1. INITIAL TERMS

The relationship between the insurer and the policyholder in relation to the insurance for general and product liability is governed by (1) the policy; (2) the special amendments to the policy; and (3) these conditions. The above documents (2) and (3) are indivisible parts of the policy. The policy or these conditions may also refer to a questionnaire answered by the policyholder and the insured(s).

2. INSURED PERIL, INSURED EVENT

2.1 The insurance is being negotiated to cover the statutory liability of the insured for a personal injury or material damage caused to the third party as a result of business activities of the insured and at the relevant territory specified in the policy.

2.2 For the purposes of these conditions a loss which happened within the policy period and which occurred within the territory specified in the policy as a consequence of an action of the insured or other fact directly related to business activities of the insured for which the insured is legally liable shall be considered to be an insured event.

2.3 The insurance covers claims made against the policyholder which are governed by the law valid within the territory specified in the policy.

2.4 An event caused deliberately by the insured, policyholder or by any person dealing on initiative of any of them will not be an insured event.

2.5 The insurance also applies to the statutory product liability of the insured unless agreed otherwise in the policy.

2.6 More claims arising out of the same cause will be considered to be a single insured event for the purposes of these conditions regardless of the number of aggrieved parties.

3. SCOPE OF THE INSURANCE PAYMENT

3.1 The insurer will provide the insurance payment in the following scope:

a) monetary compensation of the material damage or of the personal injury;

b) compensation of the financial loss which arose directly from the material loss or the personal injury.

c) compensation of the cost of legal representation occurred by the aggrieved party in connection with legal proceedings according to the above paragraphs and costs which the insured is obliged to pay to the aggrieved party;

d) other costs which arose in connection with the insured event; nevertheless insurance payment for these costs will not be made unless the insurer approved their spending in advance and in writing.

4. EXCLUSIONS

4.1 Insurance concluded under these conditions does not cover:

4.1.1 Employers liability

Liability for the material damage and personal injury suffered by a worker which arises in the course of fulfilling his work tasks for the insured or in direct connection with them.

4.1.2 Recourses of health insurance companies

Any claim made against the insured by a public health insurance company, which provides compulsory employers’ insurance, for compensation of a loss resulting from a work injury or work-related disease of the insured’s worker, for which the insured is legally liable.

4.1.3 Means of transport operation liability

Liability arising from the ownership, possession or operation of:

e) any means of transportation for which the legal regulation imposes a duty to conclude a compulsory insurance;

f) any vessel or watercraft, which were produced as or intended to be waterborne; this exclusion does not apply.

1 There are irreconcilable differences between the languages of Czech and English and between legal concepts. Even the best translation may result in misunderstanding. This translation was prepared with the aim of providing the best understanding of the Czech meaning, so it may not use the exact industry terms in some places. If an uncertainty arises about the meaning of any section, please ask for clarification.
4.1.4 Professional services (professional liability)
Liability for damages arising out of providing professional and consulting services having the nature of:

a) consulting;

b) architect, designer or draftsmen services;

c) other professional services,

which are provided for a fee.

Nevertheless this exclusion does not apply to the case when a physician, a nurse or a dentist as the policyholder's workers cause damage by not rendering or by faulty rendering of first aid treatment or any other medical service on the premises.

4.1.5 Care, custody and control
Liability for damage on items arising out of the insured's entitled possession or using, looking after, storing or stowing. This exclusion will not apply to the liability for damage on:

a) personal effects, including vehicles and their contents belonging to any director or board members, partners, workers or visitors of the insured;

b) premises leased by the insured including fixtures and fittings;

c) other premises, even though neither belonging to nor leased by the insured, including things located on them, on which the insured is undertaking any work in connection with the business activities.

