

Insurance for entrepreneurs and legal entities
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COMMON PROVISIONS
Article 1
Introductory provisions

- Česká pojišťovna a.s., registered office Spálená 75/16, 113 04 Prague 1, The Czech Republic, Company identification No. 45272956, Tax identification No. CZ 699001273, registered in the Commercial Register, Municipal Court in Prague, Section B, Entry No. 1464 (hereinafter referred to as 'Insurance Company') provides insurance in accordance with the Insurance Act No 277/2009 Sb., as amended. These General Insurance Terms and Conditions for Property and Liability Insurance VPPMO-P-01/2014 hereinafter referred to as 'VPPMO-P' govern conditions for property and liability insurance and are effective from 1 January 2014.
- Rights and obligations related to the insurance are governed by legislation of the Czech Republic, particularly by the Act No. 89/2012 Sb., the Civil Code as amended (hereinafter referred to as "the Code"), particularly by provisions §§ 2758 – 2872, these VPPMO-P, the relevant Supplementary Insurance Terms and Conditions (hereinafter referred to as "DPP"), schedule of fees and the insurance contract.
- Provisions of the insurance contract deviating from the Code, these VPPMO-P or DPP take precedence. Provisions of DPP take precedence over provisions of VPPMO-P.
- Property and liability insurance (hereinafter referred to as "the insurance") is private insurance and is arranged as indemnity insurance.

Article 2
Commencement, duration and termination of the insurance

- The insurance is arranged for a fixed period of one insurance year. The insurance year begins on the day agreed in the insurance contract as the date of commencement of the insurance. The insurance year ends on the day preceding the day in the following calendar year which corresponds to the first day of the insurance year in terms of the day and month.
- In addition to reasons stipulated in the Code the insurance terminates due to the reasons stipulated in VPPMO-P, DPP or agreed in the insurance contract.
- The insurance also terminates:
 - on the day on which the insured lost the authorisation for the business activity covered by the insurance;
 - on the day on which the declaration of bankruptcy of the insured came into force.

- In the case of death of the insured who is also a policyholder the insurance terminates only after expiration of the period for which premium was paid up to the date of death. If the insured failed to pay premium up to the day of his death, the insurance terminates on the day of his death.
- Property insurance does not terminate:
 - due to change in ownership or co-ownership of the subject-matter of the insurance, if the policyholder is not the same person as the owner or co-owner of the subject-matter of the insurance;
 - due to change in ownership or co-ownership of the subject-matter of the insurance after the change (change only in the size of co-ownership share does not cause termination of the insurance).
- Liability insurance relating to the right of ownership does not terminate:
 - due to change in ownership or co-ownership, if the policyholder is not the same person as the owner or co-owner;
 - due to change in ownership or co-ownership, if the policyholder continues to be the owner or co-owner of the relevant property (change only in the size of co-ownership share does not give rise to termination of the insurance).
- In the case of insurance covering an insured risk of another for the benefit of the policyholder or a third person it is agreed that if the policyholder or beneficiary does not prove the consent of the insured to the policyholder or beneficiary receiving indemnity by the day on which the insurance company closes investigation of the claim at the latest, insurance of the subject matter of the insurance terminates on that day. The insured gains the right to indemnity.
- The insurance cannot be suspended.

Article 3
General exclusions from insurance

- The right to indemnity from insurance does not arise:
 - if it would put the insurance company in conflict with the International Sanctions Act No. 69/2006 Sb., as amended, or with a generally binding legal regulation substituting the Act;
 - if a loss event occurred in causal relation to war events, uprising, rebellion or other violent mass disturbances, strikes, lock-outs, terrorist acts (i.e. violent actions of political, social, ideological, racial, national or religious motivation), or due to interventions imposed by government or other official authorities;
 - if a loss event was caused by nuclear energy, nuclear radiation, nuclear contamination, asbestos or formaldehyde.
- There can be other exclusions from insurance stipulated in VPPMO-P, DPP or agreed in the insurance contract.

Article 4
Premium

- Premium is to be paid as a single payment.
- It may be agreed in the insurance contract that premium is to be paid in instalments.
- The insurance company has the right to adjust the amount of premium for the following insurance year:
 - if there is a change in generally binding legal regulations or a change in the decision making practice of courts which has relevant influence on determination of the amount of indemnity;
 - if there is a change in the consumer price index, industrial producer price index or construction price index;
 - if the premium is not sufficient according to the Insurance Act, especially if the real loss ratio for a certain type of insurance exceeds the calculated loss ratio.

If insurance is agreed for one insurance year with automatic extension of the period of insurance, the insurance company has the right to adjust the amount of premium for the following insurance year. The insurance company informs the policyholder about the new level of premium no later than two months before the due date of the premium for the insurance year in which the amount of premium is to be changed. If the policyholder does not agree with the change, he can express his disagreement in writing within one month after the day on which he received the information; in such a case the insurance terminates by expiration of the period of insurance.

- The insurance company is entitled to the whole amount of premium for the insurance year or for the period for which the insurance has been arranged in the case of:
 - termination of insurance for the reasons stipulated in the Code, or in VPPMO-P or in DPP, if a claim occurred during the insurance period in which the insurance terminated;
 - termination of the insurance due to failure to pay premium.

In other cases of termination of the insurance the insurance company is entitled only to a proportional part of the premium.

- If the policyholder is to pay outstanding premiums, fees and accessories to outstanding premiums, any payment by the policyholder will be first used for the outstanding premium in such a manner that the premium, or premium instalment with the earliest due date will be settled first, then fees according to their due dates, then costs of outstanding premium recovery and finally late payment interest. There is no interest imposed on fees, costs of outstanding premium recovery and late payment interest.
- Premium is considered to be paid at the moment when it is credited to the account of the insurance company.

Article 5
Obligations arising from insurance

- The policyholder, insured or beneficiary:
 - is obliged to inform and prove to the insurance company without undue delay any changes to the facts provided when arranging the insurance that may occur within the period of insurance;
 - is obliged to enable the insurance company to check any documents necessary for premium calculation and inspection of things to which the insurance is related, if such a check or inspection is required by the insurance company;
 - is obliged to take due care that the insured event does not occur, particularly may not breach any obligations aimed at preventing or reducing the risk, imposed on him by legal regulations or based on them or which he assumed under the insurance contract nor can he tolerate breach of these obligations by third persons (third persons are considered to be all the natural and legal persons working for the insured);
 - is obliged to immediately eliminate any defect or danger of which he becomes aware and which could affect the occurrence of an insured event or take such preventive measures that can be reasonably required;

after a loss event

- is obliged, if a loss event has already occurred, to take necessary measures to diminish its consequences and if possible ask the insurance company for instructions and act in accordance with them;
- is obliged to inform the insurance company that a loss event has occurred without undue delay, no later than 30 days after the moment of discovery of the loss event;
- is obliged to provide an official translation of any documents needed for investigation of the loss event at his own expense, if so required by the insurance company;
- is obliged to provide without undue delay true explanations of the causes and extent of damage or harm, calculate claims for compensation, submit any documents necessary to ascertain circumstances relevant for assessment of the right to compensation and its amount, submit to the insurance company a list of all damaged, destroyed, stolen or lost things together with information about the year and price of acquisition and allow the insurance company to make copies of the documents and carry out necessary investigations;
- is obliged to refrain from repairing damaged things or removal of remains of destroyed things until the insurance company expresses its consent to it. If the insurance company does not express its consent within 30 days of notification of the loss event, repairs or removal of remains can be started. However, documentation (photo, video recording, description of the course of damage, list of damaged or destroyed things etc.) must be made and submitted to prove the amount of loss;
- is obliged to inform the insurance company without undue delay that criminal or administrative proceedings in connection with the loss event have commenced against the insured or his employee,

disclose the name and address of his counsel and inform the insurance company about the progress and results of the proceedings;

