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ALL RISK

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Applicable definitions for the fire and natural perils related insured events

I. GENERAL PART

General part of terms and conditions is integral part of Terms and Conditions for ALL RISK insurance. In case of doubt or discrepancy, Code of Obligations and/or applicable legislation shall apply.

Definitions of terms in this wording:

Policyholder – a person who enters into an insurance contract with the Insurance Company;

Insured – a person whose property and/or property interests are insured;
The Policyholder and the Insured is the same person, except for the insurance on someone else's behalf;

Insurer or Insurance Company – legal entity, which carries insurance coverage;

Policy – a document about the insurance contract;

Insurance Premium – the sum that the Policyholder or Insured pays to the Insurance Company;

Deductible – the participation of the insured at damage;

Indemnity payment – the amount paid by the Insurance Company according to the insurance contract.

II. INSURANCE PART

SECTION A: PROPERTY DAMAGE

1. Insured event

Insured event shall mean direct accidental physical loss of or damage to the insured property arising from any unforeseen, fortuitously, unexpectedly cause that renders the lost or damaged property shall be repaired or restored or replaced in order to fulfill its functional common use, provided that such loss or damage is not excluded.

2. Insurable property and expenses

2.1. Insurable property

Property insured under these insurance terms and conditions shall be property shown in the Insured's books and defined with the sum insured specified in the insurance contract for each property item or group.

Sum insured for an entire property group can only be determined when the entire property group is insured in the insurance contract.

By virtue of these insurance terms and conditions **insurable property** could be the following:

2.1.1. Property owned by the Insured

Tangible assets:

- a) buildings and other structures,
- b) machinery and equipment,
- c)
 - c1) vehicles not registered,
 - c2) vehicles licensed for road traffic with the purpose of passenger and cargo transport, utility work machines,

Insurance cover for point c) is only provided against fire, explosion and implosion, lightning and water damage caused by bursting water and steam pipes of buildings at locations specified in the insurance policy and investments not involving construction/erection, not yet capitalized in the books as assets.

Current assets:

- a) inventories materials: goods, semi-finished products, finished products;
- b) work in progress excluding property being under construction/erection,
- c) securities kept in a safe as specified in the rules of security and protection;
- d) cash and other valuable papers kept in safe as specified in the rules of security and protection.

2.1.2. Third party owned property:

- a) tangible assets as listed in article above and being rented or leased by the Insured,
- b) current assets as listed in article and being taken over by the Insured for processing, repair, storage, safekeeping or selling;
- c) clothing and other personal property (except for cash and other means of payment, jewellery, securities and intellectual products) of persons employed by the Insured under employment contract, being kept at the insured
- d) location in a locked locker or room and permitted by the Insured, up to 300 EUR per person.

2.1.3. Other property not listed in articles 2.1.1. and 2.1.2. but specified in the insurance contract individually or as property groups along with a sum insured, as follows:

- a) fine arts and other works of art, objects of artistic value, collections stored up to EUR 3.000 ;
- b) precious metals, jewellery, precious stones, furs and other valuables stored up to EUR 3.000;

2.1.4. Uninsured property

- a) documents, designs, business books, drawings, intellectual works, data media and data therein, software, bills and invoices,
- b) property under construction/erection,
- c) registered and license plate bearing passenger and cargo vehicles, machinery and slow vehicles;
- d) aircraft,
- e) watercraft,
- f) track based vehicles,
- g) railway tracks,
- h) overhead transmission and distribution lines which are not situated on the premises of the insured
- i) satellites,
- j) roads, tunnels and bridges,
- k) reservoirs, waterworks and related structures, docks, piers, dykes, embankments, canals,
- l) derricks,
- m) live water, water bases (e.g. lakes, rivers, water reservoirs, wells and springs),
- n) ground, land, plots, forests, plantations, standing timber, crops and plants,
- o) mining products under ground and water, minerals, rock, underground and opencast mines,
- p) livestock
- q) air,
- r) stocks of blood,
- s) ATMs, gambling machines and their contents,
- t) machinery withdrawn from production (operation) due to wear and tear or becoming obsolete,
- u) polytunnels/plastic halls inflated with hot air and their contents;
- v) off-shore property;
- w) work in progress- stock or materials when loss is caused by manufacturing or processing operations which result in damage to such

property while being processed, manufactured, tested or otherwise being worked upon.

2.2. Insurable expenses

This Insurance policy may cover the following expenses by specifying the sum insured provided and are incurred reasonably in connection with loss of or damage to insured property as a result of an insured event:

- a) rescue and fire extinguishing costs,
- b) demolition and debris removal costs, except for costs of transportation, placement and destruction of dangerous waste,
- c) expert costs, with the Insurer's prior written approval of his appointment,
- d) cost and expenses of measures taken with the purpose of further loss prevention and loss mitigation, incurred in respect of removal, temporary cover, propping, scaffolding of the damaged property, building temporary public utility works, necessary emergency evacuation or other measures required for the safety of salvaged property,
- e) reinstatement costs of damaged public utility works and equipment and public roads as a result of rescue, demolition and debris removal when such costs are charged to the Insured under the relevant legal provisions,
- f) additional costs: costs which are needed for loss reinstatement – administrative costs.

The above mentioned costs and expenses shall only be insured when a sum insured is specified for such costs and expenses in the insurance policy.

3. Exclusions and Uninsured losses and events

3.1. Exclusions – due to loss circumstances

Following losses and events shall not be considered as insured event:

- a) loss or damage due to theft, disappearance, shortfall, missing inventory, deficit (jointly referred to as shortage).
- b) consequential losses without any property damage;
- c) loss of or damage to the insured property caused by partial or total destruction or pollution in floodplains or
- d) unprotected flood areas;
- e) losses arising in the course or as a result of transportation (including loading, unloading and trans-loading), reloading, assembly or dismantling of the insured property;

- f) any kind of breakdown, operational disorder or malfunctioning of the insured property—in particular electric or mechanical breakdown, breakage or operational disorder, freezing of cooling or other liquids, improper lubrication,
- g) lack of or missing oil or cooling liquid, except for fire and explosion arising from any such cause;
- h) water sucked in by engines;
- i) outage of energy supply, heating or cooling (including the case when the supplier intentionally withholds energents, unless the outage arises from an insured event damaging insured energy supply, heating or cooling equipment located at the insured site specified in the insurance contract. In this case the Insurer shall only pay for loss or damage sustained as a result of an insured event being covered under the insurance contract;
- j) losses arising from breakage or cracking of the insured property caused by internal force (For the purpose of this point internal force shall be constituted if it cannot be proven that the loss was caused by an external force.

