

## GENERAL CONDITIONS

for insurance of property

### FIRE

#### I. SUBJECT MATTER INSURED

1. Under the present General Conditions "Allianz Bulgaria" Ins & Re jsc, hereinafter referred to as "Insurer", insures:
  - 1.1. Movable and/or immovable property being owned or under the responsibility of the person mentioned in the policy and hereinafter referred to as "Insured".
  - 1.2. Third party liability of the Insured resulting from insured event affecting the insured property.
2. Under the present General Conditions cannot be covered land, perennial plants, crops, animals, birds, fish, vehicles with state control number, means of railroad transportation and vessels.

#### II. INSURANCE COVER

##### SECTION "A" – FIRE

Subject to indemnity under this insurance are loss of or damage to or expenses related to insured property representing direct result of:

1. **Basic Cover -**
  - 1.1. Perils covered –
    - fire, incl. the consequences of extinguishing thereof;
    - lightning;
    - explosion or implosion;
    - aircraft, incl. cargo or parts falling therefrom;
    - natural perils, incl. storm, hail, torrential rain, flood, snow or ice pressure, freezing, falling trees, branches and other external objects due to storm or hail;
    - sewer water;
    - vehicle or animal impact.
  - 1.2. Subject to indemnity are also the expenses made by the Insured with due care for minimizing of loss resulting from insured event up to a limit of 5 per cent of the total Sum Insured but not exceeding 10.000 BGL (ten thousand Bulgarian Leva) unless the Insurer approves higher indemnity for particular case.
2. **Additional Perils** included in the cover under written agreement between the parties mentioned in the policy or endorsed thereon and against additional premium paid -
  - 2.1. landslide or collapse of earth mass while loss, damage and/or expense resulting from event being foreseeable as at date of conclusion of the insurance (e. g. landslide in registered landslide area) are not subject to indemnity;
  - 2.2. earthquake;
  - 2.3. short circuit or over-voltage;
  - 2.4. malicious acts;
  - 2.5. loss or damage during transportation as per the Institute Cargo Clauses (A) in case of change of the address mentioned in the policy providing the Insurer is preliminary informed in written.
3. **Additional Expenses**, representing direct result from insured event, included in the cover under written agreement between the parties mentioned in the policy or endorsed thereon and against additional premium paid -
  - 3.1. expenses for removal of debris and necessary dismantling or demolishing of parts of destroyed or damaged insured property up to a limit of 10 per cent of the total Sum Insured but not exceeding 20.000 BGL (twenty thousand Bulgarian Leva);
  - 3.2. expenses for relocation, protection and storage of insured property for a period from date of the insured event until eliminating of the consequences thereof but not exceeding 3 months and 2.000 BGL (two thousand Bulgarian Leva);
  - 3.3. loss of rent income for a period from date of the insured event until eliminating of the consequences thereof but not exceeding 3 months.
4. **Glass Breakage -**
  - 4.1. If the insured property contains glass (incl. of doors, windows, displays, stands, advertisement signs and boards, roofs, greenhouses, hothouses and other permanently installed glass) not described in the policy, subject to indemnity under this insurance are loss and damage representing direct result from insured event as mentioned under p. 1

and p. 2 (providing the cover is agreed for the property containing the glass) up to a limit of 200,- BGL (two hundred Bulgarian Leva).

- 4.2. If the glass is mentioned in the policy the liability of the Insurer is up to its total Sum Insured.
- 4.3. Providing agreement between the parties mentioned in the policy or endorsed thereon, the cover for glass mentioned in the policy can be extended on "All Risks" basis while subject to indemnity are loss and damage resulting from any accidental and unforeseen as at date of conclusion of the insurance event, except the mentioned in p. 3 (if not covered under the insurance as a whole) and the explicitly excluded under p. 6, causing breakage of the glass through its entire thickness.
5. The parties can agree on cover not mentioned under p. 1 - 4 if it is related to the subject matter insured.
6. **Exclusions –**

Under this insurance are not subject to indemnity loss, damage or expense resulting from:

  - 6.1. the mentioned under p. 2, 3, 4.2 and 4.3, if the cover is not agreed in written;
  - 6.2. burglary and robbery;
  - 6.3. damage to property left outdoors, to not inhabitable buildings and movable property therein, and as well from precipitation, mud, etc., breaking in through not closed windows or openings of buildings if the damage is caused by storm, hail and/or torrential rain;
  - 6.4. the mentioned with meaning of exclusion in the definitions under p. 7;
  - 6.5. intentional acts of the Insured or the Beneficiary as per Chapter III, p. 6, and/or their connected persons in the meaning under the Law on Commerce;
  - 6.6. any act or inaction performed with gross negligence by the Insured or the Beneficiary as per Chapter III, p. 6, and/or their connected persons in the meaning under the Law on Commerce, while the respective person has been in position to foresee and prevent the occurrence of insured event and/or to reduce the loss due to insured event but has not taken the due care therefor;
  - 6.7. own defect of the damaged or destroyed property (incl. production defect), gradual deterioration (incl. wear and tear, rust, corrosion, damage from microorganisms, fungi, mildew, insects and rodents, processes of slow deformation and destruction, evaporation, loss of weight, shrinkage, change of fragrance, colour, consistence, polish, damage from exposure to light), surface damage due to scratching, dirt and similar;
  - 6.8. loss of income (except for agreed cover under p. 3.3), commercial loss, depreciation, inactivity, delay, penalties, demurrage, interests, exchange rate differences (except these following Chapter VIII, p. 11), changes in prices and state receipts, and other indirect or consequential loss of whatever nature;
  - 6.9. expropriation, confiscation, nationalization, entering into force of any law or regulation, and/or imperative order of authorized body, fines and sanctions;
  - 6.10. war or warlike action (no matter whether a war is declared or not), strikes, civil commotion, rebellion, insurrection, acts of terrorism and sabotage, and other acts with political, ideological, religious and/or social motivation;
  - 6.11. nuclear reaction, radiation or contamination and the consequences thereof.
7. **Definitions –**

For the purpose of this insurance the following definitions of insured events mentioned in p. 1 and 2 will apply:

  - 7.1. **Fire** - burning of matter with flame or smoulder which has appeared at inappropriate place or arisen out of it and is able to spread over due its own energy; hereunder are not covered losses caused by arson (see p. 7.17), exposure to fire or heat (incl. for means conducting fire or heat) with treatment purposes, technological detonations in combustion chambers and damage to contact and other elements of electric devices and installations due to high temperature resulting from short circuit or over-voltage (see p. 7.18).
  - 7.2. **Lightning** – contact between highly electrified cloud and the ground (incl. ground objects) with destructive effect due to high values of temperature, electric tension and current.
  - 7.3. **Explosion** – sudden release of energy, caused by expansion of gases or vapours resulting in tearing of walls of vessel or supply equipment and sudden equalizing of the inside and outside pressure; hereunder are not covered losses caused by malicious usage of explosive devices and substances (see p. 7.17).
  - 7.4. **Implosion** – sudden and burst-like filling up of a capacity in which the pressure is lower than the outside pressure.
  - 7.5. **Aircraft** – destruction of or damage to insured property as direct result

of impact of parts and/or articles falling from aircraft or of the striking wave caused by aircraft passing the supersonic barrier.

7.6. **Storm** – movement of the air with velocity at least 15 m/s while the damage can be caused directly by the storm directly or by objects thrown thereby.

7.7. **Hail** – falling of ice grains or pieces.

7.8. **Torrential rain** – falling of large quantities of rain for a short period within the parameters shown below:

Period (min.)	Precipitation (l/sq.m)	Period (hours)	Precipitation (l/sq.m)
5	2	1	12
10	4	2	18
15	5	4	27
20	6	8	35
25	7	12	45
30	8	18	52
35	9	24	60
40	10		
50	11		

7.9. **Flood** – overflow of large quantities of water due to fast thawing of snow or ice, intensive or prolonged precipitation, raising of water level of river and/or tearing of dams, barrages and other meliorative works.