4.1.6 Property being worked upon
Liability for damage on items upon which the insured has been working if the damage arises from such work;

4.1.7 Damage to products
Liability for damage on products of the insured and for costs incurred in the inspection, repair, replacement, return or withdrawal of products from the market;

4.1.8 Aviation products
Liability for damage caused in connection with the fact that the insured's products were used as a component of an aircraft with the insured's knowledge;

4.1.9 Environmental damage
Liability for environmental damage, i.e.:

a) pollution of environment directly or indirectly caused by escape, discharge, release, leak, overflow, evaporation, draining, diffusion of solid, liquid, gaseous or thermal contaminant, including smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste into land, atmosphere or water;

b) costs of removing, monitoring, testing, containing, treating, detoxifying, neutralizing, nullifying or cleaning up of solid, liquid, gaseous or thermal contaminant, including smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste which escaped, discharged, leaked, overflowed, evaporated, rained, diffused into land, atmosphere or water according to the above paragraph;

c) any fines, penalties and other sanctions arising from circumstances according to section 4.1.9 (a).

The exclusions included in section 4.1.9 (a) and (b) will not be applied if all five (5) of the following conditions are fulfilled:

1) escape, discharge, release is accidental and unexpected and the insured has neither intended nor expected it;

2) the beginning of escape, discharge or release took place within the policy period;

3) escape, discharge or release has been detected by the insured within 72 hours since its beginning;

4) the initial bodily injury or material damage caused by the escape, discharge, release came into being within 72 hours since the beginning of escape, discharge, release;

5) the claim is reported by the insured to the insurer without undue delay, but not later than 30 days after the termination of the policy period.

4.1.10 Contractual liability
Liability which the insured has taken over by the contract or otherwise above the scope given by law; this exclusion will not be applied where the liability would arise in the same or larger extent even in the case that such a contract did not
exist;

4.1.11 Personal rights

Liability ensuing from action or omission which caused a personal injury with the exception of the bodily injury in case:

a) the action or omission took place prior to the beginning of the policy period;

b) the action or omission has been committed by the insured or by another person dealing on instruction of the insured with the knowledge that such conduct may cause a personal injury;

c) the action or omission are related to publicity, advertising, radio, TV or internet activities of the insured or of another person dealing on the insured’s behalf. This exclusion does not rely to the usage of electronic mail;

4.1.12 Financial loss

Liability for financial loss, unless it directly results from personal injury or material damage which are insured under the policy;

4.1.13 Radioactive contamination

Liability resulting directly or indirectly from:

a) ionizing emission or radioactive emission coming from nuclear fuel or nuclear waste arising from the combustion of nuclear fuel;

b) effects of radioactive, toxic or otherwise dangerous properties of any nuclear assembly or nuclear component thereof;

4.1.14 War and terrorism

Liability resulting directly or indirectly from war, terrorism, invasion, act of a foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, and unrests having a character of insurrection or military assumption of power;

4.1.15 Asbestos

Liability arising directly or indirectly from production, mining, usage, sales, installation, survey, liquidation, distribution or other type of handling with asbestos products, asbestos fibre, asbestos dust or any other property or material containing asbestos.

4.2 If agreed to in the policy that any of the exclusions are not to be applied, the application of other exclusions is not affected. Other exclusions may also be agreed to in the policy.

5. INSURANCE EXTENSION

The insurance according to these conditions is extended by other cases included in this section. The exclusions and other provisions included in these conditions also apply to the extension. Limits of the insurance payment and deductible will be applied to the insurance payment as agreed in the policy.

5.1 Cross liability

If the insurance applies to more insureds, it is extended in the way that each of them will be provided with the insurance payment in the same amount and as if each of them would conclude a separate policy including cases of liability of one insured against another insured. The total sum of the insurance payments provided to one or more insureds will not exceed the limit of insurance payment as it was agreed in the policy.

5.2 Liability while travelling abroad

The insurance is extended to cover the liability of:

a) executive or supervisory board member or partner of the insured;

b) worker; or

c) husband/wife, partner or any person dependent on persons named in paragraph a) and b) of this section and accompanying these persons;

for personal injury or material damage which these persons cause to third party abroad in connection with the business activities.

In addition to the exclusions included in the conditions this insurance extension will not apply to:

a) liability arising from the ownership or usage of plots or land or other real estate; and

b) liability arising from the ownership or usage of any vehicles.

Provided that the person set out in this article has concluded other insurance the relevant statutory rules on multiple insurance shall apply.

