1. INITIAL TERMS

The relationship between the insurer, the policyholder and the insured in relation to the machinery insurance is governed by (1) the policy; (2) the contractual amendments to the policy; and (3) these conditions. The above documents (2) and (3) are indivisible parts of the policy.

2. INSURED EVENT, INSURABLE PERIL

2.1 The insurer shall provide the insured with insurance payment within the scope agreed in the policy provided the insured event defined in these conditions occurs.

2.2 For the purpose of these conditions, the insured event means any incidental event which (1) is a consequence of an insurable peril which is not excluded and (2) which causes:

a) material damage to machinery; or

b) loss as a result of business interruption;

according to what type of insurance is agreed in the policy.

2.3 An event caused deliberately by the insured, the policyholder or by any person acting on the initiative of any of them shall not be considered an insured event.

2.4 The insurance is agreed within the scope of “against all insurable perils”, i.e. the insurance applies to all insurable perils unless they are excluded. The insurance covers for instance any defects in casting or material, faulty design, faults at workshop, faults in erection, bad workmanship, lack of experience and skill, carelessness, shortage of water in boilers, physical explosion, tearing apart or rupture on account of centrifugal force, short circuit, storm.

3. INSURANCE AGAINST MATERIAL DAMAGE TO MACHINERY

3.1 Insurable peril, scope of the insurance coverage

3.1.1 The insurance concluded under this section applies to material damage to machinery arising from any cause, unless the respective insurable peril is excluded, and such damage to the machinery requires repair or replacement.

3.1.2 The insurance also applies to expenses incurred by the insured in connection with material damage under the previous sub-section, however, only to the extent stated in these conditions or agreed in the policy.

3.1.3 The insurance applies only to the machinery after successful completion of performance acceptance tests and launch of its operation regardless of whether the machinery is as at work or at rest or whether it is dismantled for the purposes of cleaning or overhauling, or it is in the course of the aforesaid operations, or during subsequent re-erection, or when being shifted within the

---

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.
3.2 Specific exclusions

3.2.1 Insurance concluded under this section of these conditions does not cover:

a) damage to removable (exchangeable) tools, e.g. dies, moulds, engraving cylinders and parts which by their normal use suffer a high rate of wear or depreciation, e.g. refractory linings, crushing hammers, burner nozzles, objects made of glass, belts, ropes, wires, rubber tires and operating media (e.g. lubricants, fuels, catalysts);

b) damage caused by fire, direct lightning, chemical explosion (except gas explosion in heaters or flue gas explosion in boilers), fire extinguishing or subsequent demolition, aircraft or articles dropped from the aircraft, theft, burglary or threat of violence, collapse of buildings, flood, inundation, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or similar natural catastrophes;

c) damage for which supplier, contractor or repairer is responsible either by law or under contract;

d) damage caused by any faults or defects existing at the time of commencement of the policy within the knowledge of the insured or its representatives, regardless of whether such faults or defects were known to the insurer or not;

e) damage arising out of the wilful negligence of the insured or its representative;

f) damage as a routine consequence of continual operation (e.g. normal wear and tear, cavitations, erosion, corrosion, incrustation) or gradual deterioration due to weather or climatic conditions;

g) any consequential loss.

3.3 Sum insured and deductible

3.3.1 The sum insured is determined by the insured and should correspond to the new price of machinery, i.e. to the price of the same or comparable machinery that can be acquired in the given place and at the given time as a new item of the same kind and serving the same purpose. The sum insured should be determined to include freight, customs duties and dues and erection expenses.

3.3.2 If, as a result of one cause an insured event occurs to more than one item of machinery, the insurer shall deduct only the highest applicable deductible from the insurance payment.

3.4 Scope of the insurance payment

3.4.1 Compensation of material damage in case of a partial damage to the machinery

a) If the material damage to machinery can be repaired, the insurer shall cover the expenses necessary to restore the damaged machinery to its former state of serviceability including the cost of dismantling and re-erection as well as ordinary freight (to and from a repair shop), customs duties and dues to the extent in which such expenses have been included in the sum insured. No deduction from the insurance payment shall be made by the insurer for depreciation in respect of parts replaced or repaired, but the value of any salvaged machinery or its parts shall be deducted from the insurance payment.

b) If the repairs are executed in the insured’s premises, the insurer shall cover the material and personnel expenses incurred for the purpose of the repairs, including reasonable share of overhead costs.
c) If the costs of repair as detailed in the previous sub-section equal to or are in excess of the actual value of the machinery immediately before the occurrence of the insured event, the insurer shall provide the insurance payment in the same extent as in the sub-section 3.4.2, as if the machinery has been destroyed completely.

d) The costs of any provisional repairs shall be covered by the insurance only if such repairs constitute a part of the final repair of the machinery for which the insurance payment shall be provided and do not increase the final repair expenses.

