

## **GENERAL CONDITIONS OF ENVIRONMENTAL POLLUTION LIABILITY INSURANCE**

Date of Entry into Force: September 01, 2011

### **A. SCOPE OF INSURANCE**

#### **A.1. Subject of Insurance**

With this insurance contract, the insurer secures the compensation claims directed to the policyholder within the framework of Environmental Legislation and which the policyholder is legally obliged to pay due to sudden and unexpected pollution or risk of pollution in one, several or all of the following areas depending on the scope of the contract:

If this insurance covers the same liability together with compulsory insurance, it covers the part exceeding the compulsory insurance limits up to the limits written in the policy.

#### **A.2. Scope of Coverage**

With this insurance, the insurer compensates for material damage, death, disability and bodily injury to third parties caused by pollution caused by the activities of the facility specified in the policy, as well as cleaning expenses outside the facility specified in the policy due to pollution or pollution risk, transportation and disposal expenses of collected wastes within the scope of the provisions of the Environmental Legislation, up to the coverage limits stated in the policy, in the event that the following situations occur.

With this insurance, compensation claims directed to the insured within the policy term or additional notification period for Losses arising after the retroactive validity date specified in the policy as a result of pollution or pollution risk occurring within the continuity date specified in the policy are covered.

The starting date of the Environmental Pollution Liability Insurance issued for the first time or not renewed on time (the starting date of the Coastal Facilities Marine Pollution Compulsory Liability Insurance, if any, in terms of the coverages within its scope) is determined as the retroactive validity date.

In the event of an incident causing pollution or a risk of pollution, all compensation claims related to this incident are considered as a single damage and are deemed to have occurred on the date the first damage occurred.

This insurance also ensures the defense of the insured against unfair claims.

#### **A.3. Definitions**

In these General Conditions;

Environmental Legislation: Environmental Law No. 2872, Law No. 5312 on the Principles of Emergency Intervention and Compensation of Losses in Pollution of the Marine Environment by Oil and Other Harmful Substances, and regulations regarding the pollution of soil, water and air by relevant public authorities.

**Environmental Pollution:** Any negative impact that may occur in the environment and may disrupt the health of living beings, environmental values and ecological balance,

**Preventive Measure:** Measures taken to prevent or limit possible pollution after an event occurs,

**Intervention:** Activities or implementation of protective measures to reduce, eliminate or limit the damage that may be caused by pollution that occurs after an event occurs,

**Event:** Pollution or the situation that causes damage or creates the risk of damage due to pollution,

**Insurer:** Insurance company licensed in the general liability branch in Turkiye and that covers the liability of the insured up to the insurance amount stated in the policy,

**Damaged Person:** The person who suffers damage that requires a claim for compensation as a result of the event or the person who is deprived of the support of the deceased,

**Damage:** Losses that occur as a result of the event and the scope of which is specified in the environmental legislation, as well as the costs related to the determination and compensation of these Losses and the resolution of disputes,

**Retroactive Validity Date:** The date after which the Losses specified in the policy will be compensated,

**Continuity Date:** The coverage is provided for the pollutions specified in the policy and within which date range,

**Additional Notification Period:** The additional period specified in the policy, which cannot be less than 45 days, granted for the notification of claims regarding Losses reported after the expiration of the coverage period but occurred before the expiration of the current policy,

**Biological Diversity:** All ecosystems, species, genes and the relationships between them,

**Underground Storage Tank:** Any tank and related piping and equipment with at least 10% of its volume underground,

**Designated Underground Storage Tank and Pipeline:** Underground Storage Tank and Pipeline notified to the insurer by the policyholder before the coverage start date and confirmed by the insurer to include in the coverage.

#### A.4. Types of Coverage Covered

**Death Coverage:** If the incident causes the death of third parties immediately or within one year from the date of the incident, compensation for loss of support for those who are deprived of the assistance of the deceased,

**Disability Coverage:** If the incident causes temporary or permanent disability of third parties immediately or within two years from the date of the incident, compensation for disability

determined as a result of the termination of medical treatment and the final determination of the disability,

**Treatment Expenses Coverage:** First aid, examination, control or outpatient or inpatient treatment expenses in hospitals or other places due to this injury or physical discomfort and other expenses required for treatment for third parties injured or exposed to any physical discomfort due to the incident,

**Material Damage Coverage:** Damage resulting from a direct decrease in the assets of third parties due to the incident, (Losses in natural and living resources used by third parties for livelihood purposes are excluded from the scope of this coverage.)