7.10. **Snow or ice pressure** – collapse, breakdown or deformation of buildings, fences and other works and equipment due to the weight of the snow / ice irrespective whether caused by large quantities of snowfall or drifting by the wind; hereunder are not covered losses caused by piling due to clearing or other human activity.

7.11. **Freezing** – damage to property caused by falling of the temperature of adjacent air below 0° C; hereunder are not covered losses caused by non-observing of storage norms and prescriptions, damage to machinery and equipment which by their nature are exposed to atmosphere influence, and to agriculture products stored outdoors.

7.12. **Sewer water** - leakage from water supply, sewer or heating installations and equipment and devices connected therewith (incl. for air conditioning, solar heating and fire extinguishing); as equal to the sewer water are treated the water vapours and heat-conducting liquids (salts, oils, refrigerating agents, etc.); hereunder are covered damage due to wetting of insured property and as well such to pipelines and equipment and devices connected therewith resulting from freezing or breaking due to other reason providing the Insured takes the due care for maintenance of the installations in good condition (incl. prompt repairs of defects) and draining in unused buildings or parts of buildings; hereunder are not covered losses due to repair, reconstruction or testing of water supply, sewer, heating and/or fire-extinguishing (incl. sprinkler) installation.

7.13. **Vehicle or animal impact** – damage to or destruction of insured property caused by contact with road or railway mean for transportation or animal; hereunder are not covered losses caused by means of transportation driven by the Insured or the user of the insured property or their connected persons in the meaning under the Law on Commerce, and as well damage to means for transportation, roads or railroads and their equipment.

7.14. **Landslide** – breaking off and slow movement of earth mass on slopes and as well swaths tearing off and moving due to their own weight and surface or underground water; hereunder are not covered landslide and collapses in mining enterprises, such resulting from earthwork and as well the feature of certain soils to shrink and expand depending on the ground moisture.

7.15. **Collapse of earth mass** – sudden and quick fall of large quantities of earth or rock mass from mountains or shores caused by profound evaporation of rocks, weakening of their integrity and deep cracking; hereunder are not covered losses due to collapse caused by earthworks.

7.16. **Earthquake** – movement of the ground caused by vertical or horizontal seismic waves accompanied with tectonic faults due to release of energy upon destruction of rock solids; hereunder are not covered damage to frescoes, wall paintings, bas-relieves, etc., and as well unfinished construction, containers mounted on walls, external yards, staircases and other external structures; the loss and damage due to earthquake incurred during a continuous period of 72 hours are registered and handled as one insured event.

7.17. **Malicious acts** – damage to or destruction of insured property by third parties (incl. through arson and/or malicious usage of explosive devices or substances) with no purpose for misappropriation; hereunder are not covered losses caused by persons which with the consent of the Insured or his connected persons in the meaning under the Law on Commerce are admitted to the insured property or inhabit premises containing insured property.

7.18. **Short circuit and over-voltage** – electric current with parameters

exceeding these which the electrical loop is designed for appearing due to occasional connection between two points with different charge, in particular between leads of power supply (sort circuit), or to supply from the power network of electricity with higher tension than the standard one or to induction caused by lightning (over-voltage); hereunder are not covered losses due to faults in electric devices or appliances or electric installation (incl. outworn or damaged isolation, fuses with conductivity above the standard, etc.) which should have been repaired by the Insured.

### SECTION "B" – THIRD PARTY LIABILITY

8. Providing agreement between the parties mentioned in the policy or endorsed thereon and against additional premium paid subject to indemnity under this insurance are losses (incl. bodily injury and/or property damage) caused to third parties as result of fire, wetting due to extinguishing of fire or water leakage from the insured premises which the Insured is legally obliged to compensate as for unlawful damage.

9. The limit of indemnity under this section is 2.000 BGL (two thousand Bulgarian Leva) for any one occurrence and in aggregate for the insurance period unless in the policy is mentioned different limit.

