

Supplementary insurance terms and conditions for insurance of small-scale interruption of operation of sole traders and small-sized enterprises

Article 1 Introductory provisions

1. These DPP-SME for insurance of small-scale interruption of operation (hereinafter referred to as the "DPP-SME-MPP") supplement the provisions of the VPP-SME, OPP-SME-HV and form an integral part of the insurance policy.
2. The insurance of small-scale interruption of operation (hereinafter referred to as the "insurance") shall be governed by the applicable provisions of the Civil Code, the VPP-SME, OPP-SME-B, OPP-SME-HV these DPP-SME-MPP and by the insurance policy.

Article 2 Subject of insurance

1. By way of derogation from Art. 2 Subject of insurance, OPP-SME-HV, the subject of insurance of this insurance are the following "Fixed costs":
 - (a) rent,
 - (b) instalments of bank loans and any interest thereof;
 - (c) energy costs not related to production volume,
 - (d) any obligatory premiums or pre-contracted premiums,
 - (e) lease payments,
 - (f) annual wages and salaries of employees, including contributions to the Social Insurance Agency;
 - (g) other fixed costs (e.g. marketing, advertising) contractually agreed in advance.
2. By way of derogation from Art. 2 Subject of insurance, OPP-SME-HV, "Extra costs" are also the subject of insurance for this insurance.
3. By way of derogation from Art. 2 Subject of insurance, OPP-SME-HV, "Loss of rent" is also the subject of insurance for this insurance.

Article 3 Insured risks

1. By way of derogation from Art. 3 Insured risks, OPP-SME-HV, the insurance shall also cover any damage caused by interruption or restriction (hereinafter referred to as "interruption") of the insured's operation due to damage to property.
2. Pursuant to these DPP-SME-MPP, damage to property means any damage, destruction or loss of a thing serving the insured's operational activity if insurance of this things has been agreed with the insurer pursuant to the OPP-SME-B and/or OPP-SME-HV, if the damage occurred at the place of insurance due to risks that are not excluded in the OPP-SME-B and/or OPP-SME-HV or in the insurance policy.
3. The insurance also covers the interruption of operation due to damage to property caused by fire, demolition, rescue, and cleaning works in connection with the events mentioned above in Art. 3 Insured risks of the OPP-SME-HV.

Article 4 Insurance exclusions

1. The insurance shall not cover any damage caused and/or resulting from:
 - (a) the impact of the interruption of operation on other undertakings or operations cooperating with or having any other business relationship with the insured,
 - (b) damage, destruction or loss of cash, securities and other valuables, accounting books, documents, plans, drawings, data carriers and files of any kind,

- (c) interruption of operation caused by destruction, damage, loss, or theft of any uninsured thing.
2. The insurer shall not be obliged to provide the insured any insurance claim payment for any aggravation of damage resulting from the interruption of operation caused by:
 - (a) unusual events arising during the interruption of operation;
 - (b) official measures restricting the resumption and operation of the undertaking;
 - (c) failure of the insured to ensure the timely recovery or re-acquisition of the destroyed, damaged, lost, or stolen things necessary for the performance of the operation of the insured business, including lack of funds;
 - (d) resumption of the interrupted operation to a greater extent than before the damage to property (e.g. renovation, rebuilding).
 3. The insurance shall not cover any costs which do not have to be incurred during the interruption of operation, in particular, spent on:
 - (a) raw materials, auxiliary and operational substances, technological energy and the cost of goods taken over, except in the case of costs incurred in maintaining the operation, the necessary fees for the offtake of energy of third parties;
 - (b) levies and taxes and export duties;
 - (c) transport and export costs, communication costs,
 - (d) premiums dependent on original turnover,
 - (e) royalties and inventor's fees dependent on the original turnover;
 - (f) costs unrelated to production, commercial or industrial operations, e.g. resulting from financial operations, land transactions, etc.,
 - (g) financial sanctions (fines, penalties, default interest, etc.) which the insured is obliged to pay as a result of failure to meet its obligations or breach of its obligations, delivery times or other obligations stipulated by generally binding regulations or contractual obligations of the insured,
 - (h) leasing instalments relating to property destroyed by damage to property for which the insurer has provided insurance claim payment.
 4. In addition, insurance shall not cover any costs incurred to mitigate damage insofar by incurring such costs:
 - (d) the insured benefits in excess of the indemnity period;
 - (e) financial resources have been created to cover costs not covered by this insurance;
 - (f) together with recent insurance claim payment exceed the sum insured or the insurance claim payment limit, unless such costs are incurred based on the insurer's instruction.
 5. The insurance does not apply to any interruption of operation as a result of damage to property on buildings under construction, assembly facilities, construction site equipment and damage to glazing and property during transport.
 6. The insurance does not apply to depreciation of property which has been destroyed, lost, or stolen as a result of damage to property.
 7. Other insurance exclusions may be agreed in the insurance policy.

