

GENERAL TERMS AND CONDITIONS OF INSURANCE AGAINST DAMAGE TO CONSTRUCTION MACHINERY AND EQUIPMENT

established by Resolution No. UZ/432/2007 of the Management Board of Powszechny Zakład Ubezpieczeń SA dated 26 July 2007, with changes introduced by Resolution No. UZ/65/2011 dated February 21, 2011

§ 1. PRELIMINARY PROVISIONS

- These general terms and conditions of insurance for construction machines and equipment (further referred to as the "machinery") against damages (further called "GTCl") shall apply to insurance contracts concluded by the Powszechny Zakład Ubezpieczeń Spółka Akcyjna (hereinafter referred to as PZU SA), with legal persons or organizational entities with no legal personality and individuals engaged in business activity (hereinafter called the Policyholder).*
 - An insurance contract can be concluded for the benefit of a third party (for the benefit of the Insured). The name of the Insured does not have to be mentioned in the agreement, unless it is necessary for specifying the subject of insurance. If an insurance contract is concluded for the benefit of a third party:
 - PZU SA may bring any charge that has influence on the liability of PZU SA also against the Insured;
 - the Insured is entitled to demand the benefit due directly from PZU SA, unless the parties agree upon otherwise; however, such an agreement cannot be made if an accident has already occurred;
 - The Insured may demand that PZU SA provide the him/her with information on the provisions of the concluded insurance contract and of the GTCl within the scope in which they apply to the rights and obligations of the Insured.
 - In consultation with the Policyholder, additional provisions or provisions different from the stipulations of these GTCl may be introduced to the insurance contract. Such provisions shall be prepared in writing.
 - PZU SA shall present to the Policyholder the difference between the content of the agreement and the GTCl in written form before the agreement is concluded. If PZU SA fails to fulfill the aforementioned obligation, it shall not adduce differences disadvantageous for the Policyholder or the Insured. The above provision shall not apply to insurance contracts concluded by means of negotiations.
 - If an additional or different contractual provisions are introduced to the insurance contract, they shall precede over the relevant provisions of the GTCl.
- business activities who concludes an insurance contract;
 - Insured** – a legal entity, an organization without legal personality or a natural person conducting business activities who has concluded an insurance contract on its own behalf or on whose behalf an insurance contract has been concluded;
 - rules of storing machinery in the place of insurance** – machinery which, e.g. due to its size, cannot be placed in a closed facility, may be stored at the construction site or in another localization, the other machinery (particularly small tools) must be stored in closed facilities;
 - burglary** – taking machinery or parts thereof for appropriation purposes from the place of insurance or from closed means of transport after the required anti-theft protections of the place of insurance, protections of the means of transport and protections of the machinery are removed with the use of force and tools or after the protections are opened with the original key acquired through burglary from another property or through robbery;
 - robbery** – taking machinery or parts thereof for appropriation purposes effected with the use of physical violence or of a threat of its immediate use against the Policyholder or the Insured or a person authorized thereby and operating a machine or exercising supervision over it or by means of making that person unconscious or defenseless;
 - required anti-theft protections of the place of insurance:**
 - construction site or another localization** – illuminated, permanently fenced area with a gate secured in such way that access, entry or exit of an unauthorized person is impossible, and remaining under constant supervision,
 - closed facility** – a container, a building or a part thereof or another structure situated on the construction site or in another localization and used solely by the Policyholder or the Insured, in which the insured machinery is stored, equipped with a door closed with a lock or a padlock and with protected (glazed or barred) windows and other external openings;
 - machinery protections** – structurally designed and in good operating condition, closed protective devices preventing unauthorized persons from access to the interior of a machine without previously overcoming the protections with the use of force and tools;
 - protections of means of transport** – structurally designed and in good operating condition, closed protective devices that prevent taking a machine without the use of force and tools;
 - supervision** – round-the-clock surveillance exercised by at least one adult person appointed for that purpose amongst the personnel of the Policyholder or of the Insured or by employees of a licensed security company dealing with protection of people and property;
 - sum insured** – amount constituting the upper limit of PZU SA liability for losses occurred within the period of insurance;
 - replacement value** – cost of replacing a lost, damaged or destroyed machine with a new machine of the same type and identical or, where the above is not possible, the most approximate technical parameters, with the costs of transport, installation,

§ 2. DEFINITIONS

Within the meaning hereof, the terms used below shall have the following meanings:

- construction machinery** – heavy technical devices used for construction works, performing their operations in motion and under control exercised by an authorized operator (e.g. excavators, loaders, cranes);
- construction equipment** – commonly used auxiliary technical devices used for construction works and operating without the necessity to move or without operator's supervision (e.g. scaffolding systems, containers, construction site back-up facilities, welding equipment);
- Policyholder** – a legal entity, an organization without legal personality or a natural person conducting

- custom duties and other charges of similar character (if present) taken into account;
14. **gross book value** – initial book value of a machine with the revaluations provided for in general regulations taken into account;
 15. **actual value** - the costs of replacing a lost, destroyed or damaged machine with a new one of the same type and identical, or in the case where it is impossible, the most approximate technical parameters, after deduction of the technical wear and tear till the loss occurrence date, given as a percentage, and with the costs of transport, assembly, custom duties and other charges of similar character (if present) taken into account;
 16. **total loss** – costs of replacing a lost machine or costs of repairing a damaged machine exceed the actual value of the machine;
 17. **partial loss** – costs of replacing a lost machine or costs of repairing a damaged machine do not exceed the actual value of the machine;
 18. **deductible** – part of loss specified in the insurance contract as an amount or percentage by which PZU SA decreases the indemnity.

