



GENERALI

This document is a non official translation of the valid Hungarian terms and conditions of the insurance contract and it is used only for information purposes in English language. In case of legal disputes the Hungarian terms and conditions are in force.

Directors and Officers Liability Insurance Terms and Conditions

Effective from: 23 February, 2018

Nysz.: 22350

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Directors and Officers Liability Insurance Terms and Conditions

This Directors and Officers Liability Insurance Terms and Conditions include the General Terms and Conditions to be applied for insurance policies concluded with Generali Biztosító Zrt. for liability insurance to cover activities performed as senior executives and supervisory board members, provided that the insurance policy has been concluded by reference to these Terms and Conditions.

Parties may derogate from the General Terms and Conditions, in which case the parties' written agreement shall prevail.

The Customer Information and General Provisions Governing Insurance Policies will also be an integral part of the insurance policy.

Under these general terms and conditions, Generali Biztosító Zrt. (hereinafter: insurance company) undertakes to pay insurance benefits as specified in the insurance policy in consideration of the payment of insurance premium by the policyholder, depending on the occurrence of specific future events (insured event).

I. Parties to the Insurance policy

I.1. Insurance Company

The insurance company is a legal entity which, in consideration of the payment of insurance premium, provides coverage for the insured risk and undertakes the obligation to pay insurance benefits set forth in the policy conditions.

I.2. Policyholder

- I.2.1. The policyholder of the insurance policy shall be the person who concludes the policy with the insurance company and undertakes to pay the insurance premium. The policyholder may be a person or organization who is not a consumer. Consumer shall mean any natural person acting for purposes which are outside his trade, business or profession.
- I.2.2. It is the policyholder who is entitled to submit legal statements to the insurance company with respect to the insurance, and who the insurance company shall address its legal statements to.

I.3. Insured

- I.3.1. The insured shall be the person whose indemnification obligation is assumed by the insurance company subject to the conditions set forth herein.
- I.3.2. Under these terms and conditions, insured parties shall be as follows, as indicated in the insurance application:
 - the company's senior executives and supervisory board members as specified in the insurance application;
 - the company's executive employees as specified in the insurance application, in their position as such;
 - the company's non-executive board members as specified in the insurance application;
 - persons acting upon external mandates, as specified in the insurance application;
 - the company in respect of securities claims.

Under these Terms and Conditions, parties insured shall include, by definition, the lawful spouse / registered partner of directors and officers, and – if a director or officer dies, becomes incapable to act, goes insolvent or bankrupt – their heir, executor, legal representative and court administrator, provided that the claim against them is related to the capacity of the insured as a director or officer.

Company auditors, bankruptcy trustees, liquidators, bailiffs, and parties performing similar duties shall not be considered as insured.

In terms of the insurance policy, withdrawn parties insured shall mean parties whose office or position is terminated for any reason during the policy period.

II. Insured Event

II.1. Basic Insurance Coverage

II.1.1. Coverage for Directors and Officers (Part A)

Under these Terms and Conditions, an insured event shall mean the claim made against the insured by the policyholder or a third party due to loss or damage caused by an insured

- senior executive consequent upon any infringement in the course of their management activities, for which they are held liable for damages under the liability rules applicable to senior executives as set out in the applicable law,
- executive employee consequent upon any infringement in the course of their management activities, for which they are held liable for damages under the liability rules applicable to executive employees as set out in the applicable law, and
- supervisory board member consequent upon any infringement in the course of their supervisory activities, for which they are held liable for damages under the liability rules applicable to supervisory board members as set out in the applicable law.

II.1.2. Corporate Coverage (Part B)

Under these terms and conditions, an insured event shall mean the claim made against the insured by third party due to loss or damage caused by an insured

- senior executive's administrative management activities, and
- executive employee's management activities,

which the policyholder company assumes liability for and pays the amount of indemnification in lieu thereof.

II.1.3. Entity Securities Coverage (Part C)

Under these Terms and Conditions, an insured event shall mean the claim made against the company arising from damages caused in connection with company securities.

- Furthermore, insured events include any conduct to injure the personal rights of other parties, on account of which the insured - or the policyholder company in lieu thereof – are obligated to pay a grievance fee, provided that such violation of personal rights is directly associated with a tortious conduct covered herein, for which the insured or the policyholder company are held liable for indemnification.

Unless otherwise provided in these Terms and Conditions, the provisions on tortious conduct, loss and damage, and liability for indemnification herein shall be applicable accordingly to any conduct in violation of personal rights, grievance fees and obligations of grievance fee payment.

II.2. Extension of the Insurance Coverage

Within the scope of a liability insurance policy concluded under these Terms and Conditions, the insurance company shall relieve the person insured – or the policyholder company in lieu thereof – from bearing the following costs, provided that these costs are connected with a claim covered by this insurance.

II.2.1. Coverage for Official Investigations and Costs Preceding Official Investigations

The insurance company shall pay for official investigation costs in lieu of the insured. The insurance company shall also pay for costs preceding official investigations incurred in connection with a crisis situation related to such official investigation, up to the limit amount specified in the insurance policy.

II.2.2. Coverage for Extradition and Related Proceedings

The insurance company shall pay, in lieu of the insured, for any and all fees and legal expenses incurred in extradition and other related proceedings up to the limit amount within the sum insured, including costs incurred by the insured actually exposed to such extradition and other related proceedings, or covered by others on behalf of the insured.

II.2.3. Subsidiary Coverage

In the event that during the coverage period the company establishes a company which is a legal entity or acquires direct or indirect majority control in any such company, such legal entity shall be qualified as a subsidiary in terms of insurance coverage from the date of establishment or acquisition of control by the policyholder, with automatic insurance coverage provided.

If, however, at the date of establishment or acquisition, the legal entity intended to be included in the coverage

- has a total of assets in excess of 20% of the policyholder's total (consolidated) assets as at the commencement of the policy period, or
- is incorporated in the USA, or its shares are listed on a stock exchange in the USA or in any state under US jurisdiction, or
- is a financial service provider,

coverage for such legal entity as a subsidiary shall be subject to full data disclosure as required by the insurance company, acceptance of the amendments to the insurance policy as proposed by the insurance company, and additional premium payment by the company.

II.2.4. Coverage of Non-Executive Board Members

In case of exhaustion of the limit of liability the Insurance Company will pay, on behalf of non-executive board members all losses up to the limit specified in the insurance application, as long as their mandate is or has been in force during the policy period.

II.2.5. Outside Directorships

The Insurance will cover claim first made and investigation first commenced against insured person during the policy period or extended reporting period, if applicable based on a breach of duty committed during performing their function in an outside entity, provided such insured person was specifically asked to perform such function by the company.

Cover according to this article is provided as excess of any D&O insurance or other indemnification provided by the outside entity.

II.2.6. Coverage for Legal Defense Costs in the Event of Health and Safety Related Infringements

With regard to the exclusions specified herein, the insurance company shall pay for the following costs in lieu of the insured, up to the limit amount within the sum insured as specified in the policy: costs of legal defense incurred in legal proceedings in connection with a claim against the insured, arising from a case leading to the death of an employee, a person within the reach of a work activity, or a person hiring a service, caused by any unsafe work activity injurious to health.

II.2.7. Coverage for Costs of Bail in Criminal Proceedings and Coverage for Assets Security in Civil Procedures

The insurance company shall pay for the following costs in lieu of the insured, up to the limit amount within the sum insured as specified in the insurance policy: costs of bail in criminal proceedings and coverage for assets security in civil procedures, imposed on the insured in connection with a claim enforced against the insured, subject to prior written approval by the insurance company. Such approval by the insurance company may not be unreasonably rejected or withheld.

This extension of the insurance doesn't cover the sum of the bail, of the assets security and the collateral itself.

II.2.8. Costs of Proceedings Related to Restriction of Ownership and Personal Freedom

Reasonable costs incurred as evidenced, subject to prior written approval by the insurance company, of the insured's legal protection in any proceedings involving restriction of ownership and personal freedom, instituted against a director or officer insured.

II.2.9. Coverage for Costs Associated with the Rectification of Damage to Good Repute

The insurance company shall indemnify the insured for costs associated with the rectification of damage to good repute in respect of claims subject to insurance coverage. The insurance company shall indemnify for such costs up to the limit amount within the sum insured as specified in this policy.