**Cleanup Expenses Coverage:** Losses incurred in the application areas polluted by the incident expenses related to the works carried out or ordered by the responsible units in order to clean the pollution left,

**Waste Transportation and Disposal Coverage:**  
Expenses incurred for the transportation and disposal of waste materials collected from the application areas polluted as a result of the incident.

#### A.5. Circumstances that Remove or Reduce Liability

The insured is obliged to take all measures regarding the responsibilities required by the international law and the Ministry of Environment and Urbanization regarding the safety of navigation, life, property and the environment, including preparedness and protective measures in order to prevent the incident from occurring and to reduce, eliminate and limit the damage in cases where the incident does occur.

The insured is exempted from liability if he proves that the incident resulted from a force majeure or the gross negligence of the injured party or a third party, without the fault of himself or the persons whose actions he is held responsible and without a defect in the facility registered in the policy affecting the incident.

If the injured party is at fault in the occurrence of the incident, a reduction can be made from the compensation to be paid according to the fault rate in question.

**A.6. Unless otherwise stated in the contract, cases and Losses excluded from coverage**  
The following cases and Losses arising from these cases are excluded from the insurance coverage unless otherwise stated in the policy.

- a) Losses resulting from pollution that does not occur suddenly and unexpectedly due to an event occurring after the retroactive validity date and from pollution that occurs gradually,
- b) Losses to biological diversity, living resources and natural life,
- c) Reconstruction of the deteriorated environment,
- d) Losses occurring in natural and living resources used for livelihood,
- e) The following compensation claims arising from the partial or complete cessation or disruption of commercial activities in facilities belonging to third parties due to pollution or pollution risk arising in the facility specified in the policy and which the insured person will be legally obliged to pay to third parties (Income and Earning Capacity Coverage);

i) Pre-tax net profit or loss that could have been earned if the insured event had not occurred, including rental income received from tenants

ii) Ongoing fixed operating expenses and salary payments of the injured party,

iii) Expenses that the injured party will have to pay as rent for temporary rental facilities that the injured party will have to keep in case some or all of the movable/immovable property becomes unusable due to the contamination covered by the guarantee (The said rental expenses are limited to the current rental value of the part of the movable/immovable property that cannot be rented)

e) Public losses,

f) Non-pecuniary damage claims,

g) Legal liability that will accrue to the insured party as a result of pollution-related Losses suffered by third parties due to natural disasters such as earthquakes, volcanic eruptions, snow weight, floods and inundations, landslides, storms,

h) Legal liability that will accrue to the insured party as a result of pollution-related Losses suffered by third parties due to participation in strikes, locked-out labor movements, public movements, fights legal liability,

i) All Losses, including Losses that may occur due to biological and/or chemical contamination, contamination or poisoning resulting from terrorist acts specified in the Law No. 3713 on Combating Terrorism and sabotage resulting from these acts and interventions made by authorized bodies to prevent and reduce their effects,

j) Compensation claims that third parties have incurred after the retroactive effective date as a result of contamination occurring before the continuity date and that may be asserted against the policyholder,

k) Losses that the policyholder is legally obliged to pay for the cleaning expenses carried out within the facility or within the scope of the facility indicated in the policy, and the expenses to be incurred for the transportation and disposal of collected waste,

l) Losses resulting from contamination during the transportation, loading and unloading of the cargo carried,

m) Bodily injuries or material Losses experienced due to microbial substances (e.g. mold).

