

GENERAL CONDITIONS OF CONSTRUCTION INSURANCE (ALL RISKS)

Date of Entry into Force 01.02.2009

A – SCOPE OF INSURANCE

A.1 Scope of Insurance

This insurance covers any loss or damage to the values constituting its subject during the guarantee period, while they are at the construction site, during the construction period, due to an unknown and sudden reason other than the exceptions specified in this policy.

A.2 Determination of Insurance Amount

It is essential that the insurance amount shown in the policy (including customs, taxes, duties and fees, if any, and transportation and labor costs) is equal to the final project value to be reached at the end of the project. The insurance amount cannot be less than the contract price updated with the relevant current year prices for the works subject to tender each year (including the survey increases made until that time, if any). In addition, if insurance is made, the insurance amounts of the machinery, tools and equipment used for the construction, temporary construction barracks and auxiliary structures cannot be less than their current market values. If there is an increase in the values constituting the insured amount shown in the policy, the insured is responsible for notifying the insurer in writing within 5 days at the latest when he/she learns of this increase, but before any damage occurs. The written consent of the insurer is required for any value increases to be considered insured during the insurance period. Premium adjustments are made in proportion to the increase in the insured amount. If the value increases are not accepted by the insurer, the provisions of first danger insurance apply to this insurance.

A.3 Values and Cases That Can Be Included in the Scope of Coverage with an Additional Contract

Losses and Losses that occur due to the following cases are outside the insurance coverage. However, they can be included in the insurance coverage with the limits specified in the policy with an additional contract.

- a) Construction machinery and equipment used for the construction,
- b) Temporary construction site barracks, auxiliary structures and construction site facilities, and construction site tools and equipment,
- c) Debris removal expenses provided that the damage is covered by the coverage,
- d) Transportation expenses by fast vehicles other than aircraft, overtime fees required by the losses and Losses arising from the reasons covered by the coverage,
- e) Legal liabilities that will fall on the insured due to the Losses to be incurred by third parties,

f) All losses and Losses caused by strikes, lockouts, riots and civil commotions and the military and disciplinary actions required by these,

g) Maintenance period starting after the completion or temporary acceptance of the construction,

h) Losses resulting from terrorist acts specified in the Anti-Terror Law No. 3713, excluding the Losses specified in subparagraph (l) of Article A.4, and the sabotage resulting from these acts, and the interventions made by authorized bodies to prevent and reduce their effects

i) All Losses that may occur due to any kind of environmental pollution that occurs directly or indirectly as a result of the risks covered by the insurance contract.

A.4 Values and Cases Excluded from Coverage

The following cases are excluded from insurance coverage:

a) Wear and tear, corrosion and decay,

b) Inventory gaps,

c) Direct or indirect losses and Losses to the completed or temporarily accepted parts of the construction, or delivered to the employer or used by the employer, (however, if maintenance period coverage is taken for these parts with the policy, Losses included in the additional coverage content within the framework of the relevant clause are considered insured.)

d) If additionally insured, direct or indirect losses and Losses to the parts whose maintenance period has ended,

e) All air and land transportation vehicles and floating vehicles related to the construction,

f) Cash, valuable papers (such as checks, promissory notes, stamps, notes and bonds), invoices, files, evidence of debt and all books and documents related to the account, construction and installation plans and projects,

g) All losses and Losses caused by war, all kinds of war events, invasion, foreign enemy actions, clashes (whether war is declared or not), civil war, revolution, rebellion, insurrection and the disciplinary and military actions required by these,

h) All losses and Losses caused by ionizing radiations or radioactivity contaminations resulting from any nuclear fuel or nuclear wastes resulting from the burning of nuclear fuel or the reasons attributed to them and the military and disciplinary measures required by these, (the term burning in this clause shall also include any self-sustaining nuclear disintegration "fission" event)

i) All losses and Losses caused by the actions to be taken by the public authority on the insured assets,

