

# Terrorism Insurance Wording

Version 1/2020

CHUBB®

## Property damage

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These insurance terms and conditions (the “**conditions**”) of terrorism insurance are issued by **Chubb European Group SE**, with its registered office at the La Tour Carpe Diem, 31 Place des Corolles, Esplanade Nord, 92400 Courbevoie, France, , operating its insurance business in the Czech Republic based on freedom of establishment via its branch **Chubb European Group SE, organizační složka**, with its registered office at Praha 8, Pobřežní 620/3, Post Code 186 00, ID no 27893723, registered in the Commercial Register maintained by the City Court of Prague, section A, insert 57233 (“**insurer**”).

The insurance is established based on an insurance policy (the “**policy**”) concluded between the **insurer** and the **policyholder**. The **conditions** form an inseparable part of the **policy**.

## Insured event / Insurance perils

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Subject to the exclusions, limits and conditions hereinafter contained, this insurance insures the **property insured** against **property damage**, occurring during the **period of insurance** caused by an **act of terrorism** or **act of sabotage**, as herein defined; any liability of the **insurer** under this insurance is subject to the **limit of liability** and relevant sub-limits of liability under **policy**, if all conditions prescribed by these **conditions**.

These **conditions** form an inseparable part of the **policy** (all references in the **civil code** to the **policy** shall be understood as including references to these **conditions**).

This insurance is an insurance against loss.

## Definitions

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### **Act of terrorism**

means an act or series of acts, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

### **Act of sabotage**

means a subversive act or series of such acts committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

### **Buildings**

means the buildings owned, leased or otherwise legally held (i.e. held in due, faithful and rightful possession) by the **insured** for the purpose of the **business** located at the **premises** and stated in the **policy**.

### **Business**

means the business activities, in the extent stated in the **policy**, lawfully carried out by the **insured** on the basis of trading or other licenses.

### **Contents**

means movable property owned, leased or otherwise legally held (i.e. held in due, faithful and rightful possession) by the **insured** for the purpose of the **business** located at the **premises** and specified in the **policy**.

### **Property damage**

means physical damage to, destruction or loss of **property insured**.

### **Property insured**

means the **buildings** and the **contents**.

### **Premises**

means real estate or parts of real estate (such as buildings that form either a part of a land plot, or have been built within the right of construction) specified in the **policy**, anywhere within the **territorial limits**, owned, leased or otherwise legally held (i.e. held in due, faithful and rightful possession) by the **insured** for the purpose of the **business** and held on file by the **insured**.

### **Territorial limits**

unless the **policy** provides for otherwise, the **territory** shall mean the territory of the Czech Republic.

**Civil code**

means act no. 89/2012 Coll., the Civil Code and other statutory rules applicable to insurance in the Czech Republic.

**Insurer**

means Chubb European Group SE, with its registered office at, La Tour Carpe Diem, 31 Place des Corolles, Esplanade Nord, 92400 Courbevoie, France, , which carries out business in the Czech Republic through its branch **Chubb European Group SE, organizační složka**, with its registered office at Prague 8, Pobřežní 620/3, zip code 186 00, identification number 27893723, registered in the Commercial Register, kept by the City Court in Prague, Section A, Insert 57233.

**Policyholder**

means a person specified as the **policyholder** in the **policy**.

**Insured**

means a person specified as the **insured** in the **policy** whose property (in relation to insurance of property) and proprietary interest regarding avoidance of financial loss (in relation to business interruption insurance) are covered by the insurance.

**Beneficiary**

means a person (legal entity or individual) entitled to indemnity as a result of an **insured event**.

**Policy period**

means the term of this insurance as specified in these **conditions** or in the **policy**.

**Insured event**

means a fortuitous event in more details specified in these **conditions** and in the **policy** which is associated with the obligation of the **insurer** to provide indemnity, if all other conditions and requirements for occurrence and further existence of this obligation of the **insurer** are met.

**Insured peril**

means a potential cause of occurrence of an **insured event** which is further specified in these **conditions**.

**Actual cash value**

means value of an asset immediately before occurrence of the **insured event**; **actual cash value** is determined based on the **new value** while taking into account the level of wear and tear or of some other type of devaluation, or the increase in value of the asset occurring as a result of its repair, modernisation or some other similar way.

