



TERRORISM INSURANCE

TERMS AND CONDITIONS

T3&T3A / 003-2017

COLONNADE 
A FAIRFAX COMPANY

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1. TERRORISM INSURANCE PROPERTY DAMAGE WORDING (T3 / 003-2017)

Insuring Clause

By pursuing named in the insurance schedule, and also indicated there activities provided in the **Colonnade Insurance S.A. Branch Office in Hungary** (hereinafter referred to as the insurer) fee paid for insurance premiums to the insurance conditions of the GEN / 003-2017 Property Insurance conditions, these special rules and policies by it provides insurance coverage for insured events occurring during the period of coverage.

Statement submitted by the insured provided is an integral part of the contract.

The insurance contract occurs inside the insurance schedule (policy), together with the relevant regulations and the clauses to be interpreted, and wherever a word or expression to which a special report associated with such a word or phrase has any other occurrence of the same meaning.

Subject to the exclusions, limits and conditions hereinafter contained, this Insurance insures buildings and contents against physical loss or physical damage by an Act of Terrorism, as herein defined, occurring during the period of this Policy as stated in the Schedule attaching to and forming part hereof, (hereinafter referred to as the "Schedule").

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

LOSSES EXCLUDED

This Policy DOES NOT INSURE AGAINST:

- 1) **Loss or damage arising directly or indirectly from nuclear detonation, reaction, nuclear radiation or radioactive contamination, however such nuclear detonation, reaction, nuclear radiation or radioactive contamination may have been caused.**
- 2) **Loss or damage occasioned directly or indirectly by war, invasion or warlike operations (whether war be declared or not), hostile acts of sovereign or government entities, civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power or martial law or confiscation by order of any Government or public authority.**
- 3) **Loss by seizure or illegal occupation.**
- 4) **Loss or damage caused by confiscation, requisition, detention, legal or illegal occupation, embargo, quarantine, or any result of any order of public or government authority which deprives the Assured of the use or value of its property, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade.**
- 5) **Loss or damage directly or indirectly arising from or in consequence of the discharge of pollutants or contaminants, which pollutants and contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant of toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment.**
- 6) **Loss or damage by chemical or biological release or exposure of any kind.**
- 7) **Loss or damage by attacks by electronic means including computer hacking or the introduction of any form of computer virus.**
- 8) **Loss or damage caused by vandals or other persons acting maliciously or by way of protest or strikes, riots or civil commotion unless physical loss or damage is caused directly by an Act of Terrorism.**
- 9) **Loss or increased cost occasioned by any Public or Civil Authority's enforcement of any ordinance or law regulating the reconstruction, repair or demolition of any property insured hereunder.**
- 10) **Any consequential loss or damage caused by any other ensuing cause.**

- 11) Loss of use, delay or loss of markets, however caused or arising, and despite any preceding loss insured hereunder.
- 12) Loss or damage caused by cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies and telecommunications of any type or service.
- 13) Loss or increased cost as a result of threat or hoax, in the absence of physical damage due to an act of terrorism.
- 14) Loss or damage caused by or arising out of burglary, house - breaking, theft or larceny or caused by any person taking part therein.

PROPERTY EXCLUDED

THIS POLICY DOES NOT COVER:

- 1) Land or Land Values.
- 2) Power Transmission or feeder lines not on the Assured's premises.
- 3) Any building or structure, or property contained therein, while such building or structure is vacant or unoccupied or inoperative for more than thirty days.
- 4) Aircraft or any other Aerial device, or watercraft.
- 5) Any land conveyance, including vehicles, locomotives or rolling stock, unless such land conveyance is declare hereon and solely whilst located at the property insured herein at the time of its damage.
- 6) Animals, plants and living things of all types.
- 7) Property in Transit not on the Assured's premises.

ONUS OF PROOF

In any claim and/or action, suit or proceeding to enforce a claim for loss under this policy, the burden of proving that the loss is recoverable under this Policy and that no limitation or exclusion of this policy applies and the quantum of loss shall fall upon the Assured.

