- a) Properly use all efforts to prevent occurrence of an insured event and ensure that the insurance risk does not increase;
  - b) Not to violate duties set by legal regulations of any kind, norms, other standards like generally accepted codes of practice or any requirements or recommendations of public authorities aimed at averting occurrence of an insured event or reducing the loss arising thereof;
  - c) Prevent, to a maximum extent which may reasonably be required, violation of the regulations under b) by its staff or by any third parties at the insured location or its immediate surroundings;
  - d) Duly keep accounting and any other records required by applicable legal regulations, keep any further records relating to the insured property significant for due determination of insurance value of such property; all such documentation, no matter whether in paper or electronic form, shall be kept in a manner that it is not destroyed, damaged, lost or otherwise made fully or partially unusable by occurrence of an insured event or otherwise;
  - e) Maintain the insured location in a satisfactory technical condition by own means and at own cost and operate its property in accordance with the instructions and recommendations of the producer or supplier, and provide technical support and supervision services for the property;
  - f) Notify the insurer in writing without undue delay of any changes in circumstances which could affect the insurance risk and/or severity of consequences of an insured event;
  - g) Enable to the insurer (and its staff and any agents) to access the insured location, inspect the insured property and any records under d) **Error! Reference source not found.** or other relevant documentation; as a rule, the insurer shall use this right upon preliminary approval of the insured and in a manner not affecting ordinary course of its business.
- 4.5.2 The insured (and the policyholder if it is a different entity) is obliged to inform the insurer in writing without undue delay about significant changes affecting its corporate or business status, such as in particular its corporate transformations, change of control over it, transfer of its enterprise or its part or substantial portion of its assets, substantial change of objects, scope or nature of its economic activities, entering into liquidation, opening insolvency proceedings or court issuing an insolvency decision.
- 4.5.3 The policyholder and the insured are obliged to notify the insurer in writing without undue delay of any change of the ownership or co-ownership of the insured property occurring during the policy period.
- 4.5.4 The policyholder and the insured are obliged to notify the insurer in writing without undue delay of any change of their delivery address.

#### 4.6 Insurance value, sum insured, indemnity limit

- 4.6.1 The insurance value of the insured property shall be stipulated as the new value (reinstatement value); the new value of the insured property is the amount at which the same or comparable thing of the same kind, quality, performance and economic role may be acquired at the given time and place.
- 4.6.2 If the policy sets out so expressly, in particular in respect of the insured property (certain class or set thereof) where the insurance value is expected to fluctuate substantially during the term of insurance or relevant section thereof, a variable insurance system shall be applied regarding insurance cover of such insured property. The insurance value (and sum insured or indemnity limit, as applicable) shall be set out based on anticipated maximum daily value of that insured property during that period then. As a rule, the premium shall be set out as advance premium in this case, subject to clearing upon provable ex post determination to be provided by the insured, of actual average daily value during that period.
- 4.6.3 The sum insured shall be set by the policyholder at its own responsibility so that it essentially equals the insurance value of the insured property and in respect of business interruption insurance, expected amount of the relevant insured financial variable.
- 4.6.4 The upper limit of the insurer's indemnity may also be determined as the indemnity limit in the policy. The indemnity limit applies to one insured event. Sub-limits shall be, unless agreed otherwise in the policy, considered as included in any applicable indemnity limit. For the purposes of indemnity calculation the indemnity limit effective at the time of the insured event shall apply.
- 4.6.5 Unless otherwise agreed in the policy, any indemnity limit (other than that described as applying in the aggregate) will not be reduced by the amount of any loss and the policyholder undertakes to pay additional premium as may be required from the date of such loss.
- 4.6.6 Compensation of salvage costs is limited by 5% of the relevant indemnity limit or the sum insured (depending on the agreed type of the upper limit of indemnity), however, not more than CZK 10,000,000, unless agreed upon

otherwise in the policy. The salvage costs limit with respect to the rescue of life or health of persons amounts to 30% of the relevant indemnity limit or the sum insured (depending on the agreed type of the upper limit of indemnity). For the avoidance of doubt, the limit pursuant to the first sentence is contained within the limit pursuant to the second sentence.