External forces are considered as such: dropping, pushing, collision, hindrance by other objects.

3.2. Exclusions – due to cause of the loss

Following causes shall not be considered as an insured event:

- a) scale deposition, pollution, scratching of glass, painted or polished surfaces, rusting, corrosion, oxidation, settling, being out of use;
- b) shrinkage, evaporation, loss of weight, fermentation, natural generation of heat, self-combustion (exclusion applies only to loss of or damage to self-combusted substance only), changes in the taste, texture or surface of substances;
- c) gradually developing deformation, deterioration, cracking, breakage, splitting, delimitation, blister; corrosion or defective pipe junction, defective gaskets, casting defects.;
- d) settlement, sinking, tilting, shrinkage, bellying out or expansion, cracking or breakage of:
- e) foundations, walls, pillars, girders (load bearing structures), boarding, pavements, supporting walls, packing/isolation, ceiling and roof structures;
- f) voltage surges due to transient phenomena;
- g) pollution, micro-organisms, contamination, dry-rot, toxic molding, fungus and their effects;

- h) loss or damage due to worms, rodents, insects and other animals;
- i) for air motions with the strongest gusts of wind below 62 km/h of wind velocity. This exclusion is not applicable to fire and explosion losses arising from this cause;
- j) sand, dust effect of frost or sunshine, atmospheric aridity or humidity, smog, smoke, gas, fog and normal atmospheric conditions.

3.3. Exclusions – due to property related events

Insurer shall not pay indemnity for loss of or damage:

- a) to clothing and other personal property of persons working for the Insured (under contracts of employment), if it is not agreed otherwise;
- b) the subject of work (such as processing, manufacturing, inspection, testing) in the course of production when the direct cause of such loss or damage is attributable to the manufacturing process, substances, goods and/or products (stocks) discharged or flown off from insured property (storage vessels, tanks, pipelines, fittings, containers, furnaces, ovens, kettles);
- c) to uninsured property (section 2.1.4.) or property not eligible for insurance cover;
- d) to property kept in the open space caused by rain, sleet/freezing rain, granular snow, snow, hail, hailstorm, damage;
- e) to the property such as temporary roofing, plastic sheet or tent covers without any damage to the building envelope,
- f) which arising by cause and effect from the inappropriate dimensioning or construction of or the failure to maintain roof structures, rainwater drainage pipes and snow shield structures.

4. Sublimit for property coverage

Insurer will indemnify the following coverage on bellow mentioned way:

- a) Burglary and Robbery:
Default Sublimit per loss and aggregate is 3.000 EUR if not agreed otherwise.
- b) Vandalism or any vandalistic action (For the purpose of these terms and conditions vandalism or any vandalistic action shall mean any deliberate act committed by a third party, aimed at the physical destruction or damaging of the insured property): Default Sublimit per loss and aggregate is 1.500 EUR if not agreed otherwise.

- c) Glass breakage:
Default Sublimit per loss and aggregate is 1.500 EUR if not agreed otherwise.
- d) Manifestations and Demonstrations:
Default Sublimit per loss and aggregate is 1.500.000 EUR.
- e) Limit for this coverage cannot be higher than sum insured stated in the Insurance policy.

5. Insured value

- (1) The insured value is determined according to prices in the location of the insured items.
- (2) Unless otherwise agreed, the insured value is:
 - 1) for buildings – the value of the new building reduced for loss of value, age, wear and tear and amortization;
 - 2) for stored goods and materials – the purchase price increased for the dependant expenses (transport, storage), but not higher than the market price;
 - 3) for agricultural products stored at the producers and unfinished production at manufacturers – the production price increased for the dependant expenses, but not higher than the market price;
 - 4) for final products and unfinished production stored at the producers – production price increased for the dependant expenses, but not higher than the market price;
 - 5) for machinery, devices and installations, means of transport and communication, inventory and household items – the purchase price of new items, reduced for loss of value, age and amortization;
 - 6) for things made of precious metals, of raw precious metals, precious stones, pearls, rare and valuable things, works of art, plans, drafts, models, patterns, documents, manuscripts, collections and business books and data stored in storage devices – the amount mutually determined by the insured and the Insurance Company.
 - 7) for money, securities, archival material, museum and exhibition objects – the amount, mutually determined by the insured and the Insurance Company.
- (3) If specifically agreed stock can be insured on flotation base.
- (4) If thus agreed, the insurance of buildings and objects can be concluded also for the new replacement value. Only those items can be

insured for the new replacement value, the loss of value (due to wear and tear, age and amortization) of which does not exceed 40 % of the value of a new building or object. If the Insured building or object (Insured under new replacement approach) has more than 40 % depreciation at time of the loss the actual value approach shall be applied in the loss settlement calculation.

6. Sum insured

- (1) Unless otherwise agreed, the Insurance Company warrants only up to the declared sum insured.
- (2) The policyholder or the Insurance Company can demand that the premium and the sum insured for the next insurance years are reduced, if the sum insured is higher than the insured value.