II.2.10. Coverage for Urgent Legal Defense

In the event that written approval by the insurance company could not be obtained, for justifiable reasons, before the costs of protection (legal defense) were incurred, the insurance company shall approve such costs of protection (legal defense) incurred by retroactive effect, as of the date when the insured attempted or could have reasonably attempted to obtain the insurance company's approval which will not be asked later than 14 days after first such costs were incurred. Always the earlier of these two dates shall be taken into consideration. The insurance company shall indemnify for the costs of urgent legal defense up to the limit amount specified in the insurance policy.

II.2.11. Management Buy-Out

The Insurance Company will pay the losses caused by senior executives of a subsidiary which was sold by the policyholder company within the framework of a management buy-out. The insurance coverage applies to any breach of obligation committed within 45 days of the management buy-out, provided that such a date is during the policy period. The extension does not apply to claims which are recovered under any other insurance.

II.2.12. Multiple Damage

Serial losses shall be considered as one and the same insured event. Serial loss shall mean loss and damage arising from the same tortious conduct or reason or attributable to the same cause, but occurring at different times, provided that there is a legal, economic or technical connection between cause and effect, regardless of the fact that more than one parties injured submit a claim for indemnification.

III. Execution of the Insurance Policy, Commencement of the Insurance Coverage, Termination of the Insurance Policy

III.1. Conclusion of the Insurance Policy

- III.1.1. An insurance policy may only be concluded by a party who has interests in avoiding an insured event pursuant to their legal relationship to a property or with an individual (insured), or who concludes the policy to the benefit of a party interested (policyholder).
- III.1.2. The insurance policy will be concluded
 - a) by way of special written agreement between the parties,
 - b) by acceptance of the policyholder's insurance application by the insurance company within 15 days, which shall be considered as a written agreement,
 - c) by the insurance company's implicit conduct
- III.1.3. If the policy has not been concluded in writing, the insurance company shall issue a document to certify insurance coverage (hereinafter: certificate of coverage).

If the certificate of coverage is issued with terms which differ from those in the insurance application, and this difference therein is not contested by the policyholder without delay, or within a maximum of 15 days, the policy will take effect on such different terms. If the policyholder rejects (contests to) the derogation, the insurance policy shall not be concluded. The insurance company shall warn the policyholder of any material derogation in writing at the time when the certificate of coverage is delivered. In the absence of this warning, the policy will enter into force with the terms specified on the application.

The policyholder is bound by the insurance application for 15 (fifteen) days of its date of submission.

- III.1.4. **The policy shall be executed – by the insurance company's implicit conduct (tacitly) – on the terms of the application, also if the insurance company fails to respond to the policyholder's insurance application within fifteen (15) days of its receipt, provided that**
 - the application was made upon receipt of the relevant statutory information on the content of such legal relationship,
 - on the insurance company's own standard application form,
 - and in accordance with the premium rates of the insurance company applicable to the type of policy in question.

An insurance policy so concluded shall be concluded on the day following the end of the underwriting period, with retroactive effect to the date when the insurance company was delivered the insurance application.

If a policy which is concluded by the insurance company's implicit conduct derogates in material terms from the standard policy terms, the insurance company will have 15 days of the conclusion of the policy to propose that it be modified according to the standard terms. If the policyholder refuses the proposed modification or fails to respond to it within 15 days, the insurance company may terminate the policy giving 30 days written notice within 15 days upon receipt of the notification of the refusal or modification.

- III.1.5. The insurance company is entitled to refuse the insurance proposal in writing within 15 days from its receipt.

III.2. Commencement of the Insurance Coverage

In case of a validly concluded insurance policy, insurance coverage (insurance protection) by the insurance company shall commence on the day specified as the commencement date of the insurance coverage in the insurance application by the policyholder.

The commencement date of the insurance coverage may not be earlier than "0" hours of the day following the date when the policyholder signs the insurance application.

III.3. Period of the Insurance Policy

- III.3.1. This insurance policy may be concluded for a fixed term or for an indeterminate period. The coverage period shall be indicated in the insurance policy.
- III.3.2. Automatic renewal option for a fixed term insurance policy
 - III.3.2.1. If it is specifically marked in the insurance application, a fixed term insurance policy will be automatically renewed for another year (1 year) subject to the same insurance conditions and insurance premium, save for the case when the policy is terminated by either of the parties in a 30-day written notice with effect from the end of the policy period.

III.3.2.2. The automatic insurance policy renewal option may not be applied if

- a) the primary shareholder changes or the company is affected by a merger or acquisition as a result of which the balance sheet total increases or decreases by more than 50%,
- b) the company becomes insolvent;
- c) the company's equity is negative
- d) the consolidated balance sheet total or trade revenues exceed EUR 100,000,000;
- e) any of the insured entities or their subsidiaries are introduced to a stock exchange or issues new securities;
- f) a claim is notified on the insurance policy concluded pursuant to these policy conditions.

Under any one of the above conditions, the fixed term insurance policy may not be automatically renewed but will be terminated upon the expiry date of the policy.

Under any one of the above conditions, the insurance coverage covers only the claims based on breach of duty committed before the events form the above list happened.

III.3.3. The policy period shall be the period for which the insurance premium has been calculated as a unit, regardless of any insurance premium payment in installments. For policies concluded for an indeterminate period, the policy period shall start on the renewal date of the policy every year and shall last for 1 year therefrom. **For policies concluded for a fixed term, the policy period shall be equal to the full coverage period, unless otherwise provided in the insurance policy.**

III.3.4. The renewal date of the policy is the first day of the policy period. The renewal date will be the same day as the commencement of the insurance coverage provided that such date is the first day of a month, otherwise it will be the first day of the following month.

III.4. Termination of the Insurance Policy

III.4.1. The insurance policy will terminate

- if the parties terminate the permanent policy with effect from the end of the policy period by giving 30 days written notice (III.4.2.);
- if the term of the policy of a fixed term expires;
- in case of failure to pay the insurance premium, as set out in Clause VI. 6. herein;
- upon any change in the amount of the insurance premium if the policyholder terminates the policy – as set out in Clause VI.5.3. – with effect from the end of the policy period;
- upon termination of an insurance policy concluded by implicit conduct (tacitly), under the circumstances described in Clause III.1.4. or in case of a material increase in the insurance risk, as set out in Clause VII.2.3. of these Terms and Conditions;
- if an insured event occurs before the commencement of the insurance coverage, occurrence thereof has become impossible or the insurance interest has ceased to exist. If the occurrence of an insured event becomes impossible or the insured interest ceases to exist during the term of insurance coverage, the policy – or a relevant part thereof – shall terminate;
- by the parties' mutual written agreement.

III.4.2. The parties may terminate a policy concluded for an indeterminate period with effect from the end of the policy period, subject to a 30-day notice period.

IV. Coverage Period, Geographical Limit

IV.1. Coverage by the insurance company shall be provided for loss and damage caused, occurred and enforced within the territory specified in the insurance application.

IV.2. **The insurance coverage will apply to claims arising from or in relation to an illicit and tortious act of the insured committed after the date referred to in Clause IV.6, on the understanding that the insurance will only respond to claims first made against the insured – with the exception of those described in IV.3 and IV.4 – while the insurance policy is in force, and which are notified to the insurance company not later than within 30 days after the termination of the insurance policy.**

IV.3. Extension of Loss Reporting Period in Case of Withdrawn Parties Insured

The insurance company extends the duration of the loss reporting period to an indeterminate period in case of parties insured whose position / employment relationship as insured discontinues before the expiry of the term of this policy – including cases when a contract of agency is not extended as well as cases of retirement –, and this policy is failed to be renewed with the insurance company or another insurance company, or coverage by the renewed insurance policy does not extend to them.

This extension shall not be applicable if such position / employment relationship is terminated after a transaction or the policy is cancelled due to non-payment of the insurance premium.

Claims may be taken into consideration in view of the policy period, up to the sum insured available for the company in respect of the last insurance policy in effect.

IV.4. Extension of Loss Reporting Period

If the insurance company does not extend the policy or the policyholder fails to take measures, for any reason, to conclude a new insurance contract of continuous coverage for the next policy period before the expiry of the policy term, the policyholder shall be entitled to an extended loss reporting period for 1 year of the date of expiry of the term of the insurance policy, without the payment of surcharges, except

- a) if during the policy period a transaction event occurs;
- b) if the insurance contract terminates due to non-payment of the insurance premium; or
- c) if the policyholder replaces these insurance policy with other similar or equivalent directors and officers or other liability insurance policy.

Such extension shall only apply to loss and damage resulting from illicit and tortious conduct demonstrated during the coverage period or the retroactive period of the insurance policy. Claims reported during such extended loss reporting period shall be considered by the parties as if they had been reported during the coverage period of the insurance contract.