OTHER INSURANCE

This Policy does not cover any loss or damage, which at the time of the happening of such loss or damage is insured by, or would, but for the existence of this Policy, be insured by any other insurance policy or policies either primary or excess.

TERRITORIAL LIMITS

This Policy insures property owned by the Assured and located as described in the Schedule.

SUM INSURED

The Underwriters hereon shall not be liable for more than the sum insured stated in the Schedule in respect of each occurrence and in the annual aggregate.

DEDUCTIBLE

Each occurrence shall be adjusted separately and from the amount of each such adjusted loss; the sum stated in the Schedule shall be deducted.

OCCURRENCE

The term "Occurrence" shall mean any one loss and/or series of losses arising out of and directly occasioned by one Act or series of Acts of Terrorism for the same purpose or cause. The duration and extent of any one "Occurrence" shall be limited to all losses sustained by the Assured at the property insured herein during any period of 72 consecutive hours arising out of the same purpose or cause. However no such period of 72 consecutive hours may extend beyond the expiration of this policy unless the Assured shall first sustain direct physical damage by an Act of Terrorism prior to expiration and within said period of 72 consecutive hours nor shall any period of 72 consecutive hours commence prior to the attachment of this Policy.

DEBRIS REMOVAL

This Policy also covers, within the sum insured, expenses incurred in the removal of debris of property covered hereunder

which may be directly destroyed or damaged by an Act of Terrorism.

The cost of removal of debris shall not be considered in determination of the valuation of the property covered.

CONDITIONS

1. DUE DILIGENCE

The Assured (or any agent, sub or co-contractor of the Assured) shall at all times and at his own expense use due diligence and do (and concur in doing and permit to be done) all things reasonably practicable (including but not limited to precautions to protect or remove the property and interests insured herein) to avoid or diminish any loss herein insured.

2. PROTECTION MAINTENANCE

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

3. VALUATION

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

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

The Underwriters' liability for loss under this Policy including this endorsement shall not exceed the smallest of the following amounts:

- (i) The amount of the Policy applicable to the destroyed or damaged property,
- (ii) The replacement cost of the property or any part thereof identical with such property and intended for the same occupancy and use,
- (iii) The amount actually and necessarily expended in replacing said property or any part thereof.

4. INCORRECT DECLARATION PENALTY

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

5. NOTIFICATION OF CLAIMS

The Assured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give immediate written advice thereof to the Underwriters and or the Broker, named for that purpose in the Schedule, who is to advise Underwriters within 72 hours of such knowledge of any occurrence.

6. PROOF OF LOSS

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

If Underwriters have not received such proof of loss within two years of the expiry date of this policy, they shall be discharged from all liability hereunder.

7. SUBROGATION

If the Underwriters become liable for any payment under this Policy in respect of loss or damage the Underwriters shall be subrogated, to the extent of such payment, to all the rights and remedies of the Assured against any party in respect of such loss or damage and shall be entitled at their own expense to sue in the name of the Assured. The Assured shall give to the Underwriters all such assistance in his power as the Underwriters may require to secure their rights and remedies and, at Underwriters' request shall execute all documents necessary to enable Underwriters effectively to bring suit in the name of the Assured including the execution and delivery of the customary form of loan receipt.

8. SALVAGE AND RECOVERIES

All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this Policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.

9. FALSE OR FRAUDULENT CLAIMS

If the Assured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claim hereunder shall be forfeited.

10. ABANDONMENT

There shall be no abandonment to the Underwriters of any property.

11. INSPECTION AND AUDIT

The Underwriters shall be permitted but not obligated to inspect the Assured's property at any time. Neither the Underwriters' right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Assured or others, to determine or warrant that such property is safe.

The Underwriters may examine and audit the Assured's books and records at any time during the Policy period and extensions thereof and within two years after the final termination of this Policy, as far as they relate to the subject matter of this Insurance.