7. Loss settlement

- (1) The loss covered by the insurance is calculated in the event of:
 - 1) the destruction of the insured property according to the insured value of the property upon the completion of the liquidation of the insured event;
 - 2) damage to the insured property according to the costs of repair and materials as upon the completion of the liquidation of the insured event less the depreciation for wear and tear, age and economic and technical obsolescence and the value of what remains.
- The loss does not include costs arising from repairs due to improvement, refinement or other modifications of the insured property.
- (2) It is considered that an item has been destroyed, the loss therefore being calculated in accordance with Item 1) of the previous paragraph, if the costs of repairs would be equal to the value of the item less the value of the remains.
 - (3) If new replacement value insurance is specifically agreed on, the damage covered by the insurance is also calculated in the event of:
 - 1) Total damage according to the insured value from Paragraph (4) of Article 5 of these terms and conditions less the value of what remains;

- 2) Partial damage according to the costs of repair and materials less the value of what remains.
- (4) For new replacement value insurance, it is considered that the property is destroyed if the repair costs less salvaged parts (remains) amount to more than 80% of the original value of the property when new.
- (5) If the property which does not conform to the provisions of paragraph (4) of Article 5 of these terms and conditions upon the occurrence of an insured event is insured for its actual value, it is considered that the property is insured for its actual value and the loss is calculated according to paragraph (1) of this Article 5.
- (6) The remains of the destroyed or damaged property are kept by the insured and their value is calculated according to the market price upon the completion of the liquidation of the insured event and according to the condition they were in immediately after the insured event.
- (7) If the Insurance was concluded on the new replacement value and in case of total loss, the Insured can only receive the total indemnification if the indemnification will be used totally for reinstatement of the buildings or objects, otherwise the indemnification will be calculated on actual value.

SECTION B: BUSINESS INTERRUPTION

1. Insured event

If it is specially agreed, the insurance covers, to the extent determined by these Terms and Conditions, Business Interruption due to external, direct, and accidental, physical damage to or loss of the insured property, arising from any unforeseen and unexpected cause due to fire, lightning, explosion or impact of falling aircraft (FLEXA coverage), if it is not agreed otherwise.

The definitions of perils are available in the ANNEX 1.

The insurance does not cover Business Interruption due to basic and additional perils directly connected to an earthquake.

2. Subject of insurance

The subject of Business Interruption insurance could be fixed costs and/or operating profit which are stated in the policy, if it is not agreed otherwise.

Fixed costs are costs connected to the insured business which occur independently from whether the business is running or not.

Operating profit is the net profit of the business year. Fixed costs and operating profit are defined by the provisions of the Slovenian Accounting Standards.

Uninsurable costs are costs for raw materials, goods, auxiliary and other material not destined for maintenance of the installation, taxes and other charges, profit and costs not connected to the insured business (for example occurring when doing business and trading with monetary fund's and securities, real estate etc.).

3. Scope of Business Interruption, indemnification period and location of insurance

Business Interruption means:

Total or partial interruption of insured activities as a result of an insured event specified under point 1 of Section B of this insurance policy.

Business Interruption shall last as the latest up to the technical reinstatement of the situation, directly preceding the occurrence of the property damage covered by point 1 of Section B of this insurance, provided that such technical reinstatement enables continuance of operations at the same level as before the occurrence took place.

Theoretical maximum indemnity period:

The maximum period for which the Insurer is liable to pay indemnity as specified in this insurance policy. The Insurer shall only pay indemnity for Business Interruption loss incurred during the maximum indemnity period. The maximum indemnity period shall commence on the day of the occurrence of the insured event under the insurance policy and may end even after the expiry of the term of the Business Interruption insurance.

Actual indemnity period:

It shall commence on the day of the occurrence of the insured event under the underlying insurance and shall end when Business Interruption ceases but on the last day of the maximum indemnity period at the latest.

If the Business Interruption occurs several times in an insurance year, the insurance covers damage due to Business Interruption up to the agreed period of indemnity. The insurance coverage ends when the agreed period of indemnity – due to one or more Business Interruption events – is exhausted. In this case, the Insured can regain the cover for the same period of indemnity by paying a corresponding premium.

4. Exclusion to Section B

The insurance does not cover damage due to Business Interruption, if it is occurred due to:

- a) unexpected events during the Business Interruption which are not connected to the loss event and which prolong the interruption, such as damage to substitute machinery or devices during transport, assembling or testing out.;
- b) authority and other restrictions when overhauling damaged objects or operating;
- c) lack of financial means for timely building, repair or purchase of substitutes for damaged or destroyed objects;
- d) changes and improvements when overhauling the damaged installation;
- e) influence of the Business Interruption of the insured production unit on the operating of the other production unit, unless otherwise agreed. If the other production unit has Business Interruption insurance as well, the insurance
- f) also covers interruption in this production unit although no objects were damaged in it;
- g) any kind of Contingent Business Interruption consequences against contractual partners of the Insured with whom the Insured has business relations or co-operative contracts;
- h) disappearance or destruction of money, securities, business books, plans, documents, databases etc
- i) denial of access.

5. Sum insured

The sum insured is stipulated by the Policyholder on the basis of forecasted/planned fixed costs and forecasted/planned profit, if especially agreed, for the period of a calendar year.

The sum insured has to be derived from the actual data on the previous calendar year, which can be increased by the projected and founded increase in prices and/or business. After payment of the insurance benefit, the sum insured remains the same,

but in total all insurance benefits cannot exceed the sum insured within the policy period.

6. Insured value

The insured value is the sum of fixed costs and operating profit, if especially agreed, for the duration of the insured period, which the Insured would have to pay or would reach, if there was no business interruption.

7. Settlement of loss

The insurance covers the fixed costs and operating profit (if especially agreed) which could not be achieved/ reached by the Insured due to the business interruption, for the period of business interruption up to the agreed period of indemnity.

Uncovered fixed costs and operating profit are covered up to the agreed sum insured (maximum obligation of the Insurance Company).

The insurance covers the business costs only if they are necessary and economically founded.

When calculating the damage due to business interruption, all of the circumstances that could affect the business result of the insured installation in a positive or negative way have to be taken into account, even if the business interruption did not occur.

Fixed costs and operating profit are established according to corresponding methods on the basis of data on business costs and operating profit during the current year or several previous years. Deviation from these established fixed costs and operating profit has to be proven by the Insured with corresponding documentation.