### III. CONCLUSION OF THE INSURANCE

1. The insurance is concluded based on written proposal of the Insured wherein the latter is obliged to state all considerable circumstances which are known or providing due care should be known to him and are important for risk evaluation. The Insurer is entitled to carry out a survey of the property proposed for insurance.

2. The insurance is concluded in the form of insurance policy an integral part of which are the Insured's proposal, the General Conditions of the insurance, Special Conditions, endorsements and other written agreements between the parties, if any.

3. The insurance is in force after signing of the policy by both parties and providing insurance premium paid as agreed therein.

4. The insurance cover applies only to property located at the address mentioned in the policy.

5. Necessary condition for the validity of the insurance is the existence of insurable interest as at date of its entering into force. Under insurable interest are understood ownership, contract or other legal relation by virtue of which the Insured would incur losses at occurrence of insured event.

6. The insurance can be concluded in favour of third party having insurable interest by virtue of contract with the Insured (incl. for granting of loan or of property under operative or financial leasing) and/or other legal relation.

7. In case of ascertained false statement or non-disclosure on the part of Insured of circumstances under which the Insurer would not conclude the insurance or would conclude it under different conditions the latter is entitled to:

7.1. In case of intentional false statement or non-disclosure - to request for changes in the insurance conditions (incl. limitation of the cover and/or additional premium), to cancel the insurance and/or to refuse indemnity with observance of Art. 384 of the Law on Commerce.

7.2. In case of unintentional false statement – to request for changes in the insurance conditions, to cancel the insurance and/or to reduce indemnity with observance to Art. 385 of the Law on Commerce.

### IV. SUM INSURED

1. The Sum Insured is established in Bulgarian Leva or in free convertible currency in a way described in the policy and taking into consideration the actual value of the property.

2. Over-insurance. If the Sum Insured of the whole or of part of the property is higher than its actual value then the Insurer is not liable for the excess over the actual value.

3. Under-insurance.

3.1. If the Sum Insured of the whole or of part of the property is lower than

its actual value then the Insurer owes indemnity only for part of the losses proportionate to the ratio between the Sum Insured and the actual value.

- 3.2. If the Insurance is concluded on "first risk" basis then the liability of the Insurer is for the full amount of the losses but only these resulting from the first insured event during the policy period and not exceeding the Sum Insured of the damaged property.
4. If an indemnity for partial loss is paid and except in case of additional reinstatement insurance for the remainder of the policy period then the Sum Insured of the damaged property is reduced with the amount of the paid indemnity and the condition "first risk", as far as agreed, does not apply.
5. Within the Sum Insured the parties can agree on limits of liability of the Insurer for loss and damage caused by particular peril and/or to particular property mentioned in the policy.

## V. INSURANCE PREMIUM

1. The insurance premium is established based on the Insurer's tariffs. In case of policy period shorter than 12 months a short-term tariff applies.
2. Premium payment –
  - 2.1. The insurance premium is paid in full on handing the policy unless otherwise agreed.
  - 2.2. Providing agreement between the parties mentioned in the policy or endorsed thereon the premium can be paid in deferred installments during the policy period.
  - 2.3. In case of insured event the Insurer is entitled to deduct the non-paid deferred premium installments from the due indemnity.
3. If during the policy period the insurance is extended to include additional property and/or cover then the additional premium is established pro-rata to the remainder of the policy period.
4. Insurance premium in case of pre-term cancellation -
  - 4.1. If the insurance is canceled by the Insurer the latter is entitled to a part of the total premium proportionate to the utilized part of the policy period. The Insurer is entitled to the full amount of paid premium in the cases as per Chapter III, p. 7.1, Chapter VI, p. 3, providing the Insured has known or should have known about the absence of insurable interest, and Chapter VIII, p. 15.
  - 4.2. If the insurance is canceled by the Insured the latter is entitled to the difference between the total premium and the premium for the utilized part of the policy period calculated under short-term tariff providing there are neither paid, nor outstanding claims.
5. If the Sum Insured is established in free convertible currency then the premium is established in the same currency and payable in Bulgarian Leva according to the fixing rate of Bulgarian National Bank as at date of payment.
6. If the Insured does not fulfill his obligation for premium payment then the Insurer is entitled to reduce the Sum Insured, to change the insurance conditions or to cancel the insurance with observance to Art. 387 of the Law on Commerce.