The Policyholder has the opportunity paying the surcharge established by the Insurer to extend the loss reporting period for longer period in case if

- the request of the Policyholder for the extension of the loss reporting period is received by the Insurer not later than 30 days before the policy expiry date and
- the surcharge established by the Insurer for the extension of the loss reporting period is paid by the Policyholder not later than 30 days after the policy expiry date.

The provisions of chapter IV.4. are not applicable in case if

- the insurance contract expires due to non-payment of the insurance premium, or
- transaction event happens during the policy period.

IV.5. Coverage for Reporting Circumstances Resulting in Claims

In the event that a claim to be enforced is received subsequently by the insurance company under circumstances expected to result in claim enforcement, already reported to the insurance company before the termination of this policy, it shall be considered as if the claim had been reported during the term of the insurance policy, on the same day when such circumstance leading to such claim was reported.

IV.6. Retroactive Coverage

As agreed by the parties, the insurance covers claims arising from or in relation to the insured's illicit and tortious act or breach of obligation committed after a date specifically entered on the insurance application but preceding the inception of the insurance policy, on the understanding that the insurance will only respond to claims first made against the insured while the insurance policy is in force or during the extended loss reporting period.

While the insurance policy is in force, the date referred to in this Clause with respect to automatic subsidiary coverage for new subsidiaries (II.2.3) may not be earlier than the date of establishment or the date of acquiring majority control.

IV.7. For the purposes of these conditions

- a) the date of causing loss or damage shall be the day when the tortious act has taken place.
In the event that loss or damage is caused by omission, the date of causing such loss or damage shall be the day when such omission could still have been made good without the occurrence of such loss or damage.
- b) the date of claim shall be the day insured first received the written demand or official information of the commencing of proceedings or prosecution.
- c) the date of a serial loss shall be the date of the first loss within such series.
Series of claims based on the same illicit conduct shall be considered one claim. Date of such claim shall be the date of the first claim in such series.
- d) the date of reporting the claim shall be the day when the insured reports the occurrence of loss or damage to the insurance company in accordance with Clause VIII.1.1.

V. Sum Insured

- V.1. Upon the occurrence of an insured event, the obligation of the insurance company to provide benefits shall be, at a maximum, the sum insured for each and every loss and for the policy period in the aggregate as specified in the insurance application.
- V.1.1. The sum insured for each occurrence is the maximum amount of the benefit which may be paid out on any one insured event, subject to the conditions governing insurance benefits (Clause VIII.2.).
- V.1.2. The sum insured specified for the insurance period shall be the total of payouts which may be made on all insured events arising from insured events within such period, subject to the conditions governing insurance benefits (Clause VIII.2.).

If a claim for indemnity brought against the insured arising from an insured event which occurred in a given policy period is reported to the insurance company only in the subsequent policy period, the amount of the benefits payable by the insurance company will not be determined on the basis of the sum insured applicable to the current policy period, but on the basis of the remaining sum insured applicable to the policy period in which the insured event occurred, while also taking into account the provisions on insurance benefits (Clause VIII.2.).

The sum insured specified for the policy period shall be reduced by any amounts paid out for any insured events occurred (loss and damage caused) within the same policy period. The policyholder shall not be entitled to increase the sum insured specified for the policy period to its original value by supplementing the annual sum insured accordingly (maintaining adequate coverage). The insurance policy shall remain in effect with the sum insured reduced by the amount paid out for the current policy period.

- V.2. The insurance benefit (Clause VIII.2.) payable by the insurance company may not exceed the sum insured even if the indemnification obligation rests with several insured parties or if claims for indemnity are brought by several persons. If claims are brought by several persons, and the sum insured for each occurrence is not enough to settle all claims for indemnity, the insurance company shall pay the indemnity in proportion to the loss suffered by the injured parties – or if the loss cannot be determined at all or it would require extra expenditures on behalf of the insurance company – in the proportion to the estimated loss or damage.
- V.3. This insurance policy will only pay out the Loss in excess of amounts recovered under any other insurance policy – including but not limited to other D&O liability insurance, liability insurance against the violation of law in the capacity of the employer, product liability insurance and general liability insurance – or in excess of the total of indemnification or compensation paid by any other third parties to the insured.

VI. Insurance Premium

The insurance premium is received in consideration of the insurance coverage offered by the insurance company.

VI.1. Subject of the Premium Payment Obligation

The insurance premium is required to be paid by the policyholder.

VI.2. Payment Period (Payment Frequency)

The insurance company shall specify the insurance premium for each policy period. The premium payment frequency shall be determined by the parties in the insurance policy.

VI.3. Premium Payment Due Date

- VI.3.1. The first insurance premium (in case of half-year or quarterly premium payment frequency, the first premium instalment) shall be due at the date specified by the parties, and in the absence thereof, at the time of concluding the policy. And regular premium payment shall be due on the first day of the period (policy year, half-year, quarter) which it is payable for. Single premium payment shall be due on the day of concluding the policy.
- VI.3.2. Any insurance premium (or premium installment) paid by the policyholder prior to the conclusion of the insurance policy shall be deemed as an advance premium, which the insurance company will handle free of interest. If the insurance policy is concluded, the advance premium shall count in full against the insurance premium. If the insurance policy is not concluded, the insurance company shall refund the advance premium to the policyholder.

VI.4. Calculation of the Insurance Premium

- VI.4.1. The insurance premium shall be calculated on the basis of the premium tariffs of the insurance company or by individual underwriting.
- VI.4.2. The policyholder (insured) is required to disclose all the data which is required for the calculation of the insurance premium. The basis for calculating the insurance premium (the number and special qualifications of persons employed by or in another work-related legal relationship with the insured) shall be indicated in the insurance policy. Further factors modifying the insurance premium shall particularly include the sum insured, the amount of deductible undertaken, the insured's business, the frequency and manner of insurance premium payment, and other data disclosed by the policyholder in the course of risk assessment (e.g. loss precedents).

VI.5. Modification of the Insurance Premium

VI.5.1. Updating Based on Changes of Data Forming a Basis for the Premium Calculation

- VI.5.1.1. If the data used for the calculation of the insurance premium change, the parties shall modify the insurance premium for the next insurance period with effect from the next renewal date.

For the purposes of insurance premium calculations, the policyholder shall be obligated to report any changes in the data included in the insurance application and forming a basis for the premium calculation at least 60 days before the renewal date of the policy.

- VI.5.1.2. **If the insurance company becomes aware that the actual data and the data used for the premium calculation are different, it shall be entitled, notwithstanding the provisions set out in Clause XII.1., to determine and charge premiums for the last five years retroactively based on such actual data and to claim any difference from the policyholder.**

- VI.5.1.3. **If the policyholder discloses incorrect data for the premium calculation, or fails to comply with his/her duty described in Clause VI.5.1.1. and an insured event occurs, the insurance company shall pay the benefit for only the same proportion of the damage assessed – but maximum the total damage – as the proportion of the paid premium compared to the premium the policyholder should have paid if the correct data had been disclosed to the insurance company.**

VI.5.2. Changes in Premium Tariffs

During the coverage period, the insurance company may modify the amount of the insurance premium in the cases specified below:

- in the event of a material change of at least 4% in the loss ratio of this policy or in the loss frequency or average loss ratio of insurance policies pertaining to the same product as registered by the insurance company in the calendar year preceding the entry into effect of such modification;
- in the event of changes in public burdens affecting the insurance benefit;
- in accordance with the rate of inflation published by the Hungarian Central Statistical Office in the month of July immediately preceding the policy period.

The insurance premium may be modified with effect from the next renewal date of the insurance policy, in proportion to such altered circumstances, but up to a maximum of 100% (in case of a premium rise in view of an increase in the loss ratio of this policy, up to 300%).

- VI.5.3. The insurance company shall send written notification to the policyholder of the modified insurance premium in accordance with the provisions in Clauses VI.5.1 and VI.5.2 at least 30 days before the policy renewal date.

If the policyholder does not wish to maintain the policy subject to the new insurance premium amount communicated by the insurance company, the policyholder may terminate the insurance policy prior to the policy renewal date – by derogation from Clause III.4.2 of these Terms and Conditions, without a notice period – with effect from the policy renewal date. In the absence of such termination, the policyholder shall be obligated to pay such modified amount of the insurance premium with effect from the insurance policy renewal date.

- VI.5.4. The insurance premium will also be modified if the insurance company proposes the policyholder to modify the insurance premium with effect from the next policy renewal date, and the policyholder approves the proposed modification by paying the first modified premium due after the renewal date in accordance therewith. The insurance company will communicate its proposal for the modification of the insurance premium to the policyholder in writing and at least 30 (thirty) days prior to the next renewal date of the policy.