8. Indemnity payment

If the sum insured at the end of settlement of the insurance case is lower than the actual loss of the fixed costs and operating profit (underinsurance) for a whole year, the Insurance Company pays the calculated damage only in the amount of proportion between the sum insured and estimated value of the fixed costs and operating profit for a whole year up to the amount of sum insured.

If the sum insured equals the actual fixed costs and operating profit, at the end of settlement of the insurance case, the Insurance Company pays the full amount of the calculated damage maximum up to the amount of sum insured.

When the insurance case occurs during the insurance year and the interruption continues into the second year, the above cover obligation of the Insurance Company for each month in the second year is up to the amount of obligation for the last month of the first insurance year.

The insurance does not cover damage due to the business interruption that lasts for three days or less. If the business interruption lasts for longer than three working days, the damage is calculated for the whole duration of the business interruption so that the insured covers 10% of the amount of the calculated indemnity as deductible, for each insurance case. If especially agreed, the deductible can be different from the provisions in the first part of this paragraph.

The urgent costs for remedy or reduction of loss or damage, performed after the occurrence of the insured event according to the order of the Insurance Company, have to be fully reimbursed by the Insurance Company.

The indemnity paid to the Insured by the Insurance Company cannot be used for acquisition of economically unfounded means.

9. Conclusion of insurance contract

The Business Interruption Insurance can be concluded by everyone who keeps their business books and can produce an analysis of professional costs and operating profit (if especially agreed).

General stipulation about the conclusion of the insurance contract is defined under the Chapter IV-LEGAL PART

III. GENERAL PROVISIONS SECTION A and SECTION B

COMMON STIPULATIONS:

Event Clause:

The following shall be considered as one single event:

- a) hail, shower or tornado repeatedly occurring within 24 hours; or any of the two above events occurring within 24 hours;
- b) hurricane, wind-storm, typhoon, tropical cyclone, whirlwind, storm, rainstorm, fire and conflagration, repeated strikes, disturbances, civil commotion, violent demonstration taking place within 72 hours;
- c) earthquake, earth movements, tidal wave, volcanic eruption, seaquake occurring repeatedly

within 168 hours, as well as other natural peril(s) arising from or being the consequence of any of the above insured event(s) or any other natural peril not mentioned here;

- d) flood repeatedly occurring within 504 hours caused by the same high water culminating once or several times, manifesting itself as one or more water masses.

Separate sub-limits and/or deductibles specified in the insurance contract may apply to each risk mentioned above.

In the case of different perils which are not connected to each other by an unbroken chain of causation, the applicable number of hours corresponds to those of the peril which has caused the largest amount of damages.

In the case of more than one event, if it is possible to allocate any losses, the Insured shall allocate them to the event which cause is most likely to have happened.

In the case of uncertainty over scientific issues about occurrence of loss event, the parties agree to seek expert advice from a neutral and recognized organization.

COMMON EXCLUSIONS:

1. Insurance event will not be constituted if the cause/trigger of the loss was:

- a) war, invasion, hostilities (whether war be officially declared or not), civil war, counter-revolution, revolution, military or popular uprising, martial law, violent take-over of power or any attempt thereto;
- b) rebellion, strike, total or partial cessation of work, civil disobedience, labor unrest, sabotage,
- c) restriction of ownership rights by the authorities, out of public interest permanently or temporarily;
- d) any other event or reason that gives rise to the declaration of a state of war or emergency;
- e) nuclear reaction, nuclear explosion, radiation or radioactive contamination, whether or not the loss has been caused by an event that is considered as an insured event hereunder;
- f) falling or strike of a satellite or a spacecraft or its parts;
- g) any deficiency of the insured property that already existed at the conclusion of the insurance contract and was known by the Insured;

- h) intentional overload; test pressure or test load
- i) in excess of the safety limit;
- j) contractual liability;
- k) gradual or continuous deterioration of the insured property, wear and tear occurring during usage;
- l) losses which arising from willful acts, any fraudulent, criminal or dishonest act of the insured and/or his representatives;
- m) risks of contraband or illegal trade;
- n) execution of a public administrative order that requested construction, demolition, repair, reconstruction or the demolition of the non-damaged parts of insured buildings and structures;
- o) act of terrorism;

For the purpose of these terms and conditions act of terrorism shall mean a violent act against people, causing public danger and involving the use of weapons, of any person acting alone or in an organized (terrorist) group, which is in particular committed for or in connection with political, religious, ethnic, ideological or similar purposes including the intention of forcing any administrative body or another state or international organizations and/or changing or disturbing the constitutional and/or social and/or economic order of another state, and/or disturbing the operation of international organizations and/or intimidating any section of the population.

An act of terrorism is committed by those as well who gain control over substantial material goods with the same purpose and objective announcing that compliance with their demands by a governmental body or international organization shall be a precondition to leaving such goods intact or returning them.

2. The followings shall not qualify as insurance event:

- a) reinstatement or replacement became necessary without direct physical damage, exclusively due to a defect, disturbed operation or inoperability;
- b) loss of soil productivity;
- c) loss of profit, delay or loss of market;
- d) aesthetic harm of the insured property, which does not impact normal usage;
- e) loss or deletion of electronic data. For the purpose of this exclusion electronic data shall mean mechanically readable data concepts and

information that are kept for communication, interpretation and processing, which can be used for electronic or electro-mechanic data management or for electronically controlling devices/appliances; such as databases, programs, software products and other coded commands that are necessary for processing and managing data or controlling and managing devices;

- f) damage to, or loss, deletion, destruction, distortion corruption or modification of electronic data as a result of any computer virus or due to any other reason. Computer virus shall mean a set of damaging harmful or in any other way unlawful instructions or any code containing a set of damaging instructions or any programmed code or any code created in any other way that is capable of spreading itself in the computer system or network. "Trojans", ("worms" and "time bombs or logic bombs") are considered as computer viruses as well;
- g) malfunctioning software or other electronic data and any decrease in their value-in-use, whether or not at the same time any other event has contributed to the occurrence of the loss;
- h) direct or indirect consequences of the fact that the computer system is unable to properly manage a date as its own system date and therefore it is unable to properly recognize data, including changes in the dates, or is unable to capture, save, store, construe or properly process data;
- i) an attempt to modify the computer system in order that a given system unlike its former version could be able to recognize changes in dates;
- j) earthquake, if it is not agreed otherwise;

