



**CIG Pannónia First Hungarian General Insurance  
Company Ltd.**

**Engineering Designer's Liability Insurance  
Special Terms and Conditions**

## Contents

<b>I. General provisions</b> .....	3
<b>II. The Insured</b> .....	3
<b>III. Insured Event</b> .....	3
<b>IV. The insured activity</b> .....	4
<b>V. Content of the insurance protection</b> .....	4
<b>VI. The sum insured</b> .....	5
<b>VII. Damage not covered by insurance, exclusions:</b> .....	5
<b>VIII. The Insurer’s reclaiming right</b> .....	7
<b>IX. Definitions</b> .....	7
<b>Clause F03: Subcontractors’ insurance</b> .....	8
<b>Clause F04: Extension of term (1 year)</b> .....	9
<b>Clause F05: Extension of term (3 years)</b> .....	9
<b>Clause F06: Extension of term (5 years)</b> .....	9
<b>Clause F19: Design engineer’s site supervision</b> .....	9
<b>Clause F20: Planning supervision activity</b> .....	10
<b>Clause F21: Technical supervision activity</b> .....	10
<b>Clause F22: Energetic certifying activity</b> .....	10
<b>Clause F23: Engineering coordination and representation activity</b> .....	11
<b>Clause F24: The exclusion of responsible technical management and site management of construction projects</b> .....	12
<b>Clause F25: The extension of the territorial scope of the insurance cover under the liability insurance to the area of Europe</b> .....	12
<b>Clause F26: The extension of the territorial scope of the insurance cover under liability insurance to the whole world, with the exception of the United States of America, Canada, Australia and New Zealand</b> .....	13

# **CIG Pannónia First Hungarian General Insurance Company Ltd.'s Special Terms and Conditions for Engineering Designer's Liability Insurance**

## **I. General provisions**

- I. In the case of the Insurance Policy concluded based on the present Special Terms and Conditions of Liability Insurance (hereinafter: the “**EDSTCL**”) the General Terms and Conditions of Liability Insurance (hereinafter: “**GTCL**”) must be applied with the supplementary provisions included in these terms and conditions.

## **II. The Insured**

Pursuant to this EDSTCL the Insured is

- a private enterprise (natural person),
- a legal person,
- a business organization without legal personality

the name of which is indicated in the insurance application, which is entitled to engage in the insured activity based on the laws in force and whose liability for damages under the Hungarian law is covered by the liability insurance.

## **III. Insured Event**

Pursuant to this EDSTCL, an Insured Event is the liability for damages of the insured under the rules of the Hungarian law, arising from the violation of the laws applicable to its activity, in connection with the insured activity. The Insurer exempts the Insured from meeting this liability against the payment of an insurance premium, in accordance with the provisions of this EDSTCL.

## IV. The insured activity

1. Based on these conditions, the insured activities are the following:
    - a. architectural and technical designing of structures (buildings, engineering structures);
    - b. designing of machines, equipment and establishments that do not qualify as structures;
    - c. responsible technical management and site management of construction projects;
    - d. forensic expert services in the special field of architecture, mechanical engineering, traffic, information technology, other engineering, physics and process control as well as the sub-fields of the same.
  2. The activities listed in sections I.a. and b. and carried out by the Insured are regarded as insured activities independently of whether the Insured performs such activities as the main designer or as a specialized designer.
1. The following is only insured if there is a relevant Clause:
    - subcontractors' activity,
    - design engineer's site supervision;
    - planning supervision activity;
    - technical supervision activity,
    - energetic certifying activity;
    - engineering coordination and representation activity.
  2. The following shall not be regarded as insured activities:
    - planning relating to air traffic;
    - designing of landfills;
    - designing of nuclear structures;
    - planning of storage plants and hydroelectric power stations as well as dams of rivers and other currents and chamber locks, floodgates, tunnels, airports and ports;
    - 
    - responsible technical management and site management of construction projects if a relevant Clause is concluded.

## V. Content of the insurance protection

1. Based on the liability insurance policy concluded using this EDSTCL, the Insurer shall – to the extent and according to the terms and conditions laid down in the policy – pay any

personal injuries and material damage caused by the Insured, a person employed by the Insured or a person in other work-related legal relationship with the Insured who is entitled to carry out the insured activity, during performing the insured activity, for which the Insured is liable under the rules of the Hungarian law.

2. The insurance cover shall extend to any and all damage related to environmental pollution caused by any fire, explosion, snapping, breaking, cracking, inclination, subsidence, rupture or soaking occurring in the designed structure, machine that does not qualify as a structure, equipment, establishments and any other property of the principal on account of errors within the Insured's scope of responsibility that can be found in the plans made, supplied or recognized by the Insured.
3. The Insurer shall pay for the damage to the extent of the sum insured, in accordance with section 4 of Chapter XIV of the GTCL.