- k) is obliged to secure against another person the rights transferred to the insurance company, particularly the right to compensation for damage or harm as well as the right to subrogation and settlement;
- l) is obliged to inform the police without undue delay if there is a suspicion of a criminal act or attempted criminal act in connection with the loss event;
- m) is obliged to inform the insurance company without undue delay that a thing stolen or lost in connection with the loss event has been found and if compensation related to the thing from the insurance company has been received, is obliged to return to the insurance company the compensation reduced by reasonable costs necessary for repair of the thing, if it was damaged between the insured event and discovery, or to return the value of the remains, if the thing was destroyed in the period defined;
- n) may not reassign the claim for compensation arising from the insurance without consent of the insurance company.

2. Further, in the case of **liability insurance** the policyholder, insured or beneficiary:

- a) is obliged to inform the insurance company that the injured party has asserted the right to compensation for damage or harm against the insured (directly or through a competent authority) and to express himself in terms of the compensation claimed and its amount, follow the instructions of the insurance company and if requested, to authorize the insurance company to deal with the claim on his behalf;
- b) may not, in the case of out-of-court settlement of compensation for damage or harm from the insured event, enter into agreement on settlement or enable acknowledgement of a debt in any form without consent of the insurance company;
- c) may not, in the proceedings related to compensation for damage or harm from the loss event, without consent of the insurance company enter into agreement on settlement, bind himself to compensate for a time-barred claim or compensate for it, accept court conciliation or cause the award of a judgement of recognition or default judgement; is obliged to lodge an appeal or protest in a timely manner against decisions of competent authorities related to compensation for damage or harm, unless he is otherwise instructed by the insurance company within the time-limits for making an appeal;
- d) may not, without consent of the insurance company, to cause by his conduct extension or suspension of time-limits for the right to compensation for damage or harm;
- e) is obliged to provide the insurance company with current data relevant for determination of the amount of premium no later than 2 months before the end of the insurance year.

3. If the policyholder, the insured or beneficiary breaches obligations stipulated in point 1 or 2 of this Article or some other obligations stipulated in DPP or agreed in the insurance contract, the insurance company, according to the severity of the breach, has the right :

- a) to reasonably reduce the indemnity;
- b) to compensation up to the amount of the indemnity paid, from the person who breached the obligation. The policyholder is jointly and severally obliged to pay the compensation, unless he proves that he was not able to influence conduct of the person.

4. If the policyholder, the insured or beneficiary breaches the obligations stipulated in point 1 f) or h) or point 2 b), c) or d) of this Article, the insurance company has the right to refuse to pay indemnity. The insurance is not terminated by the refusal.

5. The insurance company is obliged:

- a) after completion of the investigation necessary to determine the existence and scope of obligation to pay indemnity, to inform the person who asserted the right to indemnity of the results. On request from the person, the insurance company will explain in writing the amount of indemnity or the reason for its refusal;
- b) to pay indemnity within 15 days of completion of the investigation unless otherwise stipulated in DPP or agreed in the insurance contract;
- c) on request, to return to the policyholder, the insured the documents sent or submitted to the insurance company.

Article 6

Form of legal acts and communications

1. All legal acts as well as communications related to the insurance are required in writing, unless further stipulated otherwise.
2. A written form is not required in respect of:
 - a) notification of an insured event;
 - b) notifying change in name or surname of the policyholder or the insured, in postal address, electronic address, phone number.

3. Apart from legal acts stipulated in point 2 of this Article the policyholder is further entitled to take any other legal acts in relation to the insurance company such as a proposal for change in the insurance contract, proposal for agreement on termination of the insurance or proposal for any other two-party legal act in respect of the insurance. Such a proposal made by the policyholder in a non-written form is accepted at the moment when a consenting legal act of the insurance company in writing or confirmation of acceptance of the policyholder's proposal in writing is delivered to the policyholder.

4. Apart from notifications stipulated in point 2 of this Article the policyholder, the insured and beneficiary are also entitled to give other notifications in respect of the insurance in a non-written form. Such a non-written notification is considered to be valid if the insurance company confirms in writing that they have received the notification or starts to act in compliance with it.

5. A non-written form is considered to be filing made by phone on the phone number of the insurance company designated for this purpose, by electronic form published on the official website of the insurance company or electronically to the electronic address of the insurance company designated for this purpose.

6. Legal act or notification included in an attachment to an electronic message in pdf. form or any similar form which sufficiently ensures security of the content against change is considered to be a document in writing.

7. Legal act in respect of the insurance does not give rise to legal consequences arising from usual practices in insurance business.

Article 7

Delivery

1. Document in writing is understood to be a legal act or notification in respect of insurance which is in writing and signed. It can be in a paper or electronic form.

2. Parties to the contract deliver documents in writing to each other:

- a) in person through handing over and accepting;
- b) through a public data network into a data box;
- c) through an accredited provider of certification services to an electronic address with a guaranteed electronic signature;
- d) through an operator of postal services to the postal address where the party to the contract resides, stipulated in the insurance contract, provably given by the other party to the contract after entering into the insurance contract or discovered in compliance with legislation;
- e) through electronic mail to an electronic address.

3. A document in writing sent to a data box is delivered at the moment when the person, who due to the scope of his authorization has access to the document in writing, logs into the data box.

4. A document in writing sent to an electronic address is delivered on the day, when it was delivered to the addressee's mail box, in case of doubt, it is deemed to have been delivered on the day when it was sent by the sender.

5. A document in writing sent to the postal address through an operator of postal services is delivered on the day when it reaches the address, in case of doubt, it is deemed to have been delivered on the third working day after its dispatch. However, if it was dispatched to an address in a foreign state, it is deemed to have been delivered on the fifteenth working day after dispatch. Unless otherwise agreed, the decision on the type of document in writing (ordinary mail, registered mail etc.) is made by the sender.

6. Parties to the contract are obliged to inform each other without undue delay about changes in all facts relevant for delivery and inform each other of their new postal or electronic addresses. Such changes are effective in respect of the other party to the contract as soon as they have been notified to them. If the sender has a reasonable doubt about correctness of the postal address, it is deemed that the postal address is the address which the sender knows based on his own investigation carried out in compliance with legislation.

