

# CONDITIONS OF PROPERTY INSURANCE OF APARTMENT ASSOCIATION

## KT.0907.13

These terms and conditions shall apply to insurance contracts of property insurance of apartment associations concluded with ERGO SE. In any matters not resolved by these terms and conditions, the parties to an insurance contract shall be guided by the general terms and conditions of insurance contracts, the Law of Obligations Act and other legislation.

### 1. Insured object

- 1.1. The insured object is a part of a structure, i.e. a building or civil engineering works, which is specified in the insurance contract, and is in common ownership.
- 1.2. The insured objects are defined as follows.
  - 1.2.1. A part of the building.
    - 1.2.1.1. The insured object includes those parts of the building in common ownership of apartment owners, which are necessary for persistence of the building and the removal of which would prejudice the rights of apartment possessors. Such parts of the building are:
      - foundations, inner and outer walls, intermediate ceilings, roof;
      - chimneys, rainwater pipes, unenclosed balconies and loggias;
      - parts of the building in commonly used premises (hallways, corridors, cellar and attic rooms), such as non-bearing partition walls, floors, suspended ceilings, wall and floor coverings (except for carpet coverings, floor mats, etc.), interior finish, stairs with handrails, garbage and cable trunks, mailboxes, doors and windows (except for doors and windows of apartments) and other parts of the building;
      - public utility systems, such as heating, cooling, ventilation, water supply, sewerage and gas supply systems. Those systems are the insured object up to the border of the property, but not beyond the connection point to the public system.
      - those parts of communications, alarm, electricity and radio translation systems whose operable condition is essential for more than one apartment;
      - lifts;
      - surveillance cameras, lighting fittings, antennas, sunshades, etc. which are permanently installed onto the building;
      - other permanent parts of the building which are in the common ownership of apartment owners.
    - 1.2.1.2. The insured objects do not include such building parts within dwellings of apartment possessors, whose removal does not damage legal shares of the building and the rights of other apartment possessors. Such building parts include non-bearing partition walls, bathroom walls, floors, suspended ceilings, wall and floor coverings, interior finishing, doors and windows of apartments (incl. external doors of apartments), sanitary equipment, ovens, fireplaces, built-in stoves, such parts of electricity, radio translation, water supply and sewerage systems which are essential only for the apartment possessor.
  - 1.2.2. Civil engineering works.
    - 1.2.2.1. The civil engineering works is a structure that is permanently connected to the ground and

is other than a building in the meaning of the Building Act.

- 1.2.2.2. In addition to the building, insurance also covers the civil engineering works that are related to the building and are located at the covered place: lighting fittings, flagpole, barrier, fence, etc. in the amount of up to 15 000 euros.
- 1.2.2.3. The insured object does not include a road, car park, water body, square, forecourt, rubbish bin, structure with a total area of over 20 m<sup>2</sup> and temporarily installed civil engineering works.

### 2. Covered place

The covered place is the registered immovable of the apartment association located at the address specified in the insurance contract.

### 3. Insurable value and limit of indemnity

- 3.1. The insurable value of a building is its replacement value. The replacement value is understood as the necessary and reasonable expenses for restoration of a structure into an equivalent new structure (with the same technical indicators and characteristics and serving the same purposes). If a structure is not restored, the insurable value of the structure is understood as its usual local construction value, less a reasonable amount reflecting the condition of the structure, mainly its age and amortisation, i.e. depreciation.
- 3.2. The limit of indemnity is the maximum amount that will be paid out and is smaller than the sum insured as agreed upon in the insurance contract.
- 3.3. The policyholder is liable for specifying the correct insurable value. If the specified insurable value is not correct, the conditions of over- or under-insurance, respectively, shall apply to the insured event.