## **VI. The sum insured**

1. The sum insured shall be determined in the application.
2. The amount assigned by the Insurer for damage related to environmental pollution shall be HUF 1,000,000 within the sum insured determined in the application, unless the parties agree otherwise.

## **VII. Damage not covered by insurance, exclusions:**

**In addition to the cases listed in section I of Chapter XV of the GTCL, the insurance does not cover the following either:**

- a. **damage related to environmental pollution which arise other than according to section 2 of chapter V of the EDSTCL;**
- b. **damage arising in structures, establishments, machines or equipment in the construction of which the Insured participates or must participate in any manner. The design engineer's site supervision related to the construction project documentation shall not be regarded as participation in construction. This exclusion shall not apply to the responsible technical manager.**



- c. damage arising from consultation relating to the building contractors of the planned structure, establishment, machine or equipment;
- d. damage that can be attributed to the omission of professional propping (bracings and buttressing), to passages under the building and underpinnings (foundations) related to this. In the case of existing structures, underpinnings (foundations) are construction operations which are performed on load-bearing members because of reinforcement or building over or rebuilding (e.g. the replacement or preparation of pillars or columns, preparation of new foundation for existing structures or the reinforcement of existing foundations). Passages under the building are construction operations that are carried out under a structure or cross a structure (e.g. tunnels or drainpipes under existing buildings);
- e. damage arising from the infringement of patents, trade marks or copyright;
- f. damage arising from exceeding budgets or credit limits;
- g. damage arising from a failure to comply with deadlines and from statements made concerning deadlines (e.g. the construction period of the structure);
- h. damage caused during research and development activities and damage caused by the planning of machines, equipment and establishments that are new from a technical respect, if the cause of the damage can be attributed to the new development;
- i. damage arising from the application of planning or calculation methods that have not been duly tested according to the known rules of science and technology;
- j. damage caused by a plan which contains technical and economic solutions that are not known or used in Hungary;
- k. damage arising from the errors in official maps of public utility companies;
- l. additional costs arising as a result of redesign due to procurement or construction difficulties;
- m. additional costs arising as a result of a price increase;
- n. damage arising from errors related to aesthetics and up-to-date construction;
- o. damage arising from errors occurring in the basic data of technical and economic plans (if they have not been supplied by the designer or if the principal has not had them checked by the designer);
- p. damage arising from numerical errors in the economic plans (budget);
- q. damage arising from the fact that the project documentation of the building to be redesigned or extended (altered) was defective, deficient or inaccurate or did not correspond to the facts;
- r. damage arising from the failure to obtain official permits;
- s. damage relating to excavations or objects of historic value.

## VIII. The Insurer's reclaiming right

In addition to the list included in section 2 of Chapter XVI of the GTCL, it shall also be regarded as causing damage through gross negligence if the damage has been caused by amendments implemented without the lawful prior approval of the responsible designer.

## IX. Definitions

For the purpose of these terms and conditions:

### I. Planning:

- a. the preparation of the architectural and technical project documentation (for the purpose of building over, official authorization and implementation) necessary to the construction, alteration, extension, renovation, restoration, modernization, demolition or removal of a structure, building section or building complex or the changing of the purpose of the same involving construction works, including interior design and landscape architectural design.
- b. the preparation of the technical project documentation necessary to the making, alteration, renovation or dismantling of machines, equipment or establishments that do not qualify as structures;
- c. technical designing before the preparation of the technical project documentation, related to and directly serving such documentation (preparation of the plan for the assessment of the situation, the technical preliminary plan, the study plan and the program plan, geotechnical survey etc.).

### 2. Main designer:

his or her task is to conclude the contract of services with the developer or the project organizer, to select the specialized designers as well as to coordinate them and their plans.

### 3. Specialized designer:

his or her task is to perform the architectural and technical specialized designing activity that falls within the scope of his or her professional competence.

#### **4. Responsible technical management:**

the supervision, authorization and approval of the implementation of the structure, building complex and skilled work in accordance with the final and enforceable building permit and the relevant approved planning application documents and the statutory working drawings, of the observance of the professional, quality and safety standards and of the competent performance of the works.

#### **5. Structure:**

(generic term for buildings and engineering structures): every fixed technical work – irrespective of its purpose, structural solution, material, preparedness and size – which is created by permanently changing the natural state of the ground or the water or the air space above these or by building over such area.

#### **6. Building:**

a structure which – in whole or in part – encompasses a space or a room or a combination of these for a definite purpose, typically for the purpose of staying.