#### 4.7 Loss event, claim processing

- 4.7.1 **Obligations of the insured and the beneficiary** In addition to or for the purpose of further specification of their statutory obligations, the insured and/or the beneficiary is obliged to:
- a) Inform the insurer provably in writing about occurrence of the loss event and its basic description (as to likely cause and extent) without undue delay, however within 3 working days at a maximum,
  - b) Follow instructions of the insurer provided in respect of dealing by the insured with the consequences of the insured event (if provided);
  - c) Directly notify the police (to be evidenced to the insurer) if the occurrence of the insured event or its aggravation is suspected to have been caused by or contributed to by a criminal act or other act breaching the law, duly cooperate with the police or any other relevant authority when investigating the circumstances of occurrence of the insured event;
  - d) Notwithstanding the mandatory or justified measures undertaken to protect the insured property or prevent the increase of the loss amount, the insured shall preserve the actual condition of the insured location and of the insured property as affected by the insured event to a maximum extent possible until the insurer begins its inspection or grants its approval to remedy the consequences of the insured event; if the above measures are undertaken or the insurer delays with beginning its inspection, the insured shall duly document the situation arising after the insured event;
  - e) Carry out the reinstatement, reconstruction, overhaul or repair of the insured property affected by the insured event without undue delay (provision (d) not being affected);;
  - f) Take every possible measure to resume, without undue delay, the interrupted or disrupted business activity (in respect of business interruption insurance).
- 4.7.2 Any particulars or details contained in the insured's books of account or other business books or documents which may be required by the insurer under 4.5.1 (d) for the purpose of investigating or verifying any claim may be produced by professional accountants if at the time they are regularly acting as such for the insured and their report shall be prima facie evidence of the particulars and details to which such report relates. The insurer will pay to the insured the reasonable charges payable by the insured to their professional accountants for producing such particulars or details or any other proofs, information or evidence as may be required by the insurer and for reporting that such particulars or details are in accordance with the insured's books of account or other business books or documents provided that the sum of the amount payable under this clause and the amount otherwise payable in respect of any one item shall not exceed the sum insured thereon.
- 4.7.3 In case there is a pending court, arbitral or mediation proceedings regarding existence of the obligation of the insurer to pay indemnity, its amount and/or identity of the beneficiary, the insurer can decide that the investigation of the loss event may be ended only after an effective or otherwise final result of such court, arbitral or mediation proceedings was notified and proved to him. In case that as a result of such insurer's decision, the investigation of the loss event cannot be ended within the time period of three months from the notification of the loss event to the insurer, it shall not be considered as a breach of the insurer's obligations.

#### 4.8 Indemnity

- 4.8.1 **Valuation** In the event of property damage, the basis of valuation shall be as follows;
- a) **Documents, manuscripts, and business books** the value of the materials as stationery together with the cost of clerical labour expended in their writing up, but the insurer shall in no event be liable to the insured in respect of the value of the information contained therein;
  - b) **Electronic data processing media:** the cost of the blank media plus the costs of copying the electronic data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such electronic data. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However these conditions do not insure any amount pertaining to the value of such electronic data to the insured or any other party, even if such electronic data cannot be recreated, gathered or assembled;
  - c) **Models, moulds, plans, etc.:** the cost of labour and materials actually expended in reinstatement;
  - d) **Stock:** the cost of replacement of the materials together with the direct costs of production expended thereon – except, in respect only to goods sold but not delivered for with the insured is responsible and with regard to which under the conditions of the sale the sale contract is cancelled by reason of the loss, destruction or damage either wholly or in part, valuation shall be based on the contract price;

e) **Property not otherwise provided for:** the cost of

- The rebuilding or replacement of such lost or destroyed property, which, provided that insurer's liability is not thereby increased, may be carried out on the same or another site and in any manner suitable to the requirements of the insured, or
- The repair or restoration of such damaged property

In either case to a condition equivalent to or substantially the same as but not better or more extensive than its condition when new provided that no payment beyond the value of the property at the time of the property damage shall be made

- Unless reinstatement commences and proceeds without unreasonable delay;
- Until the cost of reinstatement shall have been actually incurred; or
- If at the time of its property damage such property shall be insured under any other policy arranged by or on behalf of the insured which is not on the same basis of reinstatement.

If any such property is lost, damaged or destroyed in part only the insurer's liability shall not exceed the sum representing the cost which the insurer could have been called upon to pay for reinstatement if such property had been wholly destroyed.

