

## **GENERAL CONDITIONS OF PRIVATE SECURITY COMPULSORY LIABILITY INSURANCE**

Date of Entry into Force: February 26, 2005

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

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

The insurer covers the Losses that the private security officers employed by the policyholder pursuant to Law No. 5188 on Private Security Services may cause to third parties while performing their duties within the framework of the legislation on private security services, up to the amount specified in the insurance policy.

This insurance also ensures the defense of the policyholder against unjust claims that may be directed to him as a result of the events subject to insurance.

#### **A.2. Definitions**

Under these General Conditions:

Law: Law No. 5188 on Private Security Services,

Insurance: Private security financial liability insurance,

Insurer: Private legal entities and private security companies that have obtained an operating permit pursuant to Law No. 5188 on Private Security Services and are obliged to obtain private security financial liability insurance pursuant to the same law in order to compensate for Losses to third parties caused by private security officers they employ,

Insurer: Insurance company licensed in the accident insurance branch in Turkiye and that covers the insurer's liability arising from Law No. 5188 on Private Security Services with private security financial liability insurance,

Damaged: Third parties who die, are injured, are disabled or suffer material damage as a result of the incident causing the damage,

Beneficiary: Those who are deprived of the support of those who die as a result of the incident causing the damage.

#### **A.3. Types of Coverage Covered**

The coverages that cover the insured's liability arising from Article A.1 are listed below.

##### **A.3.1. Death coverage**

Death coverage covers the rightful owner's loss of support compensation if the event causing the damage causes the death of the injured person immediately or within two years from the date of the event.

#### A.3.2. Disability coverage

Disability coverage covers the disability compensation determined as a result of the termination of medical treatment and the final determination of the disability in the event that the event causing the damage causes the injured person to be temporarily or permanently disabled immediately or within two years from the date of the event.

#### A.3.3. Treatment expense coverage

Treatment expense coverage covers the outpatient or inpatient treatment expenses of those injured as a result of the event causing the damage; due to first aid, examination, control or injury, and other expenses required by the treatment in hospitals or other similar treatment centers.

#### A.3.4. Material damage coverage

Material damage coverage covers Losses that may occur to the movable and immovable assets of those who suffered damage due to the incident that caused the damage.

#### A.4. Circumstances that Eliminate or Reduce Liability

The insured shall be exempted from liability if he proves that he exercised all the care and attention required by the circumstances to prevent the damage, without the fault of himself or the private security guards whose actions he is held responsible for, or that he could not have prevented the incident that caused the damage even if he exercised all the care and attention (the incident that caused the damage was due to a force majeure or the gross negligence of the injured party or another third party).

If the injured party is at fault in the occurrence of the incident that caused the damage, a reduction may be made from the compensation to be paid in proportion to this fault.

#### A.5. Cases Excluded from Coverage

The following cases are excluded from insurance coverage:

- a) Claims for Losses and losses incurred by the policyholder,
- b) Claims for Losses and losses brought forward by persons connected to the policyholder through a service or proxy relationship, the policyholder's spouse, lineage and descendants, those connected to him/her through adoption and siblings with whom he/she lives,
- c) Claims for Losses and losses that may be directed to the policyholder due to the professional responsibilities of private security officers due to the claim that the private

security service provided was inadequate or inadequate as a result of an incident causing damage,

d) Claims for Losses and losses that may be directed to the policyholder due to the use of authority by private security officers during the period they are not on duty and/or outside the scope of their duties,

e) Claims for Losses and losses brought against the policyholder due to war, all kinds of war events, invasion, foreign enemy action, clash (whether war has been declared or not), civil war, revolution, rebellion, uprising, and other acts defined in the Law No. 3713 on Combating Terrorism terrorist acts and sabotage resulting from these acts and military and disciplinary actions required by these acts,

f) Claims regarding Losses and losses that may be incurred due to the execution of faulty and/or excessive orders of private security officers while they are under the command and control of the provincial administrator and general police officer pursuant to Law No. 5442 on Provincial Administration,

g) Claims for Losses and losses that the policyholder may direct against private security officers,

h) Claims that may be directed to the policyholder due to indirect Losses,

i) Claims for Losses and losses that may be directed to the policyholder as a result of any nuclear fuel incident and nuclear waste resulting from the combustion of this fuel or contamination with ionizing radiation or radioactivity due to reasons attributable to this,

j) Claims for compensation that may be put forward as a result of private security services provided by persons and organizations that do not have the necessary permits, training and licenses specified in the law,

k) In a situation requiring protection within the scope of private security legislation, a crime that would constitute Losses suffered by the perpetrator of the event causing the damage.

l) Non-pecuniary damage claims,

#### A.6. Geographical Limit of Insurance

This insurance is valid within the borders of Turkiye.