- j) Physical losses and Losses to the insured goods due to plan, project or calculation errors,
- k) Losses resulting from the defect, fault or faulty workmanship of the material, (however, materials that are not defective or faultless due to these reasons and faultless (i) Loss and Losses to other insured assets that are constructed correctly with workmanship are included in the coverage.)
- l) Loss and Losses to the machinery and equipment used for the construction, mechanical failures and electrical failures, (however, losses and Losses to other insured assets due to these reasons are included in the coverage.)
- m) Loss and Losses caused by the intent and gross negligence of the insured or the responsible person who replaces him, if there is a contract,
- n) All kinds of consequential Losses such as loss of profit and aesthetic defects, including Losses resulting from delays, partial or complete cessation of construction, failure to complete the commitment, termination of the contract or application of penal terms,
- o) All Losses to be caused by 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 or interventions made by authorized bodies to prevent these acts and reduce their effects.

A.5 Duration of Coverage

The duration of the cover starts from the moment the insured assets are unloaded to the construction site, provided that the start date specified in the policy is taken as basis, or if there is transportation insurance for the materials and equipment unloaded to the construction site, from the end of the transportation insurance coverage, and ends on the end date specified in the policy. However, if the construction is partially or completely completed before this date and delivered to the employer and/or started to be used, the construction all risks coverage period ends for these parts without the need for any notice and the maintenance period coverage begins if provided in the policy. If the construction works subject to insurance are insured separately and the maintenance period is not completed on the date specified in the policy, the coverage period is extended for an additional premium to be agreed upon. If the construction works subject to insurance are interrupted continuously for more than one month for any reason, the insurance coverage will be stopped upon written notice by the insured. If the insured requests the continuation of the coverage for risks during the stoppage, the terms and additional prices for the stoppage period are determined by the parties. The insurance period is extended by the number of days that are not processed following the resumption of construction activities.

A.6. Underinsurance

In the event of damage, if the insurance amount specified in the policy is lower than the value specified in Article A.2, the insurer is responsible for the amount of the damage, whatever the ratio of the insurance amount to the insurance value is.

A.7 Overinsurance

In the event of damage; if the insurance amount specified in the policy exceeds the value specified in Article A.2, the part of the insurance exceeding this value is invalid. The insurer who is informed during the insurance period notifies the insured of this situation and reduces the insurance amount and the part of the premium pertaining to this excess amount and returns the excess to the insured.

A.8 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, and ends at 12:00 noon.

B – DAMAGE AND COMPENSATION

B.1 Obligations of the Insured in Case of Damage

The insured is obliged to fulfill the following in the event of damage.

- a) Notify the insurer within 5 days from the date of learning that the damage occurred.
- b) Take the necessary rescue and protection measures as if he were not insured and comply with the instructions given by the insurer for this purpose to the best of his ability.
- c) To provide the necessary information and documents (original or a certified copy or photocopy) that are useful for determining the cause of the damage and the circumstances under which it occurred, and for determining the amount of loss and damage and evidence, and to provide the necessary information and documents that are possible for the insured to provide upon the request of the insurer without delay, and to obtain and preserve the necessary information and documents that are possible for the insured to use the right of recourse. However, after informing the insurer in accordance with the above provisions, the insured may have minor repairs (provided that a repair notice is also given) carried out in order to prevent the disruption of construction without waiting for the arrival of the authorized personnel of the insurer. If the insurer does not send its expert to the place of damage within 7 days after receiving the damage notice, the insured may start repairing the damaged part without being subject to any record.
- d) To submit a declaration of indemnity stating the amount of loss and damage estimate to the insurer within a reasonable and justified period.
- e) Not to make any changes to the place or goods subject to damage except in cases of necessity.
- f) To allow authorized representatives of the insurer to conduct research and examination on the insured premises or goods and related documents in order to determine the compensation liability and amount and recourse rights.
- g) To notify the insurer of any other insurance contracts related to the subject of insurance.