**New value**

means price for which the same or comparable asset can be acquired in the given place as the same or new property of the same type and purpose.

**Insurance risk**

means the probability of occurrence of an **insured event** caused by an **insured peril**.

**Insurance interest**

means a legitimate need of protection from the consequences of an **insured event**.

**Occurrence**

mean an event leading to loss which might have established the entitlement to indemnity (i.e. which may be an **insured event**).

## Exclusions

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This insurance does not insure against:

**1. Radioactive contamination**

loss or damage arising directly or indirectly from nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination may have been caused.

**2. War**

loss or damage occasioned directly or indirectly by war, invasion or warlike operations (whether war be declared or not), hostile acts of sovereign or local government entities, civil war, rebellion, revolution, insurrection, martial law, usurpation of power, or civil commotion assuming the proportions of or amounting to an uprising.

- 3. Seizure**  
loss or damage caused by seizure or legal or illegal occupation unless physical loss or damage is caused directly by an **act of terrorism** or an **act of sabotage**.
- 4. Confiscation, nationalisation**  
loss or damage caused by confiscation, nationalisation, requisition, detention, embargo, quarantine, or any result of any order of public or government authority which deprives the **insured** of the use or value of its property, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade.
- 5. Seepage or pollution**  
loss or damage directly or indirectly arising from or in consequence of the seepage and or discharge of pollutants or contaminants, which pollutants and contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment.
- 6. Chemical or biological emission**  
loss or damage arising directly or indirectly from or in consequence of chemical or biological emission, release, discharge, dispersal or escape or chemical or biological exposure of any kind.
- 7. Asbestos**  
loss or damage arising directly or indirectly from or in consequence of asbestos emission, release, discharge, dispersal or escape or asbestos exposure of any kind.
- 8. Fines and penalty**  
any fine or penalty or other assessment which is incurred by the **insured** or which is imposed by any court, government agency, public or civil authority or any other person.
- 9. Electronic data**  
loss or damage by electronic means including but not limited to computer hacking or the introduction of any form of computer virus or corrupting or unauthorised instructions or code or the use of any electromagnetic weapon.  
This exclusion shall not operate to exclude losses (which would otherwise be covered under this Policy) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.
- 10. Riots, strikes, civil commotion**  
loss or damage caused by vandals or other persons acting maliciously or by way of protest or strikes, labour unrest, riots or civil commotion.
- 11. Local authority**  
loss or increased cost occasioned by any public or government or local or civil authority's enforcement of any ordinance or law regulating the reconstruction, repair or demolition of any **property insured** hereunder.
- 12. Prevention of loss**  
loss or damage caused by measures taken to prevent, suppress or control actual or potential **act of terrorism** or **act of sabotage** unless agreed by the **insurer** in writing prior to such measures being taken.
- 13. Loss of market**  
any consequential loss or damage, loss of use, delay or loss of markets, loss of income (except for loss of profit as covered by business interruption section), depreciation, reduction in functionality, or increased cost of working.
- 14. Utilities**  
loss or damage caused by factors including but not limited to cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies and telecommunications or any type of service.
- 15. Hoax**  
loss or increased cost as a result of threat or hoax.
- 16. Theft**  
loss or damage caused by or arising out of burglary, house - breaking, looting, theft or larceny.
- 17. Disappearance**  
loss or damage caused by unexplained loss.

**18. Mould**

loss or damage directly or indirectly caused by mould, mildew, fungus, spores or other microorganism of any type, nature or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

**19. Communicable Disease**

any loss, damage, claim, cost, expense or other sum whatsoever, directly or indirectly arising out of, or in any way attributable or related to, connected with or occurring concurrently or in any sequence with:

- a Communicable Disease; or
- the fear or threat (whether actual or perceived) of a Communicable Disease.

For the purposes of this exclusion, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:

- for a Communicable Disease, or
- any property insured hereunder that is or may be affected by a Communicable Disease.