§ 3. SUBJECT OF INSURANCE

1. The subject of insurance shall be machinery used in accordance with their designed purpose in relation to the business activities conducted.
2. *The insurance may cover only that machinery which is being operated, has passed all tests and trials and complies with all formal and legal requirements (attestations, approvals, permits, certificates, technical inspections etc.).*
3. The insurance shall cover machinery in the course of operation or rest, during assembly or disassembly in the working place, loading onto or unloading from means of transport and in the course or repairs and maintenance carried out by the proprietor on its own account.
4. The insurance shall not cover:
 - 1) machinery operating underground;
 - 2) floating machinery or machinery operating on vessels (e.g. barges, pontoons) and rail vehicles of any kind unless the insurance is extended with the clauses specified in Appendix No. 1 hereto;
 - 3) cars, station wagons and trucks constructed on the basis of cars;
 - 4) electronic equipment together with software and databases or optical equipment used for construction works, e.g. computers, plotters, printers, land surveying and measuring equipment ;
 - 5) spare parts of any kind for machines, operating and auxiliary materials not related directly to the construction works performed (e.g. fuel);
 - 6) personal belongings of employees situated in insured premises of the construction site back-up facilities or documentation of any kind concerning the construction, pecuniary values, packaging and other property not insured hereunder.

§ 4. PLACE OF INSURANCE

1. The place of insurance shall be construction sites where, in accordance with concluded contracts for performance of works, the insured machinery is situated, as well as other localizations indicated by the Policyholder, specified in the insurance document (policy) and related to the conducted business activities.

2. The insurance shall cover also machinery in the course of its movement or shifting on means of transport constituting the property or remaining, on the basis of a legal title, in the possession of the Policyholder or the Insured, between the places of insurance.
3. The insurance shall cover machinery within the territory of the Republic of Poland.
4. Against payment of an additional premium and provided that additional conditions are stipulated, the insurance coverage may be extended to apply outside the territory of the Republic of Poland.

§ 5. SCOPE OF INSURANCE

1. PZU SA shall be liable for all sudden, unexpected and caused by factors independent on the Policyholder or the Insured losses occurred in the insured machinery within the period of insurance, provided that such losses do not occur due to any reason explicitly excluded from the scope of insurance in the further part hereof and in the additional provisions.
2. The losses referred to in item 1, for which PZU SA shall remain liable, include, for example, losses caused by:
 - 1) improper operation of machinery causing, for example, collisions with other machines on the construction site, fall into an excavation and overturn of a machine;
 - 2) flood, torrential rain, action of wind (e.g. hurricane), direct stroke of lightning, hail, landslide and avalanche;
 - 3) burglary, robbery;
 - 4) damaged by third parties;
 - 5) fire, explosion, fall of an aircraft, inundation by water or other liquids escaping from devices or systems situated in the place of insurance.
3. A loss shall be held to mean loss or physical destruction or damage of an insured machine preventing further fulfillment of the designed functions and resulting in a necessity to repair or replace the machine, which occurred in the result of events covered by liability pursuant to these GTCI.

§ 6. EXCLUSIONS OF LIABILITY

1. Under this insurance PZU SA shall not be liable for losses resulting from the following:
 - 1) any kind of warfare, internal commotions, riots, sabotage, acts of terrorism, strike, lockout, planned or executed by the owner of a plant liquidation of that plant or jobs;
 - 2) confiscation or seizure of the insured machinery by competent authorities;
 - 3) nuclear reaction of any type, nuclear radiation or radioactive contamination;
 - 4) willful action or gross negligence of the Policyholder or the Insured, unless in the case of gross negligence the payment of indemnity meets the considerations of equity. The willful fault or gross negligence of a Policyholder or Insured being a legal person or organizational entity without legal personality is defined as the willful fault or gross negligence of:
 - a) in state-owned enterprises – the director or his/her deputies,
 - b) in limited liability companies and joint-stock companies – members of the management board or proxy,
 - c) in limited partnerships and limited joint-stock partnerships – general partners or proxy,