7. If any party to the contract breaches the obligation to inform the other about changes and give their new postal or electronic address without a justifiable reason, this is deemed to be obstructing the delivery and the document in writing dispatched to the postal address is considered to have been delivered on the third working day after its dispatch. However, if it was dispatched to an address in a foreign state, it is deemed to have been delivered on the fifteenth working day after dispatch. The sender's document in writing sent to an electronic address is considered to have been delivered on the day when it was sent by the sender even though the addressee did not have the opportunity to acquaint himself with the content of the document in writing.

8. If the addressee refuses to accept delivery of the document in writing delivered to the postal address, the docu-

ment in writing is deemed to have been delivered on the day when the acceptance of it was refused, because the addressee had the opportunity to acquaint himself with its content.

Article 8

Expert proceedings

1. In the event of a dispute concerning the cause or extent of the damage occurred or the amount of indemnity, the beneficiary and the insurance company may agree that those will be determined in expert proceedings. The expert proceedings can be extended also to other conditions for the basis of right to indemnity.

2. Principles of expert proceedings:

- a) each party nominates in writing one expert who must not have any obligation to this party, and inform the other party about him without delay. Any objections against the person of the expert must be raised before the expert's activities commence;
- b) the nominated experts will agree on a third expert who will have the casting vote in the event of disagreement;
- c) the expert nominated by the beneficiary and the one nominated by the insurance company will each prepare a separate expert report concerning the issues under dispute;
- d) the experts submit their reports simultaneously to the beneficiary and to the insurance company. If the conclusions of the experts differ from each other, the insurance company will forward both reports to the expert with the casting vote. This expert will decide the issues under dispute and submit his decision to the insurance company and to the beneficiary;
- e) each party pays the costs of their own expert; the costs of the expert with the casting vote are evenly divided between the two parties.

3. In deviation from point 2 of this Article the beneficiary and the insurance company may agree on an expert with a casting vote directly and the costs of the expert with the casting vote are also evenly divided between them.

4. Expert proceedings do not affect any rights and obligations of the insurance company and the beneficiary established by legal regulations, VPPMO-P, DPP and agreed in the insurance contract.

Article 9

Personal data processing, release from the duty of confidentiality, authorization

1. **Personal data processing for the purpose of insurance and related activities**

By entering into the insurance contract the policyholder:

- a) gives consent for his personal data, including ID number and other data provided, to be processed by the insurance company and its contracted processors meeting the conditions of the Personal Data Protection Act No. 101/2000 Sb. as amended, for the purpose of insurance activities and other activities defined by the Insurance Act No. 277/2009 Sb. as amended, for the period of time necessary to ensure rights and obligations arising from the contractual relationship and for the period arising from generally binding legal regulations;
- b) confirms that he has been advised that provision of personal data to the insurance company is voluntary, however, to the extent to which the insurance company is obliged to process these data under the Code and under the Act on selected Measures against Legalization of Proceeds of Criminal Activities and Financing Terrorism No. 253/2008 Sb. as amended, or any other laws, provision of some data, especially address and identification data, is necessary for arranging an insurance contract and for meeting rights and obligations arising therefrom;
- c) acknowledges that provision of other voluntarily given personal data will be considered as an expressly given consent to administration and processing of such personal data;
- d) confirms that he has been informed, under the Personal Data Protection Act No.101/2000 Sb. as amended, about his rights and about the obligations of the administrator, particularly about the right to access to personal data under § 12, the right to correction of personal data and other rights under § 21 of this Act;
- e) in the case of providing electronic contact details the policyholder gives his consent to be contacted electronically also in matters related to insurances previously agreed;
- f) binds himself to notify the insurance company without undue delay of any change in the personal data provided.

2. **Release from duty of confidentiality, authorization**

By entering into the insurance contract the policyholder:

- a) in the case of loss event occurrence releases the prosecuting attorney's office, police and other in-

- vestigative, prosecuting and adjudicating bodies or a body in charge of administrative proceedings, fire brigade, medical doctors, medical facilities, the ambulance service and health insurance companies from duty of confidentiality;
- b) authorizes the insurance company or its representative, in all proceedings relating to the loss event, to inspect court, police or other official documents and make copies or extracts thereof;
 - c) authorizes the insurance company or its representative to inspect the documents of other insurance companies in connection with handling loss events and their obligation to provide indemnity.
3. The consents and authorizations mentioned above apply also to the period after the death or termination of the existence of the policyholder as a legal entity.

Article 10

Interpretation of common terms

These interpretation provisions apply to terms used in these VPPMO-P, in the related DPP and in the insurance contract.

1. **Automatic extension of the insurance period** is understood to be a procedure by which the insurance does not terminate on expiry of the time for which it was agreed and is extended to the following insurance year.
2. **Consumer price index** is understood to be the aggregate index of consumer prices and services published by the Czech Statistical Office.
3. **Industrial producer price index** is understood to be the index of industrial producer prices published by the Czech Statistical Office.
4. **Construction price index** is understood to be the index of construction prices for constructions in total published by the Czech Statistical Office.
5. **Fortuitous event** is understood to be an event which may occur but it is not sure whether it will occur within the period of insurance or the time of its occurrence is not known, i.e. it occurs unexpectedly and suddenly. A fortuitous event is not an event caused by an insured risk that occurs as a result of an intentional act or intentional omission of the policyholder, insured or beneficiary or other person acting on their behalf or act of which the persons were aware.
6. **Schedule of fees** is understood to be a list of payments for selected services provided by the insurance company. The relevant amount of fee is the amount stipulated in the schedule of fees valid on the day of provision of the service to be paid for.
7. **Loss event** is understood to be an event from which damage or harm arose that could be a reason for right to indemnity. Loss event is specified in more details in these VPPMO-P, DPP or in the insurance contract.

PROPERTY INSURANCE

Article 11

Subject matter of the insurance

1. If not otherwise stipulated in DPP or agreed in the insurance contract, the insurance applies to tangible movable things or constructions stipulated in the insurance contract either individually or as part of a specified set (hereinafter referred to as „subject matter of the insurance“).
2. The insurance applies to subject matter of the insurance:
 - a) in ownership of the insured named in the insurance contract (own subject matter of the insurance);
 - b) which the insured named in the insurance contract uses by right or accepted based on an agreement in writing (other's subject matter of the insurance) and which is at the same time defined as „other's“ in the insurance contract.

Article 12

Place of insurance

The insurance applies to insured events occurring in the place specified in the insurance contract as the place of insurance. This restriction does not apply to the subject matter of the insurance which was removed from the place of insurance for the minimum necessary period due to an insured event occurred or imminent.

Article 13

Insured event

1. An insured event is a fortuitous event caused by the insured risk agreed and associated with the obligation of the insurance company to provide indemnity, if it occurs within the period of insurance.
2. One insured event is considered to be an insured event caused by one insured risk and occurring in one place of insurance and in one continuous period of time.

Article 14

Exclusions from insurance

1. The insurance does not give rise to the right to compensation for damage resulting from a causal relation with an insured event that has occurred, unless

otherwise stipulated in VPPMO-P, DPP or agreed in the insurance contract.