## VI. INSURANCE PERIOD

1. The insurance (policy) period is 12 (twelve) months unless otherwise agreed in the policy.
2. The insurance can be canceled by each party through written notification with term of 15 days as from date of receipt.
3. The insurance is automatically canceled at expiry of the insurable interest.
4. During the policy period the Insured is obliged:
  - 4.1. to take all necessary measures for preventing of insured event;
  - 4.2. to take good care for the insured property and not to undertake considerable changes in it, incl. through third parties, without the knowledge and consent of the Insurer;
  - 4.3. to inform the Insurer about all planned changes affecting insured property not later than 24 hours prior to their beginning;
  - 4.4. immediately to disclose to the Insurer all new circumstances with

considerable importance for risk evaluation while the Insurer is entitled to request for changes in the insurance conditions; in case of non-disclosure the Insurer has the rights as per Chapter III, p. 7;

- 4.5. to observe the regulations, rules and requirements of the competent authorities, incl. for fire and accident safety, and as well the technical and technological conditions, norms, standards, instructions, prescriptions, etc., for storage, usage and maintenance of the insured property;
- 4.6. to give to the Insurer access for survey of the insured property and to fulfill latter's prescriptions for improving of the risk factors.
5. If the Insurer does not fulfill his obligation under p. 4 and depending on the effect thereafter on the probability for loss, the Insurer is entitled to request for changes in the insurance conditions, to cancel the insurance pre-term, to reduce or to refuse indemnity.
6. If during the policy period the property is transferred then the cover remains in force providing the Insurer is informed and the validity of the insurance in favour of the transferee is confirmed in written.
7. The changes in the insurance conditions agreed during the policy period will be stipulated in endorsements to the policy representing integral part thereof and signed by both parties.

## VII. ACTION DUE BY THE PARTIES AT INSURED EVENT

1. At occurrence of insured event the Insured is obliged:
  - 1.1. immediately to notify the competent authorities, incl. for fire and accident safety and/or police department;
  - 1.2. to take all reasonable measures for minimizing and/or reduction of loss, salvage and safekeeping of the insured property or the remainders thereof;
  - 1.3. to notify the Insurer not later than 24 hours after occurrence of the event or during the first working day after learning about the event;
  - 1.4. to submit to the Insurer all the known information about the event;
  - 1.5. to keep the damaged property for survey by the Insurer unless a repair and/or other changes are necessary with purpose for minimizing of the loss; in case that within 5 working days after the notification as per p. 1.3 the Insurer does not carry out a survey then the Insured is entitled to start the necessary repairs and/or changes while keeping the insured property or the remainders thereof at Insurer's disposal;
  - 1.6. to protect the rights of the Insurer against third parties liable for the losses incurred.
2. The Insurer is entitled to give instructions related to determining of reason for the event, elimination of the consequences therefrom, additional security measures for the insured property, etc. in this respect, which do not mean agreement for indemnification. The Insurer's instructions are obligatory for execution by the Insured.
3. The Insured is obliged to prove his and/or Beneficiary's insurable interest and to submit the evidence and documents requested by the Insurer with regard to determining of the event and the amount of loss, incl. documents issued by competent authorities, survey protocols, expert statements, invoices, payment orders, accountancy statements, etc. depending on the particular case.
4. If the Insured does not fulfill his obligation under Chapter VII then the Insurer is entitled to reduce or to refuse indemnity and/or to cancel the insurance pre-term.

