

## GENERAL CONDITIONS OF MACHINERY BREAKDOWN INSURANCE

Date of Entry into Force: February 25, 1967

### Scope of Coverage

Article 1- The insurer shall, in this policy and the attached inventory table which constitutes an integral part of this policy, include the numbers, manufacturing years; the machines and facilities with the written qualifications and values, while they are in normal operation after the test period or during cleaning, revision or replacement at the same workplace or while they are stopped, due to any sudden and unexpected reasons and in short:

- a) Operating accidents,
- b) Defective model, manufacturing, erection, material, mold, casting and workmanship,
- c) Lubrication defects,
- d) Short circuit, spark, voltage increase and insulation failure and indirect effects of atmospheric electricity as a result of the direct effect of electrical energy,
- e) Clogging, entry of foreign substances,
- f) Fragments resulting from centrifugal force,
- g) Water deficiency in steam boilers and steam containers,
- h) Water hammering, sudden overheating or cooling,
- i) Crushing, tearing, wrinkling etc. due to low pressure in closed containers. deformations,
- j) Storm and hurricane, frost or the movement of thawing ice pieces,
- k) Negligence, fault, error, carelessness or sabotage of the operating personnel or third parties,
- l) Other non-exempt situations, it covers the repair and replacement costs required for material losses and Losses.

Replaceable parts such as drills, scissors, knives, saws, steel or metal pencils or cutting tools and equipment, matrices and molds, hot rolling mill rolls in rolling mills, templates, models, picture rolls, grinders, crushers, mixers, sieves and sieves, ropes, chains, transport belts and straps, and parts such as coal brushes and lamps that are customary to be replaced or renewed at certain intervals (except for electrical insulation materials and insulation oils) cannot be provided.

### Cases Excluded from Coverage Unless There is a Contract to the Contrary

Article 2- If there is no contract to the contrary, the following cases are excluded from the insurance coverage:

- a) Losses and losses resulting from physical explosions, physical explosion means the sudden manifestation of force due to the expansion of steam, gas or liquid gas in

pressurized containers, and the sudden establishment of a balance between the internal pressure and external pressure of the container by breaking the wall of the container,

b) Losses and losses occurring in the foundations and bases of the machine or facility due to reasons covered by the coverage,

c) The Losses and losses resulting from reasons covered by the coverage; transportation costs incurred by means other than aircraft, overtime and holiday wages and increases,

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

e) Except for the Losses specified in subparagraph (l) of Article 3, the Losses resulting from terrorist acts specified in the Law No. 3713 on Combating Terrorism and sabotage resulting from these acts and the interventions made by authorized bodies to prevent and reduce their effects.

f) All Losses that may occur due to all kinds of environmental pollution that occur directly or indirectly as a result of the risks covered by the insurance contract.

#### Cases Excluded from Coverage

Article 3- The following cases are excluded from the insurance coverage:

a) All losses and Losses resulting from war, all kinds of war events, invasion, foreign enemy actions, clash (whether war is declared or not), civil war, revolution, rebellion, insurrection and the disciplinary and military actions required by these.

b) All losses and Losses resulting from ionizing radiations or radioactivity gatherings resulting from any nuclear fuel or nuclear wastes resulting from the burning of nuclear fuel or from 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).

c) All losses and Losses resulting from disposals to be made by public authorities on the insured asset,

d) Direct effects of fire or fire extinguishing, demolition and rescue operations and lightning,

e) All kinds of loss of profit and financial liabilities, regardless of the reason,

f) Theft or attempted theft,

g) Natural disasters such as land subsidence or landslide, precipitation, volcanic eruptions, earthquakes, floods and inundations,

- h) Wear and tear resulting from normal operation and routine use of machines or decay, rust or oxidation, calcification and mud in steam boilers, direct effects occurring in the operation, gradual deterioration caused by atmospheric and other conditions,
- i) Explosions resulting from sudden oxidation or joint reactions of chemical substances and gases, atmospheric from the explosion of dusts that are prone to explosion due to electricity,
- j) As a result of using the machine that was damaged while insured and without repairing this damage,
- k) Material losses and Losses resulting from the intent of the insured or the responsible person who replaces him, and also from gross negligence if there is a contract.
- l) All 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 or as a result of interventions made by authorized bodies in order to prevent these acts and reduce their effects.