For the purposes of this exclusion, a “Communicable Disease” means any:

- physical distress, illness, or disease caused or transmitted directly or indirectly by any virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and regardless of the means of transmission; or
- any virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, which is capable of causing physical distress, illness or disease.

**20. Schemes and pools**

loss, destruction or damage, injury or any consequential loss resulting therefrom, which can be insured against under any government scheme, government or public authority compensation scheme, insurance pool or natural catastrophe insurance scheme.

The liability of the **insurer** shall be limited to the difference between the amount recoverable under such other insurance and the amount that would have been recoverable under this **policy** but for the existence of such other insurance.

No deductible amount nor any financial loss sustained by the **insured** resulting from the operation of any condition of average or co-insurance in such other insurance be recoverable under this **policy**.

## Property excluded

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This Insurance does not cover any loss, destruction or damage to:

**1. Land**

land or land values.

**2. Transmission lines**

power transmission, feeder lines or pipelines not on the **insured’s premises**.

**3. Vacant property**

any building or structure, or property contained therein, while such building or structure is vacant or unoccupied or inoperative for more than thirty days, unless the property is intended to be unoccupied in its normal operations.

**4. Aircraft**

aircraft or any other aerial device, or watercraft.

**5. Vehicles**

any land conveyance, including vehicles, locomotives or rolling stock, unless such land conveyance is declared in the **policy** and solely whilst located at the **property insured** herein at the time of its damage.

**6. Animals**

animals, plants and living things of all types.

**7. Transit**

property in transit not on the **insured’s premises**.

## Conditions

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### 1. Premium

The premium is a lump-sum premium. Amount of the premium and its due date is set out in the **policy**. The premium, or an instalment or advance payment of premium, is considered as paid on the day when it is credited on the **insurer's** account stated in the **policy** or (in case no such account is stated in the **policy**) on another account duly identified by the **insurer** to the **policyholder** for that purpose. In case of default with payment of the premium, the insurance shall not be interrupted.

### 2. Inception of insurance

The Insurance begins on the day specified in the **policy** and the **policy period** is concluded for 12 months from the date of inception of the insurance unless agreed otherwise in the **policy**.

### 3. Termination of insurance

The Insurance will terminate:

- a) on the date the **policy period** expires;
- b) on the basis of written agreement between the **insurer** and the **policyholder**;
- c) by way of termination notice delivered by either party according to the **civil code**;
- d) by way of withdrawal according to the **civil code**;
- e) on the basis of a default of the **policyholder** with payment of the premium in accordance with the relevant provision of the **civil code**;
- f) In other cases set out by the **civil code**.

### 4. Change of the ownership of real property

Insurance ceases to exist at the date of the change of (i) ownership of the **property insured**, or (ii) co-ownership of the **property insured**, on the basis of which the change of the ownership interest(s) in the **property insured** at least in the amount of 50 % or more is achieved. In case the ownership or co-ownership of the real property is acquired by a constitutive entry ("vklad") into the Land Register, the Insurance ceases to exist at the date when the decision on the registration of ownership or co-ownership of the new owner in the Land Register comes into force.

### 5. Insurance Interest

The Insurance can be concluded only if there is an **insurance interest** of the **policyholder**.

The Insurance can be concluded also on the **insurance interest** which arises in the future. However, if such **insurance interest** does not arise, the **policyholder** is not obliged to pay premiums.

If the **policyholder** knowingly insures a non-existent **insurance interest** without the **insurer's** knowledge, the **policy** is invalid; the Insurer, however, has right to the premium until he learns about invalidity of the **policy**.

The **policyholder** and the Insured shall inform the **insurer** in writing without undue delay about termination of the **insurance interest**. By termination of the **insurance interest**, this insurance is also terminated; the **insurer** has, however, the right to the premium until he learns about such termination.

The **policyholder** shall not, without the **insurer's** consent, do anything or allow any third person to do anything that may increase the **insurance risk**.

### 6. Change and termination of the insurance risk

The **policyholder** or the **insured** shall inform the **insurer** in writing without undue delay about change or termination of the **insurance risk** occurred during the **policy period**.

If the **insurance risk** is increased during the **policy period**, the **insured** has the right to propose amendment to the Policy or to terminate the Policy in accordance with the **civil code**.