## VIII. INSURANCE INDEMNITY

1. The indemnity amount is determined by Insurer's representatives and/or by expert. In case the Insured disagree with the determined indemnity the latter is entitled on own account to assign the loss adjustment to another expert. In case of different adjustments the parties jointly choose and assign the adjustment to a third expert whose statement is final.
2. The indemnity amount for the whole insured property and as well for each part thereof cannot exceed the value of the property as at date of the insured event, nor the respective Sum Insured or limit of liability, if agreed.
3. The indemnity is established based to the level of correspondence between the Sum Insured and the actual value of the damaged or destroyed property as at date of the insured event according to Chapter IV.

4. In case of partial loss the indemnity cannot exceed the expenses for restoration of the damaged property in its condition as at date of the insured event.
5. Total loss -
  - 5.1. In case of total loss the Insurer owes indemnity equal to the value of the destroyed property as at date of the insured event established in a way as mentioned in the policy and is entitled to receive the ownership on the remainders thereof or to deduct their value from the indemnity.
  - 5.2. In case of constructive total loss (partial damage due to which the indemnity for repairs and restoration works would exceed 80 pct of the value of the damaged property as at date of the insured event) the Insurer owes indemnity equal to the value of the damaged property, providing received ownership thereon, or 80 pct of the value of the damaged property, if it remains under Insured's ownership.
  - 5.3. In case of total or constructive total loss of buildings the indemnity cannot exceed the achievable sale price of the buildings as at date of the insured event, if it is lower than the amount established as per p. 5.1 or 5.2.
6. The Insured bears on own account the losses within the deductible mentioned in the policy.
7. If the Insured receives indemnity from persons liable for the losses incurred then the liability of the Insurer is reduced with the same amount.
8. If the damaged property is insured with more than one insurer then the present Insurer owes indemnity only for a part of the loss proportionate to the ratio between the Sum Insured under this insurance and the total of Sums Insured under all insurances.
9. The insurance indemnity is due in term of 14 days after determining the reason and amount of loss, incl. after submitting of the documents under Chapter VII, p. 3.  
The Insurer is not liable for delays due to circumstances out of his control.
10. If the insurable interest and the reason for the claim are proved then at Insurer's discretion can be effected partial advance indemnity payments prior to the final settlement as per p. 9.
11. If the Sum Insured is established in free convertible currency the losses containing foreign currency component are indemnified in Bulgarian Leva as per the fixing rate of Bulgarian National Bank at date of payment.
12. If the Insured is not owner of the destroyed or damaged property then the indemnity is payable in favour or according to the instructions of the owner.
13. If the insurance is concluded in favour of third party (Beneficiary) then the indemnity is payable in favour or according to the instructions of the Beneficiary up to the amount of latter's rights against the Insured; the excess, if any, is payable in favour of the Insured.
14. If agreed between the parties, besides through indemnity payment the claim can be settled also through repair and/or replacement of damaged property effected by the Insurer or by third parties under Insurer's order.
15. If the Insured or his authorized representative claims for indemnity under this insurance being aware that the claim is based on untrue data with regard to its reason or amount then all indemnities will be refused and the insurance - canceled, without refund of insurance premium.

#### **IX. SUBROGATION**

1. If the losses are caused by third parties then the Insurer enters into the rights of the Insured against them up to the amount of paid indemnity and claims handling expenses.
2. The Insured's waiver of rights against third parties has no force towards the Insurer.

#### **X. OTHER CONDITIONS**

1. The present General Conditions can be changed or amended through

written agreement between the parties mentioned in the policy or endorsed thereon.

2. In respect with all matters unsettled in the present General Conditions the Bulgarian legislation will apply.
3. The disputes between the parties which cannot be settled through negotiations are to be brought for settlement before the competent Bulgarian court.

These General Conditions are approved on a meeting of the Management Board of Allianz Bulgaria Ins & Re jsc held on 25.03.2002 and are applicable for insurances concluded after 01.06.2002.

**Allianz Bulgaria Ins & Re jsc**

**Note:** This is a free translation and all legal matters related to the insurance can be resolved on the basis of the Bulgarian version of the General Conditions only.