2. The insurance does not give rise to the right to compensation for indirect damage of all types (such as loss of earnings, loss of profit, penalties, deficits, loss of use of the subject matter of the insurance) and for secondary expenses (express fees of any kind, costs of legal representation etc.) Where the right to compensation for reasonable costs of repair or reinstatement of the subject matter of the insurance or production of the new subject matter of the insurance, is established, the costs of surcharges for work overtime, at night, on holidays and bank holidays, express fees, airborne deliveries of spare parts and travelling expenses and costs of technicians and experts from abroad are not included in the reasonable costs of repair or reinstatement of the subject matter of the insurance or production of the new subject matter of the insurance.
3. Regardless of concurrent causes, the insurance does not apply to a fortuitous event resulting from a defect which the subject matter of the insurance had at the time when the insurance was arranged and of which the policyholder, insured or beneficiary could or should have been aware, regardless whether the insurance company was aware of it.
4. In the case of the insured risk of flood or inundation, the insurance does not give rise to the right to compensation for loss events occurring within 10 days of:
 - arranging insurance against this insured risk for the subject matter of the insurance;
 - increasing the indemnity limit for this insured risk. In the case of increasing the indemnity limit, the indemnity for damage occurring in the specified period is restricted to the amount of the indemnity limit applicable before the beginning of the specified period of 10 days.
5. If the insurance is agreed for a specified set of items, it can be stipulated in DPP or agreed in the insurance contract that the insurance does not apply to some subject matters of the insurance which otherwise would be included in the insured set.

Article 15

Upper limit of indemnity, values insured, sums insured, limits of indemnity

1. Indemnity is limited by upper limit. The upper limit is determined by the sum insured or limit of indemnity. The insurance company will provide indemnity up to the maximum amount of:
 - a) the sum insured agreed in the insurance contract for the subject matter of the insurance specified individually or in a set;
 - b) limit of indemnity agreed in the insurance contract. The relevant amount is always the lower one.
2. The policyholder is responsible for the determined amount of the sum insured as well as limit of indemnity.
3. The agreed amount of the sum insured for each subject matter of the insurance or set should correspond to its insured value.
4. The value insured is the highest possible property harm which can occur as a result of an insured event. The value insured can be expressed in the following ways:
 - a) as a new price;
 - b) as a current price;
 - c) as a usual price;
 - d) in any other way stipulated in DPP according to the insured risk and the type of subject matter of the insurance or set in the way agreed in the insurance contract.
5. An indemnity limit for a subject matter of the insurance or set can be agreed in the insurance contract as first risk insurance. In the case of first risk insurance the insurance company does not apply underinsurance.
6. An indemnity limit for insured risks can be agreed in the insurance contract as maximum annual indemnity (hereinafter referred to as 'MAI').

Article 16

Beneficiary

Beneficiary is the owner of the subject matter of the insurance unless otherwise defined by legal regulations, stipulated in DPP or agreed in the insurance contract.

Article 17

Indemnity

1. The beneficiary is entitled to indemnity to the extent and under conditions stipulated in VPPMO-P and DPP or agreed in the insurance contract.
2. The insurance company will provide the indemnity in cash in domestic currency. The currency exchange calculation will be made in accordance with the exchange rate on the currency market published by CNB and valid on the day of the occurrence of the insured event.
3. If the subject matter of the insurance was damaged by an insured event, the beneficiary is entitled to be paid, unless otherwise stipulated in DPP or agreed in the insurance contract, by the insurance company:

- a) in the case of insurance for a new price, the amount corresponding to reasonable costs of repair of the damaged subject of insurance, reduced by the current price of usable remains of the parts being replaced. The insurance company will pay costs of repair up to the amount of its new price at the time immediately before the insured event reduced by the new price of the part remaining;
 - b) in the case of insurance for a current price, the amount corresponding to reasonable costs of repair of the damaged subject of insurance, reduced by the amount reflecting the extent of wear and tear and other depreciation at the time immediately before the insured event and then reduced by current price of usable remains of the parts being replaced. The insurance company will pay costs of repair up to the amount of its current price at the time immediately before the insured event reduced by the current price of the part remaining;
 - c) in the case of insurance for a usual price, in a method based on the insured risk and type of subject matter of the insurance which is stipulated in DPP or agreed in the insurance contract.
4. If the subject matter of the insurance was destroyed, stolen or lost due to an insured event, the beneficiary is entitled to be paid, unless otherwise stipulated in DPP or agreed in the insurance contract, by the insurance company:
 - a) in the case of insurance for a new price, the amount corresponding to reasonable costs of reinstatement of a new (without wear and tear) subject matter of the insurance or costs incurred by the insured for production (manufacture) of a new subject matter of the insurance of the same type, quality and technical parameters as at the time immediately before the insured event, reduced by the current price of usable remains and by the current price of the part remaining. The insurance company will pay the lower amount of the amounts given;
 - b) in the case of insurance for a current price, the amount corresponding to reasonable costs of reinstatement of a new (without wear and tear) subject matter of the insurance or costs incurred by the insured for production (manufacture) of a new subject matter of the insurance of the same type, quality and technical parameters as at the time immediately before the insured event, reduced by the amount reflecting the extent of wear and tear and other depreciation at the time immediately before the insured event and then reduced by the current price of usable remains and by the current price of the part remaining. The insurance company will pay the lower amount of the amounts given;
 - c) in the case of insurance for a usual price, in a method based on the insured risk and type of subject matter of the insurance which is stipulated in DPP or agreed in the insurance contract.
 5. If the beneficiary is a value added tax (VAT) payer at the time of the occurrence of the insured event, then the tax mentioned is not included in indemnity.

Article 18

Salvage costs

1. The insurance company will pay above the upper limit of indemnity:
 - a) costs which the policyholder, insured or beneficiary purposefully and reasonably spent on preventing an imminent insured event, diminishing consequences of an insured event that has already occurred or fulfilling the obligation (imposed on them by legislation or by a state administrative body) to remove the damaged insured property or its remains for hygiene, ecological or safety reasons;
 - b) damage incurred by the policyholder in connection with such activity.
2. The insurance company will reimburse costs up to the amount of 10 % of the indemnity paid for the subject matter of the insurance and insured risk from which the insured event arose, or up to 10% of the upper limit of indemnity for the subject matter insured and insured risk which was posing an immediate threat of an insured event, maximum CZK 1 000 000 in total, unless otherwise agreed in the insurance contract.

The amount of costs to be reimbursed will be calculated based on the lowest amount of the ones given.

If a set is insured, the calculation described will apply only to damaged or threatened components of the set.
3. If the policyholder sustained damage in connection with salvage activities, the insurance company will pay compensation for the damage up to the amount of CZK 100 000 as a maximum.
4. The insurance company is obliged to reimburse costs spent with its consent in full.

Article 19

Deductible

The beneficiary contributes the amount agreed in the insurance contract as a deductible to indemnity from each insured event.

Article 20

Future insurable interest

If the insurance contract has been entered into in relation to a future business undertaking or other future business interest which will not now arise, the policyholder is not obliged to pay the premium. However, the insurance company is entitled to a reasonable reward. Unless otherwise agreed in the insurance contract, the amount of reward is 5% of the premium.