3. No indemnification is payable hereunder in respect of the following losses and expenses

- a) fines and penalties, punitive expenses specifically costs of litigation and late payment interest;
- b) any sort of consequential losses, specifically any business disadvantage or business interruption loss stemming from the stoppage or suspension of a production or service provision process (such as loss of production, loss of service provision, loss of profit, wages paid for idle period or other deficits) or any additional expenses incurred in the interest of avoiding the above (such as costs of overwork, wages paid for working at night or on bank holidays, additional

costs of express or air freight, urgency charges) – unless the parties agreed otherwise;

- c) costs and expenses incurred in the course of the reconstruction, repurchase or reinstatement of the damaged property, which can be claimed or recovered by the Insured or the owner as subsidies or recoveries ;
- d) losses and expenses coming under the scope of warranty and guarantee;
- e) losses attributable to the depreciation of the damaged property used for productive purposes, which do not influence normal further usage, if it is agreed otherwise;
- f) which are higher than the production costs and related already incurred costs of the manufactured stock
- g) sentimental value of insured item.

IV. LEGAL PART

1. Insured event

It is considered that an insurance event happened at the moment when, occurrence of one of the insured perils has already started to manifestate itself on the insured property.

The definition of the Insured event is defined additionally under the point 1 of SECTION A and B in these terms and condition.

2. Obligations of Insured after insurance event

- a) The Insured shall report the occurrence of the insurance event to the Insurance Company within three days from the day when he found out about it.
- b) The Insured shall report immediately, after acknowledgment of the insurance event, which occurred due to a fire or explosion, to a competent authority for internal affairs (police).
- c) The Insured shall give all of the information and other evidence for determination of cause, extent and amount of damage to the Insurance Company.
- d) In case of a business interruption, the Insured shall be obligated to:
 - d1) do everything necessary to prevent or reduce the damage and comply with the instructions of the Insurance Company;
 - d2) enable the Insurance Company and/or experts authorized by them to examine and determine the cause, extent and amount of damage. Upon request of the Insurance

Company, the Insured shall present all necessary written explanations, notifications and documents, as well as business books, balance sheets, inventories, invoices and data on conducting of business in the current insurance year and previous years.

3. Expert procedure

- a) Each contractual party can request for certain disputable facts to be established by external experts.
- b) Each party names an expert among persons who are not in employment relation with the parties. Before commencement of work, the named experts name a third expert who gives his opinion only when findings of the first two experts differ and only within limits of their findings.
- c) Each party covers the costs of the expert named by them and half of the costs of the third expert.
- d) The findings of experts are binding for both sides.

4. Circumstances relevant to the estimation of risk

- a) Upon conclusion of the insurance contract, the Policyholder/Insured has to report to the Insurance Company all circumstances that are essential for the assessment of peril – amount of risk which he is aware of or should be aware of. The circumstances that are essential for the assessment of peril are especially those known to the Policyholder/Insured on the basis of which the insurance premium is determined and calculated, as well as those stated in the insurance contract. The Policyholder/Insured and the Insurance Company can determine these circumstances together.
- b) The Policyholder/Insured has to enable the Insurance Company to examine and revise the risk, as well as to determine the maximum possible loss or damage.

5. Conclusion of the Insurance contract

- a) The insurance contract must be concluded on the written way.
- b) A written offer to the insurance company to conclude an insurance contract shall bind the offering party for eight days after the offer arrives at the insurance company if no shorter period is stipulated;

- c) If during this period the insurance company does not reject an offer that does not deviate from the conditions under which the proposed insurance is concluded it shall be deemed to have accepted the offer and the contract shall be deemed to have been concluded.
- d) In this case the contract shall be deemed to have been concluded when the offer arrived at the insurance company.

6. Beginning and termination of the Insurance contract

- a) The obligation of the insurance company from the insurance contract begins after 24 hour on the day that is stated as the beginning of the insurance in the policy, if the first premium has been paid up to that day; or it begins after 24 hour of the day on which the premium is paid, if not otherwise agreed.
- b) The obligation of the insurance company ends after 24 hour on the day stated as the end of the insurance in the insurance policy. If only the beginning of the insurance cover is stated in the policy, the insurance cover continues from year to year until one of the contracting parties gives notice. The contracting party must give notice at least 3 months before the end of the current policy year.
- c) If the insurance is concluded for more than 3 years, each contracting party has right to terminate the insurance contract by written notice to the other party with the period of notice of 6 months.

7. Premium payment

- a) The one time premium or the first premium shall be paid by the Policyholder/Insured, at the receipt of the insurance policy. The upcoming premiums shall be paid on the first day of each insurance year, if it is not otherwise agreed. If the parties agreed that the premium can be paid in installments, the Insurance Company is entitled to collect the total yearly premium in case of loss event.
- b) The payment on the basis of an invoice or other document where the payment period is usually determined, shall be considered as an agreement that the premium has to be paid after the insurance contract is concluded.
- c) If it is agreed that the premium shall be paid in installments, regular interests can be calculated.

- d) If a premium installment is not paid by the due date, interest on late payment can be charged additionally.
- e) If the premium is paid by post, the day on which the amount of the premium was properly delivered to the post office, is considered the payment date. If the premium is paid via payment order, the day on which the payment order is received by the insurance company's bank shall be considered to be the payment date.
- f) In case of the termination of the validity of the insurance contract due to an unpaid due premium, the policyholder must pay the premium for the unpaid period until the day of the termination of the validity of the contract or the whole insurance premium for the current insurance year if by the day of the termination of the validity of the contract an insured event has occurred for which the insurance company must pay out the insurance payout or indemnity payment.