- d) in registered partnerships – partners or proxy,
 - e) in professional partnerships – partners or members of the management board or proxy,
 - f) in civil partnerships – partners,
 - g) in cooperatives, foundations and associations – members of the management board;
- 5) *wilfull action or gross negligence of the site manager, unless in the case of gross negligence the payment of indemnity meets the considerations of equity;*
- 6) faults or defects existing before the commencement of PZU SA liability and known to the Policyholder or the Insured or to representatives thereof, irrespective of whether such faults or defects were known to PZU SA;
- 7) *mining damages, pursuant to the provisions of the Mining and Geological Law.*
2. Moreover, PZU SA shall not be liable for:
- 1) losses caused by earthquakes, volcano eruptions and tsunamis;
 - 2) losses caused by a mechanical failure (e.g. tear by centrifugal forces) or electrical failure (e.g. short circuit in electric motors), freeze-up of coolants or any other liquids, seizure of parts caused by faulty lubrication or lack of oil, overheating resulting from lack of coolants . However, if the events referred to above result in a loss in external parts of elements of machinery, such loss shall be covered by the insurance under these GTCI;
 - 3) losses in operating materials of any kind, e.g. oils, lubricants, fuels, coolants, cooling agents.;
 - 4) losses in exchangeable tools and parts, e.g. blades, drilling bits, electrodes, filters, electric cut-outs, light bulbs, lamps, in parts of any kind which, due to their designed purpose, character of use or properties, undergo fast wear and tear, e.g. paint and anti-corrosion coats, machine parts made of rubber, fabric, felt and other sealing materials, glass, ceramics, and in tires, batteries, belts, chains, wires, ropes and flexible hoses, unless such losses occur in the direct consequence of a loss in insured machinery for which PZU SA has accepted liability under these GTCI;
 - 5) losses caused by partial or total inundation by regular sea tides;
 - 6) losses in machinery subject to mandatory registration, unless such losses occur on a construction site;
 - 7) losses occurred during the transport of machinery :
 - a) *which occurred in consequence of an accident of the means of transport, if that accident was caused by bad technical condition of the means of transport,*
 - b) *which occurred while the means of transport was driven by a person in a state of drunkenness or in a state post-alcohol intake or intoxication with drugs, psychotropic substances or substitute substances, according to the regulations on preventing drug addiction;*
 - c) *which occurred while the means of transport was driven by a person being under the influence of pharmaceutical products or medication whose use is a counter-indication to drive means of transport;*
 - d) caused as the result improper loading or packaging which does not comply with the valid standards or customs, or lack of packaging of the insured machines;
- 8) losses which occurred in the result of and during trials and tests performed, except for trials conducted in relation to periodical operating examinations (visual inspections and surveys), and occurred in the result of intentional overload, tests or experiments;
 - 9) losses the responsibility for which is borne, by virtue of law or under an agreement concluded (e.g. under warranty or guarantee), by the manufacturer, vendor, supplier or repair workshop;
 - 10) losses resulting directly from continuous operation, e.g. losses caused by natural wear and tear of machinery or parts thereof, cavitation, erosion, corrosion, rust, ageing of insulation ;
 - 11) losses caused by theft of machinery, except for burglary and robbery or attempts at burglary or robbery, for which PZU SA remains liable under these GTCI;
 - 12) losses caused by mysterious disappearance and losses revealed only in the course of stocktaking or routine surveys;
 - 13) *losses being the consequence of action or neglect by employees of the Policyholder or the Insured, who were in a state of drunkenness or in a state post-alcohol intake or intoxication with drugs, psychotropic substances or substitute substances, according to the regulations on preventing drug addiction;*
 - 14) losses occurred in the result of operating machinery by persons without required authorizations specified in relevant regulations, and also in situations where the machinery is operated in a manner not conformant with the valid regulations or the designed purpose;
 - 15) losses that occur in the consequence of operating a machine that has not been repaired or has been repaired improperly;
 - 16) *lost profits, loss of market value, loss of market, loss of revenue, loss of income, loss of profit, increased costs of business arising in consequence of the loss, losses arising due to delay in or non-fulfillment of obligations, loss of contracts, discounts, licenses, contractual penalties, financial penalties such as court and administrative fines, taxes and other public law liabilities, handling fees, punitive damages, court costs, administrative costs, costs of renting or using substitute objects, as well as other indirect damages and losses.*
3. *In the case of an Insured who is an individual, the exclusions defined in section 2 point 7 items b and c, points 13 and 14 shall apply only in a case where circumstances described in these exclusions influenced the occurrence of the insurance accident.*

§ 7. SUM INSURED

1. The sum insured for machinery submitted by the Policyholder for insurance shall match the replacement value or the gross book value.
2. Each payment of indemnity shall result in a decrease of the sum insured for the lost, damaged or destroyed machine by the amount disbursed. The Policyholder may reinstate the sum insured by means of paying an additional supplementary premium agreed upon with PZU SA, whereas in the situation where a supplementary premium is paid, PZU SA shall be liable under the reinstatement insurance contract starting from the day following the payment date of the premium, unless another liability commencement date is stipulated in the agreement.

3. The sum insured submitted by the Policyholder for a particular machine shall constitute the basis for calculating the insurance premium.
4. If, within the period of insurance, the values constituting the basis of calculation of the sum insured increase, the Policyholder may, in agreement with PZU SA and subject to the payment of an additional premium, increase the sum insured. Unless agreed upon otherwise, PZU SA shall be liable under the increased sum insured starting from the day following the payment date of the additional premium.
7. PZU SA shall not be liable for the aftermaths of circumstances about which, in breach of items 4 – 6, it has not been informed. If items 4 – 6 are breached due to wilful act, in case of doubts it shall be assumed that the accident provided for in the agreement and the aftermath thereof result from the circumstances referred to in the previous sentence.
8. Unless the parties agree upon otherwise, the insurance contract shall be concluded for a period of one year or for a period shorter than one year (short-term insurance).