#### **7. Engineering structures:**

all structures that do not qualify as a building and typically do not function as a building (e.g. road, bridge, tower, technical establishments for broadcasting, technical structures for the storage of gas, liquids or bulk material, and technical structures with a track).

### **Clauses:**

#### **Clause F03: Subcontractors' insurance**

1. Pursuant to this Liability Insurance Clause (hereinafter: the “**Clause**”) the insurance cover extends to any liability for damages which qualifies as an insured event pursuant to the EDSTCL and which is borne by the Insured and arises from the activity of a subcontractor used by the Insured lawfully.
2. If the subcontractor has a liability insurance for covering the damage caused by it, the Insured's indemnification obligation based on this Insurance Policy exists only if and to the extent that the subcontractor's insurance does not cover the damage.
3. The insurance cover shall not extend to any damage claims enforced against the subcontractor by its employees, even on the basis of this supplementary term.
4. Based on this supplementary term the Insured shall not enforce the provisions of Section XVI of the General Terms and Conditions of Liability Insurance against the subcontractor.



## **Clause F04: Extension of term (1 year)**

Pursuant to this Liability Insurance Clause (hereinafter: the “**Clause**”) the insurance cover also extends to insured events, which are caused during the term of the Insurance Policy supplemented by this Clause but arise and are reported to the Insurer no later than within 1 year after the termination of the Insurance Policy.

## **Clause F05: Extension of term (3 years)**

Pursuant to this Liability Insurance Clause (hereinafter: the “**Clause**”) the insurance cover also extends to the cases of insurance, which are caused during the term of the Insurance Policy supplemented by this Clause but arise and are reported to the Insurer no later than within 3 after the termination of the Insurance Policy.

## **Clause F06: Extension of term (5 years)**

Pursuant to this Liability Insurance Clause (hereinafter: the “**Clause**”) the insurance cover also extends to the cases of insurance, which are caused during the term of the Insurance Policy supplemented by this Clause but arise and are reported to the Insurer no later than within 5 years after the termination of the Insurance Policy.

## **Clause FI 9: Design engineer’s site supervision**

1. Pursuant to this Liability Insurance Clause (hereinafter: “**Clause**”) the design engineer’s site supervision carried out by the Insured based on its own plans during implementation shall be regarded as an insured activity.
2. Based on this Clause the damage which is caused by the Insured in connection with the design engineer’s site supervision and for which the Insured is liable under the rules of the Hungarian law shall be regarded as an Insured Event and shall be paid by the Insurer.
3. For the purpose of this Clause the design engineer’s site supervision is any activity during which the engineer’s task is to participate in full implementation corresponding to the architectural and technical plans as commissioned by the developer and to facilitate the solution of any professional issues arising during implementation in connection with the plans.



## Clause F20: Planning supervision activity

1. Pursuant to this Liability Insurance Clause (hereinafter: “**Clause**”) the planning supervision activity carried out by the Insured shall be regarded as an insured activity.
2. Based on this Clause, the damage which is caused by the Insured in connection with its planning supervision activity and for which the Insured is liable under the rules of the Hungarian law shall be regarded as an Insured Event and shall be paid by the Insurer.
3. For the purpose of this Clause, the tasks and responsibilities of the planning supervisor are the following: to professionally check compliance with the technical contents of the technical implementation and construction project documentation (project documentation parts) as well as with the laws, regulations, building requirements, standards and other professional rules, for the purpose of ensuring the quality of construction and professional implementation as well as enforcing the requirements determined by the laws and in other professional provisions.

## Clause F21: Technical supervision activity

1. Pursuant to this Liability Insurance Clause (hereinafter: “**Clause**”), the technical supervision activity carried out by the Insured shall be regarded as an insured activity.
2. Based on this Clause, the damage which is caused by the Insured in connection with its technical supervision activity and for which the Insured is liable under the rules of the Hungarian law shall be regarded as an Insured Event and shall be paid by the Insurer.
3. According to this Clause the Insured is the private enterprise (natural person), legal person or business organization without legal personality which is included in the register of technical supervisors or which performs the insured activity through a member or employee who has been entered in the register.

## Clause F22: Energetic certifying activity

1. Pursuant to this Liability Insurance Clause (hereinafter: “**Clause**”), the energetic certifying activity carried out by the Insured shall be regarded as an insured activity.
2. Based on this Clause, the damage which is caused by the Insured in connection with its energetic certifying activity and for which the Insured is liable under the rules of the Hungarian law shall be regarded as an Insured Event and shall be paid by the Insurer.