8. Non-payment of the premium

- a) If it is agreed by the contracting parties that the premium shall be paid after the conclusion of the contract, the obligation of the insurance company to pay the insurance payout starts on the day that is stated in the contract as the beginning date of the insurance.
- b) The insurance company's obligation to pay the insurance payout stipulated in the contract shall terminate if the policyholder fails to pay insurance premium that falls due after the conclusion of the contract by the time it falls due and it is not done by another interested party within thirty days of the policyholder being delivered a registered letter from the insurance company stating that the payment has fallen due.
- c) After the deadline specified in the second paragraph of this article expires the insurance company may, if the policyholder is in delay with the payment of insurance premium that must be paid after the conclusion of the contract or other subsequent premiums, rescind the insurance contract without any notice of termination, such that the rescission of the insurance contract occurs with the passing of the deadline specified in the second paragraph of this article and the termination of the insurance coverage if the policyholder was warned in a registered letter

that the premium had fallen due and insurance coverage would terminate.

- d) If the policyholder pays the premium after the deadline specified in the second paragraph of this article passes, but within one year of the premium falling due, the insurance company shall be obliged in case of the insured event arising to pay the insurance payout from 24 hour after the premium and penalty interest is paid.

9. Premium refund

- a) The Insurance Company is entitled to a full premium for the current insurance year if they paid the benefit due to occurrence of an insurance case.
- b) If the business interruption occurred due to an uninsured peril, the Insurance Company refunds the part of premium for the unused time of Business Interruption Insurance, while taking into account possible use of the agreed period of guarantee due to the insured peril.
- c) If the business interruption occurred before the commencement of the guarantee, the Insurance Company refunds the premium paid for the Business Interruption Insurance.
- d) In other cases where the insurance contract ceases before the end of period for which the premium was paid, the Insurance Company is entitled to the premium up to the day when the coverage ceases, if not otherwise agreed.

10. Amendments of insurance terms and conditions

- a) If the Insurance Company changes the Insurance Terms and Conditions, they have to notify the Policyholder about the changes at least 60 days before the expiry of the current insurance year.
- b) The Policyholder has the right to cancel the insurance contract within 60 days after having received the notification. The existing contract ceases to be valid upon expiry of the current insurance year.
- c) If the Policyholder does not cancel the insurance contract, the new Insurance Terms and Conditions shall apply at the renewal of the insurance contract.

11. Change of address and deliveries

The insurance company delivers notices and letters for the policyholders/insured to the address that the latter stated in the insurance contract. The policyholder/insured is obliged to notify the

insurance company about any address change of the company's headquarters or of their residence or their name and/or company name within 15 days from the date of change. If the policyholder/insured changed their address of residence and/or Head Office or their name and/or company name and did not inform the Insurance Company, it is sufficient for the insurance Company to send the notification that needs to be delivered to the policyholder/insured to the address of their last residence or Head Office or to address it to the last known name and/or company.

The contracting parties explicitly agree that the delivery is considered delivered after 15 days during which the policyholder/insured can pick-up the delivery at their post office if the delivery of notices and letters sent by the insurance company is unsuccessful, and that after the aforementioned period, the deadlines set herein come into force.

12. Method of communication

- a) Agreements regarding the contents of the insurance contract are only valid when concluded in writing.
- b) All notifications and statements that need to be provided according to the provisions of the insurance contract have to be in writing.
- c) A notification or statement is provided in due time if it is sent by recorded delivery before the end of dead-line.
- d) A statement that needs to be given to another person becomes valid only when it is received by this person.

13. Insolvency

The insurance company reserves the right to cancel the insurance contract without notice, immediately after becoming in any way aware of the Insured and / or Policyholder's insolvency.

14. Extrajudicial settlement of disputes

An appeal is permitted against the decision of the Insurance Company. The appeal can be delivered in person or by mail. The appeal is handled by the authorized appeal committee in accordance with the rules on appeal procedure of the Insurance Company. The decision of the appeal committee is final.

In case of not agreeing with the decision of the appeal committee, according to a special agreement, the out-of-court settlement of dispute proceedings can be continued with the Mediation Centre, which operates within the frame of the Slovenian Insurance Association.

15. Application of law and jurisdiction in a case of dispute

The relations from the insurance contract shall be regulated by the Slovenian law.

The exclusively territorial competent court for dispute resolution shall be deemed competent court of Ljubljana.

16. Personal data protection

According to Personal Data Protection Act (OG of RS 86/04) the Policyholder or the Insured allows for the personal data indicated above to be used in the data collection created, managed, maintained and controlled by the insurance company, and to be further processed for the purpose of contract implementation and informing of the Policyholder or the Insured on novelties and offers of the insurance company. The insurance company may use personal data during the insurance period and additional five years after cessation of insurance that is until the cancellation of written consent of the Policyholder or the Insured. In the case that the Policyholder or the Insured does not allow or cancel written consent, the insurance company shall continue using personal data only for the purpose of execution of insurance contract in the sense of Personal Data Protection Act. The Policyholder or the Insured allows transfer of personal data to other bodies within Allianz Group and contractual partners of Allianz.

ANNEX 1

Hereby you can find attached the applicable definitions for the fire and natural perils related insured events. In case of the loss assessment procedure the Insurance Company shall apply these definitions.

FIRE

- (1) A fire which starts outside a designated fireplace or leaves the fireplace and is capable of spreading on its own.
- (2) It is not considered that there has been a fire if the insured property is destroyed or damage because it:
 - 1) was exposed to a useful fire or heat for the purpose of treatment, processing or another purpose (e.g. ironing, drying, roasting, baking, cooking, heating, smoking, etc.) or fell or was thrown into or onto a fireplace (oven, stove, etc.);
 - 2) was burned, scorched or singed by a cigarette, ember, lamp or oven.
- (3) The insurance does not cover damage to chimneys resulting from their own use.