Article 5 Insured value, insurance claim payment limit

1. The insured value regarding:

- (a) "Fixed costs" means the estimated fixed costs that the insured would have incurred for a period of the same duration as the indemnity period specified in the insurance policy should the interruption of the operation not occurred;
 - (b) "Extra costs" means their estimated value incurred during the time of duration of the interruption of operation, however no longer than during the indemnity period;
 - (c) "Loss of rent" means the rent that the insured would have obtained for a period of the same duration as the indemnity period specified in the insurance policy should the interruption of operation not occurred;
2. In accordance with Art. 5 para. 7 of the OPP-SME-HV, this insurance is agreed with the insurance claim payment limit which is determined by and for which the policyholder is responsible.

Article 6 Insurance claim payment

1. The insured's right to insurance claim payment from the insurer (insurance indemnity) arises if an insured event occurs.
2. The basis for determining the amount of the insurance claim payment shall be the "Fixed costs" for the "Indemnity period".
3. In the case of the "Extra costs" insurance of additional increased operating costs, the insurance shall apply to the amount of additional increased operating costs incurred by the insured:
 - (a) with the insurer's consent,
 - (b) because the insured considered them as necessary, but due to the urgency the insured could not seek the prior consent of the insurer; in such a case, the insured is obliged to inform the insurer without delay of the measures taken and the costs associated therewith.
4. In the case of the "Loss of rent" insurance, the insurance shall cover:
 - (a) loss of rent and/or
 - (b) spending of increased operating costs.

The amount of the insurance claim payment is calculated as follows:

 - (a) in case of loss of rent, the difference between the rent that the insured would have obtained had the operation not been interrupted and the rent that the insured would have obtained during the interruption of the operation;
 - (b) in case of spending of increased operating costs, the amount of costs in the amount by which the loss of rent due to increased operating costs has been prevented.
5. In determining the amount of the insurance claim payment due to interruption of operation, any and all circumstances which would have a favourable or unfavourable effect on the business of the insured before or after the interruption of operation or circumstances that could affect the insured's activities should the interruption not occurred, are taken into account.
6. The total insurance claim payment is limited by the insurance claim payment limit for one and the sum of all insured events during one insurance period agreed for the insurance of interruption of operation, regardless of the number of insured events per insurance year.
7. Where the cause of the interruption of operation is theft and at the time when the insured thing was stolen the security measures for protection of the property against theft stipulated in the insurance policy have not been observed, the insurer shall have the right to reduce the insurance claim payment resulting from the interruption of operation by the same ratio as is the value of the stolen subject of insurance to the insurance claim payment limit corresponding to the procedure of protection of the property against theft set out in the insurance policy at the time of the theft of the insured thing.

8. Any economic benefits which shall result from the interruption of operation during the indemnity period have to be fairly taken into account since the insurance must not lead to enrichment.

Article 7 Franchise

1. Franchise is the value agreed in an insurance policy to the extent of which the insurer does not provide any insurance claim payment with regard to the respective insured event.
2. The franchise is expressed as a time period of 3 days. Any other value of the franchise may be stipulated in the insurance policy.
3. The insurer shall provide the insurance claim payment only if the duration of the damage exceeds the period specified in the insurance policy and without deducting the franchise.