B.2 Determination of Damage

The amount of loss and damage incurred in the insured assets shall be determined by agreement between the parties. If the parties cannot agree, the amount of loss and damage shall be determined by experts, called arbitrators, who shall be selected from among specialized engineers or technicians, subject to the following provisions:

- a) If the two parties cannot agree on the selection of a single arbitrator-expert, each party shall appoint its own arbitrator-expert and notify the other party of this matter by notary public. The party arbitrator-experts shall select a third impartial arbitrator-expert within 7 days of their appointment and before proceeding with the examination, and shall record this in a report. The third arbitrator-expert shall only be authorized to decide on the issues on which the party arbitrator-experts cannot agree, provided that it remains within the limits of the disagreements and shall be exclusive to this. The third arbitrator-expert may give his/her decision in an independent report or in a report together with the other arbitrator-experts. The arbitrator-expert reports shall be notified to the parties at the same time. In addition to the amounts of loss and damage to be determined for each unit, the arbitrator-expert reports shall also include the specific or probable cause of the damage, the actual value of the damaged assets the day before the damage and their replacement (replacement) value, and the weight and value of the debris that can be used for repair or other purposes.
- b) If either party does not appoint the arbitrator-expert within 15 days of the notification made by the other party or if the party arbitrator-experts cannot agree on the selection of the third arbitrator-expert within 7 days, the party arbitrator-expert or the third arbitrator-expert shall be selected from among impartial and expert persons by the president of the court authorized to hear commercial cases in the area of the damage upon the request of one of the parties.
- c) Both parties have the right to request that the third arbitrator-expert (whether this person is selected by the arbitrator-experts or by the chief justice of the competent court) be selected from outside the place where the insurer or the insured resides or where the damage occurred, and this request must be fulfilled.
- d) If the arbitrator-experts die, resign or are rejected, a new arbitrator-expert is selected in place of the departed arbitrator-expert according to the same procedure and the determination process continues where it left off. The death of the insured does not terminate the duty of the appointed arbitrator-expert. If an objection to the arbitrator-experts due to lack of expertise is not made within 7 days from the date on which these persons learned about it, the right to object is waived.
- e) Arbitrator-experts are completely free in their examinations. They are not bound by the provisions of the Civil Procedure Code and other legislation
- f) In determining the amount of loss and damage, arbitrator-experts may request evidence they deem necessary and records and documents that will help determine the insured property and its value at the time of the damage, and may conduct an examination at the location of the damage.

g) The decisions of the arbitrator-expert or arbitrators, or the third arbitrator-expert regarding the amount of loss and damage are final and binding on the parties. If the amount of loss and damage has not been determined by the parties, compensation cannot be claimed or sued from the insurer without relying on the decision of an arbitrator-expert. The decisions of arbitrators-experts may only be objected to if the decision is immediately understandable, that is, if it is clearly significantly different from the true situation, and their annulment may be requested from the court authorized to hear commercial cases at the location of the damage within one week from the date of notification of the report.

h) Unless the parties agree on the amount of compensation, the claim becomes due only with the decision of the arbitrator-expert and the statute of limitations does not start to run before the date of notification of the final report to the parties. Unless a period of 2 years has passed between the appointment of the arbitrator-experts and the notification period in Article 1292 of the TCC.

i) The parties shall pay the fees and expenses of their own arbitrator-experts. The fees and expenses of the third arbitrator-expert shall be paid by the parties in half.

j) The determination of the amount of loss and damage, the risks covered, the insurance amount, the insurance value, insurance under the excess and interest value, the beginning of the liability, the right-limiting and right-limiting reasons, the provisions and conditions in this policy and the legislation and the assertion of these do not affect. B.3

Calculation of Compensation

The amount of compensation is determined within the framework of the principles written below, provided that it does not exceed the insurance amount shown separately for each item if it is shown exclusively in the policy and the total insurance amount in any case:

1- In construction materials and works:

I. In case of partial damage: The compensation is the amount to be paid to bring the insured assets to the state they were in the day before the damage. This amount also includes the cost of construction materials, labor, transportation costs, -if any- customs, taxes, duties and fees. However, the amount of these payments cannot exceed the value of the insured assets one day before the damage. Salvage (and Deductibles, if any) is deducted from the compensation amount.