#### Insurance Fee and Adjustment

Article 4- The insurance fees of the machinery and equipment specified in this policy and the attached inventory table, which constitute an integral part of this policy, shall be equal to the new replacement fees of this machinery and equipment (including transportation, erection, customs, duties, taxes, fees and expenses, if any). If the new replacement fee of any machine calculated in this manner is found to be more than the insurance fee at the time of the damage, the insured shall assume the portion of the damage corresponding to this difference.

If it is determined before the damage that the insurance fees of the insured machinery and facilities are more or less than their new (replacement) values, an adjustment shall be made as of the date of discovery and the overpaid or underpaid premium differences shall be refunded or collected.

#### Beginning and End of Insurance

Article 5- Insurance starts at 12:00 noon Turkish time on the days written as the starting and ending dates in the policy, unless otherwise agreed upon, and ends at 12:00 noon.

#### Insured's Declaration Obligation

Article 6- The insurer has accepted this insurance based on the insured's written statement in the offer, policy and annexes to notify the true status of the risk.

If the insured's statement 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 insured has intent, the insurer may withdraw from the contract within 1 month from the date of learning of the situation and will not pay the compensation if the risk has occurred. In case of withdrawal, the insurer is entitled to premium.

b) If the policyholder does not have intent, the insurer shall terminate the contract within 1 month from the date of learning of the situation or shall keep the contract in force by collecting the premium difference.

If the policyholder notifies within 15 days that he/she 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 15 days after the date of delivery to the post or notary, and the termination notice made by the policyholder shall become effective at 12:00 noon the day following the date of delivery to the post or notary.

The premium for the period until the date of termination shall become effective shall be calculated on a daily basis in case of termination of the contract by the insurer, and on a short-term basis in case of termination by the policyholder, and any excess shall be returned.

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

d) If the policyholder does not have the intention, the risk:

1- Before the insurer learns of the situation,

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

3- If it occurs within the period in which this notice becomes effective, the insurer shall make a deduction from the compensation in proportion to the premium accrued and the premium that should have been accrued.

#### Obligation to Notify During the Insurance Period and Its Consequences

Article 7- 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 shall notify the insurer of this change:

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

b) As soon as he learns about the situation if it was made by someone else without his express or implied consent, and within 8 days at the latest in both cases.

The insurer shall notify the insured within 8 days from the date he learns about the change, if this change requires him not to make the contract or to make it under more severe conditions:

1- Terminate the contract or,

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

If the policyholder does not pay the requested premium difference within 8 days, the contract shall be terminated.

The termination notice made by the insurer shall become effective at 12:00 noon 8 days after the date of delivery to the post or notary, and the termination notice made by the policyholder shall become effective at 12:00 noon the day following the date of delivery to the post or notary.

The premium for the period until the date of termination shall be calculated on a daily basis in case of termination by the insurer, and on a short-term basis in case of termination by the policyholder, and any excess shall be returned.

The right to request the termination or premium difference that is not used within the due time 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 the 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 waived; if the failure to comply with the notice obligation is not intentional, a deduction shall be made from the compensation according to the ratio between the premium received and the premium that should have been received. If it is understood that the change is of a nature that mitigates the risk and requires a lower premium application, the premium difference to be found on a daily basis for the period from the date of this change until the termination of the contract shall be returned to the policyholder. The provisions of this article shall also apply to the insured in the same manner.

#### Change of Ownership

Article 8- In the event of a change in the ownership of the insured property, the insurance shall continue and the rights and obligations of the insured arising from the policy shall be transferred to the new beneficiaries. In this case, the policyholder and the new beneficiary who learns of the existence of the insurance shall be obliged to notify the insurer of the transfer within 15 days. If this obligation is not fulfilled, the insurer shall be 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 shall expire. In case of termination of the policy by the insurer, the termination notice shall become effective 8 days after the date of delivery to the post or notary at 12:00 noon, and in case of termination by the new beneficiary, the termination notice shall become effective at 12:00 noon on the day following the date of delivery to the post or notary.

The premium for the period until the date of termination shall become effective shall be calculated on a daily basis in case of termination of the contract by the insurer, and on a short-term basis in case of termination by the new beneficiary, and the excess 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 the right of termination.

In case of death of the policyholder, all rights and debts arising from this insurance shall pass to the new beneficiaries as is.