- VI.5.5. To verify the disclosed data, the insurance company is entitled to inspect the books of the policyholder (insured) to the extent necessary for the verification.

VI.6. Consequences of Premium Payment Default

- VI.6.1. **The insurance policy shall terminate after the 60th day from the due date of the insurance premium if by that time, the premium arrears have not been settled or the policyholder has not been permitted to defer the payment, or the insurance company has not enforced the claim for premium payment in litigation. In the event that the policyholder has not paid the total amount of premium arrears but only part of it, and the period thus covered by premium payment corresponds to a date after the 60th day of the due date, then the policy will terminate with effect from the last day of premium payments being settled.**

VI.6.2. The insurance company may postpone the termination of the policy and the deadline for the enforcement of the payment in litigation by an additional 30 days, if it summons the policyholder for the payment of the arrears in writing, informing him/her of the delay, before the end of the 60th day from the due date of the insurance premium. In the event that the policyholder is in default of premium payment and the insurance company institutes the enforcement of premium payment by litigation, the insurance premium calculated by the end of the policy period concerned shall be due in a single sum.

VI.6.3. No insurance policy terminated as a consequence of premium payment default may be reinstated by posterior payment of the insurance premium. The insurance company is required to refund the premium difference. If a policy is terminated for a default in premium payment, the insurance company shall not send an express written notice of such fact to the policyholder (insured).

VI.6.4. **The insurance company shall not be obligated to set another extended deadline in the event of a default in premium payment.**

VI.6.5. If only a part of the due premium is paid, the policy shall remain in force with the same amount of coverage (sum insured) for a term to which the premium paid corresponds.

VI.7. Obligation of Premium Payment when the Policy is Terminated

The insurance company may demand payment of the insurance premium due by the date of termination of coverage. If any amount in excess of the pro-rata premium has been paid, the insurance company shall be required to refund such premium in excess.

VII. Cooperation of the Parties

VII.1. Disclosure Obligation

VII.1.1. Upon conclusion of the insurance policy (submission of the insurance application), the policyholder and the insured shall be obligated to disclose to the insurance company any and all material circumstances relevant for undertaking the insurance which they were or should have been aware of; to provide true and complete answers to the questions in the underwriting data sheet and the insurance application, even if such data and information constitute a business (professional) secret. Parties will have complied with their disclosure obligation if they answer all the written questions asked by the insurance company provided that such answers are true and accurate.

VII.1.2. The policyholder and the insured are required to submit all documents, contracts, authority decisions which may be relevant for the insurance company's risk assumption and for the conclusion of the insurance to the insurance company, and/or allow the inspection of such files.

VII.2. Obligation to Notify Changes

VII.2.1. The policyholder and the insured shall be obligated to notify the insurance company of changes in material conditions subject to the disclosure obligation in writing, within 5 workdays, particularly if

- there is a change in the person of the major shareholder, or due to merger and acquisition events there is a change of more than 50% in the value of total assets of the policyholder company;
- the policyholder company becomes insolvent ;
- the value of the equity of policyholder company becomes negative
- the value of the consolidated total assets of the policyholder company becomes higher than EUR 100 million;
- any of the insured companies and their subsidiaries enters the stock exchange or emits new shares
- a claims is made against the Insured based on the present insurance contract
- there are changes in any data and conditions specified in the insurance application and/or the underwriting data sheet;
- there is a material change in the circumstances of pursuing the insured business;
- a liability insurance policy is concluded with another insurance company for the risk covered by the insurance policy;
- the systems of loss prevention and damage control have been modified;
- the competent court has ordered the institution of bankruptcy or liquidation proceedings against them or a voluntary dissolution procedure is instituted.

VII.2.2. If there are changes in the documents, contracts, and authority decisions relevant for the insurance company's risk assumption and for the insurance policy, the policyholder and the insured are required submit the modified documents within 5 workdays to the insurance company.

VII.2.3. The policyholder and the insured may not defend themselves by not knowing about any changes or circumstances that either of them failed to disclose or report to the insurance company, although they should have known about and should have been obligated to report them.

VII.2.4. If the insurance company becomes aware of material circumstances regarding the policy or is advised of a change therein only after the policy has been concluded, and these circumstances bring about a considerable increase in the insurance risk, the insurance company shall be entitled to propose within fifteen (15) days after gaining knowledge thereof that the policy be amended or may cancel the policy in writing with thirty (30) days' notice.

If the policyholder does not accept the proposed modification or does not respond within 15 days from its receipt, the policy shall terminate on the 30th day after notification of the proposal for modification was given, provided that the insurance company has advised the insured of this legal consequence when sending notification of the modification.

If the insurance company fails to exercise this right, the policy shall remain in force on the original terms.

A significant increase in the insured risk shall in particular mean cases when had the insurance company known about the material circumstance, it would have denied the coverage, or would have undertaken the coverage for a premium of at least 10% higher than the standard rate or it would have applied an exclusion.

If the policy covers multiple property items or persons and the considerable increase in the insurance risk only applies to some of them, the insurance company will not exercise its rights set out in the foregoing with respect to the other property items or insured persons.

VII.3. Consequences of the Breach of the Obligation to Disclose Information and Notify Changes

VII.3.1. **In the event of any violation of the disclosure obligation and the obligation to notify changes, the insurance company may be relieved from the provision of insurance benefits as set out in Clause X.3.**

VII.3.2. If any of the circumstance or conditions affecting the automatic renewal of fixed term insurance policies, specifically listed on the insurance application form, occurs, the failure to disclose the necessary information or to notify a change will result in the termination of the insurance policy as of the end of the insurance policy during which the specific circumstance or condition occurred.

If the insurance company only later learns that the obligation to disclose information and notify changes has been infringed with respect to a condition or circumstance subject to the above disclosure obligation, the insurance policy will be terminated with retro-active effect to the end of the policy period during which the specific circumstance or condition occurred.

VII.4. Obligation to Prevent Loss

VII.4.1. The policyholder and the insured are required to take all expected measures as generally expected in the given situation. They shall be obligated to observe, at all times, current legal regulations, standards and authority decisions, as well as professional requirements related to installation, operation, protection and storage together with manufacturer's instructions and recommendations related to the same, as well as to eliminate hazards in a hazardous situation already identified and to implement the loss prevention measures requested by the insurance company.

In disputed cases, any such circumstance which earlier resulted in damage, and any such hazard which the insured was warned about by the insurance company or by a third party should be regarded as an identified emergency.

VII.4.2. The insurance company is entitled to check if damage prevention measures have been put in place and maintained.

VII.5. Obligation to Mitigate Loss

VII.5.1. The policyholder and the insured are required to take all measures necessary to mitigate loss or damage according to the insurance company's requirements and the instructions given consequent upon the occurrence; and in the absence thereof, according to the requirement of conduct generally acceptable in the given situation.

VII.5.2. The insurance company is entitled to check if damage control measures have been put in place and if its requirements and instructions are complied with.

VIII.6. In the event that loss or damage has been caused by the fact that the policyholder or the insured have breached their obligations of loss prevention and loss mitigation deliberately or by gross negligence, or the degree of such loss or damage has increased by such conduct or omission, then the insurance company will be relieved from its obligation to provide benefits as set out in Clause X.2.

VIII. Rules on Payment of Insurance Benefits

VIII.1. Notification of Claims

VIII.1.1. The insured shall be obligated to notify the insurance company without delay or within a maximum of 30 days if the insured is notified of a claim or is made aware of any circumstance that may give rise to such a claim.

Notifications of claims may be given:

- in person: at any customer service center of the insurance company,
- over the phone: between 8:00 and 20:00 hours on weekdays at the local toll number (+36 1 452 3333) of the Customer Service Hotline,
- on the Internet: using the online claim notification system (generali.hu/Online_ugyfelszolglat/Karbejelentes),
- by fax: sending the claim to the fax number +36 1 452 3505,
- in a postal mail addressed to: 7602 Pécs, PO Box 888.

VIII.1.2. The insurance claim shall contain:

- the reference number of the certificate of coverage;
- the name and address (reg. seat) of the injured party (parties);
- the extent of the damage, if known, as well as the place and date of its occurrence;
- the detailed description of the incident;
- a written reasoned statement by the insured assuming or refusing liability;
- the reference number of the authority proceedings, if one was initiated, together with the name of the acting authority and any authority decisions made;
- the name, address and telephone number of the person authorized by the insured to act in the claim settlement procedure;
- all material information related to the damage;
- the actual data pertaining to the preceding calendar year, required for the premium calculation (e.g.: average headcount, annual net turnover).