5.3 Automatic additional coverage
5.3.1 The insurance will automatically apply to liability arising from activities which the insured will commence within the policy period or from the premises which the insured acquires or commences to operate within the policy period, provided that:

a) the insured will provide the insurer with all information needed for an appraisal of the insured risk within 90 days since the day when new activities have started or new premises were acquired;

b) the annual turnover has not increased by more than 10% compared to the last published turnover and no essential change in the business activities or in the insured risk occurred; and

c) the increase of the turnover will be reported to the insurer according to section 12 if in the policy an advance premium has been agreed.

5.3.2 If as a result of new activities or premises, the turnover increases by more than 10%, the insurance will not be extended unless such extension is confirmed in writing by the insurer. The insurer will be under no obligation to extend the insurance in such a case and will have the right to request additional premium.

6. RIGHTS AND OBLIGATIONS OF PARTIES

6.1 The policyholder is obliged to acquaint the insured with the content of the policy.

6.2 The policyholder and insured are bound according to the statutory rules to answer truthfully and in full all written questions of the insurer in relation to the policy. This obligation will also apply to any change in the policy.

6.3 The policyholder shall inform the insurer, preferably in advance and otherwise without undue delay, about all changes which occur during the policy period in the information provided to the insurer when the policy was concluded.

6.4 The insurer may, on the basis of the statutory rules, withdraw from the policy if the policyholder or the insured breaches its obligations pursuant to section 6.2 provided that the insurer would not have concluded the policy had the questions been answered truthfully and in full.

6.5 In the case that a lower premium was calculated by the insurer where such calculation of the premium was a consequence of a breach by the policyholder or the insured of statutory rules, obligations set out in these conditions or in the policy, the insurer may adequately reduce the insurance payment.

6.6 If a breach of statutory rules, obligations set out in these conditions or in the policy had a material influence on the occurrence of the insured event, or had an influence on its course or aggravation of its consequences or the ability of the insurer to assess the amount of the insurance payment, the insurer may reduce the insurance payment pro-rata to the impact of such breach on the scope of its obligation to pay the insurance payment.

6.7 The insurer may refuse to make an insurance payment if the insured event is caused by a fact, which at the time when the policy or its change was concluded, was not known to the insurer and could not be ascertained by the insurer because the written questions of the insurer were not answered truthfully or in full, whether this was intentional or negligent and provided that the insurer would not have entered into the policy or would have entered into the policy under different conditions. The insurer may refuse to make an insurance payment also in cases where the insured intentionally provided untrue or misleading facts about the scope of the insured event or withheld essential facts about the insured event. The insurance shall terminate upon the delivery of the relevant notice of the refusal of the insurance payment.

6.8 The insurer shall make the insurance payment under the policy under the condition that the insured:

a) used all reasonable efforts to ensure that the insured event does not occur;

b) did not violate statutory duties aimed at averting an impending loss or reducing the danger able to cause an occurrence of an insured event;

c) made all reasonable efforts to reduce insured's loss arising or potentially arising from an insured event; and

d) afforded the insurer the assessment and review of the insured risk and provided all possible cooperation and information for the assessment of insured risks.

If it is proven that a breach of the conditions above had an influence on the occurrence of the insured event, the extent or amount of damage, the insurer may reduce the insurance payment pro-rata to the impact of such breach on the scope of its obligation to pay.

6.9 The policyholder and the insured are obliged, in case the insured event occurs, to provide the insurer with cooperation which can be reasonably expected, namely through their participation in legal proceedings or other proceedings, securing and providing evidence and other assistance needed for the resolution of the claim.

7. INSURANCE PAYMENT

7.1 The insurer shall make the insurance payment under the policy for all insured events according to section 2 of these conditions, including the additional coverage according to section 6, that occur during the policy period regardless of the number of aggrieved parties. However, the total insurance payment provided for all insured events is limited by the limit of insurance payment stated in the policy. The policy may set out limits of insurance payment for specific parts of the insurance payment (sub-limits). The total limit of insurance payment means a limit for the sum of all eventual insurance payments including all insurance payments which are subject of sub-limits. The sub-limits are limits for the
sum of the concrete type of insurance payments.