#### Payment of Insurance Premium, Commencement of Insurer's Liability and Default of Policyholder

Article 9- 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 insurer's liability will not start even if the policy is delivered and this matter will be written on the front of the policy. If the policyholder does not pay the insurance premium or the down payment if it is agreed that the premium will be paid in installments, by the end of the day the insurance policy is delivered, he/she will be in default and if he/she does not pay the premium debt even within 30 days following the date of default, the insurance contract will be terminated without any notice. In cases where it is agreed that the insurer's liability will start with the delivery of the policy despite the premium not being paid, the insurer's liability will continue for the first 15 days of this one-month period.

If it is decided 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 due date, he/she falls into default. If the policyholder fails to pay the premium debt within 15 days following the date of default, the insurance coverage will cease. Provided that the risk does not occur, if the premium debt is paid during the period of suspension, the coverage will continue from where it stopped. If the premium debt is not paid within 15 days from the date of suspension of the insurance coverage, the insurance contract will be terminated without any notice.

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 compensation amount that the insurer is obliged to pay shall become 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 shall be calculated on a daily basis and the excess shall be returned to the policyholder.

#### Obligations of the Insured During the Validity of the Policy

Article 10- The insured is obliged to take the necessary care for the safety and protection of the insured machinery and facilities as if he were not insured.

The insured is obliged to take the necessary reasonable measures to keep the insured machinery and facilities in normal maintenance and operation, to prevent overloading from accepted technical measures, to fully comply with the current regulations and instructions of the administrative authorities, and especially those related to the operation and control of the machinery and facilities.

The insurer is authorized to inspect and control the insured machinery and facilities through its authorized officers when necessary, and the insured is obliged to allow and assist in these inspections.

#### Insured's Obligations in Case of Damage

Article 11- The insured is obliged to fulfill the following matters in case of damage.

- a) Notify the insurer within 5 days at the latest from the date of learning about the damage,
- b) Take the necessary rescue and protection measures as if they were not insured and comply with the instructions given by the insurer to the best of their ability for this purpose,
- c) Provide the necessary information and documents (original or a certified copy or photocopy) that are useful for determining the cause of the damage and under what circumstances it occurred, determining the amount of loss and damage and the evidence, and that can be provided for the insured upon the insurer's request without delay, and provide and preserve the necessary information and documents that can be provided for the insured in order to exercise the right of recourse: (However, repairs of minor Losses that have been reported and necessary and essential repairs for the continuation of the business's activities are exempt from this, provided that a repair notice is also made. However, if the insurer has not had its examination done within 7 days from the date of the damage notice, the insured is free to have any repair done),
- d) To submit a declaration of indemnity stating the estimated amount of loss and damage 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 examinations on the insured premises or goods and related documents in order to determine the indemnity obligation and amount and recourse rights,

g) To notify the insurer of any other insurance contracts related to the subject of insurance.

#### Reduction or Decrease of the Right to Compensation

##### Article 12 -

a) 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.

b) 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.

#### Detection of Damage

Article 13- The amount of loss and damage incurred in the insured assets under this policy is determined by agreement of the parties. If the parties cannot agree, the amount of loss and damage shall be determined by experts, called arbitrators, who will 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 a 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 disagree, provided that it remains within the limits of their disagreement and is exclusive to this.

The third arbitrator-expert may give his/her decision in an independent report or in a report 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 must also include the actual value of the damaged assets one day before the damage and their replacement value, the weight and value of the debris that can be used for repair or other matters.

b) If either party does not appoint an 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 at the location 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 party arbitrator-experts or by the authorized court president) 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 the 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, arbitrators-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 persons, or the third arbitrator-expert regarding the amount of loss and damage are final and binding on the parties. Compensation cannot be claimed or sued from the insurer without relying on an arbitrator-expert decision. An objection may be made to arbitrator-expert decisions only if the decision is clear at first glance, that is, if it is clearly understood to be 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 receivable becomes due only with the arbitrator-expert decision 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 arbitrators-experts and the notification period in Article 1292 of the TCC.

i) The parties shall pay the fees and expenses of their own arbitrators-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 insured amount, the insured value, the initiation of insurance liability under the excess and interest value, the reasons for excluding rights and reducing rights shall not affect the provisions and conditions existing in this policy and the legislation and the assertion of these.