Article 21

Interpretation of terms

These interpretation provisions apply to terms used in these VPPMO-P, in relating DPP or in the insurance contract.

Additional information or exclusions related to these terms or some other terms can be stipulated in individual DPP.

1. **Current price** is understood to be the price of the subject matter of the insurance immediately before the insured event. It is determined based on the new price of the subject matter of the insurance taking into consideration the extent of wear and tear or any other depreciation or appreciation of the subject matter of the insurance caused by its repair, modernization or in any other way.
2. **Hailstorm** means a phenomenon in which pieces of ice of various shapes, sizes, weights or density formed in the atmosphere fall on the subject matter of the insurance. Damage to or destruction of the subject matter of the insurance by hailstorm is considered to be such damage to or destruction of the subject matter of the insurance caused:
 - a) by direct hailstorm action;
 - b) in causal relation to hailstorm damage to previously faultless and functional parts of a construction.
3. **Maximum annual indemnity (MAI)** is understood to be the upper limit of total indemnity paid from all insured events occurring within one insurance year.
4. **New price** is understood to be a price for which the same or comparable subject matter of the insurance can be acquired as new, without wear and tear, of the same type, purpose, quality and technical parameters in a given place and at a given time. If the subject matter of the insurance is a construction, a new price is understood to be the price usually paid for building a new construction of the same type, extent and quality in the given place, including the costs of design documentation.
5. **Usual price** (general, market) is understood to be a price for which the same or comparable subject matter of the insurance can be purchased or sold in a given place and at a given time. Any circumstances that can influence the price are taken into consideration. However, the price does not reflect the influence of extraordinary circumstances on the market, personal situation of the buyer and seller nor the influence of affection.
6. **Theft** is understood to be appropriation of the subject matter of the insurance, its part or accessories by burglary or robbery.
7. **Theft by burglary** is understood to be appropriation of the subject matter of the insurance, its part or accessories by an offender who took it in one of the following ways:
 - a) he entered the locked space in such a way that he opened it with tools which are not designed for regular opening;
 - b) he entered the place of insurance in a manner other than through a door;
 - c) he unlocked the locked space with an original key or a lawfully manufactured copy of the key which he had obtained by theft, burglary or robbery;
 - d) he got into a place of safekeeping (safe), the content of which is insured, or opened it with tools that are not designed for regular opening and at the same time entered the locked place of insurance where the safe is located in a way described in a), b) or c) of this point.

If the place of insurance is a building, theft by burglary is understood to be appropriation of a building component in which the offender provably overcame barriers or took it by dismantling using a tool or instruments such as screwdriver, pliers, wrench etc.
9. **Theft by robbery** is understood to be appropriation of the subject matter of the insurance, its part or accessories by offender by means of violence or threats of immediate violence against the insured or any other person authorised by the insured with the intention to take the subject matter of the insurance mentioned.
10. **Wear and tear** is understood to be natural decrease in the value of the subject matter of the insurance caused by ageing or use. The extent of wear and tear is also influenced by treatment or maintenance of the subject matter of the insurance.
11. **Impact by aircraft** is understood to be collision or impact by an aircraft with a crew, its part or load. Collision or impact of aircraft with a crew also includes situations in which the aircraft took off with a crew but due to the event preceding the collision or impact the crew has left the aircraft.

12. **Falling of trees, poles or other objects** is understood to be such a movement of these objects showing signs of free fall.

Damage to or destruction of the subject matter of the insurance by falling of trees, poles or other objects is considered to be such damage or destruction of the subject matter of the insurance caused:

- a) directly by falling of a tree, pole or other object;
 - b) in causal relation to the fact that the tree, pole or other object damaged previously faultless parts of the building.
13. **First risk insurance** is understood to be the case when the agreed limit of indemnity equals the upper limit of an aggregate of indemnities relating to all insured events occurring within one insurance year or within the fixed period for which the insurance has been agreed.
 14. **Damage** is understood to be the change of the state of the subject matter of the insurance, which can be objectively made good by repair, or such change of the state of the subject matter of the insurance, which cannot be objectively made good by repair, but with which the subject matter of the insurance can be used for the original purpose (e.g. aesthetic impairment).
 15. **Flood** is understood to be the covering of larger or smaller pieces of land with water which has escaped the confines of water courses or tanks or has burst banks or dams, or caused by sudden and unexpected narrowing of the water course reducing throughflow. Flood is also understood to be water which has risen into the building through the drainage system based on the principle of communicating vessels as a result of flood near the place of insurance.

Damage to or destruction of the subject matter of the insurance by flood is considered to be such damage to or destruction of the subject matter of the insurance caused by:

 - a) direct effect of flood water;
 - b) objects carried away by flood water.
 16. **Piece of land** is understood to be a part of land surface.
 17. **Fire** is understood to be flame accompanying burning and originating outside of a determined fireplace or leaving such fireplace, spreading by its own force. The effect of fire also includes the effect of products of combustion, fire extinguishing or demolition of construction components during the process of extinguishing the fire.
 18. **Reasonable costs** of repair or reinstatement of the subject matter of the insurance are costs which are usual in the place immediately before the insured event.
 19. **Direct lightning strike** is understood to be a direct hit by lightning (atmospheric discharge) of the subject matter of the insurance or a building where the subject matter of the insurance was located. The right to indemnity arises only if the place where direct lightning hit the subject matter of the insurance or the building, is reliably proven based on thermo-mechanical changes.
 20. **Avalanche slide or collapse** is understood to be a phenomenon in which large masses of snow or ice suddenly move and flow down a slope into a valley.
 21. **Landslide** is understood to be a sudden downward movement of rocks or soil caused by the effect of gravity and brought about by sudden disturbance of long-term balance, which the slopes of the Earth's surface had reached in the course of their evolution, if this occurred as a consequence of the direct impact of natural and climatic effects with the occurrence of separating planes.
 22. **Set** is formed of subjects of insurance of the same or similar character designated for the same purpose. If a set is insured, the insurance applies to any subject matters of insurance pertaining to the set at the time of the occurrence of the insured event. The sum insured for the set is formed of the total of the insurance values of individual items understood to be items including furniture, usually more than 100 years old, of a significant artistic value, or having a unique character in respect of their origin, age and interest of collectors.
 24. **Weight of snow or hoarfrost** is understood to be the destructive effect of its excessive weight on roofing, load-bearing or other roof structures.

Damage to or destruction of the subject matter of the insurance by weight of snow or hoarfrost is considered to be such damage to or destruction of the subject matter of the insurance caused:

 - a) by direct effect of weight of snow or hoarfrost on roofing or other structures of the roof of the building or
 - b) in causal relation with the fact that weight of snow or hoarfrost damaged previously faultless and functional structural parts of the roofing of the building.
 25. **Works of art** is understood to be paintings and other works of fine art, decorative and utility objects of branded glass, china or of ceramics, wood, metal and other materials, hand-woven carpets, Gobelin tapestries,

tapestries and other works of art whose price is not solely defined on the basis of their production costs but also on the basis of artistic quality or authorship of the work, or on the basis of its unique nature.