- 4.8.2 If the sum insured is lower than the insurance value of the insured property at the time immediately preceding the insured event, the insurer shall be authorised to reduce the indemnity in the proportion of the sum insured and the actual insurance value of the insured property. This rule shall apply individually in respect of each item, set or class of the insured property in respect of which the sum insured has been set out individually. This clause shall not apply if the respective deviation of the sum insured from the insurance value does not exceed 15%.
- 4.8.3 The following shall apply for business interruption insurance covers under **Error! Reference source not found.** 2.2.2 and 2.2.3**Error! Reference source not found.:** if during the indemnity period goods shall be sold or services shall be rendered elsewhere than at the insured location for the benefit of the business either by the insured or by others on the insured's behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the turnover (or gross revenue respectively) during the indemnity period, and consequently at the financial loss and indemnity amounts.
- 4.8.4 The following shall apply for business interruption insurance covers others than "Increase in Cost of Working only" one under 2.2.4**Error! Reference source not found.:** If the business is conducted in departments, the independent trading results of which are ascertainable, the element (i) a) and b) of the financial loss shall apply separately to each department affected by the insured event.
- 4.8.5 Deductible agreed in the policy represents uninsurable participation of the insured in negative consequences of an insured event and shall be subtracted from the indemnity. The deductible may be agreed in the policy as amount, percentage, time or combined one. Partial deductibles may be agreed in the policy. Unless agreed otherwise in the policy, a deductible applies to any insured event and to each of them separately.
- 4.8.6 If the insured or the beneficiary is registered as payer of value added tax, any of excise taxes or other indirect taxes, such taxes shall be disregarded when calculating loss and indemnity amounts.
- 4.8.7 If after the occurrence of the loss event the policyholder or any other beneficiary finds out that the lost or stolen insured property to which such loss event relates has been recovered, he/she shall notify the insurer of such findings in writing without undue delay. The insured property however shall not be considered as recovered in case:
- i) its possession was lost and either cannot be regained at all or can be regained with disproportionate difficulties or costs only; or
  - ii) the property was damaged to the extent that as such it ceased to exist, or can be repaired with disproportionate costs only.
- In case the insurer has provided the indemnity after the occurrence of the loss event, the ownership of the insured property shall not pass to him but he is entitled to regain what he paid out on indemnification. The beneficiary may however deduct the expenses reasonably spent on removal of defects occurred at the time when he/she was deprived of the opportunity to dispose with the insured property.
- 4.8.8 **One insured event** Any and all loss events due to the same (not necessarily most proximate) cause shall be considered to constitute one insured event. All relevant material, time and place aspects shall be duly reflected when considering this.
- 4.8.9 **Seventy Two Hours** The article 4.8.8 not being affected, all property damage caused by (i) all earthquake shocks arising out of a single seismic disturbance, (ii) storm arising out of a single atmospheric disturbance, (iii) inundation from the sea or the rising, overflowing or breaking of boundaries of any lake, pond, reservoir, river, stream or other body of water, all whether or not driven by wind, (iv) bush fire or (v) ice storm, whereby any of these occurs within a period of seventy two consecutive hours and shall be deemed to be one loss event.
- 4.8.10 In case the insured property becomes a subject of pledge and the conditions under section 1354 of the act are met, the insurance indemnity shall be paid out to the pledgee.

- 4.8.11 General regulation of refusal of payment of indemnity under the policy by the insurer is stated in the act. The insurer is also entitled to reject to pay out the insurance indemnity in case the beneficiary states deliberately untrue or severely distorted facts related to the scope of the insured event when claiming insurance benefit/s or conceals material facts related to the insured event.
- 4.8.12 The insurer is entitled to deduct from the insurance indemnity due premium receivables or other receivables arising from the insurance .
- 4.8.13 The insurer is obliged to provide the insurance indemnity in no other form than in a monetary payment regardless of whether the relevant laws require or allow to provide compensation for loss through non-monetary payment.