#### A. 7. Cases Excluded from Coverage

The following cases and Losses arising from these cases are excluded from insurance coverage.

a) Compensation claims to be made by the policyholder and other persons for whose actions the policyholder is held responsible are excluded from the coverage, and if the parties have added the clauses "A.4 Cases excluded from coverage unless otherwise agreed" ( b ), ( k ) and ( l ) to the coverage, this exclusion provision shall not apply to the policyholder's claims within the coverage related to these items,

b) War, all kinds of war events, invasion, foreign enemy actions, collision, civil war (whether war is declared or not), revolution, rebellion, uprising and the disciplinary and military actions required by these,

c) Compensation claims that may be assessed within the scope of employer liability insurance and may be made by employees affiliated to the policyholder,

d) Compensation claims arising directly or indirectly from the following situations, regardless of their nature:

aa) Ionizing radiation or pollution originating from any nuclear fuel or nuclear waste resulting from the combustion of nuclear fuel,

bb) Radioactive, toxic, explosive or any explosive nuclear compound or the hazardous properties of a nuclear part thereof,

cc) Any disease (including cancer) arising from the presence, production, handling, processing, sale, distribution, storage, disposal or use of diethylstilbesterol (DES), dioxin, urea formaldehyde, asbestos, asbestos products or asbestos-containing products, or any claims arising from asbestos or lead-based paints.

e) Any additional liabilities assumed by the insured under any agreement or contract or for which the insured would not be held responsible in the absence of such an agreement or contract, and the insured's liability to any other person or institution included as the insured in the policy related to this insurance,

f) All expenses arising from criminal prosecution, judicial and administrative penalties and possible fines,

g) Losses resulting from pollution arising from the maintenance, use and operation of any vehicle outside the facility specified in the policy,

h) Losses occurring in Storage Tanks and Pipelines with at least 10% of their volume underground, which are not notified to the insurer by the insured before the coverage start date and which are not covered by the insurer,

i) Any Losses that the insured's customers and suppliers may suffer due to the inability to provide products and services due to pollution occurring within or within the facility specified in the policy.

#### A.8. Geographical Limit of Insurance

This insurance is valid within the borders and territorial waters of the Republic of Turkiye, and in open sea areas beyond territorial waters, subject to the decision of the Undersecretariat of Maritime Affairs, the Ministry of Environment and Urbanization, the Ministry of Foreign Affairs and other relevant public institutions and organizations, in the application areas and in emergency situations stipulated in the Environmental Legislation, provided that it is limited to the purpose of intervention in such situations and compensation for Losses.

#### A.9. Start and End of Insurance

Insurance starts at 12:00 noon Turkish time on the days written as start and end dates in the policy, unless otherwise agreed upon, and ends at 12:00 noon.

### B. DAMAGE and COMPENSATION

#### B.1. Right of Application of the Injured and Application Period

Injured/right holders may directly file a claim against the insurer within the coverage limits stipulated in the policy.

The insurer has the right to contact and reach an agreement with the injured parties/right holders, provided that it is limited to the coverage limits specified in the policy. However, without the written permission of the insurer, the policyholder is not authorized to accept the

compensation claim partially or completely and cannot make any compensation payments to the injured parties/right holders.

The incident that gives rise to compensation shall be reported to the insurer by the policyholder or the injured party within thirty business days from the date it is learned.

#### B.2. Obligations of the Policyholder in Case of Realization of Risk

The policyholder is obliged to fulfill the following in case of realization of risk:

- a) Notify the insurer of an event that will require his/her liability within the period specified in Article B. 1 as of the moment he/she becomes aware of it, according to these general conditions,
- b) Take the necessary rescue and protection measures as if there was no insurance protection and comply with the instructions to be given by the insurer for this purpose,
- c) Upon the request of the insurer, provide information and documents that are possible to obtain and useful for determining the cause of the event and damage, the circumstances and conditions under which it occurred and its results, the liability and amount of compensation and the exercise of the right of recourse, without delay,
- d) In cases where he/she is faced with a claim for compensation through lawsuits or other means due to the damage or if criminal proceedings are initiated against him/her, immediately inform the insurer of the situation and immediately give the insurer all the notices, invitations and similar documents he/she has received regarding the claim for compensation and criminal proceedings,
- e) If there are other insurance contracts related to the subject of the insurance, to notify the insurer.

#### B.3. Documents Regarding the Incident

In order to pay compensation, the insurer requests the following documents from the injured party regarding the incident.