II. In case of total damage: The compensation amount is the value of the insured asset one day before the damage. Salvage and any Deductibles are deducted from the compensation amount.

2- In cases provided with an additional contract:

a) Construction machinery and equipment used for the construction, temporary construction site sheds, auxiliary structures, construction site facilities and construction site tools and equipment:

I. In case of partial damage: The compensation includes the replacement cost of the spare parts, transportation costs, disassembly and erection costs, -if any- customs, taxes, duties and fees, and the old-new difference is deducted for the parts that are replaced with new ones. Salvage and any Deductibles are deducted from the compensation amount.

II. In case of total damage: The compensation amount is the value of the insured asset one day before the damage. Salvage and any Deductibles are deducted from the compensation amount.

b) Debris removal costs:

The compensation amount is the expenses incurred for cleaning the damage area, and the maximum coverage amount is specified in the policy.

c) Transportation costs and overtime fees incurred by fast vehicles: The compensation amount is additional expenses incurred for the purpose of repairing a damage covered by the coverage, and the maximum coverage amount is specified in the policy.

3- Temporary repair costs incurred in cases of partial damage are accepted by the insurer to the extent that they reduce the definitive repair costs.

4- If the compensation amount calculated in accordance with the principles specified in paragraphs (I) above in cases of partial damage exceeds the value of the insured asset one day before the damage, the compensation is paid in accordance with the principles specified in paragraphs (II) regarding full damage.

The insurer may have any damaged asset repaired or may pay the losses in cash. In the case of joint insurance, after the compensation is determined in accordance with the provisions of this policy, the insurer pays its share in this compensation in proportion to its contribution to the total amount of insurance. However, if there are policies with special characteristics or conditions, these characteristics and the conditions to which the commitment is subject are taken into consideration in determining the compensation share. In case of partial damage to a unit of the insured assets, the damage is paid up to the insurance amount of that unit and however, the amount of Losses to be paid during the insurance period can never exceed the insurance amount of that unit.

B.4 Decrease or Reduction of the Right to Compensation

If the insured does not fulfill his/her obligations in the event of damage and as a result of this, the amount of loss and damage increases, the increased amount is deducted from the compensation to be paid by the insurer. If the insured intentionally causes the risk to accrue or acts to intentionally increase the amount of loss and damage, his/her rights arising from this policy are void.

B.5 Results of Damage and Compensation

The insurer legally replaces the insured for the amount of compensation paid. The insured and the policyholder are obliged to provide documents and information that are useful and obtainable for the case that the insurer can replace. If the risk provided occurs and full damage occurs, the insurance coverage ends. In the event of partial damage, the insurance amount is reduced by the amount of compensation paid as of the date of damage. If the insurance amount is shown separately in the policy for various units (units or groups) and one or more of these units (units or groups) suffers full damage, the insurance coverage for these units (units or groups) ends on the date of damage. In the event of partial damage, the insurance amount determined for each unit (unit or group) is reduced by the amount of compensation paid as of the date of damage. In cases where the insurance amount decreases, the insurance amount can be increased to the previous amount by collecting premiums on a daily basis as of the date of damage. If there is no contract to the contrary, the damaged goods cannot be released to the insurer. In case of partial damage, the parties have the right to terminate the insurance contract. The parties can only use the right to terminate before the compensation is paid.

If the insurer exercises the right to terminate, this termination shall become effective 15 days after the date on which the notice is delivered to the post or notary, at 12:00 noon, and the premium for the period until the date on which the termination becomes effective shall be subject to the following application. I. If the termination occurs during the main construction period, the premium for the inoperative insurance period shall be refunded on a daily basis. In addition, if the maintenance period coverage is in question, the premium for this period shall also be fully refunded. II. If the termination occurs during the maintenance period, no refund shall be made from the premium for this period. If the policyholder exercises the right to terminate, this termination shall become effective at 12:00 noon on the day following the date on which the notice is delivered to the post or notary, and the premium for the inoperative insurance period shall not be refunded.