#### 4.9 Miscellaneous

- 4.9.1 The following rules shall apply for determination of the beneficiary: It is the policyholder who shall generally be in position of the beneficiary. However, if the insured is an entity different from the policyholder, it is the insured who is the beneficiary, unless the policy sets out otherwise. The policy may expressly set out a third party to be the beneficiary:
- 4.9.2 The policyholder is not authorised to set off unilaterally its claims against the insurer.
- 4.9.3 If an insurance intermediary is involved in acting for any person or in any communication on its behalf in course of the insurance relationship, such acting and/or communication shall be attributed to the relevant person.
- 4.9.4 Legal acts leading to the creation, modification or termination of the insurance shall be in writing. Other legal acts, notifications or communication relating to the insurance may also be in electronic form, unless it is provided otherwise by relevant laws, conditions or the policy. The written form is required in particular for the notification of the loss event, notification of the change of the delivery address, for claiming indemnification, notification of the change or termination of ownership or co-ownership of insured property, notification of the change or termination of the insurable interest and for the notification of the change or termination of the insurance risk.
- 4.9.5 Communications in writing sent under the policy shall be delivered to the address of a party set out therein or otherwise duly communicated to the sender. The addressee is obliged to ensure that a duly addressed communication is accepted by it within three working days after first due attempt to deliver. If the addressee thwarts delivery of the shipment (e.g. due to failure to notify the change of delivery address or new delivery address), such shipment is considered to be delivered at the third working day after its dispatch (or at the fifteenth day after the dispatch in case the delivery address is outside the Czech Republic).
- 4.9.6 The conditions and the policy shall be governed by the laws of the Czech Republic, in particular relevant provisions of the act and other applicable legal regulations.
- 4.9.7 Any disputes arising from or in connection with the policy and the conditions (including their interpretation, validity and termination) shall be settled by competent courts of the Czech Republic.
- 4.9.8 Wherever the policy deviates from the conditions or from the act, the provision of the policy shall apply. Wherever the conditions deviate from the act, the provision of the conditions shall apply. The policy may deviate from the conditions in each case when the law does not preclude this – provisions of the conditions where possibility for deviating provision in the policy is expressly indicated are demonstrative only and shall not prevent deviation from any other provision hereof.
- 4.9.9 Commercial practices prevalent in insurance business shall be respected as a supplementary interpretation tool when interpreting the policy and the conditions wherever the matter in question is not regulated expressly.
- 4.9.10 The insurance is loss insurance.
- 4.9.11 If any provision of the conditions or of the policy is or becomes invalid, the validity of the remaining provisions shall not be affected. The parties shall in good faith amend and/or interpret the policy in order to replace the invalid provision by a valid provision or interpretation of the same or similar economic purpose and effect.
- 4.9.12 With regard to the nature of the insurance, the insurer invites the interested party to carefully study the text of the conditions and the draft policy prior to the conclusion of the policy and to contact the insurer in respect of any specific queries relating to the insurance (or with a request to be provided with the text of the act to which the conditions refer should the interested party not have the same available) and, in particular, to consult its professional advisors to obtain qualified and independent advice.
- 4.9.13 Section 1740 paragraph 3 of the act regarding acceptance of an offer with supplements or variations shall not apply to the relationship between the insurer and the policyholder.
- 4.9.14 Section 1743 of the act regarding late acceptance of an offer shall not apply to the relationship between the insurer and the policyholder.
- 4.9.15 Sections 1799 and 1800 of the act regarding contracts concluded adhesively shall not apply to the relationship between the insurer and the policyholder.

## 5. Definitions

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- 5.1 Terms used in the conditions and/or the policy shall have the following meaning, unless the context of their use clearly suggests otherwise:
- 5.1.1 **Electronic Data** shall mean facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.
  - 5.1.2 **Insured location(s)** shall mean premises, building or area owned or lawfully used by the insured which is determined as such in the policy.
  - 5.1.3 **Beneficiary** shall mean a person (legal entity or individual) entitled to indemnity as a result of an insured event.
  - 5.1.4 **Sum insured** shall mean the upper amount of indemnity of the insurer, unless an indemnity limit (4.6.4) is set out in this respect.
  - 5.1.5 **Policy Period** shall mean the period set out as such in the policy.
  - 5.1.6 **Insurance value** shall mean the highest possible loss that may result from of an insured event.
  - 5.1.7 **Insured event** shall mean an accidental event, specifically set out by these conditions and the policy in respect of individual insurance covers hereunder, which is associated with the obligation of the insurer to provide indemnity, provided that all other conditions are fulfilled and requirements set out met for the obligation of the insurer to pay indemnity to come to existence and not to cease to exist.
  - 5.1.8 **Insured peril** shall mean a potential cause of occurrence of an insured event. Particularly for purposes of these conditions: within the scope of the all risks property insurance, the insurance shall cover any property damage that occurred to the insured property due to whatever reason. Within the scope of the named risks property insurance, the insurance shall cover the property damage that occurs to the insured property as a consequence of the insurance perils named for such purpose in the policy. Insured peril of the business interruption insurance is threat of financial loss arising as a result of business of the insured being interrupted or interfered by the occurrence an insured event under property insurance.
  - 5.1.9 **Insurance risk** means probability of the insured event caused by an insured peril.
  - 5.1.10 **Insurable interest** means a legitimate need of protection from the consequences of an insured event.
  - 5.1.11 **Policyholder** shall mean a person (legal entity or individual) which concluded the policy with the insurer.
  - 5.1.12 **Insured** shall mean a person (legal entity or individual) whose property (for property insurance) and proprietary interest regarding avoidance of financial loss (for business interruption insurance) are protected by the insurance.
  - 5.1.13 **Insured property** shall mean tangible (i.e. physically existing) property set out as insured property in the policy, either by way of listing individual property items or by determining one or more sets of insured property.
  - 5.1.14 **Loss** shall mean property damage in respect of property insurance and financial loss in respect of business interruption insurance.
  - 5.1.15 **Loss event** shall mean an event leading to loss which might have established the entitlement to indemnity (i.e. which may be an insured event).
  - 5.1.16 **Property damage** shall mean detriment consisting in physical damage, destruction or loss affecting the insured property.
  - 5.1.17 **Territorial limits** shall mean, unless agreed otherwise in the policy, the territory of the Czech Republic.
  - 5.1.18 **Salvage costs** shall mean any costs that the policyholder (or, under the conditions and in the scope provided by laws, any other person) reasonably incurs in order to prevent an impending insured event, mitigate the consequences of the insured event or because he/she was obliged to remove damaged insured property or its remains due to hygienic, ecological or safety reasons.
  - 5.1.19 **Act** shall mean act no. 89/2012 Coll., Civil Code.