12. ASSIGNMENT

Assignment or transfer of this Policy shall not be valid except with the written consent of Underwriters.

13. RIGHTS OF THIRD PARTIES EXCLUSION

This Policy is effected solely between the Assured and Underwriters.

This Policy shall not confer any benefits on any third parties, including shareholders, and no such third party may enforce any term of this Policy. The Contract (Rights of Third Parties) Act 1999 is expressly excluded from this Policy.

This clause shall not affect the rights of the Assured.

14. NON-CANCELLATION

Policy non-cancellable by either Underwriters (other than for non-payment of premium) or the assured.

15. JURISDICTION

United States of America Federal Law (or state law as applicable) will govern this Policy. Any disputes arising hereunder will be exclusively subject to United States of America Federal jurisdiction (or state jurisdiction as applicable).

16. ARBITRATION

If the Assured and Underwriters fail to agree in whole or in part regarding any aspect of this Policy, each party shall, within ten (10) days after the demand in writing by either party, appoint a competent and disinterested arbitrator and the two chosen shall before commencing the arbitration select a competent and disinterested umpire. The arbitrators

together shall determine such matters in which the Assured and Underwriters shall so fail to agree and shall make an award thereon, and if they fail to agree, they will submit their differences to the umpire and the award in writing of any two, duly verified, shall determine the same.

The parties to such arbitration shall pay the arbitrators respectively appointed by them and bear equally the expenses of the arbitration and the charges of the umpire.

17. SERVICE OF SUIT (USA)

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Assured will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States district Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon Mendes & Mount and/or nominees as stated in the Schedule and, that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorised and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Assured to give a written undertaking to the Assured that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision thereof, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Assured or any beneficiary hereunder arising out of this contract of insurance and hereby designate the above-named as the person to whom the said officer is authorised to mail such process or a true copy thereof.

18. SEVERAL LIABILITY

The Underwriters' obligations under this Policy are several and not joint and are limited solely to their individual subscriptions. The Underwriters are not responsible for the subscription of any co-subscribing Underwriter who for any reason does not satisfy all or part of its obligations.

2. TERRORISM INSURANCE BUSINESS INTERRUPTION EXTENSION WORDING (T3A / 003-2017)

In consideration of the premium paid, and subject to the EXCLUSIONS, CONDITIONS AND LIMITATIONS of the Policy to which this Extension is attached, and also to the FOLLOWING ADDITIONAL CONDITIONS, EXCLUSIONS AND LIMITATIONS, this Policy is extended to cover loss resulting from necessary Interruption of Business, at the location insured under this Policy which suffers Direct Physical Loss or Damage by an Act of Terrorism or series of an Acts of Terrorism, as covered by the Policy to which this Extension is attached, to property insured by this Policy.

In the event of such Direct Physical Loss or Damage, Underwriters shall be liable for the Actual Loss Sustained by the Assured resulting directly from such necessary Interruption of Business, but not exceeding the reduction in Gross Earnings, as defined hereafter, less charges and expenses which are not necessary during the Interruption of Business, for a period not to exceed the lesser of:

- a) such length of time as would be required, with the exercise of due diligence and dispatch, to repair, rebuild or replace such part of the property as has been destroyed or damaged,

or

- b) TWELVE (12) calendar months,

commencing with the date of such Direct Physical Loss or Damage and not limited by the expiration of this Policy.

Due consideration shall be given to the continuation of normal charges and expenses, including payroll expenses, to the extent necessary to resume operations of the Assured with the same operational capability as existed immediately before the loss.

CONDITIONS

1. DIRECT DAMAGE

No claim shall be payable under this Extension unless and until a claim has been paid, or liability admitted, in respect of Direct Physical Loss or Damage by an Act of Terrorism to property insured under the Policy to which this Extension is attached and which gave rise to Interruption of Business.