C – MISCELLANEOUS PROVISIONS

C.1 Payment of Insurance Premium, Commencement of Insurer's Liability and Default of Policyholder

If it is agreed that the entire insurance premium will be paid in installments, the down payment (first installment) must be paid as soon as the contract is made and at the latest upon delivery of the policy. Unless otherwise agreed, if the premium or down payment is not paid, the liability of the insurer will not start even if the policy is delivered and this matter is written on the front of the policy. If it is agreed that the premium will be paid in installments, the exact payment time, amount and consequences of not paying the installments on time are written on the policy or notified to the policyholder in writing together with the policy. If the policyholder fails to pay any of the premium installments whose exact due dates are specified on the policy or notified to him/her in writing by the end of the due date, he/she will be in default. In case of default in the premium payment obligation, the provisions of the Code of Obligations will be applied. Provided that it is written on the front of the policy, the portion of the premium installments not yet due upon the occurrence of the risk that does not exceed the amount of compensation the insurer is liable to pay becomes due. In cases where the insurance contract is deemed to be terminated in accordance with this article, the

premium corresponding to the period during which the insurer's liability continues is calculated on a daily basis and the excess is returned to the policyholder.

C.2. Declaration Obligation of the Policyholder

The insurer has accepted this insurance based on the written statement of the policyholder in the offer, policy and annexes to inform about the true status of the risk. If the statement of the policyholder is untrue or incomplete, and in cases that require the insurer not to make the contract or to make it under more severe conditions:

a) If the policyholder has intent, the insurer may withdraw from the contract within 1 month from the date of learning about the situation and shall not pay the compensation if the risk has occurred. In the event of withdrawal, the insurer shall be entitled to premium.

b) If the policyholder has no intent, and this situation is understood before the risk occurs, the insurer shall choose one of the following options: to terminate the insurance policy within one month from the date of learning about the situation or to keep it in force by collecting the premium difference appropriate to the severity of the risk. The termination notice made by the insurer shall become effective 15 days after the date of delivery to the post or notary at 12:00 noon and the premium for the inoperative insurance period shall be subject to the following application:

I. If the termination occurs during the main construction period, the premium for the inoperative insurance period shall be refunded on a daily basis. In addition, if the maintenance period coverage is in question, the premium for this period shall also be refunded in full.

II. If the termination occurs during the maintenance period, no refund shall be made from the premium for this period. If the policyholder notifies within 15 days that he/she does not accept the requested premium difference, the contract shall be terminated and the premium for the inoperative insurance period shall be refunded.

c) The right to withdraw, terminate or request the premium difference that is not used in due time shall be waived.

d) In cases where the policyholder does not have intent, the risk:

1- Before the insurer learns of the situation or,

2- Within the period in which the insurer can give notice of termination or,

3- If this notice takes effect, the insurer determines the compensation according to the ratio between the premium accrued and the premium that should have been accrued.

C.3 Obligations of the Insured During the Validity of the Policy

The insured is obliged to take the necessary care for the safety and protection of the construction works, materials, equipment, installations and machinery in question, as if he

were not insured. The insurer is authorized to inspect and control the buildings and facilities in question, when necessary, through its authorized officers, and the insured is obliged to permit and assist in these inspections.

C.4 Obligation to Notify During the Insurance Period and Its Consequences

If the location or condition of the insured property declared in the offer, policy and annexes is changed without the consent of the insurer after the contract is made, the policyholder is obliged to notify the insurer of this change:

a) If it was made by him or by someone else with his express or implied consent, immediately,

b) If it was made by someone else without his express or implied consent, as soon as he learns about the situation, and in either case, within 8 days at the latest. The insurer shall, from the date he learns about the change, within 8 days if this change requires him not to conclude the contract or to do so under more onerous conditions:

1- Terminate the contract or,

2- Keep the contract in force by requesting the premium difference.