#### A.7. Start and End of Insurance

The 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. LOSSES and COMPENSATION

#### B.1. Right of application of the injured/right holder and application period

The injured/right holder may directly make a claim to the insurer within the coverage limits stipulated in the policy. The insurer has the right to contact the injured/right holder and reach an agreement. However, without the written permission of the insurer, the policyholder is not authorized to accept the compensation claim partially or completely, and cannot pay any compensation to the injured/right holder. The incident causing the damage shall be reported to the insurer within five days from the date of learning by the policyholder.

## B.2. Obligations of the policyholder in case of occurrence of the risk

The policyholder shall be obliged to fulfill the following in case of occurrence of the risk:

- a) To notify the insurer of an incident that will require his/her responsibility according to these general conditions within the period specified in Article B.1 from the moment he/she becomes aware of it,
- b) To take the necessary protection and rescue measures as if he/she were not insured and to comply with the instructions given by the insurer for this purpose,
- c) To provide, upon the request of the insurer, information and documents that can be obtained without delay, which will be useful in determining the reason for the incident causing the damage, under what circumstances and conditions it occurred and its consequences, the obligation and amount of compensation and the exercise of the right of recourse,
- d) In cases where a claim for compensation is made through lawsuits or other means due to the damage or a criminal prosecution is initiated against it, immediately inform the insurer of the situation and immediately give the insurer all the notifications, invitations and similar documents it has received regarding the claim for damage and/or criminal prosecution,
- e) If there are other insurance contracts related to the subject of the insurance, inform the insurer of these.

## B.3. Payment of compensation

The insurer shall pay the compensation within eight business days from the date on which the documents in section B.2 are fully delivered to it, within the coverage amounts in the policy. If the compensation is not paid within this period without a justified reason, the insurer is deemed to be in default and legal default interest is applied to the unpaid compensation amount. Default interest is not considered as a payment made within the coverage limits. In the event that a lawsuit is filed by the injured party/right holder 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 insured shall provide the necessary power of attorney to the attorney to be nominated by the insurer. The insurer shall pay the litigation expenses and attorney fees. However, if the awarded compensation exceeds the insurance amount, the insurer shall pay these expenses in proportion to the insurance amount to the compensation.

In the event that criminal prosecution is initiated against the insured or private security officers, the insurer shall also participate in the defense with the permission of the insured or private security officers. In such a case, the insurer shall only pay the expenses of the attorney it has chosen. All expenses and possible fines arising from the criminal prosecution are excluded from the insurance coverage.

#### B.4. Multiplicity of injured party/right holders

If the compensation receivables of the injured party/right holders exceed the coverage amount specified in the insurance contract, the compensation amount to be paid to each of the injured party/right holders shall be subject to reduction according to the ratio of the coverage amount to the total compensation receivables. In cases where more than one person is harmed, a bona fide insurer who, without knowing that there are other compensation claims, makes a payment to one or more of the injured/right holders in excess of what is due to them according to the discount specified above, shall also be relieved of its obligations towards the other injured/right holders within the scope of the payment it has made.

#### B.5. Subrogation of the insurer

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

#### B.6. Reservation of the rights of the injured/right holders and the insurer's right to recourse against the policyholder

Situations arising from the insurance contract or the provisions of law regarding the insurance contract and resulting in the removal or reduction of the compensation obligation cannot be claimed against the injured/right holder.

The insurer who made the payment may recourse to the policyholder 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.

The policyholder may have recourse if the event requiring compensation is caused by,

- a) a deliberate act or gross negligence of the policyholder or private security guards,
- b) use of stimulants, narcotics, intoxicating substances or alcohol,
- c) employment of personnel who do not comply with the conditions required for private security guards, and if the policyholder has not fulfilled the obligations specified in Article C.2 in the event of the risk occurring.