#### 5.1.20 Definition of individual insured perils

- a) **Storm** shall mean storm, windstorm, hurricane, tornado, tempest and typhoon including subsequent property damage caused by water that backs up from a sewer or drain as a direct result thereof but excluding flood.
- b) **Burglary** shall mean attempted or successful appropriation of insured property from premises at the insured location, which the perpetrator accessed following the removal through destruction or damaging with the use of tools or force (including a copied or original key that was obtained as a result of burglary or robbery) of existing security means or hid before its locking, under the condition that leaving the premises required the perpetrator to remove existing security means by force or with the use of tools.
- c) **Robbery** shall mean attempted or successful appropriation of insured property by the perpetrator, who (i) used physical force or the threat of immediate physical violence towards the insured or its staff (including for purposes of this provision also persons who are employees of a property protection agency or individually conduct activity in the realm of property protection, commissioned by the insured with protection of its property) or (ii) lead to unconsciousness or defencelessness of or acted in another manner that immediately threatened the life of the insured or its staff. These provisions also apply to incidents where the perpetrator acts in the above mentioned manner directly after committing burglary in order to maintain his possession of the appropriated property.
- d) **Earthquake Shock** shall mean:
  - Earthquake shock excluding any subsequent property damage or loss caused by fire or explosion resulting therefrom, and
  - Volcanic eruption meaning the eruption, explosion or effusion of a volcano.
- e) **Flood** shall mean the escape of water from its normal natural or artificial confines (other than tanks, apparatus or pipes) or inundation from the sea including tidal wave and tsunami but excluding storm.
- f) **Earthquake** shall mean earth movement due to a natural seismic disturbance caused by a sudden movement of the earth's crust and including:
  - Property damage from earthquake shock;
  - Subsequent loss, destruction or damage caused by fire or explosion resulting therefrom; The eruption, explosion or effusion of a volcano but excluding flood.
- g) Meaning and scope of undefined insured perils in respect of which insurance cover is provided by the policy, shall be, in accordance with clause 4.9.9., determined by commercial practices prevalent in insurance business.

#### 5.1.21 Business interruption insurance terms

- a) **Indemnity period** shall mean the period beginning with the occurrence of the insured event and ending not later than the maximum indemnity period thereafter during which the results of the business shall be affected in consequence thereof.
- b) **Fixed expenses** shall mean expenses that are necessary to expend for the business of the insured and their amount does not change depending on the scope of business of the insured even if the insured's business is partially or completely discontinued. The insurance is only for those fixed expenses listed in the policy.
- c) **Gross revenue** shall mean the amounts paid or payable to the insured for services rendered in the course of the business.
- d) **Gross profit** shall mean the sum of a profit arising out of the business of the insured and fixed expenses.
- e) **Maximum indemnity period** shall mean maximum duration of the indemnity period covered by the business interruption insurance; it shall be set out in the policy.
- f) **Rate of gross profit** shall mean the proportion of the gross profit to the turnover during the financial year immediately before the date of the insured event to which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or other circumstances affecting the business either before or after the insured event or which would have affected the business had the insured event not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the insured event would have been obtained during the relative period after the insured event.
- g) **Turnover** shall mean the money paid or payable to the insured for goods sold and delivered and services rendered in the course of the business.
- h) **Business** shall mean economic activities of the insured, which it lawfully provides on the basis of trading licenses or any other public authorizations if required in the insured location and which shall be described in the policy;