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

2. RESUMPTION OF OPERATIONS

If the Assured could reduce the loss resulting from the Interruption of Business,

- a) by complete or partial resumption of operation of the property,
and/or
- b) by making use of merchandise, stock (raw, in process or finished), or any other property at the Assured's locations or elsewhere,
and/or
- c) by using or increasing operations elsewhere, then such possible reduction shall be taken into account in arriving at the amount of loss hereunder.

3. EXPENSES TO REDUCE LOSS

This Extension also covers such expenses as are necessarily incurred for the purpose of reducing loss under this Extension (except expenses incurred to extinguish a fire), and, in respect of Manufacturing Risks, such expense, in excess of normal,

as would necessarily be incurred in replacing any finished stock used by the Assured to reduce loss under this Extension; but in no event to exceed the amount by which loss under this Extension is thereby reduced. Such expenses shall not be subject to the application of any contribution clause.

4. VALUATION

All amounts and accounting details to be calculated using the Assured's usual Generally Accepted Accounting Standards.

EXCLUSIONS

THIS EXTENSION DOES NOT INSURE AGAINST:

- 1) Increase in loss resulting from interference at the insured premises, by strikers or other persons, with rebuilding, repairing or replacing the property or with the resumption or continuation of operation.
- 2) Increase in loss caused by the suspension, lapse, or cancellation of any lease, licence, contract, or order, unless such results directly from the insured Interruption of Business, and then Underwriters shall be liable for only such loss as affects the Assured's earnings during, and limited to, the period of indemnity covered under this Policy.
- 3) Increase in loss caused by the enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder.
- 4) Loss of Market or any other consequential loss except as specifically insured herein.
- 5) Loss as a result of physical or mental or bodily injury to any person.

LIMITATIONS

1. Underwriters shall not be liable for more than the smaller of either:-
 - a) Any Specific Business Interruption Sum Insured stated in the Schedule, or
 - b) The Sum Insured stated in the Schedule, where such includes Business Interruption, if such is a combined limit,

in respect of such loss, regardless of the number of locations suffering an interruption of business as a result of any one occurrence.

2. With respect to loss resulting from damage to or destruction of media for, or programming records pertaining to, electronic data processing or electronically controlled equipment, including data thereon, by the perils insured against, the length of time for which underwriters shall be liable hereunder shall not exceed:-
 - a) 30 consecutive calendar days or the time required with exercise of due diligence and dispatch to reproduce the data thereon from duplicates or from originals of the previous generation, whichever is less; or,
 - b) the length of time that would be required to rebuild, repair or replace such other property herein described as has been damaged or destroyed, but not exceeding twelve (12) calendar months,

whichever is the greater length of time.

DEFINITIONS

1. **GROSS EARNINGS** are for the assessment of premium and for adjustment in the event of loss defined as,

The sum of:

- a) Total net sales value of production or sales of merchandise, and
- b) Other earnings derived from the operations of the business.

LESS THE COST OF

- c) Raw stock from which production is derived,

- d) Supplies consisting of materials consumed directly in the conversion of such raw stock into finished stock, or in supplying the services sold by the Assured,
- e) Merchandise sold including packaging materials therefor,
- f) Materials and supplies consumed directly in supplying the service(s) sold by the Assured,
- g) Service(s) purchased from outsiders (not employees of the Assured) for resale which do not continue under contract,
- h) The difference between the cost of production and the net selling price of finished stock which has been sold but not delivered,

No other costs shall be deducted in determining Gross Earnings.

In determining Gross Earnings due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter had loss not occurred.

2. RAW STOCK

Material in the state in which the Assured receives it for conversion into finished stock.

3. STOCK IN PROCESS

Raw stock which has undergone any ageing, seasoning, mechanical or other process of manufacture at the Assured's premises but which has not become finished stock.

4. FINISHED STOCK

Stock manufactured by the Assured which in the ordinary course of the Assured's business is ready for packing, shipment or sale.

5. MERCHANDISE

Goods kept for sale by the Assured which are not the product of manufacturing operations conducted by the Assured.

6. NORMAL

The condition that would have existed had no loss occurred.

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