3. According to this Clause the Insured is the private enterprise (natural person), legal person or business organization without legal personality which is included in the register of persons carrying out energetic certifying activities or which performs the insured activity through a member or employee who has been entered in the register.
4. For the purpose of this Clause, the energetic certifying activity consists in the issuing of an energetic certificate based on the examination of the energetic characteristics of a building using energy, about the result of such examination.
5. Section I. I. of Chapter XV of the GTCL shall not apply to this Clause.
6. In addition to the cases listed in section I of Chapter XV of the GTCL, the insurance does not cover the following either:
  - a. material damage and damage arising from personal injuries;
  - b. damage arising from the infringement of patents, trademarks or copyright;
  - c. damage arising from exceeding budgets or credit limits;
  - d. damage arising from the failure to comply with deadlines.

## **Clause F23: Engineering coordination and representation activity**

1. Pursuant to this Liability Insurance Clause (hereinafter: “**Clause**”), the building coordination and representation activity carried out on the basis of an engineering contract shall be regarded as an insured activity. The building coordination and representation activity performed both in architectural engineering and civil engineering projects qualifies as an insured activity according to the above.
2. Based on this Clause, the damage which is caused by the Insured in connection with its engineering coordination and/or representation activity and for which the Insured is liable under the rules of the Hungarian law shall be regarded as an Insured Event and shall be paid by the Insurer.
3. This Clause shall only cover the damage caused by the Insured if a written contract is concluded with the customer / principal in respect of the given activity.

4. In addition to Chapter VII of the EDSTCL, the insurance cover shall not extend to the following either:
  - a. damage caused when acting as an official public procurement advisor.
  - b. the Insured's liability for damages as a member of a board of directors or a supervisory board, or as an employee of companies, associations or unions.
  - c. appraisal of built-over and unbuilt properties, if such appraisals serve insurance purposes (e.g.: the establishment of sums insured when concluding contracts, assessment in the case of losses etc.),
  - d. damage incurred during account management.
  - e. failure to conclude, extend or renew insurance policies in due time, the unsatisfactory length or incompleteness of the same and the failure to pay insurance premiums in due time;
  - f. improper management of mortgages (including interest payment);
  - g. damage occurring to objects possessed by the Insured (objects leased, rented, managed as a deposit, received in trust etc. by the Insured).

### **Clause F24: The exclusion of responsible technical management and site management of construction projects**

1. Based on this Liability Insurance Clause (hereinafter: "Clause"), the responsible technical management and site management of construction projects shall not qualify as insured activities, therefore section I.c. of Chapter IV of the EDSTCL shall not apply to the Insurance Policies concluded using this Clause.
2. In addition to Chapter VII of the EDSTCL, the insurance cover shall not extend to the damage caused in connection with the responsible technical management and site management of construction projects either.

### **Clause F25: The extension of the territorial scope of the insurance cover under the liability insurance to the area of Europe**

1. Based on this Liability Insurance Clause (hereinafter: "Clause"), in the case of the risk groups included in the insurance application, the insurance cover extends to damage caused, arising and enforced in Europe.



2. In addition to the cases listed in the basic policy, the Insurer's cover shall not extend to the following either:
  - a. the Insured's liability for damages arising from the activity of its undertakings with a foreign registered seat or place of business (commercial representation, branch);
  - b. punitive damages;
  - c. meeting a liability for damages in respect of which the foreign state hinders the Insurer in assessing or settling the loss, clarifying the legal basis or meeting any other obligations relating to the loss settlement.
3. In the case of damage caused, arising and enforced outside the territory of Hungary the sum insured per insured event shall be reduced by the costs of the Insurer arising in the interest of assessing or settling the loss, clarifying the legal basis or meeting any other obligations relating to the loss settlement.

## **Clause F26: The extension of the territorial scope of the insurance cover under liability insurance to the whole world, with the exception of the United States of America, Canada, Australia and New Zealand**

1. Based on this Liability Insurance Clause (hereinafter: "Clause"), in the case of the risk groups included in the insurance application, the insurance cover extends to damage caused, arising and enforced in the whole world, with the exception of the United States of America, Canada, Australia and New Zealand.
2. In addition to the cases listed in the basic policy, the Insurer's cover shall not extend to the following either:
  - a. the Insured's liability for damages arising from the activity of its undertakings with a foreign registered seat or place of business (commercial representation, branch);
  - b. punitive damages;
  - c. meeting a liability for damages in respect of which the foreign state hinders the Insurer in assessing or settling the loss, clarifying the legal basis or meeting any other obligations relating to the loss settlement.
3. In the case of damage caused, arising and enforced outside the territory of Hungary the sum insured per insured event shall be reduced by the costs of the Insurer arising in the interest of assessing or settling the loss, clarifying the legal basis or meeting any other obligations relating to the loss settlement.