3.4.2 Compensation of material damage in case of a total destruction of the machinery

a) If the machinery is destroyed completely, the insurer shall compensate the actual value of the machinery immediately before the occurrence of the insured event. The insurer shall also cover the expenses of freight, customs duties and dues, and expenses of re-erection to the extent in which such expenses have been included in the sum insured, and expenses of dismantling of the destroyed machinery. The value of any residual items which are possible to be reused or sold shall be deducted from the insurance payment.

b) The insurance does not apply to any expenses incurred by alterations, additions, improvements or general repairs of machinery to the extent in which they do not relate to the damage incurred as a result of the insured event.

3.4.3 It is possible to agree in the policy that the insurance will apply to extra charges incurred for overtime, night work, work on public holidays, and express freight incurred in relation to repair as described in the sub-sections 3.4.1 or 3.4.2, up to the amount of sum insured. The insurance covers these expenses only if they are not covered according to section 4.

3.4.4 The insurer shall provide the insurance payment only if the insured submits the bills and documents proving that the repairs or replacements have occurred.

4. BUSINESS INTERRUPTION INSURANCE

4.1 Insurable perils, scope of insurance coverage

4.1.1 The insurance of business interruption covers losses occurring to the insured as a result of a full or partial interruption or interference with the business, provided it occurred due to an insured event on machinery according to section 3, in the premises and in connection with the business.

4.1.2 The insurer shall provide the insurance payment according to this section up to the sum insured or up to the limit of insurance payment, provided that at the time of interruption or interference with the business there is the insurance under section 3 of these conditions in force concerning the machinery the damage or destruction of which caused the interruption or interference with the business, and the insurance payment was or shall be provided or it would be provided regardless of an agreed deductible or franchise.

4.1.3 The insurance can be agreed in the policy to cover:

a) gross profit loss; and / or

b) extra expenses.

4.2 Scope of the insurance payment - insurance of gross profit loss

4.2.1 Where the insurance of gross profit loss is agreed, the insurance covers a loss of the gross profit, which has occurred due to (i) the reduction of turnover and (ii) increased operational costs.

4.2.2 As far as (i) the reduction of turnover is concerned, the insurer shall provide the insured in the case of the insured event the insurance payment up to the sum calculated by applying the rate of
4.2.3 As far as (ii) increased operational costs are concerned, the insurer shall provide the insured the insurance payment up to the amount of additional cost (in compliance with the section 4.2.6 Increased operational costs and uninsured fixed costs) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which would have taken place during the indemnity period had these additional costs not been spent. The insurance payment shall, however, not exceed the sum calculated by applying the rate of gross profit to the amount of the turnover reduction thereby avoided.

4.2.4 For the purposes of the insurance payment assessment any sum saved during the interruption or interference with the business shall be taken into account to the extent that the expenditures and costs of the business, which are paid from the gross profit, can be decreased or stopped.

4.2.5 Underinsurance

If the sum insured for the gross profit loss is less than the sum produced by applying the rate of the gross profit to the annual turnover (or to a proportionally increased multiple thereof where the indemnity period exceeds 12 months), the insurer shall provide the insured the insurance payment corresponding to the ratio the sum insured bears to the multiple of the rate of gross profit and the annual turnover.

4.2.6 Increased operational costs and uninsured fixed costs

If some fixed costs are not covered by the insurance, the insurance payment that is due to the insurance of increased operational costs shall be calculated as a proportional part of the increased operational costs given by a ratio the gross profit bears to the sum of gross profit and such uninsured fixed costs.

4.3 Scope of the insurance payment – insurance of extra expenses

4.3.1 If insurance of extra expenses has been agreed to then the insurance includes the costs which the insured has spent appropriately and effectively within the indemnity period for keeping the turnover on the level not exceeding the turnover of 12 months before the occurrence of the insured event. The limit of the insurance payment for the first quarter of maximum indemnity period amounts to 25% of limit of the insurance payment agreed in the policy.

4.3.2 Indemnity period means in the case of extra expenses insurance a period within which the insured spends the mentioned extra expenses, not exceeding the period agreed in the policy.