### C. MISCELLANEOUS PROVISIONS

#### C.1. Payment of insurance fee and commencement of liability

The insurance fee consists of the premium and current and future taxes, duties, charges and other obligations related to the insurance contract, its amount or premium and is paid by the policyholder.

The entire insurance fee is paid in advance upon delivery of the policy as soon as the contract is made. If the fee is not paid despite the delivery of the policy, the liability of the insurer does not start. This condition is written on the front of the policy.

#### C.2. The policyholder's obligation to declare when the contract is made

The insurer has accepted this insurance based on the written declaration of the policyholder in the offer letter, or in the absence of an offer letter, in the policy and its annexes, to notify the insurer of the real situation of the risk, if the policyholder knows the real situation at the time the contract is made.

The policyholder is obliged to notify the insurer of all matters that would require the insurer not to conclude the contract or to conclude it with more severe conditions, if the policyholder knows the real situation at the time the contract is made.

If the policyholder's declaration is untrue or incomplete, and in cases where the insurer will have to conclude the contract with more severe conditions, the insurer will notify the policyholder that the premium difference will be paid within eight days from the moment it learns the situation. If the policyholder does not pay the requested premium difference within eight days following the date of notification of the notice or declares that it will not pay, the contract will be terminated. In this case, the premium for the period until the date the termination will take effect will be calculated on a daily basis and the excess will be returned to the policyholder.

If the policyholder has intentionally remained silent when asked or has knowingly made incomplete or untrue statements during the contract, the insurer who does not fully know the truth may terminate the contract. In the event of termination, the insurer is entitled to the full premium. If the insurer does not exercise the right to terminate within one month from the date it learns the truth, this right will be void. If the risk has occurred within this period, the insurer will pay the compensation to the rightful owner. In this case, the insurer will have recourse to the policyholder for the amount it has paid.

If the false declaration is learned after the event requiring compensation has occurred, the insurer may recourse to the policyholder for the compensation paid and to be paid due to this loss;

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

#### C.3. The policyholder's obligation to declare during the insurance period

The policyholder is obliged to notify the insurer of any changes that may 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 subparagraphs (a) and (b) of Article C.2 regarding the insurer's right of recourse shall be applied, depending on whether the failure to notify 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 such change until the termination of the contract shall be returned to the policyholder.

#### C.4. Change of the policyholder, termination of its activity

In cases where the private security company's operating permit is cancelled or its activity is terminated, the insurance contract is deemed to be automatically terminated. In such cases, the premium amount corresponding to the period from the relevant dates until the end of the insurance period is calculated on a daily basis and returned to the policyholder.

#### C.5. Notifications and notices

The policyholder's notifications and notices are made to the insurer's headquarters or the agency mediating the insurance contract via a notary public or by registered mail.

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

Notifications and notices made to the parties by hand with a letter or telegram against signature are also considered registered mail. The notifications and notices made by the insurer or the policyholder shall become effective on the day following the date of receipt.

#### 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 the failure to confidentially disclose commercial and professional secrets that they may learn of the policyholder due to the conclusion of this contract.

## C.7. Statute of Limitations

Claims for compensation for Losses incurred shall become time-barred within two years from the date on which the injured party/rightholder learns of the damage and the person liable for compensation, and in all likelihood, within ten years from the date of the event causing the damage.

Any type of compensation case arising from an insurance contract shall become time-barred within two years from the date on which the injured party/rightholder learns of the damage and the person liable for compensation, and in all likelihood, within ten years from the date of the event causing the damage.

If the case consists of an act requiring punishment and a longer period of limitation is foreseen for this act in the Turkish Penal Code No. 765, this period of limitation shall be taken into account in the compensation case.

The reasons that interrupt the limitation period for the responsible person apply to the insurer; the reasons that interrupt the limitation period for the insurer apply to the responsible person.

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

General provisions apply to other matters.

## C.8. Competent court

In cases to be filed against the insurer due to disputes arising from the insurance contract, the competent court is the court that is authorized to hear commercial cases at the location of the insurance company's headquarters or the agency mediating the insurance contract or at the location of the incident that caused the damage; and in cases to be filed against the policyholder, the court that is authorized to hear commercial cases at the location of the defendant.

## C.9. Entry into force

These general conditions shall enter into force on the date of publication.

These general conditions shall enter into force on 26/02/2005.

Last Edited Date: July 1, 2006