If the **insurance risk** is substantially reduced during the **policy period**, the **insurer** shall reduce the premium proportionally with effect from the day when he learns about such reduction.

### 7. Limit of liability for more insureds

The **insurer's** total liability for any loss or losses will not exceed the **limit of liability** shown in the **policy** irrespective whether such amounts consist of insured losses sustained by all of the **insureds** or any one or more of the **insureds**. For the purposes of calculation of the indemnity, the **limit of liability** valid as of the time of occurrence of the **insured event** shall apply.

### 8. Occurrence

The term "occurrence" shall mean any one loss and/or series of losses arising out of and directly occasioned by one **act** or series of **acts of terrorism** or **acts of sabotage** for the same purpose or cause. The duration and extent of any one "occurrence" shall be limited to all losses sustained by the **insured** at the **property insured** during any period of 72 consecutive hours arising out of the same purpose or cause. However no such period of 72 consecutive hours may extend beyond the expiration of this **policy** unless the **insured** shall first sustain a **property damage** by an **act of terrorism** or an **act of sabotage** prior to expiration and within said period of 72 consecutive hours.

#### 9. **Deductible**

Deductible agreed in the **policy** represents uninsurable participation of the **insured** in negative consequences of an **insured event** and shall be subtracted from the indemnity. The deductible may be agreed in the **policy** as amount, percentage, time or combined one. Partial deductibles may be agreed in the **policy**. Unless agreed otherwise in the **policy**, a deductible applies to any **insured event** and to each of them separately.

#### 10. **Debris removal**

This **policy** also covers, within the **limit of liability** shown in the **policy**, expenses incurred in the removal from the insured location of debris of property stated in the **policy** damaged by an **act of terrorism** or an **act of sabotage**. The cost of removal of debris shall not be considered in determination of the valuation of the **insured property**.

#### 11. **Due Diligence**

The **insured** (or any of the **insured's** agents, sub or co-contractors) must use due diligence and do (and concur in doing and permit to be done) everything reasonably practicable, including but not limited to taking precautions to protect or remove the **insured property**, to avoid or diminish any loss herein insured and to secure compensation for any such loss including action against other parties to enforce any rights and remedies or to obtain relief or indemnity.

#### 12. **Protection maintenance**

It is agreed that any protection provided for the safety of the **property insured** shall be maintained in good order throughout the currency of this insurance and shall be in use at all relevant times, and that such protection shall not be withdrawn or varied to the detriment of the interests of the **insurer** without the **insurer's** prior written consent.

#### 13. **Valuation**

It is understood that, in the event of **property damage**, the obligation of the **insurer** to pay the indemnity shall be based upon the cost of repairing, replacing or reinstating (whichever is the least) property on the same site, or nearest available site (whichever incurs the least cost) with material of like kind and quality without deduction for depreciation, subject to the following provisions:

- a) the repairs, replacement or reinstatement (all hereinafter referred to as "replacement") must be executed with due diligence and dispatch;
- b) until replacement has been effected the amount of liability under this **policy** in respect of loss shall be limited to the **actual cash value** at the time of loss;
- c) if replacement with material of like kind and quality is restricted or prohibited by any by-laws, ordinance or law, any increased cost of replacement due thereto shall not be covered by this **policy**.

The **insurer's** liability for loss under this **policy** shall not exceed the smallest of the following amounts:

- a) the sum insured applicable to the destroyed or damaged **property insured**,
- b) the replacement cost of the **property insured** or any part thereof which was intended for the same occupancy and use, as calculated at the time of the loss,
- c) the amount actually and necessarily expended in replacing **property insured** or any part thereof.

The **insurer** will normally expect the **insured** to carry out repair or replacement of the **insured property**, but if the **insured** and the **insurer** agree that it is not practicable or reasonable to do this, the **insurer** will pay the **insured** an amount based on the repair or replacement costs, less an allowance for fees and associated costs which are not otherwise incurred. The **insurer** will only pay the **insured** up to the **limit of liability** shown in the **policy**.

#### 14. **Incorrect declaration penalty**

If the sums insured as stated in the **policy** are less than the correct insured values as determined above, then any recovery otherwise due hereunder shall be reduced in the same proportion that the sums insured bear to the insured values that should have been declared, and the **insured** shall co insure for the balance.