VIII.1.3. For the recovery of damages and costs arising from an insured event, the insurance company shall require submission of the following documents:

- a copy of the claim statement laid against the insured, or a document from which it can be inferred that such a claim is intended to be enforced against him / her,
- a copy of the correspondence related to the claim,
- a written summary describing which conduct / omission by the insured has led or may have led to the occurrence, as well as how, when, in what manner the loss or damage was discovered, plus when, in what terms and in what amount such loss or damage may occur / occurred,
- a written summary by the insured on his / her self-assessment in respect of his / her liability,
- letter of appointment to the position concerned, contract(s) of agency, employment contracts, job descriptions, internal regulations, or any other document setting forth the duties, obligations, rights and responsibilities of the director or officer concerned,
- in the event that there are specific professional requirements for holding such a position, a copy of the degree certificate or any other qualification document to certify compliance therewith, including a CV,
- documents of authority and other investigations related to the case (criminal proceedings, tax authority, national board of customs and excise, internal control, board, supervisory board, owner's inquiries, civil proceedings, etc.), including records and resolutions,
- a statement on whether an own legal representative is intended to be hired for legal defence or the insurance company is trusted to assign such legal representative,
- documents, statements, registers, balance sheets, profit and loss statements, textbased reports, expert opinions, invoices, authority decisions, and records to substantiate the amount of the claim,

- documents to evidence whether any conduct similar to the aggrieving conduct / omission specified has previously occurred at the company concerned, including any related documents and internal regulations to evidence what loss prevention and loss mitigation measures have been taken with what results.

In addition to the documents listed herein, the insured and / or the injured party shall be entitled to certify costs and expenses by submitting other instruments and documents in accordance with the general rules of providing evidence in order to be able to enforce their claim.

The insurance company reserves the right to request any other document, information or evidence to be submitted if any of the documents are failed to be submitted or if the documents handed in are in conflict or raise further questions to be clarified.

The insurance company reserves the right to request submission of any additional or different documents and evidence as required for assessing a special loss occurrence or claim in the future by derogation from or in addition to the documents and instruments of evidence described above. The insurance company undertakes to supply the insured, the aggrieved party or their representatives with a list of the documents and other evidence to be attached in case of such a occurrence within 8 days of reporting the claim.

VIII.1.2. The insured is required to provide any and all information deemed necessary for the assessment of the claim, and shall cooperate with the insurance company in determining the value of the damage or loss caused, in the settlement of the claim and in averting any insurance claim which is without valid legal grounds.

VIII.1.3. The insured is required to allow and make it possible that the cause of loss, the circumstances of its occurrence, the extent of the damage and the extent of the indemnification obligation resting with the insured be examined and assessed by the expert of the insurance company.

VIII.1.4. Related Claims and Conditions of Loss and Damage

In the event that a claim or a circumstance of a claim is reported to the insurance company as required by the insurance policy concluded under these Terms and Conditions, then any further claims based on, traced back or attributable to a fact, act or omission stated in any claim reported earlier or in any earlier information on the circumstances of an occurrence shall be considered by the insurance company as if such later claim had been reported to the insurance company at the time when such earlier claim was reported or when the insurance company was notified of such circumstance.

VIII.1.4. **In the event of any infringement of the obligation of notification of claim, the insurance company may be relieved from the provision of insurance benefits as set out in Clause X.4.**

VIII.1.5. **No benefit provision by the insurance company shall extend to any obligation of default interest payment to the aggrieved party by reason of any delayed fulfillment of the obligation of claim notification.**

VIII.2. Insurance Benefit

VIII.2.1. With respect to an insured event and up to the sum insured (Clause V.1.) the insurance company will reimburse

- a) any and all losses incurred by the aggrieved party on account of indemnity for which the insured is held liable for indemnification, including any depreciation of the assets of the aggrieved party as a consequence of such circumstance causing damage, as well as the costs required to eliminate any pecuniary loss suffered by the aggrieved party.
- b) a grievance fee only in the case if
 - the violation of privacy is directly associated with a conduct causing such loss covered herein -, where the insured is liable for indemnification, and
 - the aggrieved party proves that his/her personal rights have been injured as a consequence of the conduct causing such loss, therefore the insured is required to pay a grievance fee.

Grievance fee payment shall be settled by the insurance company in consideration of the circumstances of the case, particularly the gravity of legal infringement, recurrence thereof, the degree of imputability, and the impact of the infringement to the aggrieved party and their environment.
- c) interest for default to be charged after the claim for indemnification and the grievance fee, subject to the restriction set out in Clause VIII.1.8.;
- d) costs to be borne by the insured / policyholder company in lieu thereof, as specified in Clause II.2., but only -with the exemption of costs of the urgent legal defense- based on the prior written approval of the Insurance company.
- e) costs of legal defense regulated in the Clause XII.18 but only based on the prior written approval of the Insurance company.
- f) social security recovery claims payable by the insured;
- g) costs incurred in relation to the mitigation of loss.

VIII.2.2. **The insurance benefits specified in Clauses VIII.2.1. a)-g) shall be paid by the insurance company within the scope of the sum insured for each and every loss and for the policy period in the aggregate, up to the amount thereof. This provision shall also govern the obligations of legal representation costs and interest payment imposed on the insured causing the loss.**

VIII.2.3. If the insured is required by law or in a judicial order to provide a collateral or deposit to cover its indemnification obligation, the insurance company shall be obliged to do so only to an extent that it is required to pay damages.

VIII.2.4. If the damage or loss was caused by several persons together, and thus the insured bears joint and several liability with others, the insurance company shall respond to claims only to the extent that the damage is imputable to the insured. If the degree of culpability with respect to the tortfeasors' acts cannot be determined, the insurance company will pay the benefit in proportion of the respective contributions of the tortfeasors. If the proportions of contribution cannot be established, the insurance company will provide benefits as if loss or damage would have been caused in equal proportions by the aggrieving parties.

VIII.2.5. If the insurance company reimbursed litigation costs and attorney's fees in relation to a lawsuit against the insured in accordance with Clause VII. 2.1. e), and the court has awarded, in a binding decision, litigation costs and attorney's fees to the insured, such amount shall be due to the insurance company to the extent of the indemnity paid out by the insurance company.

All legal expenses reimbursed shall be refunded by the insured to the insurance company within 15 days of such repayment. In the event that the insured fails to take any measures to collect legal expenses awarded to the insured, the insurance company shall enforce a claim based on the agreement of assignment concluded with the insured. The insured is required to support the insurance company in enforcing any claims and to issue a deed of assignment in favor of the insurance company.

VIII.3. Claim Settlement

VIII.3.1. The insurance company shall settle the claim pursuant to the provisions of the insurance policy effective as of the date of the injury or damage.

VIII.3.2. The insurance company shall pay the benefit within 30 days of the day when all the documents required for the assessment of the claim have been made available to it.

VIII.3.3. Acknowledgement and fulfilment of the claim for indemnification of the aggrieved party by the insured and any compromise in connection therewith shall be effective with respect to the insurance company if it was previously approved or subsequently accepted by the insurance company, and the insured's court condemnation shall only be effective with respect to the insurance company if the latter took part in the litigation, made arrangements for the insured's representation or waived thereof.

VIII.3.4. **In the event that the insurance company can settle the claim by a compromise with the aggrieved party or otherwise, but the case is failed to be closed by reason of the insured's resistance and/or groundless debates on the claim for indemnification, then the insurance company shall retain the amount of insurance benefit to the aggrieved party until disposal by the insured or the case is lapsed. Any additional loss or damage, cost and interest incurring by reason of any unsubstantiated dispute by the insured shall be borne by the insured; the insurance company shall not be obligated to pay such costs.**

VIII.3.5. The insurance benefits specified in Clauses VIII. 2.1. a), b), c) and f) may only be settled by the insurer to the aggrieved party. The insured may only demand the insurance company to provide benefits directly to the insured to the extent that the claim of the aggrieved party has been settled by the insured.

VIII.3.6. Order of Payment

Pursuant to these Terms and Conditions, the insurer shall indemnify for loss and damage in the order of the submission of claims for indemnification to the Insurance Company. In the event that the insurance company, at its own discretion, considers that the sum insured fails to provide sufficient coverage for loss and damage, the insurance company shall indemnify for losses covered in the following order:

- loss or damage incurred by a director or officer insured, unless it has been indemnified by the company in lieu thereof;
- after this, the insurance company can request the policyholder at its own discretion, up to the amount of the unused sum insured, to specify in writing the order and amount of indemnity payments and which party insured should bear the remaining loss or damage (not possible to be covered by any available limit of indemnification).