26. **Deliberate damage or destruction (vandalism)** is understood to be damage or destruction that was intentionally committed by a person other than the beneficiary, policyholder, insured, a person close to them or any other person acting on their behalf. The right to indemnity arises only on condition that the deliberate damage to or destruction of the subject matter of the insurance has been notified to the Police of the CzR immediately after its discovery.
27. **Windstorm** is understood to be the dynamic effect of a mass of air moving at the speed of 20.8 m/s (75 km/h) or higher. If the speed of air movement at the place of insurance cannot be ascertained, the insurance company will provide indemnity if the beneficiary proves that the air movement around the place of insurance has caused similar damage to properly maintained constructions or other equally resistant items or that the damage caused to the construction or other item in faultless condition could have been caused only by a windstorm.

Damage to or destruction of the subject matter of the insurance by windstorm is considered to be such damage to or destruction of the subject matter of the insurance caused by:

 - a) direct effect of windstorm;
 - b) the fact that the windstorm blew down parts of a construction, trees or other items onto the subject matter of the insurance;
 - c) causal relation to the fact that the windstorm damaged previously faultless and functional parts of constructions.
28. **Water leaking from water pipeline systems** is understood to be water leaking into a place other than its destination from firmly and duly installed water pipelines.

The insured event caused by the insured risk of water leaking from water pipeline systems is such damage to or destruction of the subject matter of the insurance caused by:

 - a) the direct effect of water leaking from water pipeline systems on the subject matter of the insurance;
 - b) if the subject matter of the insurance is a construction, also caused by the fact that water leaking from water pipeline systems undermined the foundations of the construction.

Water leaking from water pipeline systems is understood to be drinking water, industrial water or waste water in any state, heating or extinguishing liquid.
29. **Water supply system** is understood to be:
 - a) internal water delivery and discharge piping for drinking water, industrial water or waste water including fittings and devices connected to the piping, if it serves only for the purpose of operability of the building (e.g. sanitary equipment, water heaters, air conditioning) and also automatic washing machines, drying machines and dishwashers;
 - b) internal piping of a heating system built into the structure including fittings and heating elements;
 - c) pipe connections and ducts for drinking, industrial, waste or heating water including fittings.

Roof gutters and rain pipes of any kind are not a water supply system.
30. **Free fall** is understood to be movement of a body of which the initial speed is zero and apart from gravity there is no other force acting on the body.
31. **Explosion** is understood to be the sudden destructive effect of pressure force resulting from expansion of gases or vapours (very quick chemical reaction of a non-stable system). Explosion of pressure vessel is considered to be tearing of the wall of the vessel to the extent of causing sudden levelling of pressure between the outside and the inside of the vessel.

For the purpose of insurance a pressure vessel means a compact functional unit with a compressed gas or vapour (boiler, duct etc.) with a closed space with a maximum permissible pressure higher than 0.5 bar.
32. **Inundation** is understood to be the covering of a plot of land on which the subject matter of the insurance is located with flowing water from torrential rain or still water creating a continuous expanse of water due to insufficient drainage of atmospheric precipitation.

Damage to or destruction of the subject matter of the insurance by inundation is considered to be such damage to or destruction of the subject matter of the insurance caused by:

 - a) direct effect of water from inundation;
 - b) items carried by the water from inundation.
33. **Earthquake** is understood to be shaking of the earth's surface caused by movements inside the crust, reaching at least the 6th degree on the European scale measuring macro-seismic effects of earthquakes (EMS 98).

- 34. Destruction** of the subject matter of the insurance is understood to be a change of the state of the subject matter of the insurance which cannot be objectively made good by repair and therefore the subject matter of the insurance cannot be used for the original purpose. If the subject matter of the insurance is a building, it is deemed that the moment of its destruction is the moment when it ceased to exist in such a way that the layout of the first floor of the original building cannot be recognised, i.e. external walls were destroyed below the level of the ceiling above the first floor; the volume of remaining underground construction and foundations is not relevant in this connection.
- 35. Collapse of rocks or soil** is understood to be a sudden collapse of rocks or soil caused by sudden release of blocks of rock, rock debris or soil due to the effect of gravitation and brought about by sudden disturbance of the long-term balance which the slopes of the Earth's surface had reached in the course of their evolution if this occurred as a consequence of direct impact of natural and climatic effects.
- 36. Loss** of the subject matter of the insurance or its part is understood to be a situation in which the insured, independently of his will, has been deprived of the subject matter of the insurance and such situation arose without provable violent overcoming of the security system preventing theft or without any other violent act.
- 37. Special cultural and historical value** is understood to be a relation to cultural or historical events or persons.

LIABILITY INSURANCE

Article 22

Basic scope of insurance

- The insurance is agreed to cover the insured's obligation, stipulated by the legislation, to compensate for:
 - harm caused to another person by bodily injury or death;
 - damage caused to another person by damage to, destruction, loss or theft of a tangible thing (including an animal) of which the person has the ownership, use or lawfully has it based on any other legal title.
- The right to indemnity arises only if the bodily injury or death, damage to, destruction, loss or theft of a tangible thing occurred within the insurance period in connection with a lawfully performed activity stipulated in the insurance contract or with relations arising from the activity on the territory agreed in the insurance contract.
- In deviation from point 2 of this Article it may be agreed in the insurance contract that the right to indemnity arises:
 - if the right of the injured party to compensation for damage or harm caused to another person by bodily injury or death was asserted for the first time in writing against the insured within the insurance period and in connection with a lawfully performed activity stipulated in the insurance contract or with relations arising from the activity on the territory agreed in the insurance contract,
 - and if at the same time the insured asserted the right to indemnity with the insurance company within the insurance period or within 5 working days of its expiry,
 - and at the same time the cause resulting in damage or harm occurred no earlier than on the day which is agreed in the insurance contract as the day when the cause of damage or harm occurred.
- If the bodily injury occurred as a result of an accident, than it is considered that the accident occurred at the moment of a brief, sudden and violent impact of external forces or influences which caused damage to health. Any other bodily injury is considered to have occurred at the moment which is medically documented as the moment of occurrence of other damage to health. If other person's death resulting from an accident or other damage to health occurs, the moment relevant for the existence of the right to indemnity is the moment when the accident or other damage to health resulting in death occurred.
- Unless otherwise agreed in the insurance contract or stipulated in these VPPMO-P, the insurance applies especially to the insured's obligation to compensate for damage or harm by bodily injury or death:
 - caused by a defective product launched on the market after the commencement of the insurance, including damage and harm caused by dissemination of a contagious disease of humans and animals;
 - which an apprentice, pupil or student participating in practical training at the insured's suffers;
 - occurring in connection with ownership or lease of an immovable tangible thing;
 - caused in connection with letting out an immovable tangible thing to the extent which does not require a Trade Licence or Trade Permit.
- The insurance also applies to compensation for medical expenses incurred by a health insurance company in connection with health care for third persons resulting

from culpable wrongful conduct of the insured, if the right to indemnity under the insurance agreed arose from the obligation to compensate for harm, to which the expenses relate, sustained by another person by bodily injury or death.