§ 8. CONCLUSION OF INSURANCE CONTRACT, INSURANCE PREMIUM

1. An insurance contract shall be concluded on the basis of an application – questionnaire signed by the Policyholder which, together with the other documents specified in the insurance document (policy), shall constitute an integral part of the insurance contract.
2. The application – questionnaire shall contain answers to all the questions asked therein. The application – questionnaire shall contain, amongst others:
 - 1) name and address of the Policyholder and the Insured;
 - 2) place or places of insurance;
 - 3) period of insurance;
 - 4) list of machines together with their identification data, such as: identification number – serial or inventory, registration number (if the machine is subject to mandatory registration) etc., type, model, year of manufacturing, manufacturer;
 - 5) type of value in which the machinery is insured and the sum insured separately for each insured machine;
 - 6) required scope of insurance;
 - 7) form of machinery ownership;
 - 8) information about losses from the last 3 years.
3. *PZU SA may condition the conclusion of insurance contract upon receipt of additional information tied to risk assessment and upon the inspection of the subject of insurance and insured location in order to assess the insurance risk. PZU SA reserves also the right to demand additional information from the Policyholder, if it decides that the information obtained so far is not sufficient for proper risk assessment.*
4. The Policyholder shall inform PZU SA about all circumstances known to the Policyholder about which PZU SA inquired in the proposal form or in other letters before conclusion of the agreement. If the Policyholder concludes an agreement through the representative, the said obligation shall lie also on the representative and refers additionally to the circumstances known to the representative. If PZU SA concludes an insurance contract despite missing answers to particular questions, the omitted circumstances shall be deemed insignificant.
5. Within the term of the insurance contract the Policyholder shall notify PZU SA on any change in the circumstances referred to in item 4, immediately after receiving information on them.
6. If the insurance contract is concluded for the benefit of a third party, the obligations referred to in items 4 and 5 shall lie on both the Policyholder and the Insured, unless the Insured does not know about conclusion of the agreement for their account.
9. Subject to the exception provided for in item 10, in case of doubts the insurance contract shall be deemed to have been concluded upon delivery of the insurance document (policy).
10. If, in response to a proposal submitted, PZU SA delivers to the Policyholder an insurance document (policy) containing provisions that differ to the disadvantage of the Policyholder or of the Insured from the content of the proposal submitted by the Policyholder or by the Insured, PZU SA shall inform the Policyholder about that fact in writing upon delivery of the said document and shall establish a period of at least 7 days for presenting objections. In case of failure to meet the aforementioned obligation any changes introduced to the disadvantage of the Policyholder or of the Insured shall be void and the agreement shall be concluded in accordance with the conditions of the proposal. If no objections are presented, the agreement shall become effective in accordance with the content of the insurance document (policy) on the day following the deadline for presenting objections.
11. The insurance premium for the period of PZU SA liability shall be calculated on the basis of the premiums tariff binding at PZU SA as of the insurance contract conclusion date, taking into account the type of construction machinery and equipment, the sum insured, the period of insurance, as well as decreases and increases of the premium resulting from risk assessment, limitation or extension of the scope of insurance, one-off premium payment, possession of other construction machinery and equipment insurance provided by PZU SA, the amount of deductible, the course of insurance, continuation of insurance at PZU SA
12. The insurance premium shall not undergo indexation.
13. Unless agreed upon otherwise, the premium shall be paid on an one-off basis upon conclusion of the insurance contract. The insurance premium shall be paid in cash or – in agreement with PZU SA – in a non-cash form. At the Policyholder's request the payment of the insurance premium may be divided into installments.
14. If the premium or an installment is paid by means of a bank transfer, the payment date shall be deemed to be the date when an order for payment to the relevant account of PZU SA is submitted at the bank, on the condition that in the Policyholder's account there is a sufficient amount of free funds. If the premium or an installment is paid by means of a postal order, the payment date shall be deemed to be the date as postmark. Otherwise the payment date shall be deemed to be the date on which the whole amount of the premium or of an installment thereof is paid to the account of PZU SA in such manner that PZU SA can dispose of it.
15. *The occurrence of an insurance accident does not relieve the Policyholder from the obligation to pay*

premium installments at dates specified in the insurance contract. In the case of an insurance accident, if the indemnity or the sum of this indemnity and indemnities already paid causes the exhaustion of the sum insured, the premium installments whose payment deadlines fall after the day of indemnity payment, become due immediately and payable on the day indemnity is paid". In the case of refusal to pay indemnity, the deadlines for payment of installments which, according to dates set in the insurance contract fall after the date of delivering the notice on refusal to pay indemnity, do not change.

16. In case of disclosure of the circumstances which results in a significant change in the probability of an accident, each of the parties may demand that the premium amount be changed respectively starting from the moment when such circumstance occurred, not earlier, however, than from the beginning of the current period of insurance. If such demand is presented, the other party may, within 14 days, terminate the agreement with immediate effect.

§ 9. COMMENCEMENT AND END OF LIABILITY

1. The liability of PZU SA shall commence on the day following the conclusion date of the agreement, not earlier, however, than on the day following the payment date of the premium or of the first installment thereof, unless another liability commencement date is provided for in the agreement.
2. If PZU SA is liable under the concluded insurance contract even before the payment of the premium or the first installment thereof, and the premium or the first installment thereof is not paid at the agreed date, PZU SA shall have the right to terminate the insurance contract with immediate effect, notifying the Policyholder about that fact, and at the same time retaining the right to demand payment of premium for which it remained liable. If the agreement is not terminated, it shall expire at the end of the period for which the unpaid premium was due.
3. If the premium is paid in installments and a consecutive installment (except for the first one) is not paid within the agreed date, upon expiry of the date payment of such installment PZU SA may call the Policyholder for payment thereof on pain of ceasing PZU SA liability if the payment is not made within 7 days from the date when the Policyholder receives the call. In such situations, if the overdue premium installment is not paid within the specified time limit, the liability shall cease upon the lapse of 7 days from the date when the Policyholder receives the call.
4. If an insurance contract is concluded for a period longer than 6 months, the Policyholder may withdraw from the insurance contract not later than within 30 days, and if the Policyholder is an entrepreneur, not later than within 7 days from the agreement conclusion date. Withdrawal from an insurance contract shall not release the Policyholder from the duty to pay premium for the period in which PZU SA provided insurance coverage.
5. If the subject of insurance is disposed of, the rights under the insurance contract may be transferred to the acquiring party. The transfer of rights shall require consent from PZU SA. If the rights under the insurance contract are transferred, the obligations lying on the disposing party shall also be transferred to the party acquiring the subject of insurance, unless the parties agree upon otherwise with consent from PZU SA. In spite of the said transfer of obligations the

disposing party shall remain responsible jointly with the acquiring party for payment of the premium falling on the time till the moment when the subject of insurance is transferred to the acquiring party. If the rights under the insurance contract are not transferred to the party acquiring the subject of insurance, the insurance coverage shall expire upon transfer of the subject of insurance to the acquiring party. The provisions of this item shall not apply to transfers of receivables that have occurred or may occur in the result of an accident provided for in the agreement.