#### 15. **Notification of Claims**

The **insured**, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give written advice as soon as reasonably practicable to the **insurer** and or the broker, named for that purpose in the **policy**, who is to advise the **insurer** within seven (7) days of such knowledge of any occurrence and it is a condition precedent to the liability of the **insurer** that such notification is given by the **insured** as provided for by this **policy**.

If the **insured** makes a claim under this insurance he must give the **insurer** such relevant information and evidence as may reasonably be required and co-operate fully in the investigation or adjustment of any claim. If required by the **insurer**, the **insured** must submit to examination under oath by any person designated by the **insurer**.

#### 16. **Proof of loss**

The **insured** shall render a signed loss notification form within sixty (60) days after the occurrence of a loss (unless such period be extended by the written agreement of **insurer**) stating the time, place and cause of loss, the interest of the **insured** and all others in the property, the sound value thereof and the amount of loss or damage thereto.

#### 17. Subrogation

In the event that, in relation to any imminent or occurring **insured event**, a person entitled to indemnity, the **insured** or a person who has incurred the salvage costs, has a right towards someone for damages or any similar right, such claim (including its appurtenance, indemnity and security instruments, and other rights related to it) shall be as of the payment of the indemnity subrogated to the **insurer** up to the amount of any indemnity paid out by the **insurer** to the beneficiary. The **insured** shall execute all papers required, shall cooperate with the **insurer** and, upon the **insurer's** request, shall securing and giving evidence, attaining the attendance of witnesses and in the conduct of suits and shall do anything that may be necessary to secure such right.

#### 18. Salvage and Recoveries

If after the occurrence the **policyholder** or any other beneficiary finds out that the lost or stolen **property insured** to which such occurrence relates has been recovered, he/she shall notify the **insurer** of such findings in writing without undue delay. The **property insured** however shall not be considered as recovered in case:

- i) its possession was lost and either cannot be regained at all or can be regained with disproportionate difficulties or costs only; or
- ii) the property was damaged to the extent that as such it ceased to exist, or can be repaired with disproportionate costs only.

In case the **insurer** has provided the indemnity after the occurrence, the ownership of the **property insured** shall not pass to him but he is entitled to regain what he paid out on indemnification. The beneficiary may however deduct the expenses reasonably spent on removal of defects occurred at the time when he/she was deprived of the opportunity to dispose with the **insured property**.

#### 19. False or fraudulent claims

The general regulation of the refusal to provide indemnity from the **policy** is provided in the **civil code**. In addition, if the beneficiary shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, or if the beneficiary conceals any substantial facts related to the **insured event**, the **insurer** may refuse to pay the claim for the indemnity under this insurance.

#### 20. Misrepresentation

If the **insured** has concealed or wilfully or by negligence misrepresented or only partially presented any material fact or circumstance that is important for the **insurer's** decision on how to assess the **insurance risk**, and/or whether and under what conditions the **insurer** insures such **insurance risk**, the **insurer** may rescind this **policy** in accordance with the **civil code**. Other provisions of the **civil code** on rescission from the **policy** are not effected.

#### 21. Inspection and audit

The **insurer** or their agents shall be permitted but not obligated to inspect the **insured's** property at any time. Neither the **insurer's** right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the **insured** or others, to determine or warrant that such property is safe. The **insurer** may examine and audit the **insured's** books and records at any time up to two years after the final termination of this **policy**, as far as they relate to the subject matter of this insurance.

#### 22. Assignment

Assignment or transfer of this **policy** shall not be valid except with the prior written consent of the **insurer**.

#### 23. Deduction of receivables

The **insurer** is entitled to deduct from the indemnity due premium receivables or other receivables arising from the insurance.

#### 24. Monetary payment

The **insurer** is obliged to provide the indemnity in no other form than in a monetary payment regardless of whether the relevant laws require or allow providing compensation for loss through non-monetary payment.

#### 25. Notification of changes

The **policyholder** or the **insured** shall notify the **insurer** without undue delay of any change of ownership or co-ownership of the **property insured** which occurred during the **policy period**.