4.4 Value added tax

All calculations for the purpose of determining the amount of the loss or damage or the amount of the insurance payment shall be made using the figures contained in relevant documents excluding value added tax.

4.5 Payments on account

Payments on account may be made to the insured during the indemnity period at the discretion of the insurer but in no case shall any payment exceed the insurer's liability in respect of reduction in turnover for the period concerned.

4.6 Accumulated stocks

In adjusting any loss, account shall be taken and an equitable allowance shall be made if any shortage in turnover due to the insured event is postponed by reason of the turnover being temporarily maintained from accumulated stocks of finished goods.
4.7 Departmental

If the business is conducted in departments the independent trading results of which are ascertainable, the provisions 4.2.1 to 4.2.4 of the item on gross profit shall apply separately to each department affected by the insured event except if the sum insured by the said item be less than the aggregate of the sums produced by applying the rate of gross profit for each department of the business (whether affected by the insured event or not) to its respective annual turnover (or to a proportionately increased multiple thereof where the maximum indemnity period exceeds twelve months), the amount payable shall be proportionately reduced.

4.8 Definitions

Annual turnover means the turnover during the twelve months immediately before the date of the insured event, to which an adjustment shall be made to provide for the trend of the business, eventual variations affecting the business or special circumstances affecting the business either before or after the insured event, or which could affect business provided the insured event had not occurred. The result of the calculation shall reasonably represent the results which would be obtained during the relative period after the insured event provided the insured event had not occurred.

Fixed costs mean expenses, which must be spent by the insured even in case of a full suspension of business; the insurance covers only such fixed costs as specified in the policy;

Gross profit is a working term for the sum of the amount of the profit and the insured fixed costs;

Indemnity period means the period during which the business is interrupted or interfered with in consequence of an insured event; the indemnity period begins at the moment when the insured event occurs and terminates at the moment when the business ceases to be interrupted or interfered with or after expiry of the maximum indemnity period, whichever is earlier;

Maximum indemnity period means the longest period specified in the policy for which the insurance payment is provided in the case of interruption or interference with the business;

Rate of gross profit means the rate of achieved gross profit on the achieved turnover during the last accounting period immediately before the insured event occurs, to which an adjustment shall be made to provide for the trend of the business, eventual variations affecting the business or special circumstances affecting the business either before or after the insured event, or which could affect business provided the insured event had not occurred. The result of the calculation shall reasonably represent the results which would be obtained during the relative period after the insured event provided the insured event had not occurred.

Standard turnover means the turnover achieved in the period preceding the insured event occurring, which is the same calendar period with the same length as the indemnity period, to this period the adjustment shall be made to provide for the trend of the business, eventual variations affecting the business or special circumstances affecting the business either before or after the insured event, or which could affect business provided the insured event had not occurred. The result of the calculation shall reasonably represent the results which would be obtained during the respective period after the insured event provided the insured event had not occurred.

Turnover means amounts paid and payable to the insured within a certain period for goods sold and services rendered in the premises in connection with the business; if the products or services are or could be sold out by the insured or by other persons on its behalf outside the premises during the indemnity period, the respective amounts shall be included in the turnover for the purpose of determination of the turnover within the indemnity period.

5. GENERAL EXCLUSIONS

5.1 The insurance under these conditions does cover any loss or damage as a direct or indirect result of:

a) nuclear reaction, nuclear radiation or radioactive contamination;

b) war, invasion, act of foreign enemy (whether the war has been declared or not), civil war,
5.2 If an event meets the characteristics described above and is as such designated by the insurer, such an event shall be deemed to be the event described above for the purpose of these conditions unless the contrary is proven.

5.3 Exclusions under this section apply to all types of insurance concluded under these conditions.

5.4 If it is agreed in the policy, that some of the exclusions will not apply, the validity of other exclusions shall not be affected. Further exclusions can be agreed in the policy.

6. UNDERINSURANCE

6.1 If the sum insured set for respective machinery is lower than the insurable value of such machinery at the time when the insured event occurs, the insurer shall reduce the insurance payment in proportion of the ratio of the sum insured to the actual amount of the insurable value of the machinery, unless agreed otherwise in the policy, even in the case where a limit of insurance payment is agreed together with the sum insured. The underinsurance rules shall not apply in cases when only a limit of insurance payment for the machinery or its set of items has been agreed.

6.2 The underinsurance rules shall be applied to each item of machinery individually. If the insurance applies to a set of machinery, the underinsurance applies to the whole set.