6. The insurance coverage shall expire:
 - 1) upon the lapse of the period of insurance specified in the insurance document (policy);
 - 2) upon exhaustion of the sum insured in the result of paying indemnity;
 - 3) upon delivery to the other party of a declaration on termination of the insurance contract with immediate effect in the cases referred to in § 8 item 16;
 - 4) upon delivery to the Policyholder of a declaration by PZU SA on termination of the agreement with immediate effect in the cases referred to in item 2;
 - 5) upon the lapse of 7 days from the date when the Policyholder receives the call for payment of a consecutive premium installment referred to in item 3;
 - 6) upon delivery to PZU SA of a declaration by the Policyholder on withdrawal from the agreement in the cases referred to in item 4;
 - 7) upon transfer of the subject of insurance to the acquiring party if the rights under the insurance contract are not transferred to the party acquiring the subject of insurance in the manner stipulated in item 5
7. *If the insurance coverage expires before the end of period for which the insurance contract was concluded, the Policyholder is entitled to refund of premium for the unused coverage period. The unused coverage period is calculated from the next day following the lapse of coverage. The premium subject to refund is determined in proportion to the unused period of insurance and the unused sum insured. There is no refund of premium if the expiry of coverage results from the exhaustion of the sum insured as a result of payment of indemnity, or numerous indemnities.*

§ 10. OBLIGATIONS OF THE POLICYHOLDER OR THE INSURED

1. Before conclusion of an insurance contract the Policyholder shall:
 - 1) notify PZU SA about all circumstances known to the Policyholder and relevant for risk assessment and determination of the scope of liability, and influencing the premium amount, about which PZU SA inquired before conclusion of the agreement. If PZU SA concludes an insurance contract despite missing answers from the Policyholder to particular questions, the omitted circumstances shall be deemed insignificant;
 - 2) prepare and submit to PZU SA a list of the insured machinery together with their identification data, such as: identification number -serial or inventory, registration number (if the machine is subject to mandatory registration) etc., type, model, year of manufacturing, manufacturer, type of value in which the machinery is insured, sum insured, form of ownership and information on losses from previous 3 years.

2. Within the term of the insurance contract the Policyholder or the Insured shall observe the generally binding regulations of the construction law, the regulations issued by the National Labour Inspectorate, the regulations applicable to standardization and certification, the safety regulations aimed at preventing loss occurrences, and particularly the regulations concerning fire safety, construction and operation of technical devices and exercise of technical supervision over the said devices.
3. Moreover the Policyholder or the Insured shall, on their own and at their cost:
 - 1) maintain the insured machinery in good technical condition and take all reasonable precautions in order to prevent accidents that may cause losses in the insured machinery, particularly, for example, in situations where the machinery is used on the banks of rivers or water bodies, the Policyholder or the Insured shall follow announcements published by the Institute of Meteorology and Water Management and concerning water levels in rivers and incoming flood-waves, and – in case of flood hazard – shall move the endangered machinery to a safe area;
 - 2) observe the rules of storing machinery in the place of insurance;
 - 3) keep technical and operating documentation of the insured machinery and observe the requirements included therein;
 - 4) carefully select employees, organize work in accordance with their skills and exercise supervision over them;
 - 5) observe all the statutory requirements, recommendations and orders by any authorities;
 - 6) observe the requirements and recommendations from the machinery manufacturers.
4. *During the term of the insurance contract, PZU SA is entitled to inspect the subject of insurance and the location of insurance in order to assess the insurance risk and to formulate potential guidelines and recommendations regarding control of that risk. The costs of such inspection are covered by PZU SA, unless otherwise agreed*
5. The Policyholder or the Insured shall observe all reasonable recommendations from PZU SA aimed at preventing losses.
6. If an accident occurs, the Policyholder or the Insured shall:
 - 1) use available means in order to rescue the subject of insurance, prevent loss or decrease its size;
 - 2) secure the possibility to pursue claims for indemnity against the persons responsible for the loss.
7. *If the Policyholder or the Insured intentionally or through gross negligence failed to apply means described in section 6 item 1, PZU SA is free from liability for any losses occurring for those reasons.*
8. The Policyholder or the Insured shall notify PZU SA on occurrence of any insurance accident immediately, not later than within 3 business days from obtaining information on the accident.
9. If the obligation mentioned in item 8 is breached due to wilful act or gross negligence, PZU SA may decrease the indemnity respectively if the breach contributed to an increase in the loss or prevented PZU SA from ascertaining the circumstances or aftermath of the accident. A failure to notify PZU SA on the accident shall have no results if, within the time established for passing a notification,

PZU SA receives the information on circumstances that should have been provided to it.

10. If a loss occurs, the Policyholder or the Insured shall:
 - 1) immediately, not later than within 3 business days from the date when information on a loss is obtained, notify PZU SA on the loss specifying its type and size;
 - 2) immediately, not later than within 24 hours from obtaining information on the loss notify the police on each loss that might have occurred in the consequence of a crime (including burglary or robbery);
 - 3) leave the place where the loss occurred unchanged until it is visually inspected by a representative of PZU SA, unless a change is necessary for the purpose of protecting the property remained after the loss or decreasing the loss. PZU SA shall not adduce the aforementioned prohibition if it fails to commence adjustment activities within 7 days from the date of receiving a written notification on loss occurrence;
 - 4) provide the representative of PZU SA with assistance and explanations useful for the purpose of establishing the circumstances in which the loss occurred, the subject and the amount of the loss, and present evidence necessary for determining the liability of PZU SA;
 - 5) prepare on their own and submit to PZU SA, within the agreed time and in the agreed form, a loss statement together with the source documentation constituting the basis for preparation of the loss statement.