- The insurance also applies to the right to subrogation for health insurance benefits paid by a health insurance body due to culpable wrongful conduct of the insured ascertained by court or an administrative body, if the right to indemnity under the insurance agreed arose from the obligation to compensate for harm, to which the expenses relate, sustained by another person by bodily injury or death.

Article 23 Insured event

- An insured event is an event which gives rise to the insured's obligation to compensate for damage or harm sustained by bodily injury or death, which is associated with the obligation of the insurance company to provide indemnity.
- If the compensation for the damage or harm by bodily injury or death is subject to decision by a competent authority, it is deemed that the insured event occurred only on the day when the decision of such an authority became effective. In such a case the insurance company will provide indemnity to the extent agreed as at the day when the insurance event occurred.

Article 24

Exclusions from insurance

1. Basic exclusions

The insurance does not apply to the obligation to compensate for damage or harm by bodily injury or death:

- caused deliberately or assumed beyond the scope stipulated by legal regulations or assumed under a contract;
- to the extent of extraordinary value or sentimental value;
- caused by breach of intellectual property rights;
- caused by publicly provided information or by advice given for a consideration;
- to the extent to which the right to indemnity arose under liability insurance against occupational injury or disease;
- caused by the insured while performing his work duties in industrial relations or in direct connection with them;
- occurring in connection with an activity on which the obligation to arrange liability insurance is imposed by Czech legal regulations;
- to the extent to which the right to indemnity arose under motor third party liability insurance;
- caused by activity as a forwarder;
- caused to things on which the insured performed an ordered activity, if he did not follow the prescribed or commonly used procedure or manual for a device, machine or other thing;
- caused by operation of aircraft, vessel or sports flying equipment including their models;
- caused by transmission of the HIV virus;
- manifested in genetic modifications of the organism;
- caused by genetically modified organisms or toxic moulds;
- caused in the course of a professional sports activity or caused to active participants in an organized sports competition;
- caused by wild animals;
- in the case of compensation for damage or harm awarded by a court of the USA or Canada.

2. Damage to things accepted, used or guarded

The insurance does not apply to obligation to compensate for damage:

- caused to tangible movable things accepted by the insured, which are to be a subject matter of his obligation, including things accepted under contract of carriage;
- caused to tangible movable things used by the insured;
- resulting from loss or theft of a tangible thing which was the subject of surveillance carried out by the insured.

3. Environment, environmental harm, erosion

The insurance does not apply to obligation to compensate for damage or harm:

- caused by vibrations, landslide, subsidence, collapse of rocks or soil, erosion or undermining;
- caused to environment;
- included in environmental harm.

4. Damage or harm caused by a defective product

The insurance does not apply to obligation to compensate for damage or harm by bodily injury or death:

- caused to a defective product supplied by the insured;
- caused by a product launched on the market before the commencement of insurance;
- caused by a product acquired by the insured in a manner which prevents him, in accordance with legal

- regulations, successfully asserting the right to claim damages against the entity obliged to compensate;
- caused by a product which is faultless from the technical point of view but does not reach the promised functional parameters;
- occurring because the parameters, quality, design or function of the product were changed by the insured upon the request of the injured or because upon request of the injured, the insured installed the product in other conditions than those for which it is designed;
- caused by a product which was not checked in a manner proving its safety necessary for launching this product on the market;
- caused by a product defect or other insufficiency which the insured declared previously;
- caused during design, construction and making of an aircraft or by delivery of spare parts or other products which are installed in the aircraft and of which the insured is aware.

5. Mantling and dismantling of a defective product, product recall

The insurance does not give rise to indemnity:

- for costs related to demolition, removal or dismantling of a damaged or destroyed defective product causing damage, as well as for costs of acquisition and installation of a product replacing the damaged or destroyed defective product;
- for losses, expenses or other costs or payments incurred by other persons in connection with the product recall.

6. Sanction, defective performance

The insurance does not give rise to indemnity:

- for penalties imposed on the insured or penalties, fines or other payments of a punitive, exemplary or preventive character claimed against him;
- for payments made under rights arising from defective performance and liability for delay.

7. Other than property harm

The insurance does not apply to obligation to compensate for:

- other than property harm caused by gross negligence through breach of important legal obligation or with especially condemnable motive to a person who feels it as his personal distress which cannot be undone in any way. This exclusion does not apply to compensation for other than property harm by bodily injury or death if it concerns compensation for pain and suffering or loss of quality of life or compensation provided to persons close to the injured who was killed or sustained especially serious bodily injury;
- other than property harm which was agreed or which was caused otherwise than by bodily injury or death.

8. Significant relationship, damage or harm between the insureds

The insurance further does not apply to obligation to compensate for damage or harm by bodily injury or death:

- between the insureds covered by one insurance;
- caused to a person who has a significant relationship with the insured.

Article 25 Beneficiary

The beneficiary is the insured.

Article 26 Indemnity

- Indemnity is determined as compensation for damage or harm by bodily injury or death which the insured is obliged to compensate under generally binding legal regulations. The indemnity will be provided in the extent of legal regulations governing the obligation to compensate for damage or harm by bodily injury or death and under conditions stipulated in these VPPMO-P, DPP or agreed in the insurance contract.
- The insurance company will provide the indemnity in cash. The currency exchange calculation in the case of compensation for damage or harm or deductible will be carried out in accordance with the exchange rate on the day of meeting the obligation to compensate for damage or harm.
- Within the limit and sublimit of indemnity agreed, the insurance company will further pay the costs:
 - corresponding at the most to a non-contractual attorney's fee for the defence in pre-trial proceedings and in the proceedings before the court of the first instance within the criminal proceedings initiated against the insured or his employee in connection with the loss event, if the insured met the conditions imposed on him by Article 5, point 1j) of these VPPMO-P. Similar costs before the appellate court the insurance company will pay only if it bound itself in writing to do so;

- b) of proceedings concerning compensation for damage or harm by bodily injury or death before the competent body, if the insured met the conditions imposed on him by Article 5, point 2 of these VPPMO-P and if the insured is obliged to pay the costs. However, the insurance company will pay legal representation costs only if it bound itself in writing to do so;
 - c) incurred by the injured in connection with out-of-court proceedings dealing with the right to compensation for damage or harm by bodily injury or death, if the insured is obliged to pay it and if he met the conditions imposed on him by Article 5, point 1f) and Article 5, point 2a) of these VPPMO-P.
4. If the insured himself has compensated the injured party for damage or harm by bodily injury or death, the insurance company will check and assess all the facts related to the right to indemnity, extent and amount of the damage or harm as if the insured had not paid the compensation.
 5. If the insured has the right to be reimbursed by the injured party or any other person for the amount paid or to reduction of a pension or other regular payment or to suspension of its payment, the right is transferred to the insurance company, if the insurance company has paid the amount on behalf of the insured. The right to recover the costs stipulated in point 3 of this Article awarded to the insured against the respondent is also transferred to the insurance company if the insurance company has paid it on behalf of the insured.
 6. The insured also has the right that the insurance company pay the amount which he is obliged to pay on his behalf:
 - a) to the insurer in the case of transfer of the right of the injured party for the reason of the indemnity provided by the insurer or the salvage costs incurred;
 - b) as a result of settlement of wrongdoers according to their participation in causing the damage;
 - c) in the case of subrogation, i.e. asserting the right to be paid the amount which the party obliged to compensate the injured party for the damage or harm caused by the insured, was obliged to pay; on condition that the right to indemnity under the insurance agreed would arise from the obligation of the insured to compensate for damage or harm to which these amounts are related.
 7. The insured has also the right that the insurance company pay on his behalf the amount which he is obliged to pay due to surety for meeting the obligation to compensate for damage caused by the person who the insured chose without due care or insufficiently supervised while performing his activity. This compensation will be provided only to the extent to which the right to indemnity would arise, if the insured had not used a sub-supplier in the course of his activity and if he had caused the relevant damage or harm himself.
 8. If the insured, a person authorized by him, his employee or assistant caused damage or harm by bodily injury or death after consuming alcohol or after consuming or applying other narcotic, psychotropic or addictive substances, the insurance company has the right against the insured to reasonable compensation for what it paid for him up to the amount of the indemnity provided.