- i) **Rent Receivable** shall mean (in case of a rent) the amount of the rent received or receivable from the letting of the insured's insured location and (in case of a business lease) the amount of the rent or other consideration received or receivable from the business lease of the insured's insured location.
- j) **Annual gross revenue** shall mean the gross revenue during the twelve months immediately before the date of the insured event to which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or other circumstances affecting the business either before or after the insured event or which would have affected the business had the insured event not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the insured event would have been obtained during the relative period after the insured event.
- k) **Annual turnover** shall mean the turnover during the twelve months immediately before the date of the insured event to which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or other circumstances affecting the business either before or after the insured event or which would have affected the business had the insured event not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the insured event would have been obtained during the relative period after the insured event.
- l) **Annual rent receivable** shall mean the rent receivable during the twelve months immediately before the date of the insured event to which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or other circumstances affecting the business either before or after the insured event or which would have affected the business had the insured event not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the insured event would have been obtained during the relative period after the insured event.
- m) **Standard gross revenue** shall mean the gross revenue during that period in twelve months immediately before the date of insured event which corresponds with the indemnity period to which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or other circumstances affecting the business either before or after the insured event or which would have affected the business had the insured event not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the insured event would have been obtained during the relative period after the insured event.
- n) **Standard rent receivable** shall mean the rent receivable during the period corresponding with the indemnity period in the twelve months immediately before the date of insured event appropriately adjusted where the indemnity period exceeds twelve months.
- o) **Standard turnover** shall mean the turnover during that period in twelve months immediately before the date of insured event which corresponds with the indemnity period to which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or other circumstances affecting the business either before or after the insured event or which would have affected the business had the insured event not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the insured event would have been obtained during the relative period after the insured event.
- p) **Variable costs** shall mean costs required to operate business of the insured, amount of which is directly subject to change (increase or reduction) in the scope of business activity of the insured and turnover generated by it.

## 6. Complaints

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In case of any complaints or enquiries regarding this insurance, please contact the insurance intermediary through which the policy was concluded or the insurer on the address stated in the policy.

If you are not satisfied, you are entitled to refer this matter to the regulatory authority, which is the Czech National Bank. The address of the Czech National Bank is:

**Czech National Bank**  
Na Příkopě 28  
115 03 Prague 1  
Czech Republic  
tel.: + 420 224 411 111



## 7. Sanctions

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Chubb European Group Limited is a subsidiary of a US parent and Chubb Limited (a NYSE listed company) and part of the Chubb Group of companies. Consequently, Chubb European Group Limited is subject to certain US laws and regulations in addition to EU, UN and national sanctions restrictions which may prohibit it from providing cover or paying claims to certain individuals or entities, and from insuring certain types of activities in or connected with certain countries and territories such as, but not limited to, Iran, Syria, North Korea, North Sudan, Cuba and Crimea.

## Contact us

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## About Chubb

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Chubb is the world's largest publicly traded property and casualty insurer. With operations in 54 countries, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. As an underwriting company, we assess, assume and manage risk with insight and discipline. We service and pay our claims fairly and promptly. We combine the precision of craftsmanship with decades of experience to conceive, craft and deliver the very best insurance coverage and service to individuals and families, and businesses of all sizes.

Chubb is also defined by its extensive product and service offerings, broad distribution capabilities, exceptional financial strength and local operations globally. The company serves multinational corporations, mid-size and small businesses with property and casualty insurance and risk engineering services; affluent and high net worth individuals with substantial assets to protect; individuals purchasing life, personal accident, supplemental health, homeowners, automobile and specialty personal insurance coverage; companies and affinity groups providing or offering accident and health insurance programs and life insurance to their employees or members; and insurers managing exposures with reinsurance coverage.

Chubb's core operating insurance companies maintain financial strength ratings of AA from Standard & Poor's and A++ from A.M. Best. Chubb Limited, the parent company of Chubb, is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index.

Chubb maintains executive offices in Zurich, New York, London and other locations, and employs approximately 31,000 people worldwide.

**Chubb. Insured.<sup>SM</sup>**

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