If the policyholder notifies within 8 days that he does not accept the requested premium difference, the contract shall be terminated. The termination notice made by the insurer shall become effective at 12:00 noon on the day following the date of delivery to the post or notary, and the termination notice made by the policyholder shall become effective at 12:00 noon on the day following the date of delivery to the post or notary. If the change is of a nature that mitigates the risk and requires a lower premium application; the insurer shall return to the policyholder the premium difference calculated on a daily basis for the period from the date of such change until the termination of the contract. In any case, the insurer shall be entitled to receive the premium difference required for the days from the aggravation of the risk until the termination of the policy. The right to request a termination or premium difference that is not used in a timely manner shall be waived. If the insurer learns that the location or condition of the insured property declared in the proposal, policy and annexes has changed and acts in a manner that shows that he/she agrees to the continuation of the insurance contract, such as collecting the insurance premium, the right to request a termination or premium difference shall be waived. If the policyholder has not intentionally notified the changes in the location and condition of the insured property that aggravate the risk within the notice period, the right to compensation for Losses occurring after the notice period shall be void; if the failure to comply with the notice obligation is not intentional, a reduction shall be made from the compensation in proportion to the premium received and the premium that should have been received. If the changes that occur are of a nature that mitigates the risk and require a reduction in the premium, the premium difference determined by the insurer for the period from the notification of the situation in writing to the insurer until the termination of the contract shall be refunded to the insured. The provisions of this article shall also apply to the insured.

C.5 Change of Ownership

If there is a change in the ownership of the insured property, the insurance continues and the rights and obligations of the insured arising from the policy are transferred to the new beneficiaries. In this case, the insured and the new beneficiary who learns about the existence of the insurance are obliged to notify the insurer of the transfer within 15 days. If this obligation is not fulfilled, the insurer is relieved of liability. Change of insurer; the new beneficiary may also terminate the insurance within 8 days from the date of learning about the existence of the insurance. The right of termination not used in due time is void. In case of termination of the policy by the insurer, it shall become effective 8 days after the date on which the termination notice is delivered to the mail or notary at 12:00 noon, and if terminated by the new beneficiary, it shall become effective at 12:00 noon on the day following the date on which the termination notice is delivered to the mail or notary at 12:00 noon.

The premium for the period until the date of termination is effective shall be returned to the new beneficiary on a daily basis in case of termination of the contract by the insurer, and on a basis determined by the insurer in case of termination by the new beneficiary, the premium difference shall be returned to the new beneficiary. At the time of change of the owner of the insured property, the policyholder shall be liable for the existing premium debts together with the new beneficiary who does not exercise his/her right of termination. In the event of the death of the policyholder, all rights and debts arising from this insurance shall pass to the new beneficiaries as they are.

C.6 Taxes, Duties, Charges and Administrative Expenses

The current and future taxes, duties or charges related to the insurance contract, its amount or premium, and the administrative expenses indicated in the insurance contract shall be borne by the policyholder.

C.7 Notifications and Notices

The insured's notifications shall be made to the insurance company's headquarters or the agency mediating the insurance contract. The insurer's notifications shall be made to the insured's last notified address by notary or by registered mail. Notifications made by hand delivered to the parties in return for signature or by telegram are also deemed as registered mail. Notifications made electronically using secure electronic signatures and that can be proven to have reached the insurer, the insured and the policyholder are also considered valid.

C.8 Confidentiality of Commercial and Professional Secrets

The insurer is liable for Losses arising from failure to keep confidential commercial and professional secrets that it learns of the insured.

C.9 Competent Court

In cases to be filed against the insurance company due to disputes arising from this policy, the competent court is the court of jurisdiction for commercial cases where the insurance

company's headquarters or the residence of the agency mediating the insurance contract is located or where the damage occurred, and in cases to be filed by the insurance company, the court of jurisdiction for commercial cases where the defendant's residence is located.

C.10 Statute of Limitations

All claims arising from insurance contracts become statute-barred in two years.

C.11 Special Conditions

Special conditions may be included in these General Conditions, if any, that do not conflict with the clauses related to them.

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