#### 26. Delivery

The **policyholder** and the **insured** are obliged to notify the **insurer** of any change of their delivery address/es without undue delay.

#### 27. The form of legal acts

Communications in writing sent under the **policy** shall be delivered to the address of a party set out therein or otherwise duly communicated to the sender. The addressee is obliged to ensure that a duly addressed communication is accepted by



it within three working days after first due attempt to deliver. If the addressee thwarts delivery of the shipment (e.g. due to failure to notify the change of delivery address or new delivery address), such shipment is considered to be delivered at the third working day after its dispatch (or at the fifteenth day after the dispatch in case the delivery address is outside the Czech Republic).

Legal acts leading to the creation, modification or termination of the insurance shall be in writing. Other legal acts, notifications or communication relating to the insurance may also be in electronic form, unless provided otherwise by relevant laws, conditions or the **policy**. The written form is required in particular for the notification of the occurrence, notification of the change of the delivery address, for claiming indemnification, notification of the change or termination of ownership or co-ownership of **property insured**, notification of the change or termination of the **insurance interest** and for the notification of the change or termination of the **insurance risk**.

#### **28. Pledge of the insured property**

In case the **property insured** becomes a subject of pledge and the conditions under section 1354 of the **civil code** are met, the indemnity shall be paid out to the pledgee.

#### **29. Exclusion of the statutory provision on acceptance of an offer with supplements or variations**

Section 1740 paragraph 3 of the **civil code** regarding acceptance of an offer with supplements or variations shall not apply to the relationship between the **insurer** and the **policyholder**.

#### **30. Exclusion of the statutory provision on a late acceptance of an offer**

Section 1743 of the **civil code** regarding late acceptance of an offer shall not apply to the relationship between the **insurer** and the **policyholder**.

#### **31. Exclusion of certain statutory provisions on contracts concluded adhesively**

Sections 1799 and 1800 of the **civil code** regarding contracts concluded adhesively shall not apply to the relationship between the **insurer** and the **policyholder**.

#### **32. Experts Fees**

This insurance includes, within the limit of liability shown in the **policy**, the necessary and reasonable fees of architects, surveyors, consulting engineers and other professional experts which are incurred in reinstating or repairing the **property insured** following damage insured under this **policy**.

#### **33. Choice of Law and Jurisdiction**

This insurance shall be governed by and construed in accordance with the Czech law and any disputes shall be submitted to the exclusive jurisdiction of the Czech Courts.

## Extension regarding business interruption due to act of terrorism or act of sabotage

### **(Gross profit)**

In consideration of the premium paid, and subject to the exclusions, conditions and limitations of the **policy** to which this extension is attached, and also to the following additional conditions, exclusions limitations, this **policy** is extended to cover loss resulting from necessary interruption of **business** caused by **property damage**, as covered by the **policy** to which this extension is attached, to the **property insured**.

In the event of such **property damage**, in respect of any **building** or other property used by the **insured** at the **premises** for the purpose of the **business** and in consequence the **business** carried on by the **insured** at the **premises** being interrupted or interfered with then the **insurer** will indemnify the **insured** in respect of:

### **Gross profit**

**gross profit** is limited to loss of **gross profit** due to **reduction in turnover** and **increase in cost of working** and the amount payable as indemnity thereunder shall be:-

- a) in respect of reduction in turnover: the sum produced by applying the **rate of gross profit** to the amount by which the **turnover** during the **indemnity period** shall, in consequence of the **property damage**, fall short of the **standard turnover**
- b) in respect of increase in cost of working: the additional expenditure (subject to the provisions of the uninsured standing charges clause) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in **turnover** which but for that expenditure would have taken place during the **indemnity period** in consequence of the **property damage**, but not exceeding the sum produced by applying the **rate of gross profit** to the amount of the reduction thereby avoided

less any sum saved during the **indemnity period** in respect of such of the charges and expenses of the **business** payable out of **gross profit** as may cease or be reduced in consequence of the **property damage**, it being understood that:-