7. DEDUCTIBLE

7.1 The insurance is concluded with a deductible of the insured, whose amount is agreed in the policy. No insurance payment shall be provided for any insured event if the insurance payment would not exceed the agreed deductible.

7.2 The deductible can be agreed in the policy as amount, percentage, time or combined.

7.3 If not otherwise agreed in the policy, the deductible applies on any insured event.

7.4 Deductible is to be borne by the insured and must not be insured.

8. RIGHTS AND OBLIGATIONS OF PARTIES

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

8.2 The policyholder and the 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 shall also apply to any change in the policy.

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

8.4 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 sub-section 8.2 provided the insurer would not have concluded the policy, had the questions been answered truthfully and in full.

8.5 The insurer may proportionally reduce the insurance payment in case that a lower premium was calculated by the insurer where such a 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.

8.6 If a breach of statutory rules, obligations set out in these conditions or in the policy had a material influence on 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 provide the insurance payment.

8.7 The insurer may refuse to provide 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 the insurer would not have concluded the policy or would have concluded the policy under different conditions had it known such a fact at the time when the policy was concluded. The insurer may refuse to provide insurance payment also in cases when the insured intentionally gave untrue or misleading facts on the scope of the insured event or withheld essential facts about the insured event. The policy shall terminate upon the delivery of the relevant notice of the refusal of the insurance payment.

8.8 The insurer shall provide the insurance payment according to the policy provided that the insured:

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

b) did not violate statutory duties aimed at averting an impending insured event or reducing the insurable peril;

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

d) made it possible for the insurer to examine the ledger and evidence of the insured any time during the policy period and during the investigation and liquidation of the insured event;

e) complied with recommendations of manufacturers and suppliers; and

f) made it possible for the insurer to check and review the insurable risk and afforded it the necessary cooperation and information for the assessment of the insurable risk.

If it is proven that a breach of the above conditions had an influence on the occurrence of an insured event, 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.

9. INSURANCE PAYMENT

9.1 The insurer shall provide the insurance payment under the policy for all insured events that occur during the policy period.

9.2 The insurance payment for any insured event is limited to the sum insured of the machinery subject to any applicable limit of insurance payment stated in the policy.

9.3 If an annual limit of insurance payment, if agreed in the policy, applies it is run down by insurance payments provided.

9.4 The insurance payment is payable within 15 days after an investigation necessary to determine the reason and amount of the insurance payment has been completed. The insurance payment is payable in Czech currency unless otherwise agreed in the policy.

9.5 The insurer shall provide the insured the insurance payment according to its decision either in the
form of financial compensation or a physical substitution of the item or repair of the damage occurring.

9.6 Automatic sum insured reinstatement
The insurer and the policyholder may agree that the sums insured shall not stand reduced by the amount of any insurance payment, the insured undertaking to pay the appropriate additional premium for such automatic reinstatement of cover.

10. CLAIM FOR INSURANCE PAYMENT

10.1 When a loss event occurs, the insured is obliged to:

a) immediately notify the insurer in writing of the loss event, expected loss, its probable cause and estimated extent;

b) make a claim to the insurer for the insurance payment in writing within 30 days of the occurrence of the loss event and supply at its own expense all relevant information and documents proving loss and its cause, according to the insurer’s requirements;

c) immediately notify authorities in charge of criminal proceedings if there is a reasonable suspicion that the damage or loss resulted from a criminal offence or an intentional conduct;

d) take all steps within its power to minimize the extent of the loss;

e) preserve the damaged parts of machinery and have them available for inspection of the insurer.

10.2 The insured shall afford the insurer access to all places where the loss occurred. In case of a business interruption the insured shall provide the insurer with verification of data contained in the insured’s accounting books by its specialist accountants or auditors.

10.3 The ownership of the machinery, for which the insurance payment has been already provided and which are later found, does not pass on to the insurer but remains with the insured. The insured is, however, obliged to return to the insurer a respective part of the insurance payment according to the statutory rules.

10.4 The insured shall not carry out any repairs of property damaged as a result of an insured event and shall not remove any remains of it until so being instructed by the insurer, but no longer than the period agreed in the policy, unless it is necessary to commence the repair or removal of the remains earlier due to safety, hygienic, environmental or other important reasons. If the insured begins, in accordance with this section, with the repair or replacement sooner, it is obliged to keep documentation evidencing the insured event.