Article 27

Upper limit of indemnity, limits and sublimits of indemnity

1. The upper limit of indemnity is the limit of indemnity. The limit of indemnity is agreed in the insurance contract based on the policyholder's proposal.
2. The total indemnity paid out for a single insured event must not exceed the limit of indemnity agreed in the insurance contract. This also applies to sum of indemnities paid for events which are interrelated in terms

of time and arise directly or indirectly from the same source, cause, event, circumstance, defect or other risk (hereinafter referred to as "series of loss events"). The relevant moment for occurrence of series of loss events is the moment of occurrence of the first loss event in the series.

3. At the suggestion of the policyholder there can be sublimits of indemnity for individual insured risks agreed in the insurance contract within the limit of indemnity.
4. If some other conditions for the right to indemnity are agreed in the insurance contract in accordance with Article 22, point 3 of VPPMO-P, the total indemnity for one insured event may not exceed the limit of indemnity agreed in the insurance contract for the insurance year in which the injured's assertion in writing of the right to compensation for damage or harm by bodily injury or death was delivered to the insured for the first time. In the case of series of loss events it applies that indemnity for all events in series may not exceed the limit, sublimit of indemnity agreed in the insurance contract for the insurance year in which the injured's assertion in writing of the right to compensation for damage or harm by bodily injury or death arising from the first event in the series was delivered to the insured for the first time.
5. The total indemnity for one insured event provided for the reason of the insured risk limited by the sublimit of indemnity may not exceed this sublimit of indemnity agreed. This also applies to indemnity for series of loss events.
6. Indemnities paid for loss events occurring within one insurance year may not exceed double limit, sublimit of indemnity agreed in the insurance contract for the insured risks agreed.
7. An annual limit or sublimit of indemnity can stipulated in these VPPMO-P or agreed in the insurance contract as an upper limit of indemnity which may not be exceeded by indemnities for all loss events or series of loss events occurring within one insurance year.

Article 28 Salvage costs

1. The insurance company will pay above the limit or sublimit of indemnity agreed reasonably spent salvage costs specified in the Code which the policyholder, insured or other person spent on preventing an imminent insured event or diminishing consequences of the insured event that has already occurred up to the maximum of 2 % of the limit or sublimit agreed in the insurance contract for the insured risk to which the salvage costs are relating.
Salvage costs related to saving human life and health will be covered by the insurance company up to the maximum of 30 % of the limit or sub-limit of indemnity.
2. If the policyholder, insured or another person sustained damage in connection with salvage activities, the insurance company will pay compensation for the damage up to the amount of CZK 100 000 as a maximum.
3. The insurance company is obliged to reimburse costs spent with its consent in full.

Article 29 Deductible

The insured contributes the amount agreed in the insurance contract as a deductible to indemnity for each insured event. In terms of indemnity for series of loss events the insured contributes the deductible only once regardless of the number of loss events in the series. If indemnity is paid for more insured risks within one loss event, the insured contributes the highest deductible agreed to the indemnity for the loss event.

Article 30 Interpretation of terms

1. **Theft** is understood to be appropriation of another person's thing, its part or accessories by theft or robbery.

2. **Wear and tear** is understood to be the natural decrease in the value of a thing caused by ageing, use or neglected maintenance etc.
3. **Undermining** is understood to be human activity including mining of underground drifts, shafts, tunnels and similar underground constructions.
4. **Damage** is understood to be the change of the state of a thing, which can be objectively made good by repair, or such change of the thing which cannot be objectively made good by repair, but with which the thing can be used for its original purpose.
5. **Subsidence** is understood to be a downward movement of the Earth's surface towards the centre of the Earth caused by the effects of natural forces or human activities.
6. **Landslide, collapse of rocks or soil** is understood to be a downward movement of the Earth's surface caused by the effects of natural forces or human activities.
7. **Damage or harm is caused intentionally**, if it has been caused by intentional act or intentional failure to act, wantonness, trickery or malevolence which can be attributed to the insured, his employee or an authorized representative or competent manager, or by an act of which these persons were aware. In the case of deliveries of things or services the damage or harm is also caused intentionally if the insured, his authorized representative or competent manager was aware of defects of things or services. Damage or harm is also caused intentionally if the origin of the cause of the damage or harm rests in the fact that the insured, his authorized representative or competent manager or a natural person or legal entity acting on behalf of the insured, an agent, employee or assistant intentionally did not follow legal regulations or binding norms for production, sales and distribution of products, or that a natural person or legal entity acting on behalf of the insured intentionally did not follow the instructions or guidelines of the insured, his authorized representative or competent manager.
8. **Use of a thing** is understood to be a situation in which the insured has a tangible movable thing under his control and can use its usable qualities.
9. A person who has a **significant relationship** with the insured is considered to be:
 - a) a spouse, registered partner, sibling, relative in a direct line, person living with the insured in a common household, member of a family participating in running a family establishment;
 - b) a partner of the insured or a person performing together with the insured an activity based on a contract for partnership, his/her spouse, registered partner, sibling, relative in a direct line or a person living with the insured in a common household;
 - c) a business entity in which the insured or a person specified in a) and b) of this point has a majority property interest, if more such persons have majority interest in the business entity at the same time, sum of their property interest is relevant;
 - d) a business entity which has a majority property interest in the business entity insured under this insurance.
10. **Destruction of a thing** is understood to be a change of the state of a thing which cannot be objectively made good by repair and therefore the thing cannot be further used for its original purpose.
11. **Loss of a thing** or its part is understood to be a situation in which the insured or he injured, independently of his will, has been deprived of the tangible movable thing and such situation arose without a provable violent overcoming of the security system preventing theft or without any other violent act.
12. **Environment** is understood to be anything that creates natural conditions for the existence of organisms including human beings and is a prerequisite for their further evolution. Its components are especially the air, water, rocks, soil, organisms, ecosystems, and energy.

Note: This is a translation; in case of dispute the Czech version shall prevail.