- i) if the **business** be conducted in departments the independent trading results of which are ascertainable, the provisions of clauses a. and b. shall apply separately to each department affected by **property damage**;
- ii) If during the **indemnity period** services shall be rendered elsewhere than at the **premises** for the benefit of the **business**, either by the Insured or by others on behalf of the Insured, the money paid or payable in respect of such services shall be brought into account in arriving at the **gross profit** during the **indemnity period**

provided that, if at the commencement of the **property damage** the value in respect of **gross profit** declared in the **policy** is less than the sum produced by applying the **rate of gross profit** to the **annual turnover** (or to a proportionately increased multiple thereof where the Maximum **indemnity period** exceeds twelve months) the amount payable shall be proportionately reduced

provided further that the liability shall in no case exceed, the amount stated in the **policy**.

## Definitions

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### 1. **Gross profit**

shall mean the amount by which the sum of the amount of the **turnover** and the amounts of the **closing stock** and **work in progress** shall exceed the sum of the amount of the **opening stock** and **work in progress** and the amount of the **specified working expenses**.

*N.B. The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with the **insured's** usual accountancy methods, due provision being made for depreciation.*

### 2. **Annual turnover**

shall mean the **turnover** during the twelve months immediately before the date of the **property damage** to which such adjustments shall be made as may be necessary to provide for the trend of the **business** and for variations in or other circumstances affecting the **business** either before or after the **property damage** or which would have affected the **business** had the **property damage** not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the **property damage** would have been obtained during the relative period after the **property damage**.

### 3. **Indemnity period**

shall mean the period beginning with the occurrence and ending not later than the maximum **indemnity period** (as detailed in the **policy**) thereafter during which the results of the **business** shall be affected in consequence of the **property damage**.

### 4. **Rate of gross profit**

shall mean the rate of **gross profit** earned on the **turnover** during the financial year immediately before the date of the **property damage** to which such adjustments shall be made as may be necessary to provide for the trend of the **Business** and for variations in or other circumstances affecting the **business** either before or after the **property damage** or which would have affected the **business** had the **property damage** not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the **property damage** would have been obtained during the relative period after the **property damage**.

### 5. **Specified working expenses**

shall mean purchases (less discounts received) packing, carriage and freight and bad debts.

### 6. **Standard turnover**

shall mean the **turnover** during that period in the twelve months immediately before the date of the **property damage** which corresponds with the **indemnity period** to which such adjustments shall be made as may be necessary to provide for the trend of the **business** and for variations in or other circumstances affecting the **business** either before or after the **property damage** or which would have affected the **business** had the **property damage** not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the **property damage** would have been obtained during the relative period after the **property damage**.

### 7. **Turnover**

shall mean the money paid or payable to the **insured** for goods sold and delivered and for services rendered in course of the **business** at the **premises**.

## Conditions

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### 1. Property Damage Provision

No claim shall be payable under this Extension unless and until a claim has been paid, or liability admitted, in respect of **property damage to property insured** under the **policy** to which this extension is attached and which gave rise to **interruption of business**.

This condition shall not apply if no such payment shall have been made, or liability admitted, solely owing to the operation of a **deductible** in the said **policy** which excludes liability for losses below a specified amount.

### 2. Expenses to reduce loss

This extension also covers such expenses as are necessarily incurred (by the **policyholder** or, under conditions and in the scope specified in the **civil code** by another person) for the purpose of reducing loss under this extension (except expenses incurred to extinguish a fire), and, in respect of manufacturing risks, such expense, in excess of normal, as would necessarily be incurred in replacing any finished stock used by the **insured** to reduce loss under this extension; but in no event to exceed the amount by which loss under this extension is thereby reduced. Such expenses shall not be subject to the application of any contribution clause.

### 3. Uninsured standing charges

If the **policy** sets out any uninsured standing charges which are not covered by this **policy**, in computing the amount recoverable hereunder as increase in cost of working that proportion only of any additional expenditure shall be brought into account which the **gross profit** bears to the sum of the **gross profit** and such uninsured standing charges.