§ 11. DETERMINATION OF LOSS AMOUNT AND REIMBURSEMENT OF COSTS

1. The following shall be determined as the amount of loss in machinery:
 - 1) in the case of partial loss – the amount of repair costs of the damaged machine established as of the loss occurrence date, with the costs of disassembly and (if present and included in the sum insured) the costs of transport, assembly, custom duties and other charges of similar character taken into account;
 - 2) in the case of total loss – the established as of the loss occurrence date amount of the costs of replacing the lost or damaged machine with a new one of the same type and identical, or in the case where it is impossible - most approximate technical parameters, after deduction of the actual wear and tear till the loss occurrence date, given as a percentage, and with the costs (if present and included in the sum insured) of transport, assembly, custom duties and other charges of similar character taken into account.
2. The following rules shall apply to determination of the loss amount:
 - 1) the statement of repair or overhaul costs submitted by the Policyholder or the Insured shall be verified by PZU SA;
 - 2) if the Policyholder or the Insured performs the repair on their own, PZU SA shall reimburse the costs of materials and salaries incurred in relation with the repair, as well as a reasonable amount for covering the overheads;
 - 3) the cost of such repair shall not exceed the average cost of repair that would be incurred if the repair was performed by an external company (repair workshop);
 - 4) if the repair is performed by a repair workshop and the cost of such repair is significantly

different from the findings of PZU SA concerning the loss amount and based on the analysis of the market prices of services offered by other repair workshops, PZU SA may appropriately adjust the statements of repair costs presented by the repair workshop, so that they are conformant with the average market prices;

- 5) in the process of determining the loss amount the costs resulting from lack of materials or replacement parts necessary for restoring the condition from before the loss occurrence shall not be taken into account;
 - 6) the loss amount shall be decreased by the value of residues which may be designed for further use, modification, reconstruction or sale,
 - 7) the costs of overtime work, work at nights, on holidays and the costs of express or air freight shall not be taken into account, unless such costs are the subject of additional insurance;
 - 8) the costs of any modernizations or improvements to damaged machinery shall not be taken into account;
 - 9) the cost of temporary repairs shall be reimbursed only when the said repairs constitute a part of the final repairs and do not increase the total cost thereof.
3. PZU SA shall reimburse the costs arising from application of the means referred to in § 10 item 6 point 1), if such means were purposeful though ineffective.
 4. Moreover, voluntary benefits paid by the Policyholder or the Insured to third parties who, in a situation where an insurance accident occurred, participated in protecting the property or in a rescue action shall be reimbursed subject to the approval of PZU SA.
 5. Reimbursement of the costs referred to in items 3 and 4 shall not exceed the sums insured specified in the insurance contract for particular subjects of insurance threatened with loss or damage, covered by rescue action or in which a loss or damage occurred, for which such sums have been specified. This limitation shall not apply to the situation where such costs have been incurred by the Policyholder or the Insured as ordered by PZU SA. The total of reimbursed costs and indemnity for the insured property shall not exceed the sum insured established for particular category of property.
 6. In the case of property underinsurance, that is when the sum insured is underestimated by the Policyholder, the benefit disbursed by PZU SA as reimbursement of the costs referred to under item 4 shall be decreased at the same ratio, as the indemnity, that is proportional to the amount by which the sum insured corresponding to the property is underestimated.
 7. If the costs referred to in item 4 have been incurred by the Policyholder or the Insured collectively in relation to the insured and the uninsured property and at the same time it is not possible to assign such costs to a given part of the property, PZU SA shall cover the costs incurred by the Policyholder or the Insured in a proportion equivalent to that between the value of insured property and the total value of insured and uninsured property. If it is impossible to determine such proportion, PZU SA shall cover 50% of the costs incurred.

§ 12. DETERMINATION OF THE INDEMNITY AMOUNT

1. PZU SA shall disburse the indemnity due in

the amount equivalent to the value of loss, not higher, however, than the amount constituting the upper limit of liability.

2. The upper limit of PZU SA liability shall be the sum insured declared for a particular machine.
3. If the sum insured declared for a machine is, as of the loss occurrence date, lower than the replacement value (underinsurance), PZU SA shall pay indemnity only in the proportion in which the sum insured declared by the Policyholder remains to the replacement value. The indemnity shall not be decreased if the loss amount does not exceed 20% of the declared sum insured.
4. If the sum insured exceeds the value of machine required in accordance with item 3 above (overinsurance), PZU SA shall be liable only up to the actual value of the loss.
5. If the insurance contract covers more than one machine, each of the insured machines shall be separately subject to the provisions of items 1-4 above.
6. The deductible specified in the insurance document (policy) shall be deducted from the calculated value of indemnity. In case of an event resulting in damage to more than one machine, only the highest one of the deductibles stipulated for the damaged category of machinery shall be deducted from the indemnity amount.
7. The loss shall be determined by PZU SA with participation of the Insured, or of representatives thereof. The costs related to determination of the loss amount shall be borne by PZU SA and the Insured on their own.

§ 13. EXPERT PROCEDURES

1. The Policyholder and PZU SA may stipulate in the agreement or PZU SA and the Insured may demand that the causes and amount of a loss be ascertained by experts.
2. The reports presented by the experts shall include at least:
 - 1) determination of causes or probable causes of the loss;
 - 2) list of machines being the subject of the loss together with their insurance values determined in accordance with the provisions of § 7 item 1.;
 - 3) costs of repair or purchase of an identical machine;
 - 4) possible costs of protection against loss or of decreasing loss in the insured property.
3. In case of discrepancies in the experts' reports PZU SA and the Insured may appoint a advisory expert who on the basis of the experts' reports submitted for inspection and of his/her own assessment of the facts shall issue an opinion.
4. Each of the parties, that is PZU SA and the Insured, shall cover the costs of the expert appointed by that party. The costs of the third (advisory) expert shall be covered by PZU SA and the Insured in equal parts.
5. The procedures conducted by experts shall not release the Insured from fulfillment of the obligations resulting from § 10.