10.5 The ownership of the damaged or destroyed machinery does not pass on to the insurer and the insurer has the right to deduct salvage value of the machinery from the insurance payment.

11. CHANGE OF RISK

11.1 The policyholder or the insured, if different from the policyholder, shall notify the insurer without undue delay of any change or cessation of an insurable risk.

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

12. PREMIUM

12.1 The premium is a lump-sum premium and the amount of the premium is set out in the policy.
12.2 The policyholder shall pay a lump-sum premium for the whole policy period in advance. Payment of the premium by instalments may, however, be agreed in the policy.

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

12.4 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.

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

13. INCEPTION AND TERMINATION OF THE INSURANCE

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

13.2 The insurance will terminate (in Czech: zanikne):

a) on expiry of the policy period;

b) on the basis of an agreement in writing between the insurer and the policyholder;

c) through termination (in Czech: výpověďi) by a notice delivered by either party pursuant to the statutory rules;

d) through withdrawal (in Czech: odstoupením) according to the relevant statutory rules;

e) through withdrawal by the insurer in case of the policyholder being put into liquidation, going into bankruptcy, 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 of the policyholder in paying the premium; and

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

14. DELIVERY

14.1 An announcement or a notice pursuant to the policy shall be delivered to the address stated in the policy.

14.2 Any announcement or any notice, which is to be delivered to the policyholder, the insured or the beneficiary pursuant to the policy, shall be considered to have been delivered at the moment when the addressee actually received such announcement or notice or when the addressee refused to accept it or made the delivery in another way impossible (e.g. through non-reporting of a change of its address).

15. SUBROGATION, ASSIGNMENT OR RIGHTS

15.1 If the insured has a claim against another person(s) for compensation of the loss caused by an 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 pursuant to 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 right which has been subrogated to him in accordance with this provision, or any other right arising out of the policy to other persons.
15.2 No rights pursuant to the policy may be assigned without prior written consent of the insurer.

16. TERRITORIAL SCOPE

The insurance applies to insured events occurring in places specified in the policy unless otherwise agreed in the policy.

17. GOVERNING LAW

The policy is governed by the Czech law.

18. DISPUTE SETTLEMENT

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

19. SEVERABILITY

19.1 If any provision of these 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 meaning of other provisions in such manner that one of the parties would not have concluded the policy under such conditions.

19.2 In the case above the policyholder and the 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.

20. MISCELLANEOUS

20.1 The insurance is concluded as a "loss insurance".

20.2 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 must be in writing at the address of the counterparty set out in the policy.

20.3 The headings of paragraphs and sections in these conditions are for convenience only and shall not affect their interpretation.

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

21. DEFINITIONS

Unless otherwise stated, the following expressions written in italic have the following meanings:

- **Actual value** means the new price from which the degree of wear and tear or other depreciation is deducted (current price);
- **Annual limit of insurance payment** means the amount set out in the policy as the maximum aggregate of all insurance payments following an insured event or multiple insured events, which will be made by the insurer during the policy period under this policy;
- **Business** means the business conducted by the insured, which is specified in the policy;
- **Conditions** means these general insurance terms and conditions for machinery insurance;
- **Deductible** means the amount for which the insured is liable in any claim and which is deducted from the insurance payment; the deductible is further described in these conditions and its scope is specified in the policy;
- **Insurable peril** means possible cause of occurrence of an insured event;
**Insurable risk** means a rate of probability of occurrence of an **insured event** caused by an **insurable peril**;

**Insurable value** means highest possible property loss that may occur as a result of an **insured event**;

**Insured** means the person specified in the **policy** as the person whose property 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**;

**Insured event** means accidental event which meets the attributes specified in these **conditions**, with which triggers the obligation of the **insurer** to provide an insurance payment;

**Insurer** means AIG CZECH REPUBLIC pojišťovna, a.s., registered in the commercial register kept by the municipal court in Prague, section B, file 7340; Identification No. 26 47 76 96; address: V Celnici 1031/4, 110 00 Praha 1, Czech Republic;

**Limit of insurance payment** means the amount set out in the **policy** as the maximum amount of insurance payment for **insured events** pursuant to this insurance;

**Loss event** means event leading to damage which could constitute a right for insurance payment;

**Machinery** means machinery specified in the **policy** as machinery covered by the insurance;

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

**New price** means a price at which the same or similar item can be obtained as the same or new item of the same kind and purpose at the given place and time;

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

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

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

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

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

**Sum insured** means the amount set out in the **policy** as a ceiling of insurance payment for machinery.