#### Calculation of Compensation

Article 14- The amount of compensation to be paid is determined within the framework of the following principles:

a) In case of repairable damage and loss (partial damage):

The amount of compensation consists of the amount required to bring the machine or facility to its condition and conditions immediately before the damage, including the new costs of

the replaced spare parts, labor costs according to the current business hours schedule at the location, normal transportation costs (except for aircraft), collapse and erection costs, customs, duties, taxes, fees and expenses. No deduction is made from the compensation due to the replacement of the old part with a new part due to repair. The cost of the parts (salvage) that can be used again is deducted from the compensation.

b) In case of total damage and loss of one or all of the machines and facilities specified in the policy:

The compensation amount consists of the amount to be found by deducting the wear and tear share and the salvaged values from the new value of the machine and installation at the time of the damage and adding the dismantling costs, transportation, customs duties, taxes, fees and expenses and erection costs and, if the contract does not provide otherwise, the elements stated in paragraphs (b) and (c) of Article 2. If the repair costs specified in paragraph (a) above are equivalent to or more than the compensation amount determined as stated in this paragraph, the machine and installation are considered to have suffered total damage.

c) Provided that it is not less than the minimum Deductibles amount shown for each machine or installation in the policy, and unless there is a contract to the contrary, 20% of each damage remains with the insured.

d) The liability of the insurer is limited to the insurance amount stated in the policy for each insured machine and installation in any case.

e) The insurance amount does not constitute evidence or presumption for the existence or value of the insured items at the time of damage. If this amount is less than the insurance value calculated according to Article 4, the compensation amount is determined according to the ratio between the insurance value and the insurance value.

f) If any damage covered by this policy is also covered by another insurance policy, joint insurance principles shall apply.

g) The expenses of temporary repairs shall be borne by the insured unless they constitute a part of the final repair costs.

#### Payment of Compensation

Article 15- The insurer may repair or replace any damaged machinery and facilities or their damaged parts, or may also pay the Losses in cash.

#### Consequences of Damage and Compensation

Article 16- The insurer shall legally replace the policyholder in the amount of compensation paid. The policyholder shall be obliged to provide documents and information useful to the case and obtainable for which the insurer may replace.

If the risk provided occurs and total damage occurs, the insurance coverage shall terminate. In case 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 as various units (units or groups) and one or more of these units (units or groups) suffers complete damage, the insurance coverage for these units (units or groups) ends on the date of damage. In case 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 is reduced, the insurance amount can be increased to the previous amount by collecting premiums on a daily basis as of the date of damage.

In case of partial damage, the parties have the right to terminate the insurance contract. The parties can only exercise their right to terminate before the compensation is paid.

If the insurer exercises its right of termination, this termination shall become effective 15 days after the date of delivery of the notice 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 calculated on a daily basis and any excess shall be refunded.

(If the policyholder exercises the right of termination, this termination shall become effective at 12:00 noon on the day following the date on which the notice is sent to the post or notary, and the premium for the unused insurance period shall not be refunded.

Leave

Article 17- Unless there is a contract to the contrary, the damaged goods shall not be left to the insurer.

Miscellaneous Provisions

Taxes, Duties, Charges and Administrative Expenses

Article 18- The current and future taxes, duties or charges related to the insurance contract, price or premium, and the administrative expenses indicated in the insurance contract shall be borne by the policyholder.

Notifications and Notices

Article 19- The notifications and notices of the policyholder or the insured shall be made to the insurance company's headquarters or the agency acting as an intermediary in the insurance contract, through a notary public or by registered mail.

The notifications and notices of the insurance company shall also be made to the policyholder or to the address of the insured as shown in the policy, or if these addresses have changed, to the last address notified to the insurance company's headquarters or the agency acting as an intermediary in the insurance contract, in the same manner.

Notifications and notifications made to the parties by hand in return for signature by letter or telegraph are also considered registered mail. It is mandatory that the notification regarding the occurrence of the damage and the commencement of repairs be made by telegraph in advance.

#### Confidentiality of Commercial and Professional Secrets

Article 20- The insurer is responsible for the Losses arising from the failure to keep confidential the commercial and professional secrets it learns about the insured.

#### Court of Authority

Article 21- In cases to be filed against the insurance company due to disputes arising from this policy, the competent court is the court of the place where the insurance company's headquarters or the agency acting as an intermediary in the insurance contract is located or where the damage occurred, and in cases to be filed by the insurance company, the court of the place where the defendant's residence is located.

#### Statute of Limitations

Article 22- All claims arising from insurance contracts become time-barred in 2 years.

#### Special Conditions

Article 23- Special conditions may be included in these General Conditions, if any, that do not conflict with the clauses related to them.

Last Edit Date: July 1, 2006