In case of payments made up to the limit amounts specified in the insurance policy in accordance with the order specified in this Clause, the insurance company shall be relieved from all further payment obligations in respect of the policy period concerned.

VIII.4. Deductibles

The deductible, specified in the form of an absolute sum, a percentage value or as a combination of both in the insurance policy (insurance application) shall mean the part of the insurance benefit to be borne by the insured himself/herself in respect of each and every insured event. The insurance company shall deduct the amount corresponding to the amount of deductibles from the total amount of the insurance benefit under Clauses VIII. 2.1. a)-g).

IX. Exclusions from the Insurance Coverage

The insurance does not cover.

IX.1. Illegal personal gain

Any conduct demonstrated by the insured which

- a) is directed to or interrelated with illegal financial or personal benefits, or
- b) is directed to the perpetration of a fraud or any other deliberate crime, or to demonstrate any other will fully injurious conduct;

in the event that the provisions set out in subsections a) or b) are established by an ordinary or arbitration court by final decision or perpetration thereof is admitted in writing by the insured.

It is important in respect of the applicability of the exclusion set out in this Clause that the illegal conduct of any one party insured shall not be imputable to any other director or officer insured.

IX.2. Earlier claims or loss circumstances

- a) claims first enforced before the date of commencement of the term of any insurance policy concluded under these Terms and Conditions, regardless of the actual date of the associated loss occurrence (earlier claim), or
- b) claims where the circumstances leading thereto were first reported to be indemnified by coverage for any other valid directors and officers liability policy concluded before the date of commencement of coverage to be provided by the insurance policy under these Terms and Conditions, or by coverage for any other directors and officers liability policy (circumstance leading to an earlier claim), or
- c) any civil, public administrative, supervisory authority, criminal, extradition or investigation proceedings or otherwise, any official investigation launched before the date of commencement of the term of the insurance of the policy and disclosed to the insured (proceedings in progress), as well as
- d) claims associated with any illicit and injurious behavior which behaviors, forming a basis thereof, the insured is made aware of already before the date of commencement of the term of the insurance of the policy and disclosed to the insured (known tortious act).

IX.3. Bodily injury and property damage

Any bodily injury or property damage, except for claims arising from psychological trauma caused by an infringement committed in the capacity as the employer. Furthermore, this exclusion shall not apply to Legal Defense Costs in the Event of Health and Safety Related Infringements as specified in Clause II.2.6., nor in respect of legal expenses in connection with loss or damage incurred by any director or officer in respect of which proceedings are in progress by reason of involuntary homicide.

IX.4. Commercial sanctions

Insurance coverage shall not extend to risks, losses and claims arising from or interrelated in any way with any conduct or activity in conflict with any UN, UK, EU or US embargos or any other prohibitive or restrictive economic, commercial or financial provisions applied by such organizations or states.

IX.5. Time-barred claim

A claim which has lapsed according to the rules applicable to the legal relationship between the insured and the aggrieved party.

IX.6. Protection of the environment

Any and all claims related to environment pollution, damage to the environment and environmental loads shall be excluded from insurance coverage.

This exclusion shall not be applied to the costs of legal defense in cases related to the pollution of the environment.

IX.7. Claims arising directly from the company's liability

The insurance does not respond to claims which arise directly from the company's liability and not the liability of the insured executives or officers. This exclusion shall not be applied to claims arising from or in relation to the public offering of securities.

IX.8. Claims brought by Insured parties in a USA jurisdiction

Claims brought in the United States of America or any of its protectorates by the following persons acting on their behalf or by a proxy:

- the insured; or
- a third party entity in which the insured is or has been an outside director or officer.

This exclusion shall not apply to:

- a) claims brought against the insured director or officer
 - by the holder of a security, or the holder of participations in the company or in the third party entity directly or indirectly or in a collective action, in which the insured was not voluntarily or actively involved;
 - with respect to a violation of law committed in the capacity as employer by the insured director or officer;
 - with respect to a remuneration or compensation case put forward by the insured director or officer, if the claim is the direct result of any other claim other- wise covered under this insurance policy;
 - by a former director or by another senior officer or by an employee of the company or of the third party entity; or
 - by the receiver, liquidator, bankruptcy trustee, bailiff of the company or of the third party entity, directly or on behalf of the company or the third party entity;
- b) costs of legal defense presented by the insured person himself/herself;
- c) claims enforced or sustained by the insured person if the claims was made pursuant to public interest disclosure.

X. Cases when the Insurance Company is Relieved of Payment of Insurance Benefits

- X.1. The insurance company shall be relieved of its obligation to provide insurance benefits if the insurance company proves that the loss or damage was caused unlawfully, by deliberate conduct
 - a) by the policyholder or the insured;
 - b) by any relatives thereof living in the same household with them, by any of their members authorized for business management, or by any of their employees, members or agents holding a position directly or indirectly linked to the pursuance of the insured activity; or
 - c) by any senior executive, company director, executive employee (e.g. head of department, head of group, head of section) of the insured legal entity, or by any member, employee or agent thereof involved in pursuing the insured activity.
- X.2. The insurance company shall be relieved from its obligation of providing benefits if a party as specified in any of Clauses X.1. a)-c) fails to comply with his/her obligation of loss mitigation or loss prevention – as set out in Clauses VII.4. and 5. – by deliberate conduct or gross negligence, particularly if
 - a) the insured has caused loss or damage repeatedly under identical circumstances, and has not eliminated such aggrieving circumstance in spite of the insurance company's notification thereto, although it could have been eliminated;
 - b) the insured has been warned in writing on the hazard of loss by the insurance company or a third party, and the loss has incurred thereafter, in the absence of taking the measures required;
 - c) upon the occurrence of the loss, the insurance company supplied written instructions to take the necessary loss mitigation measures, but the insured failed to comply.
- X.3. In the event that the policyholder or the insured breach their disclosure obligation or their obligation to notify changes – as regulated in Clauses VII. 1. and 2. –, the insurance company's obligation shall not set in, unless the policyholder or the insured proves that any one of the circumstances below prevail:
 - a) the concealed or unreported circumstance was known to the insurance company at the time when insurance policy was concluded, or
 - b) the policyholder and/or the insured infringed their obligation to notify changes, but the insurance company was made aware of such concealed or unreported circumstance during the coverage period before an insured event occurs, and the insurance company did not exercise its rights to amend or terminate the contract within 15 days, in accordance with Clause VII. 2.3. of these policy conditions, or
 - c) the concealed or unreported circumstance did not intervene in the occurrence of the insured event.
- X.4. The insurance company shall be relieved of the benefit payment if the insured fails to comply with the obligation to report a loss (as defined in Clause VII.1.), and as a result material conditions or circumstances (e.g.: the occurrence of the insured event, its date, the cause of loss, the extent of the damage or loss, or circumstances which may affect the insurance benefit) may not be revealed.

XI. Terms and Definitions

XI.1. Company

The policyholder and all its subsidiaries.

XI.2. Third Party Entity

Any entity which

- it is not a subsidiary within the meaning set out herein;
- does not provide financial services;
- does not have its stocks listed in any of the stock exchanges of the United States of America or traded anywhere in the United States of America.

XI.3. Non-Executive Board Member

An executive officer or a member of the supervisory board who hold a position in a management body of the policyholder company as of the start date of the policy period, but is only allowed to act in a supervisory capacity with no mandate for operational governance, and who is not employed by the company.

XI.4. Outside Directorships

The natural person who, in response to the company's request or instruction, holds a position as a director or supervisory board member or any other executive office at a third party entity.

XI.5. Securities

Preference or ordinary shares issued by the company, or any other document issued to effect call option rights or other similar rights on such shares or the commitments arising from them, or any other data recorded and maintained in any other manner – in compliance with legislation – which represents a participation in the company, or entitled its holder to acquire or dispose of such a participation, or bonds representing liabilities against the company which, once claimed, will result in the acquisition of control to the extent that such instruments are defined as securities within any jurisdiction.

XI.6. Securities Claim

A written claim, a civil case or criminal proceedings initiated against the insured on the grounds of illegal and tortious act resulting from the breach of legislation, common law (consuetudo), regulations, or statutory provisions governing securities, which:

- was made or sustained by a natural person or legal entity in connection with the sale or purchase, offer for sale or purchase, or call for offers for the sale or purchase of the company's securities; or
- was made or sustained by a holder of securities in connection with his/her interests arising from or in relation to the company's securities; or
- was made or sustained by a holder of securities on behalf of the company against a third person.