## Exclusions

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This extension does not insure against:

1. any loss resulting from interruption of or interference with the **business** in consequence of **property damage** (as within defined) other than as insured hereby by the item on **gross profit**;
2. increase in loss resulting from interference at the **insured premises**, by strikers or other persons, with rebuilding, repairing or replacing the property or with the resumption or continuation of operation;
3. increase in loss caused by the suspension, lapse, or cancellation of any lease, licence, contract, or order, unless such results directly from the insured Interruption of **business**, and then the **insurer** shall be liable for only such loss as affects the Insured's earnings during, and limited to, the period of indemnity covered under this **policy**;
4. increase in loss caused by the enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any **property insured** hereunder;
5. loss of market or any other consequential loss.

## Limits of indemnity

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1. The **insurer** shall not be liable for more than the smaller of either:
  - a) any specific business interruption limit of liability stated in the policy, or
  - b) the limit of liability stated in the policy, where such includes business interruption, if such is a combined limit,in respect of such loss, regardless of the number of locations suffering **business interruption** as a result of any one occurrence.
2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, by the **perils insured** against, the length of time for which the **insurer** shall be liable hereunder shall not exceed:
  - a) thirty (30) consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,
  - b) the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding eighteen (18) calendar months,whichever is the greater length of time.

3. For the purposes of calculation of the indemnity, the **limit of liability** valid as of the time of occurrence of the **insured event** shall apply.

## Complaints

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

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

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

## Sanctions Clause

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The **insurer** shall not be deemed to provide cover and shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision such cover, payment of such claim or provision of such benefit would expose the **insurer** to any sanctions, prohibition or restriction implemented pursuant to resolutions of the United Nations or the trade and economic sanctions, laws or regulations of the European Union, United Kingdom, Czech Republic or United states of America.

## Privacy Notice for Policy Pack

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The **insurer** uses personal information which the **policyholder** supplies to the **insurer** [or, where applicable, to the policyholder's insurance broker] in order to write and administer the **policy**, including any claims arising from it.

This information will include basic contact details such as **insureds'** names, addresses, and **policy** number, but may also include more detailed information about the **insureds** (for example, their age, health, details of assets, claims history) where this is relevant to the risk the **insurer** is insuring, services the **insurer** is providing or to a claim the **policyholder** or the **insureds** are reporting.

The **insurer** is part of a global group, and **insureds'** personal information may be shared with its group companies in other countries as required to provide coverage under the **policy** or to store **insureds'** information. The **insurer** also uses a number of trusted service providers, who will also have access to **insureds'** personal information subject to the **insurer's** instructions and control.

The **insureds** have a number of rights in relation to their personal information, including rights of access and, in certain circumstances, erasure.

This section represents a condensed explanation of how we use personal information. For more information, the **insurer** strongly recommends the **policyholder** and the **insureds** reads its user-friendly Master Privacy Policy, available here: <https://www.chubb.com/cz-cz/privacy.html>. The **policyholder** and the **insureds** can ask us for a paper copy of the Privacy Policy at any time, by contacting the **insurer** at [dataprotectionoffice.europe@chubb.com](mailto:dataprotectionoffice.europe@chubb.com).

## Contact Us

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Chubb European Group SE, organizační složka  
Pobřežní 620/3  
186 00 Praha 8  
Czech Republic

T +420 222 351 251  
F +420 222 351 291  
[info.czech@chubb.com](mailto:info.czech@chubb.com)

## About Chubb

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

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

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

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

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

Chubb European Group SE, organizační složka, with its registered office at Pobřežní 620/3, 186 00 Prague 8, registration number 278 93 723, registered in the Commercial Register kept by the Municipal Court in Prague, section A, insert 57233, is the Czech branch of Chubb European Group SE, an undertaking governed by the provisions of the French insurance code with registration number 450 327 374 RCS Nanterre and the following registered office: La Tour Carpe Diem, 31 Place des Corolles, Esplanade Nord, 92400 Courbevoie, France. Chubb European Group SE has fully paid share capital of €896,176,662. In France, Chubb European Group SE is entitled to perform business activity and regulated by the Autorité de contrôle prudentiel et de résolution (ACPR) 4, Place de Budapest, CS 92459, 75436 PARIS CEDEX 09. Regulatory body for the performance of the insurance business activity in the Czech Republic is the Czech National Bank; such regulation may differ from the French legislation.