7.2 The total amount of insurance payment is limited by the limit of insurance payment agreed in the policy effective at the time when the insured event occurred regardless of the fact that a new policy, which follows the previous one, was negotiated.

7.3 The insurance payment is payable within 15 days after the completion of investigation necessary to determine the reason and the amount the insurer is obliged to pay. The insurance payment is payable in Czech currency unless otherwise agreed in the policy. The rate "devizy–střed" announced by the Czech National Bank as of the day when the insured event had happened is decisive for conversion of foreign currency into Czech currency.

7.4 In case of an insured event the insurer shall pay on behalf of the insured a compensation of damage in the scope defined in section 3 directly to the aggrieved party. The aggrieved party however does not have any direct claim against the insurer.

8. CLAIM FOR INSURANCE PAYMENT

8.1 Notification of an event to which a claim for insurance payment is connected, must be made by the insured without undue delay but not later than 30 days after the event which caused an insured event or after the occurrence of an insured event. The insured should further:
   a) pass to the insurer without undue delay all the documents confirming that a claim was made against him, that legal proceedings or other another procedure has been commenced or is running and provide other documents needed for the investigation of the insured event;
   b) provide, on request of the insurer, additional background materials and evidence in relation to the insured event and to render any relevant cooperation to the insurer.

8.2 Without previous consent of the insurer, the insured is not authorized:
   a) to take any step through which he would admit the liability or would make any other issue in this respect undisputed;
   b) to recognize or settle any claim including any claim for reimbursement of expenses;
   c) to fail to use all instruments which are available for defence against any claim including available appeals;

8.3 The insured is obliged to afford the insurer to manage and supervise a legal representation or defence of the insured or conduct negotiations on his behalf on settlement of the claim for damages. The insurer, however, is not obliged to perform such tasks.

8.4 In case of an insured event the insurer can provide the aggrieved party with compensation of damage including the deductible or its part. In such a case the insured is obliged to pay an amount equivalent to the paid deductible without undue delay back to the insurer.

8.5 In case of an insured event or more insured events where the claim exceeds the limit of the insurance payment agreed in the policy, the costs and expenses which are insured under this insurance will be covered by the insurer only in proportion of the limit of the insurance payment to the total amount of the claim.

8.6 The policyholder can agree to excess insurance exceeding the limit of the insurance payment under the policy, without influencing the policy provisions, but only under the condition that the insurer will be informed about details of the excess insurance immediately and without undue delay after such excess insurance policy has been agreed to. Eventual existence of the excess insurance does not decrease the insurance payment according to the policy.

8.7 Deductible is to be borne by the insured and must not be insured. Unless the insurance contract stipulates otherwise, the deductible will be applied in each insured loss.

9. CHANGE OF RISK

9.1 The policyholder or the insured if different from the policyholder shall notify the insurer without undue delay of any change or cessation of the business or of other facts that mean a change of or cessation of an insured risk.

9.2 If the insured risk significantly changes during the policy period, the insurer shall have a right to propose a change of the policy or to withdraw from the policy in accordance with the relevant provisions of the statutory rules.

10. PREMIUM

10.1 The premium is a lump-sum premium and the amount of the premium is set out in the policy.

10.2 The policyholder is obliged to pay a lump-sum premium for the whole policy period in advance. However, payment of the premium by instalments may be agreed to in the policy.

10.3 The insurer may set off unpaid premium against the insurance payment.

10.4 If the policyholder fails to pay the premium in due time it shall pay to the insurer interest on the overdue amount at the applicable statutory rate.

10.5 An advance premium can be agreed in the policy. Such a premium can be determined on the basis of an assessment
of expected turnover and volume of wages or of another agreed indicator, which will be provided by the insured. Within two months after the cessation of the insurance or within agreed periods of time within the policy period the policyholder is obliged to provide the insurer with data on actually accomplished turnover or volume of wages or another agreed indicator, in order that the premium can be re-calculated and billed.

10.6 If the actually accomplished turnover or volume of wages or another agreed indicator is higher than expected, the policyholder will pay the difference between an advance premium and the premium established on the basis of the actually accomplished turnover or volume of wages or another agreed indicator.