Securities claims do not include claims made by an employee, executive officer, supervisory board member or any member of the board of directors arising from or in connection with a loss suffered on the securities or the loss of expected financial gains or benefits related to such securities.

XI.7. Public Interest Disclosure

A legal instrument governed in the Act on Public Interest Disclosure or in a similar legal act as required by applicable legislation, which aimed at facilitating and promoting anti-corruption actions and the protection of public interests.

XI.8. Subsidiary

A legally independent business organizationally separated from the parent company, where the policyholder is entitled, by acquiring direct or indirect influence even through several companies,

- to elect and recall the majority of the directors and officers or supervisory members of such legal entity, or
- to dispose over the majority of voting shares pursuant to any agreement concluded with other shareholder(s); or
- to dispose over more than fifty per cent of the equity capital as a main shareholder.

XI.9. Financial Service Provider

Any bank, clearing house, deposit management institution, investment company, investment consultant, investment organizer, mutual fund, open-ended investment fund, stock exchange broker, mortgage agent, credit institution, trustee, winding-up institution, private or venture capital investment company, insurance company, reinsurer or any other organization pursuing activities similar to the above, under the supervisory authority of the state concerned.

XI.10. Costs of Bail in Criminal Proceedings and Coverage for Assets Security in Civil Procedures

Reasonable fees or costs – not including the sum of the bail or collateral itself – of proceedings paid for release in order to ensure fulfilment of bail or assets security payment as demanded by the court from the insured, in return for a commitment made by the financial institution for a term of at least 12 months. Such fee shall not include charges for any further security required by the financial institution issuing the assets security.

XI.11. Authorities

A regulatory body, a supervisory, governmental, or public body, and/or any other authority or official body, which is entitled to conduct an investigation by law in connection with the company or its directors and officers insured.

XI.12. Crisis Situation Associated with Authority Proceedings

For the purpose of these Terms and Conditions, a crisis situation associated with authority proceedings shall mean

- any authority inspection or house search at the company not announced in advance, which first takes place during the term of the insurance policy, and in the framework of which the authority conducts a hearing of directors and officers insured,
- any official notification to the authority raising the suspicion that any directors or officers insured have breached any of their legal obligations,
- any official authority request sent to the insured during the term of the insurance policy, legally obligating the insured to submit documents, to provide information, to answer questions, to appear before the authority and/or to testify.

XI.13. Official Investigation

Official authority or supervisory procedure (hearing, interrogation, inquiry, investigation) conducted by an authority in respect of the affairs of the company, a third party entity, or of the company's directors or officers insured, provided that

- such a company director or officer is bound by an obligation to appear or to testify before the authority, or to supply information and disclose data otherwise, or
- as also indicated in writing, such authority procedure is intended to inspect the conduct of the director or official insured in such a capacity (not including, however, any general or sectoral investigations).

The date of commencement of such official investigation shall be the date when such director or officer insured was first contacted by the authority in connection with the case concerned.

XI.14. Costs of Official Investigations

Reasonable costs and expenses of a legal representative hired by or on behalf of a director or officer insured in order to represent such director or officer insured in any official investigation, subject to prior written approval by the insurance company.

Costs of official investigations shall not include any remuneration for the director or officer insured, any kind of compensation for time lost, costs of his/her substitution and any other costs incurred by the company.

XI.15. Costs Incurred Before Official Investigations

Any reasonable fees, costs and expenses incurred as evidenced in respect of

- legal representation of the insured in a crisis situation associated with any authority proceedings, subject to previous written approval by the insurance company, or
- drawing up petitions to be submitted to the acting authority (including any subsequent supplements thereto as required) if necessary in a crisis situation associated with any authority proceedings.

Costs incurred before official investigations shall not include any remuneration for the director or officer insured, any kind of compensation for time lost, costs of his/her substitution and any other costs incurred by the company.

XI.16. Illicit Conduct

In respect of a director or officer insured,

- any alleged or actual action, mistake or omission, breach of obligation, breach of obligation concerning assets management, misstatement, misleading statement, or any misuse of powers by a director or officer insured, as well as any affair in connection with which a claim is enforced against a director or officer insured only because of holding such a position, or
- any violation of law committed as being in charge of the employer's rights.

XI.17. Costs of Legal Defense

For the purposes of these Terms and Conditions, costs of legal defense shall include

- reasonable fees, costs and expenses, incurred as evidenced by or on behalf of the insured, subject to previous written approval by the insurance company, which incurred after submission of a claim against the insured, in the course of investigations, legal defense, reconciliation, or legal remedy proceedings, and
- reasonable expert fees, costs and expenses, incurred as evidenced and subject to previous written approval by the insurance company, if such expert produces expert opinions in connection with the case concerned in order to substantiate legal defense against any claim covered by the insurance policy in cooperation with the lawyer legally representing the insured.

Costs of legal defense shall not include any remuneration for the director or officer insured, any kind of compensation for time lost costs of his/her substitution and any other costs incurred by the company.

XI.18. Costs Associated with the Rectification of Damage to Good Repute

Reasonable fees, costs and expenses, incurred as evidenced in connection with the activities of a PR advisor hired by a director or officer insured, subject to previous written approval by the insurance company, which incurred in order to reduce the impact of a claim prejudicing the good repute of such director or officer insured by spreading widely the provisions of the final court decision adopted in the subject of the claim, establishing the acquittal and non-liability of such director or officer insured.

XI.19. Loss and Damage

Any amount that the insured is obligated to pay on the basis of a claim covered by the insurance policy, on title of any of the following: costs of legal defense, indemnity, cost refund and interest thereon, adjudicated by a final court or arbitration court decision or specified by way of a compromise. Loss and damage shall include any civil fines and sanctions and any fines of any authorities and public offices which the director or officer insured is required to pay, unless coverage for such items is prohibited by law.

Loss and damage shall include any costs of official investigations, costs incurred before official investigations, costs of proceedings related to the restriction of ownership and personal freedom, costs incurred in connection with criminal proceedings and costs incurred in connection with extradition proceedings, costs of making securities claims, as well as the amount of the restitution payable due to an illegal and tortious act resulting in the violation of privacy.

Loss shall not include:

- taxes, with the exception of sums which the insured person is personally liable for with respect to unpaid taxes of the company, and which may give rise to a claim under applicable legislation and the company is unable to reimburse the insured due to its insolvency,
- salaries and allowances associated with employment relationships, punitive and infringement fines and penalties,
- items not allowed to be covered by insurance pursuant to applicable legislation, as well as
- criminal or offence fines.

XI.20. Claim

A written claim for indemnification enforced against the insured

- in connection with any illegal conduct by the insured,
- the following proceedings instituted against the insured: civil, review, public administrative, reconciliation, court or arbitration court proceedings, including any counter-claims aimed for indemnification or other legal remedy,
- criminal proceedings,
- official investigations,
- extradition proceedings,
- proceedings related to the restriction of ownership and personal freedom,
- crisis situations associated with authority proceedings,
- claims related to securities.

XI.21. Costs Incurred in Connection with Extradition Proceedings

Reasonable costs incurred upon the insurance company's prior written approval in respect of the following:

- costs and expenses incurred in any extradition proceedings or any related legal remedy procedures, in any court review procedures for the extradition-related qualification of a country, in any procedure to appeal against an extradition related decision of a competent government body, or any proceedings related to an application submitted to the European Court of Human Rights or to any court of similar jurisdiction and scope of authority within any other legal system, and
- costs and expenses of any accredited crisis consultant and/ or tax advisor hired by a director or officer insured.

XI.22. Extended Loss Reporting Period

A period immediately following the expiry / termination of the insurance policy, in which the insurance company may be notified in writing of the enforcement of any claim to be enforced against the insured for the first time in respect of the case concerned during such period,

- by reason of the insured's illegal conduct demonstrated during the term of the insurance policy, or
- in case of any official investigation, any crisis situation associated with authority proceedings, extradition proceedings, or proceedings related to the restriction of ownership and personal freedom, by reason of a case arising during the term of the insurance policy.

XI.23. Violation of Law Committed as being in charge of the Employer's rights

Alleged or actual conduct manifested in actions or omissions in connection with the actual or future employment relationship of any current, past or future employees or directors or officers insured.