LIGHTNING

- (1) The insurance covers the direct physical damage caused to the insured property by lightning with heat and destructive power or by the impact of objects knocked down or thrown onto the insured property as a result of a lightning strike.
- (2) The insurance does not cover damage:
 - 1) to electrical machinery, devices and power lines due to electrical surge, overheating due to overload and atmospheric influences (static electricity and induction due to atmospheric discharges and similar phenomena);
 - 2) caused by lightning by transferring electricity through the power lines (indirect lightning strike), as well as damage to fuses of any sort, circuit breakers, surge arresters, lightning conductors and similar devices arising from their operation;

EXPLOSION

- (1) An explosion is a sudden release of force occurring due to the tendency of steam and gasses to expand. As regards containers (boilers, pipes, etc.), what is considered to be an

explosion occurs when the wall of the container is weakened to the extent that the pressure inside the container is equalized with the external pressure.

- (2) The insurance does not cover damage due to:
 - a) blasting carried out by the insured or permitted blasting carried out by others;
 - b) explosions in internal combustion chambers
 - c) (engine cylinder) occurring in machines;
 - d) explosions which occur regularly in production processes;
 - e) explosive bursts from ovens and similar devices;
 - f) explosions of a biological nature;
 - g) breaking through the sound barrier;
 - h) explosions occurring in pressurized containers (boilers, pipes, etc.), due to dilapidation, obsolescence or an excessive amount of rust, lime scale or deposits in the container (but damage on other insured property caused by the explosion of the container is covered);
 - i) negative pressure in containers (implosion).

STORM

- (1) A storm is manifested in winds with a minimum speed of 17.2 m per second or 62 km per hour (8th degree on the Beaufort scale). If the wind speed is uncertain, the insured must prove it with the data of the competent hydro-meteorological institute.
- (2) The insurance only covers damage caused by the direct influence of a storm or the indirect impact of objects knocked down or thrown onto the insured property by the storm. Damage caused due to rainwater leaking through openings created by a storm is also covered.
- (3) The insurance does not cover damage:
 - a) due to rain, hail, snow, etc., entering the building through open windows or other openings in the building, except for openings created by a storm;
 - b) to property located/stored outdoors (in hay stacks, etc.), under shelters and in open buildings;
 - c) to buildings which are not constructed like other buildings in their vicinity or are poorly maintained or dilapidated;
 - d) to spread plastic film used to protect plants, glasshouse glass and greenhouses.

HAIL

- (1) The insurance covers damage which occurs when hail damages the insured property by breaking or penetrating it or breaking off a piece of it, or causing the insured property to crack or change shape due to the impact. Damage caused due to rainwater leaking through openings created by hail is also covered.
- (2) The insurance does not cover damage:
 - a) to spread plastic film used to protect plants, glasshouse glass and greenhouses.
 - b) to property located/stored outdoors (i.e. hay stacks), or under shelters and in open buildings;

MOTOR VEHICLE IMPACT

- (1) The insurance only covers damage suffered by the insured property of the insured due to the impact of a motor vehicle or mobile machinery owned by the insured or third party.
- (2) The insured must report the loss event of the impact of an unknown motor vehicle or mobile machinery to the competent authority in charge of internal affairs, or the police, immediately when he or she learns of it.
- (3) The deductible for damage paid by the insured equals 10% of the assessed value of the damage, but no less than € 500, unless otherwise agreed upon.

AIRCRAFT IMPACT

- (1) The insurance covers damage caused by an aircraft of any type (motorized aeroplane or glider, helicopter, rocket, balloon, etc.) falling onto insured property or crashing into it.
- (2) It is considered that an event insured against has occurred if the insured property is destroyed or damaged by an aircraft, its components or objects from it.

MANIFESTATION/DEMONSTRATIONS

- (1) A manifestation/demonstration is an organized or spontaneous public display of the opinion of a group of people. Only damage arising from manifestations/demonstrations approved by the competent state authorities is covered.
- (2) It is considered that an insured event has occurred if the insured property is destroyed or damaged by demonstrators (by breaking, demolishing, burning, etc.). In accordance with these terms and agreements, the disappearance of insured property is not covered, except in the

case of criminal acts performed by the demonstrators.

- (3) The insurance company will reimburse the insured for damage up to the maximum amount of € 1.5 million. The coverage limit should not exceed the total sum insured for the insured property as stipulated within the insurance policy.

FLOODS AND METEORIC WATER

- (1) A flood occurs when the permanent natural bodies of water (rivers, lakes, seas) accidentally flood the land on which the insured property is located because they break their banks, break through embankments, break down dams or spill over due to an extremely high tide, waves or due to an extraordinary influx of water from artificial lakes.
- (2) A flood is also defined as the flooding of water due to a cloud burst, as well as the accidental flooding of water rushing down slopes, roads or paths (torrents) due to extremely heavy rainfall.
- (3) The appearance of groundwater can also be considered as a flood, if it occurs due to the flooding of land in close proximity to the insured property.
- (4) The insurance also covers damage to insured property due to the unexpected and sudden intrusion of meteoric water into the interior of the insured building due to excessive amounts of rainwater which cannot be channelled off by properly dimensioned and maintained rainwater pipes.
- (5) For hydraulic structures, the insurance also covers damage caused by high water. High water is the phenomenon of water exceeding the normal monthly water level or flow rate as displayed by the closest water meter. The normal water level for each individual month is the maximum monthly water level or flow rate in the last 20 years, excluding extraordinarily high water levels or flow rate.
- (6) The insurance only covers damage to insured property occurring during a flood or directly after the water has drained away.
- (7) The insurance does not cover damage:
 - 3) if rainwater intrudes through openings in the building (external windows and doors) which should have been closed properly;

- 4) due to inadequate construction solutions for balconies, terraces, doors, windows, roofs, etc.;
- 5) due to inadequate and deteriorated waterproofing;
- 6) due to moisture in the foundations, the effects of groundwater, high water or any other type of long-term activity;
- 7) due to the poor maintenance of the building and the rainwater drainage system and inadequate blockage protection;
- 8) due to dilapidation, obsolescence, corrosion;
- 9) to rainwater drainage gutters and the pipes themselves;
- 10) resulting from unfinished construction, installation or finishing works on buildings under construction.
- 11) due to the mechanical effects of water inside pipelines, canals and tunnels;
- 12) due to dry rot;
- 13) due to subsidence resulting from flood;
- 14) to adit, shafts, underground shafts and mine pits;
- 15) to property located inside live or dead beds of streams or rivers or in the space between a bed and an embankment (inundation area);
- 16) to goods which are sensitive to water and are not stored properly.