§ 14. PAYMENT OF INDEMNITY

1. PZU SA shall pay indemnity not later than within 30

days from the reception date of a notification on an accident.

2. If it proves impossible to explain within the period stipulated above the circumstances necessary for determining the liability of PZU S.A or the amount of the indemnity, the indemnity shall be paid not later than within 14 days from the date on which, with due diligence exercised, the said circumstances can be explained. However, PZU SA shall pay the undisputable part of the benefit within the period stipulated in item 1.
3. PZU SA shall:
 - 1) having received a notification on occurrence of an insurance event covered by the insurance, within 7 days from reception of such notification, inform on that fact the Policyholder and the Insured if they are not the persons submitting such notification, and institute proceedings aimed at establishing the facts of the event, the reasonability of the claims submitted and the amount of indemnity, and inform the person submitting a claim in writing or in another manner, approved by such person, about the documents necessary for establishing the liability of PZU SA or the amount of indemnity, if it is necessary for the purpose of conducting further proceedings;
 - 2) if within the time established in items 1 and 2 PZU SA fails to pay indemnity, notify in writing the person submitting the claim on the reasons why their claims cannot be satisfied in whole or in part and pay the undisputable part of the indemnity;
 - 3) if the person submitting a claim is not entitled to indemnity or is entitled to indemnity in an amount different from the one provided in the claim submitted, inform that person on that fact within the time referred to in items 1 and 2, and specify the circumstances and the legal basis for refusal to pay the indemnity in whole or in part; PZU SA shall inform that person on the possibility to pursue claims before court;
 - 4) provide the persons referred to in point 1 with access to information and documentation gathered for the purposes of establishing the liability of PZU SA or the amount of indemnity; those persons may demand that PZU SA confirm in writing the information provided and may make at their own costs Xerox copies of documents and have them confirmed by PZU SA to be identical with the original ones;
 - 5) upon demand of the Policyholder, the Insured or the Beneficiary under the insurance contract, to make available any information it possesses, tied to the accident or event being the basis to determine the liability of PZU SA, and to determine the circumstances of the accidents and random events, as well as the amount of indemnity.

§ 15. RECOURSE CLAIMS

1. Upon the day of payment of indemnity by PZU SA the claims of the Insured against the third party responsible for the loss shall, by virtue of law, be transferred to PZU SA up to the amount of the indemnity paid. If PZU SA has covered only a part of the loss, the Insured shall have precedence in satisfying the remaining part of the claims over the claim of PZU S.A
2. The Policyholder and the Insured shall assure the possibility to pursue recourse claims against the persons responsible for the loss and provide

PZU SA with all assistance by means of providing information and other documents necessary to effectively pursue the recourse claim. If the Insured, without the prior approval of PZU SA, waived or limited his/her claims against the third party responsible for the loss, PZU SA may refuse to pay the indemnity or decrease it appropriately. If the waiver or limitation of the claim is disclosed after the indemnity was paid, PZU SA may request the Insured to return the indemnity in whole or in part.

3. If an information regarding disappeared or stolen subjects is obtained, the Insured shall immediately notify the police and PZU SA on that fact and participate in activities aimed at recognizing and recovering such subjects. If lost subjects are recovered, the Insured shall accept them back. If the Insured recovers subjects in an unaltered condition, PZU SA shall be free of the obligation to pay indemnity, and if the indemnity has already been paid, the Insured shall immediately return to PZU SA the disbursed amount. If the objects are recovered in a damaged or incomplete condition, the amount equivalent to the value of the objects as of the recovery date shall be returned.

§ 16. DOUBLE INSURANCE

1. If the same subject of insurance is insured at the same time against the same risk at two or more insurance companies for amounts which collectively exceed its insurance value, the Insured may not demand indemnity exceeding the amount of loss. Each of the insurance companies shall be liable in the proportion in which the sum insured accepted by such company remains to the total amounts resulting from double or multiple insurance.
2. If any of the insurance contracts referred to in item 1 stipulates that the amount paid by an insurer as indemnity may exceed the loss suffered, the Insured may demand payment of the part of indemnity exceeding the loss amount only from that insurer. In that case, to determine the liability among insurers should be decided that the sum insured equals the insurance value.

§ 17. JURISDICTION

An action for claims resulting from the insurance contract may be instituted on the basis of general provisions, or at the court appropriate for the place of residence or business of the Policyholder, the Insured or the Beneficiary under the insurance contract.

§ 18. CLOSING PROVISIONS

1. The Policyholder, the Insured and the Beneficiary under the insurance contract are entitled to file a written complaint or grievance on the performance of the insurance contract by PZU SA. The complaint or grievance should be addressed to the organizational unit supervising the unit to which such complaint or grievance applies, or to another entity designated by PZU SA. In the case of complaint or grievance regarding claims handling, the unit appropriate to consider them is the Regional Claims Handling Center of PZU SA, appropriate for the location of adjustment of the loss. The complaint or grievance should be filed in written form, through the entity to whose operations it applies.
2. PZU SA replies to the complaint or grievance within 30 days of the date of its receipt.
3. Irrespective of the rights described in section 1, the Policyholder, the Insured and the


Beneficiary under the insurance contract are entitled to file a complaint to the Polish Insurance Ombudsman.

4. *For matters not regulated under these GTCI, the relevant provisions of the Civil Code and*

other relevant provisions of the Polish law shall apply to the insurance contract.