- a) The report of the damage assessment committee established within the scope of Article 10 of the Law on the Principles of Emergency Intervention and Compensation of Losses in Pollution of the Marine Environment by Oil and Other Harmful Substances or a document containing information regarding the determination of all or part of the Losses,
- b) The incident assessment report or expert report prepared by the authorized public authorities,
- c) If the application was made due to death, the death report and certificate of inheritance and documents showing the profession, income status and support relationship of the deceased,
- d) The court decision if the incident has been referred to the court,
- e) If the application is made due to injury, in addition to the document in subparagraph (a), the documents showing the treatment expenses; if the application is made due to temporary or permanent disability, a report to be obtained from a fully equipped hospital.

#### B.4. Payment of Compensation and Expenses

The insurer shall pay the compensation within thirty business days from the date on which the documents in subparagraph B.3 are fully delivered to the company's headquarters or institutions, within the coverage amounts in the policy. The expenses related to the measures taken to reduce the damage after the incident occurs shall also be paid by the insurer. If the compensation is not paid within this period without a justified reason, the

insurer shall be in default and legal default interest shall be applied to the unpaid compensation amount. Default interest shall not be considered as a payment made within the coverage limit.

In case of a lawsuit filed regarding this insurance, the insurer shall be responsible for the follow-up and management of the lawsuit up to the limits stated in the insurance policy, and the policyholder must provide the necessary power of attorney to the lawyer to be nominated by the insurer. The insurer pays the litigation costs and attorney fees. The total of litigation costs, attorney fees and compensation paid is limited to the amount of the security deposit.

In the event that criminal prosecution is initiated against the policyholder or persons whose actions it is held responsible for, the insurer shall also participate in the defense with the permission of the defendant. In such a case, the insurer shall only pay the expenses of the attorney it has chosen.

#### B.5. Multiplicity of Injured Persons/Beneficiaries

If the compensation receivables of the injured persons/beneficiaries exceed the coverage amount specified in the insurance contract, the compensation amount to be paid to each of the injured persons/beneficiaries shall be reduced according to the ratio of the coverage amount to the total compensation receivables. In cases where more than one person is injured, a bona fide insurer who, without knowing that there are other compensation claims, makes a payment to one or more of the injured persons/beneficiaries more than what is due to them shall be relieved of its debt to the other injured persons/beneficiaries within the scope of the payment it has made.

#### B.6. Insurer's Subrogation

The insurer legally replaces the policyholder for the amount of compensation it has paid.

#### B.7. Reservation of the Rights of the Damaged and the Insurer's Right to Recourse to the Policyholder

Situations arising from the insurance contract or the provisions of law regarding the insurance contract and resulting in the removal of the compensation obligation or the reduction of its amount cannot be claimed against the person who suffered Losses up to the upper limits included in the Tariff and Instructions of the Coastal Facilities Marine Pollution Compulsory Financial Liability Insurance.

The insurer who has made the payment may recourse to the policyholder for the amount of compensation it has paid, to the extent that it can ensure the removal or reduction of the compensation in accordance with the insurance contract and the provisions of law regarding this contract.

Recourse may be made to the policyholder mainly for the following reasons.

Event requiring compensation;

a) If it has occurred as a result of a deliberate act or gross negligence of the policyholder or the persons for whose actions he is responsible,

b) If it has arisen from situations prohibited by law, or if the policyholder has not fulfilled his obligations under this law and related legislation,

c) If it has arisen from the facility not complying with the technical conditions required by the legislation, or from operating without qualified personnel, and

d) If there has been an increase in the amount of the damage due to the policyholder's failure to fulfill the obligations specified in Article B.2 in the event of the policyholder's risk occurring, recourse shall be made to the policyholder for the amount of the compensation paid, limited to the increased amount of the damage.

## C. MISCELLANEOUS PROVISIONS

### C.1. Payment of the Insurance Premium and Commencement of the Insurer's Liability

The insurer's liability begins with the payment of the entire premium or, if payment is agreed to be made in installments, the first installment upon delivery of the policy. Unless otherwise agreed, if the entire premium or the first installment is not paid, the insurer's liability does not start even if the policy is delivered and this condition is written into the policy. In case of default in premium payment, the provisions of the Code of Obligations apply.

### C.2. The Policyholder's Obligation to Declare at the Time the Contract is Made

The insurer has accepted this insurance based on the policyholder's declaration in the offer letter, or in the policy and its annexes if there is no offer letter, to notify the policyholder of the true status of the risk.

The policyholder is obliged to notify the insurer of all matters that would require the insurer not to make the contract or to make it under more severe conditions if the policyholder knows the true status at the time the contract is made.