10.7 Unless agreed otherwise in the policy the insurance shall not be suspended in case of default in payment of the premium.

11. INCEPTION AND TERMINATION OF THE INSURANCE

11.1 The insurance begins on the day specified in the policy and is written with the policy period of 12 months unless otherwise agreed in the policy.

11.2 The insurance will terminate:

a) on expiration of the policy period;

b) on the basis of a written agreement between the insurer and the policyholder;

c) through termination by a notice delivered by either party pursuant to the statutory rules;

d) through withdrawal according to the relevant statutory rules;

e) through withdrawal by the insurer in case the policyholder is being put into liquidation or bankruptcy or rejection of a proposal for bankruptcy proceeding because of lack of property or approval of composition. The withdrawal takes effect on the thirtieth day after delivery of the notice to the policyholder. In this case, the insurer shall repay a proportion of the premium according to the unexpired term from the effective date of termination until the end of the originally agreed policy period;

f) pursuant to the relevant statutory rules, on the basis of a default by the policyholder in paying the premium and in other cases set out in the statutory rules;

g) in other cases set out in the statutory rules.

11.3 It can be agreed in the policy, that the insurance also covers a period prior to the conclusion of the policy. The insurer is not obliged to provide insurance payment if the policyholder knew or could have known at the time of submission of the proposal to conclude the policy that the insured event occured. The insurer shall not be entitled to the premium if he knew or could have known at the time of submission of the proposal to conclude the policy that the insured event could not occur.

12. NOTICES

12.1 Any notice or other communication under the policy shall be delivered to the address set out in the policy.

12.2 Any notice or other communication to be served under the policy to the policyholder, the insured or the beneficiary, shall be deemed to have been served at the moment of receipt of the notice by the addressee or at the moment when the addressee refused or otherwise precluded the receipt of the notice (e.g. failure to notify changes in contact details).

13. SURVEY

13.1 The insurer is entitled to conduct a survey of security measures on the side of the insured, their implementation, observance and the day to day monitoring. The insurer is obliged to make reasonable effort in order to inform the insured of the survey. Nevertheless the insurer is entitled to conduct a survey at any time when he considers it necessary or advisable even without prior notice to the insured.

13.2 With regard to the insurer, its employees, representatives or consultants, the insured is obliged to:

a) allow access to the premises;

b) allow the conduct of such enquiries as the insurer deems necessary including interviews with workers;

c) provide maximum cooperation and assistance as the insurer may reasonably require.

13.3 In the course of survey the insurer is entitled to make copies and records of documents which it was provided with.

13.4 The insurer is obliged to notify the insured of the findings of the survey. In case the insurer finds any failures the rectification of which can be reasonably requested, the insured is obliged to use all reasonable endeavours to implement, within the specified time period, remedial actions recommended by the insurer, its representatives or consultants.

14. SUBROGATION, ASSIGNMENT OF RIGHTS

14.1 If the insured has a claim against another person(s) for compensation of the loss caused by the insured event or other similar right, such right shall be subrogated to the insurer to the extent of sums paid by the insurer to the insured under the policy. In such a case the insured shall do everything necessary to secure and preserve such right of the insurer
against the other party (ies). The insurer shall be entitled to assign the rights which have been subrogated to him in accordance with this provision or any other right arising out of the policy to other persons. The insurer however will not exercise its claim for compensation under this article against a worker unless the insured event occur by deliberate action of the worker.

14.2 No rights or obligations under the policy may be assigned without the prior written consent of the insurer.

15. GOVERNING LAW
The policy is governed by the Czech law.

16. DISPUTES SETTLEMENT
Any dispute, claim or point subject to debate between the parties in connection with this agreement (including issues relating to its validity, effect and interpretation) shall be referred for resolution to the relevant court in the Czech Republic.

17. SEVERABILITY
17.1 If any provision of the conditions or policy is or becomes invalid or unenforceable, that shall not affect the validity and enforceability of any other provision of the conditions unless such invalidity materially influences the rights and duties of the parties in the manner that one of them would have not entered into the policy under such conditions.

17.2 In the case above the policyholder and insurer undertake to act in good faith in order to replace the invalid or unenforceable provision by another provision which would have a similar effect.