Article 8 Obligations of the insured

1. In addition to the obligations stipulated by law and the documents referred to in Article 1 of these OPP-SME-HV the insured is obliged to:
 - (d) keep continuous accounts in accordance with the generally binding legal regulations, carry out inventory checks, prepare financial statements (profit and loss account, balance sheet),
 - (e) ensure that the property inventories, financial reports, economic results, and rental contracts for the previous three years are made in two counterparts and securely stored separately from each other so that they cannot be during one damaging event simultaneously damaged, destroyed, lost, or stolen.
2. In the event of damage to property which could result into interruption of operation, the insured is further obliged to:
 - (a) submit to the insurer or persons authorized by the insurer, in particular, any inventory books, financial statements, balance sheets, tax documents and all other documents relating to the activity (business operation) of the undertaking in the current financial year and for the two preceding years;
 - (b) enable the insurer to inspect the financial management and implementation of measures leading to the resumption of the interrupted business operation;
 - (c) comply with any insurer's instructions.

Article 9 Definitions

1. **Indemnity period** is a period of 6 months for which the insurer provides insurance claim payment due the interruption of the operation during that period. The indemnity period starts at the moment of the damage to the property and ends:
 - (a) when re-acquisition or repair of property which suffered damage to property and caused the interruption of operation back to the state being immediately before the occurrence of damage to property; in the event that a start-up operation (phase) is necessary for the resumption of the interrupted operation, the indemnity period ends when the operation output is reached to the state immediately before the interruption of operation occurs,
 - (b) upon termination of operation or termination of activity of the insured,
 - (c) upon declaring bankruptcy over the insured's assets or upon dismissal of the bankruptcy petition due to lack of assets;
 - (d) upon expiry of the agreed indemnity period of 6 months,

whichever of these events occurs first.
2. **Extra costs** are reasonable and economically incurred costs normally incurred at the place of the insured event incurred by the insured during the indemnity period in order to:

- (a) resume the production, trading, and service activities; and/or
- (b) maintain the production, trading, and service activities.

These include, for example, the costs of renting the business premises, production and operating facilities, services, relocation, informing customers, overtime work in order to resume the insured's activities, etc. Any costs having the nature of insurance claim payment resulting from damage to property are not extra costs (e.g. the costs of repairing the property).

- 3. **Property insurance** means the insurance of buildings and movable property agreed in accordance with the OPP-SME-B and/or OPP-SME-HV.
- 4. **Interruption of operation** means interruption or restriction of operation due damage to property.
- 5. **Fixed costs** are legally stipulated costs and contractually chargeable costs which must be spent even during the duration of the interruption of operation while the insured would save them due to the interruption of operation also in case the operation was not interrupted. The costs that the insured would not incur if the interruption of operation had not occurred are not fixed costs.
- 6. **Loss of rent** is the difference between the rent that the insured would have obtained should the operation not been interrupted and the rent that the insured would have obtained during the interruption of operation. Rent means the amount of rent resulting from rental of residential and non-residential premises (hereinafter referred to as "immovable property") less costs related to the ownership of immovable property, including maintenance and energy costs, which are not supplied during the interruption of operation.
- 7. **Damage to property** means damage, destruction, loss or theft of property serving the insured's business activity in the premises of the insured place of business for which the insurer is obliged to provide the insurance claim payment resulting from the property insurance and which occurred at the place of insurance. Damage to property does not include any damage of aesthetic nature which does not affect the functionality of the insured thing.

Article 10

Closing provisions

- 1. These DPP-SME-MPP form an integral part of the insurance policy and the contracting parties may, by way of derogation, adapt their provisions by agreement in the insurance policy.
- 2. The provisions of these DPP-SME-MPP relating to the insured shall also apply to the policyholder (if the policyholder is a person other than the insured) and/or to any entitled person.
- 3. These DPP-SME-MPP shall enter into force on 20.07.2022.