In the event that the policyholder's declaration is untrue or incomplete, and in cases that would require the insurer to make the contract under more severe conditions, the insurer shall notify the policyholder of the payment of the premium difference within eight days from the moment the situation is learned. If the policyholder does not pay the requested premium difference within eight days following the notification date of the notice or notifies that he/she will not pay, the contract is terminated. In this case, the premium for the period until the date when the termination will take effect is calculated on a daily basis and the excess is returned to the policyholder.

If the policyholder has deliberately remained silent when asked or has knowingly made incomplete or false statements when the contract was made, the insurer who does not fully know the truth may terminate the contract. In the event of termination, the insurer is entitled to the entire premium. If the insurer does not exercise his right to terminate within one month from the date he learned the truth, this right is void. If the risk has occurred within this period, the insurer pays the compensation to the injured party. In this case, the insurer has recourse to the policyholder for the amount he paid.



If the false declaration is learned after the event causing the damage has occurred, the insurer may recourse to the policyholder for the compensation paid and to be paid due to this damage:

- a) If the false declaration was made intentionally, in the entire amount of the compensation,
- b) If there was no intention, in the amount of the difference between the amount of the compensation to be paid and the amount resulting from multiplying this compensation by the ratio of the premium received to the premium that should be received.

### C.3. Obligation to Declaration During the Continuation of the Contract

The policyholder is obliged to notify the insurer of any changes that will aggravate the risk after the contract, within eight days at the latest, as soon as the situation becomes known to him. The insurer notifies the policyholder of the payment of the premium difference within eight days from the moment the situation becomes known to him. If the policyholder does not pay the requested premium difference within eight days following the notification date of the notice or states that he will not pay it, the contract is terminated.

In case of termination of the contract, the premium for the period until the date of termination shall be calculated on a daily basis and the excess shall be returned to the policyholder. If the premium difference is not requested in due time, the right to terminate shall be void.

For compensations paid or to be paid due to events occurring before the notification obligation regarding the changes in question is fulfilled, the provisions of the last paragraph of Article C.2 shall be applied, depending on whether the notification of the change was intentional or not.

If it is understood that the changes occurring during the insurance period are of a nature that mitigates the risk and that this requires a lower premium, the premium difference calculated on a daily basis for the period from the date of the change until the termination of the contract shall be returned to the policyholder.

In case of termination of the insurance for any reason, the insurer shall notify the Ministry of Environment and Urbanization of the situation.

### C.4. Change of Policyholder, Termination of Activity

In case of change of policyholder, all rights and obligations arising from the policy shall pass to the new policyholder.

### C.5. Notifications and Notices

The provisions of the Notification Law shall apply to the notifications of the policyholder and the insurer.

The insurer's notifications and notices shall be made to the policyholder's address shown on the policy; in the event that this address has changed, to the last address notified to the insurance company's headquarters or the agency mediating the insurance contract, in the same manner.

### C.6. Confidentiality of Commercial and Professional Secrets

The insurer and those acting on behalf of the insurer shall be liable for any Losses arising from failure to keep confidential the commercial and professional secrets they may learn of the policyholder due to the conclusion of this contract.

#### C.7. Competent Court

In cases to be filed against the insurer due to disputes arising from the insurance contract, the competent court shall be the court responsible for hearing commercial cases at the place where the insurance company's headquarters or the agency mediating the insurance contract is located or where the incident causing the damage occurred; in cases to be filed against the policyholder, the court responsible for hearing commercial cases at the place where the defendant's residence is located.

#### C.8. Statute of Limitations

In this insurance, the statute of limitations is two years from the date on which the parties' obligations arise.

The provisions of the international agreements to which Turkiye is a party regarding the statute of limitations are reserved.

The reasons that interrupt the statute of limitations regarding the responsible person apply to the insurer, and the reasons that interrupt the statute of limitations regarding the insurer apply to the responsible person.

In this insurance, the rights of the parties liable for compensation against each other become time-barred within two years, starting from the day they fully fulfill their own obligations and learn of the person to whom recourse is to be made.

General provisions apply regarding other matters.

#### C.9. Entry into Force

These General Terms and Conditions shall enter into force on 01.09.2011.