XI.24. Proceedings Related to Restriction of Ownership and Personal Freedom

Authority proceedings instituted against the directors or officers insured by reason of the following

- unfitness of any directors or officers insured for holding a management position,
- confiscation of property, seizure, and distress affecting real property and movable properties personally owned by any directors or officers insured,
- encumbrance of any real property and movable properties personally owned by any directors or officers insured,
- temporary or permanent prohibition of any directors or officers insured from holding director's or officer's positions,
- ruling on prohibition to leave domicile or warrant of arrest against any directors or officers insured.

XI.25. Transaction

Any of the following events:

- policyholder enters into a merger or fusion or sells all his assets or a majority of his assets to another person or entity or a group of persons or entities acting in agreement or
- any third person or entity acquiring more than 50% of voting rights in general meetings of the policyholder or control the appointment of majority of policyholders statutory or supervisory body or
- policyholder's insolvency, trusteeship, bankruptcy, winding up, trusteeship in bankruptcy.

In case of a transaction this insurance shall cover only claims and investigations based on breach of duty committed prior to the effective date of such transaction.

With the effective date of the transaction this insurance contract expires due to lapse of interest.

XI.26. Director and officer

The employer's manager or another employee being a direct report thereof, authorized – partly or entirely – to substitute the former (by law). A contract of employment may prescribe the application of provisions applicable to managers if such employee holds a position highly important or highly confidential from the viewpoint of the employer's operations, and their basic wage reaches seven times the lowest mandatory wage (under a contract of employment)

XII. Miscellaneous Provisions

XII.1. Limitation Period

XII.1.1. **The limitation period for claims arising under this policy shall be 1 (one) year.**

XII.1.2. The limitation period will commence at the following points in time:

- if an insured event is not notified to the insurance company, then at the time when the insured event occurred,
- if an insured event is notified to the insurance company, then on the day following the 30th day of the date when the last document was received by the insurance company,
- if an insured event is notified to the insurance company and if the documents or information required by the insurance company are not submitted or disclosed, on the day following the deadline of the document submission or information provision set out by the insurance company, or in the absence of such a deadline, on the 30th day of the issue date of the written communication served for that purpose.
- if there is a claim for the reclamation of a term allowance in view of a longer policy term, then on the day of policy termination,
- in other cases, at the date when the claim falls due.

XII.2. Provisions Different from the Provisions of the Hungarian Civil Code

We hereby wish to call the attention of our Respected Customers to the terms of these policy conditions which considerably derogate from the provisions set out in the Civil Code. In order to expressly advise customers of these provisions, they are summarized in the present chapter.

This section does not include those provisions of the Directors and Officers Liability Insurance Terms and Conditions – different from the general policy terms applied earlier by the insurance company – which were amended in the interest of compliance with the provisions set out in Act V of 2013 on the Civil Code, taking effect on 15 March 2014.

XII.2.1. Deadline for Contesting a Certificate of Coverage which Derogates from the Application

Clause III.1.3. of these Terms and Conditions has specified the provision set out in Section 6:443. § (2) of the Civil Code in that the policyholder shall have the right to contest without delay or within a maximum of 15 days that the insurance company has issued a certificate of coverage whose content is different from that of the application.

XII.2.2. Conclusion of the insurance policy by the insurance company's implicit conduct

Pursuant to Clause III.1.4. of these Terms and Conditions – and by way of derogation from Section 6:444. § of the Civil Code –, the insurance policy shall be concluded by the insurance company's implicit conduct even if the policyholder is not a consumer.

XII.2.3. Policy Period of Policies concluded for a Fixed Term

Pursuant to Clause III.3.3. of these Terms and Conditions and by way of derogation from Section 6:447. § (2) of the Civil Code, the insurance period in case of policies concluded for a fixed term shall be equal to the full coverage period, unless otherwise provided for in the insurance policy.

XII.2.4. Exclusion of the Right of Maintaining Adequate Coverage

Pursuant to Clause V.1.2. of these Terms and Conditions – and by way of derogation from Section 6:461. § of the Civil Code –, the contracting parties shall not have the right to supplement the cover meaning that the insurance policy shall remain in effect for the current insurance period with the sum insured reduced by any amounts paid out for any insured events occurred within the same policy period, and the policyholder shall not be entitled to increase the sum insured specified for the policy period to its original value by supplementing sum insured accordingly.

XII.2.5. Stipulation of the right to unilaterally reduce the insurance benefit if the obligation to disclose information and notify changes with respect to data used for the premium calculation is breached

If the policyholder is in breach of the obligation to disclose in – formation and notify changes by disclosing incorrect data for the premium calculation, or fails to comply with the duty to notify changes in the data underlying the premium calculation, and an insured event occurs – pursuant to Clause VI.5.1.3 and notwithstanding Section 6:446. § of the Civil Code – the insurance company shall pay the benefit for only the same proportion of the damage – age assessed as the proportion of the paid premium compared to the premium the policyholder should have paid if the correct data had been disclosed to the insurance company.

XII.2.6. Consequences of Premium Payment Default

Pursuant to Clause VI.6.1. of these Terms and Conditions – and by way of derogation from Section 6:449. § of the Civil Code –, the insurance policy shall terminate after the 60th day from the due date of the insurance premium without setting an extended deadline if by that time, the premium arrears have not been settled or the policyholder has not been permitted to defer the payment, or the insurance company has not enforced the payment in litigation. In the event that the policyholder has not paid the total amount of premium arrears but only part of it, and the period thus covered by premium payment corresponds to a date after the 60th day of the due date, then the policy will terminate with effect from the last day of premium payments being settled.

The insurance company may postpone the termination of the policy and the deadline for the enforcement of the payment in litigation by an additional 30 days, if it summons the policyholder for the payment of the arrears in writing, informing him/her of the delay, before the end of the 60th day from the due date of the insurance premium. In the event that the policyholder is in default of premium payment and the insurance company institutes the enforcement of premium payment by litigation, the insurance premium calculated by the end of the policy period concerned shall be due in a single sum.

XII.2.7. The insurance policy will terminate if the obligation to disclose information and notify changes with respect to the material circumstances listed on the insurance application form is breached or violated.

By derogation from Section 6:452. § (3) of the Civil Code – and pursuant to Clause VII.3.2. of these Terms and Conditions – if any of the circumstance or conditions affecting the automatic renewal of fixed term insurance policies, specifically listed on the insurance application form, occurs, the failure to disclose the necessary information or to notify a change will result in the termination of the insurance policy as of the end of the insurance policy during which the specific circumstance or condition occurred.

If the insurance company only later learns that the obligation to disclose information and notify changes has been infringed with respect to a condition or circumstance subject to the above disclosure obligation, the insurance policy will be terminated with retroactive effect to the end of the policy period during which the specific circumstance or condition occurred.

XII.2.8. Notification of an Insured Event

By way of derogation from Section 6:471. § of the Civil Code, the insured may submit a notification of claim not only in writing but in other ways of reporting insured events as set out in Clause VIII.1.1. of these Terms and Conditions.

XII.2.9. With respect to the insured's legal representation costs and late payment interest, the insurance coverage is limited to the sum insured

By way of derogation from Section 6:470. § (3) of the Civil Code

– and pursuant to Clauses VIII. 2.1. and VIII.2.2. of these Terms and Conditions –, costs of legal representation and any amounts of interest payable by the insured causing loss or damage shall be indemnified by the insurance company up to the sum insured for each and every loss and for the insurance period in the aggregate as a maximum even if they exceed the amount of the sum insured if added up to the amount of indemnity.

XII.2.10. Limitation of the insurance company's payment relief

By derogation from Section 6:464. § (1) of the Civil Code – and pursuant to Clause XI.1. of these Terms and Conditions –, the insurance company shall be relieved from its obligation to provide benefits only in the cases of intentional acts by the aggrieving party as set out in the insurance policy.

XII.2.11. Period of limitation

The provision on the statute of limitations set out in these conditions differs from the five (5) year limitation period prescribed in Section 6:22. § (1) of the Civil Code. Under Clause XII.1.1. of these Terms and Conditions, claims arising from this policy shall lapse upon 1 year.

XII.3. Amendment of policies concluded pursuant to applications submitted prior to March 15, 2014

In the event of any amendment – by way of an insurance application for modification – to an insurance policy concluded on the basis of an insurance application submitted before 15 March 2014, the contracting parties agree to fully subject the insurance policy to the scope of Act V of 2013 on the Civil Code, entered into effect on March 15, 2014.

XII.4. Governing law, jurisdiction

Unless otherwise agreed and stipulated by the parties, or otherwise provided for in legal regulations, the insurance contract shall be governed by Hungarian law.

All disputes arising from or in relation to the insurance policy shall be referred to the exclusive competence of Hungarian courts.