1. *These general terms and conditions of insurance apply to insurance contracts concluded starting from 1 April 2011.*

PZU SA Management Board President


Andrzej Klęsyk

PZU SA Management Board Member


Witold Jaworski

4-38-PZU SA- 6185/III

Appendix No. 1
TO THE GENERAL TERMS AND CONDITIONS
AGAINST DAMAGE TO CONSTRUCTION MACHINERY
AND EQUIPMENT established with Resolution No.
UZ/432/2007 by the Management Board of Powszechny
Zakład Ubezpieczeń SA dated 26 July 2007

ADDITIONAL CLAUSES TO INSURANCE AGAINST
DAMAGE TO CONSTRUCTION MACHINERY AND
EQUIPMENT

Insurance for machinery working underground

1. It is agreed that, subject to the other provisions of general terms and conditions of insurance against damage to construction machinery and equipment remaining unchanged by this clause, and subject to the Policyholder having paid an additional premium, PZU SA shall extend the insurance to cover losses occurred in machinery working underground.
2. PZU SA shall not be liable for losses occurred in the result of abandoning the machinery.
3. This clause shall apply to the machinery specified in the insurance document (policy)

Insurance for machinery operating on vessels on inland waters

1. It is agreed that, subject to the other provisions of general terms and conditions of insurance against damage to construction machinery and equipment remaining unchanged by this clause, and subject to the Policyholder having paid an additional premium, PZU SA shall extend the insurance to cover losses occurred in machinery situated and operating on waterborne vessels of any kind.
2. PZU SA shall not be liable for losses caused by sand erosion, operation of machinery without water (seizure of devices) and consisting in destruction of pipes or well wall reinforcements.
3. The Policyholder shall perform, at their own cost, a survey at least annually and, if necessary, also overhaul the machinery and submit a comprehensive report on the survey or overhaul to PZU SA
4. This clause shall apply to the machinery specified in the insurance document (policy).

Insurance for drilling machinery used for drilling water wells

1. It is agreed that, subject to the other provisions of general terms and conditions of insurance against damage to construction machinery and equipment remaining unchanged by this clause, PZU SA shall provide insurance coverage to losses occurred in drilling machinery used for drilling water wells.
2. PZU SA shall not be liable for losses occurred in exchangeable drilling devices, pipelines and lining of bore-holes.
3. This clause shall apply to the machinery specified in the insurance document (policy)

Insurance for machinery outside the territory of the Republic of Poland

It is agreed that, subject to the other provisions of general terms and conditions of insurance against damage to construction machinery and equipment remaining unchanged by this clause, and subject to the Policyholder having paid an additional premium, PZU SA shall provide insurance coverage to machinery outside the territory of the Republic of Poland, in the localization or localizations specified in the insurance document (policy).

Insurance of costs of removing remainders after a loss

1. It is agreed that, subject to the other provisions of general terms and conditions of insurance against damage to construction machinery and equipment remaining unchanged by this clause, and subject to the Policyholder having paid an additional premium, PZU SA shall extend the insurance to cover additional costs of removing remainders after a loss incurred in relation to occurrence of a loss in the insured machinery for which PZU SA has accepted liability hereunder.
2. The aforementioned costs, irrespective of the sum insured for the machine in which the loss occurred, shall not exceed the liability limit specified in the insurance document (policy) for the costs of removing remainders after a loss.
3. If the costs of removing remainders after a loss concern both insured machinery and uninsured machinery and other property, PZU SA shall cover the said costs in the proportion in which the value of the loss or damaged to insured machinery remains to the value of all the machinery in which the loss occurred or all the property in which the loss occurred.
4. The limit of liability shall be decreased by the amount of indemnity paid under the insurance referred to in this clause. The Policyholder may, with consent from PZU SA, reinstate the amount of the liability paying a supplementary premium.

Insurance of extra charges for overtime, night work, work on public holidays and express freight (006)

1. It is agreed that, subject to the other provisions of general terms and conditions of insurance against damage to construction machinery and equipment remaining unchanged by this clause, and subject to the Policyholder having paid an additional premium, PZU SA shall extend the insurance to cover additional costs of overtime, night work, work on public holidays and costs of express freight (excluding air freight) incurred in relation to occurrence of a loss or damage to the insured machinery for which PZU SA has accepted liability on the basis of the above terms and conditions.
2. If it turns out that the sum insured declared for the damaged machinery is lower than the replacement value, the indemnity amount due under the insurance referred to in this clause shall be decreased in the proportion in which the sum insured declared for the machinery remains to the replacement value.
3. The liability limit amounts to 20% of the value of loss in the machinery.

Insurance of extra charges of air freight (007)

1. It is agreed that, with the other provisions of general terms and conditions of insurance against damage to construction machinery and equipment remaining unchanged by this clause, and subject to the Policyholder having paid an additional premium, PZU SA shall extend the insurance to cover additional costs of air freight incurred in relation to occurrence of a loss or damage to the insured machinery for which PZU SA has accepted liability hereunder.
2. The aforementioned costs, irrespective of the sum insured for the damaged machine, shall not exceed the liability limit specified in the insurance document (policy) for the costs of air freight.
3. The limit of liability shall be decreased by the amount of indemnity due under the insurance referred to in this clause. The Policyholder may reinstate the liability limit paying a supplementary premium.

4. A special loss deductible (independent of the deductible stipulated for machinery), in an amount of 20% of the costs incurred in relation to air freight, shall apply to this clause.

Insurance for machinery in specified localizations

It is agreed that, subject to the other provisions of general terms and conditions of insurance against damage to

construction machinery and equipment remaining unchanged by this clause, the insurance shall cover machinery only in the localizations specified in the insurance document (policy) and that the scope of insurance coverage shall not include losses in machinery that occur during their movement or transport outside the specified localizations.