WATER OUTLET

- (1) The insurance covers direct physical damage due to:
 - 1) the water outlet from water or sewage pipes, or from hot water or steam heating devices or other devices connected to the pipeline network, caused by damage to or blockage of (fracture, rupture or failure of the control and safety device) these pipes and devices;
 - 2) the eruption of steam from hot water and steam heating devices.
- (2) Within the meaning of Paragraph 1 of this article, the insurance also covers damage due to the water outlet from fire sprinklers.
- (3) The insurance does not cover damage:
 - 1) due to the spillage of water from open taps;
 - 2) due to dilapidation, obsolescence and corrosion;
 - 3) due to dry rot;
 - 4) due to water loss;

- 5) to goods which are sensitive to water and are not stored properly;
- 6) due to the poor maintenance of the water supply and sewerage network, hot water and steam heating devices and other devices, or inadequate frost protection, etc.;
- 7) due to the spillage of water from rainwater drainage gutters and pipes;
- 8) due to subsidence resulting from the spillage of water from water pipes;
- 9) to water and sewage pipes, devices and boilers due to fracture or rupture.
- 10) Within the meaning of this article, spilled water and steam are not covered.

LANDSLIDE

- (1) A landslide is the sliding of the ground surface down inclined land with clearly visible cracks in the ground and faults in the land which causes dangerous static deformations or wide cracks in buildings.
- (2) The term landslide also encompasses the breaking off of land or ground due to geological erosion, and the rolling of solid pieces of land or ground; in such cases, the insurance only covers damage suffered by the insured property due to the impact of a solid piece of land or ground which broke off and destroyed or damaged the insured property.
- (3) The insurance does not cover damage:
 - a) if the land on which the building is located has already begun to slip in the geological sense when the insurance is taken out;
 - b) due to landslides resulting from human activity (e.g. cutting, excavation, etc.);
 - c) due to ground subsidence;
 - d) due to slow geological land slippage resulting in small cracks on buildings;
 - e) due to quicksand, rock burst and collapsing in shafts, adits, underground shafts and mine pits.
 - f) or the costs of land restoration.

AVALANCHE

The insurance covers damage due to the slippage of a snow mass from mountain slopes.

The insurance also covers damage arising from changes in the air pressure caused by an avalanche.

WEIGHT OF SNOW

- (1) The insurance covers physical damage suffered by the insured property as a result of:
 - a) the direct effect of the weight of snow;
 - b) the direct impact of objects falling onto the insured property due to the weight of snow.
- (2) The insurance only covers the damage if the weight of the newly fallen snow exceeds 100kg per square metre and occurs less than 24 hours after it stops snowing. In case of uncertainty, the insured must prove the weight of snow with the data of the competent hydro-meteorological institute.
- (3) The insurance does not cover:
 - a) damage caused by snow slipping from roofs without snow guards;
 - b) leakage due to snowmelt;
 - c) the costs of snow removal.

LEAKAGE

- (1) Leakage is the escape of liquid or gas from stationary containers (reservoirs, tanks, etc.) and pipelines due to cracks in the container or pipe, or the failure of devices used for releasing or filling the liquid or gas. The insurance only covers damage to the insured liquid or gas, unless otherwise agreed upon.
- (2) The insurance does not cover the loss of insured liquid or gas due to the poor maintenance or dilapidation of the container or release device or if the liquid or gas leaks due to poor sealing.

MOLTEN MATERIAL OUTLET

- (1) The insurance covers damage suffered by the insured property due to the outlet of a molten mass outside the areas designated for the discharge or drainage of the molten mass, even if there is no fire. Damage to devices used for melting and draining the molten mass is only covered if it is caused by a molten mass from the outside.
- (2) In case of a loss event, the insurance can also cover the costs of reproducing the lost molten mass, if specifically agreed upon.

SPONTANEOUS COMBUSTION (PYROLYSIS)

- (1) Spontaneous combustion is a process in which materials, under the influence of high internal temperatures, disintegrate or turn into ashes without the presence of fire or external heat.

- (2) The insurance does not cover damage to stocks of materials which are not stored and handled in accordance with the applicable regulations.

EARTHQUAKE

- (1) An earthquake is the natural trembling of the ground caused by geophysical processes taking place inside the earth.
- (2) It is considered that an earthquake has occurred if the insured proves that:
 - 1) the natural trembling of the ground in the vicinity of the insured location has caused damage to buildings or other similar permanent structures which were in good condition prior to the earthquake, or
 - 2) the damage, considering the good condition of the insured structures prior to the earthquake, could only have resulted from the earthquake.
- (3) If the damage caused by an earthquake is the subject of separate claims, the rule applies that damage caused by an earthquake in the period of 168 consecutive hours is considered as a single claim.
- (4) The European Macroseismic Scale (EMS) is used to determine seismic intensity. The insurer will only reimburse the insured for damage caused by an earthquake with a magnitude of five (5) or above according to the European Macroseismic Scale (EMS).
- (5) The earthquake insurance covers the destruction of or damage to the insured property resulting:
 - 1) directly from the effects of an earthquake;
 - 2) from all the basic and additional hazards defined within these terms and conditions occurring as the result of an earthquake.
- (6) The earthquake insurance does not cover damage to:
 - 1) frescoes and wall decorations;
 - 2) built-in reservoirs, external courtyards, external staircases and other external structures, except if thus agreed upon;
 - 3) buildings, which are not yet ready to be used and the contents of such buildings.
- (7) The insured is obligated to ensure the proper maintenance of the insured structures.
- (8) Unless otherwise stipulated in the policy, the insurance payment is reduced by a deductible in the amount of 2% of the sum insured for the damaged insured structure.