### 4. Exclusions

- 4.1. Damage and costs shall not be compensated if they are directly or indirectly caused by:
  - 4.1.1. war, civil war, invasion, civil unrest, coup d'etat, strike, extraordinary situation, terrorism, expropriation;
  - 4.1.2. use of chemical, biological, biochemical or electromagnetic weapons;
  - 4.1.3. use of nuclear energy for any reason whatsoever or its getting out of control;
  - 4.1.4. radioactive radiation and radioactive contamination;
  - 4.1.5. blasting or extraction works;
  - 4.1.6. earthquake, movement of the earth's surface or landslide;
  - 4.1.7. construction work performed at the covered place. Construction work means the establishment, extension, reconstruction of a building, modification or replacement of utility systems and demolition of a building or its parts. Reconstruction of a building means modification of the border structures (outer wall and roof) of the building and the modification and/or replacement of stiffening and bearing structures (foundation, intermediate and roof ceilings). Construction works do not include maintenance or repair works of a building (e.g. painting, replacement of flooring, windows or doors);
  - 4.1.8. any fact of which the policyholder was aware before conclusion of the insurance contract.

## 5. Expenses arising from damage prevention, demolition and cleaning works and legislation

- 5.1. Upon an insured event, the insurer shall compensate for:
  - 5.1.1. necessary and reasonable expenses for preventing or reducing damage;
  - 5.1.2. necessary expenses incurred for demolition and cleaning works and waste removal, performed due to the insured event;
  - 5.1.3. expenses related to restoration of a part of the building being the insured object, the incurrence of which is required by the applicable legislation and compensation for which has been agreed upon with ERGO.
- 5.2. The limit of indemnity for expenses listed in clause 5.1. is 10% of the sum insured for the property being the insured object.

## 6. Compensation for damage

- 6.1. The amount of damage comprises the amount necessary for compensating for the expenses for restoration of the insured object that has been damaged, destroyed or lost as a result of the insured event, as well as for the expenses specified in clause 5.
- 6.2. The amount of indemnity per insured event is limited with the sum insured or the agreed limit of indemnity.
- 6.3. The insurance indemnity shall be calculated based on the insurable value of the insured object, which was damaged, destroyed or lost as a result of the insured event, immediately before the insured event.
- 6.4. The following formula shall be used for calculating the insurance indemnity:  
$$\text{Insurance indemnity} = \text{amount of damage} \times \frac{\text{the sum insured}}{\text{insurable value}} - \text{excess}$$
- 6.5. The above formula shall not be used in case of over-insurance. Upon over-insurance, the insurer shall compensate for the amount of damage to the extent of insurable value, less excess and unpaid premiums.
- 6.6. If the above formula is applied upon insurance with the limit of indemnity, the maximum amount of insurance indemnity is the limit of indemnity agreed upon in the insurance contract, less excess and unpaid premiums.
- 6.7. If the insurable value of a building is the replacement value, the insurer shall compensate at first the indemnity portion, which also includes depreciation of the building. The remaining portion shall be compensated on the basis of calculations submitted for

restoration of the building provided the policyholder will use the indemnity to restore a building of the same type and with the same purpose and at the same place within two years as of commencement of compensation. At the same time, the policyholder must have supplied evidence that he/she has used the first received indemnity for restoring the same building.

- 6.8. If the sum insured differs from the insurable value by less than 10%, under-insurance shall not be applied.
- 6.9. If the policyholder has concluded several insurance contracts per covered place on the basis of these terms and conditions, only one excess that is the largest shall be applied to each insured event.
- 6.10. The sum insured shall not be reduced by the amount of indemnity paid out.

## 7. Obligations of the policyholder

- 7.1. The policyholder has the obligation:
  - 7.1.1. to allow the representative of the insurer to examine the insured object and the documents necessary for conclusion of the insurance contract;
  - 7.1.2. upon occurrence of an insured event, the policyholder has the obligation:
    - 7.1.2.1. to immediately inform the police of what has happened if deliberate actions of a third party are suspected;
    - 7.1.2.2. to immediately inform the local rescue service if fire has occurred or an explosive has detonated;
    - 7.1.2.3. in all other events, the relevant competent bodies or persons should be informed;
    - 7.1.2.4. if possible, to retain the scene of the insured event intact until the orders are given by the insurer;
    - 7.1.2.5. to present the damaged asset in the condition as it was after the insured event or the remnants of such asset to the insurer for inspection. The insurer may not start to restore the damaged asset or recycle the destroyed asset without the consent of the insurer;
  - 7.1.3. to keep the automated fire alarm system, specified in the insurance contract, turned on 24 hours a day;
  - 7.1.4. to comply with the requirements established by the Fire Safety Act.