18. MISCELLANEOUS
18.1 The insurance is concluded as a "loss insurance".

18.2 The policy may only be amended in writing by amendments executed by both parties. Unless stated otherwise in these conditions or in the policy, all acts relating to the policy shall be in writing at the address of the counterpart set out in the policy.

18.3 The headings of paragraphs and sections in these conditions are for convenience only and shall not affect interpretation of such paragraphs or sections.

18.4 The policy may modify these conditions and such modification will prevail over these conditions.

18.5 In this policy references to any statutory provision are to be construed as references to that statutory provision as amended, supplemented, re-enacted, or replaced from time to time and are to include any orders, regulations, instruments or other subordinate legislation made under or deriving validity from that statutory provision.

19. DEFINITIONS
Unless otherwise stated, the following expressions written in italics have the following meanings:

Bodily injury means death, injury or disease or death resulting from such an injury or disease; bodily injury includes also mental injury, mental distress or shock;

Business activities means activities of the insured, which it lawfully provides on the basis of trading or other licenses and subsidiary activities as follows:

a) ownership, repair and maintenance of premises
b) supplying and management of catering, social, sportive and caring facilities designated for workers;
c) provision and management of fire, first aid, medical and ambulatory care services,
d) activities performed by a worker with the consent of the insured privately for the board members or directors of the insured;

Conditions mean these insurance terms and conditions for general and product liability;

Deductible means an amount agreed in the policy representing a participation of the insured at the insured event; no insurance payment shall be made for any insured event if such insurance payment would not exceed the agreed deductible; unless agreed otherwise in the policy, deductible applies to each insured event; for the purpose of assessment whether the limit of insurance payment has been achieved the deductible is added to the insurance payment to be provided;

Financial loss means any damage which is neither physical damage nor personal injury;

Insured a person specified in the policy as the person whose liability is covered by this insurance; for the avoidance of doubt, the term insured can include also the policyholder where the policyholder is set out in the policy as the insured;

Occurrence means action of the insured or other fact which results in personal injury or material damage for which the insured is legally responsible and which took place at the territory specified in the policy;

Insured risk means a rate of probability of occurrence of an insured event caused by an insured peril;
**Insurer** means AIG Europe Limited, se sídlem The AIG Building, 58 Fenchurch Street, Londýn, EC3M 4AB, Spojené království Veľké Británie a Severního Irská, zapsaná v Rejštíku společností pod číslem 01486260, jednající prostřednictvím AIG Europe Limited, organizační složka pro Českou republiku, se sídlem V Celnici 4/1031, 110 00 Praha 1, identifikační číslo 242 32 777, zapsaná v obchodním rejstříku vedeném Městským soudem v Praze, oddíl A, vložka 75864.

**Legal proceedings** means judicial proceedings, arbitration, mediation or other proceedings carried-out in relationship with the claim;

**Material damage** means detriment caused by a physical damage, devastation or loss of material property;

**Personal injury** means bodily injury and also any interference into a privacy, civic honour, human dignity, name and manifestation of personal character of other people provided that such acts gave rise to a claim for compensation of damages;

**Policy** means agreement concluded between the **insurer** and the **policyholder** under these conditions;

**Policy period** means period of time set out in the **policy**, for which the insurance has been concluded;

**Policyholder** means a person who concluded the **policy** with the **insurer** and is obliged to pay the premium; the **policyholder** can be an **insured** at the same time;

**Premises** an operating area which is owned or lawfully used by the **insured** in locations specified in the **policy**;

**Product** means movable item which was produced, distributed or otherwise treated by the **insured** in case he is legally responsible for damage which due to a defect was caused to a third person;

**Statutory rules** means act no. 40/1964 Coll., Civil Code, act no. 37/2004 Coll., on Insurance Contracts and other statutory rules pertaining to insurance;

**Worker** means:

a) person which works for the **insured** on the basis of any employment relationship or other type of contract, provided that such contract is the principal source of his/her income;

b) an employee of other employer than the **insured**, who was temporarily transferred to work for the **insured**;

c) a person who is passing a specialized practice, internship or similar activity with the **insured**.