

Buildings Insurance

General Insurance Conditions (AVB)
Version 04.2019

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I General provisions

1 Introduction

The male pronoun used in this text also applies to females.

2 Scope of buildings insurance

CSS Versicherung AG (hereinafter referred to as "CSS") insures damage to buildings that is caused by fire, natural hazards, earthquake and volcanic eruptions, and water.

This insurance comprises "mandatory natural hazard insurance" and "voluntary buildings insurance". Where cover is afforded under both mandatory natural hazard insurance and voluntary buildings insurance, mandatory natural hazard insurance takes precedence. To the extent required by law, the insurance policy distinguishes between mandatory natural hazard insurance, fire insurance, and voluntary buildings insurance.

3 Beginning, term and end of the insurance

The insurance begins on the date shown in the policy. The contract term is at least one year. The contract extends for a further year at a time unless it is terminated in writing at least three months before the term ends or before the next main expiry date or premium due date. Notice of termination is deemed to be on time if it reaches CSS or the policyholder no later than the last day before the three-month notice period begins.

Both the policyholder and CSS may terminate the contract where good cause exists within the meaning of Art. 35b VVG.

4 Content of the contract, formal requirements

The content of the contract is based on these AVB, the policy, and statutory provisions.

Where written form is required in the AVB, any text form capable of producing a written record will suffice. If no formal requirement is specified in respect of a notification, it may be made orally.

5 Obligation to notify

When taking out the insurance, the policyholder must inform CSS correctly about any material facts of which he is aware or should be aware that are significant for assessing the risk.

Violation of the obligation to notify:

- a) CSS can terminate the contract in writing if, when taking out the insurance, the policyholder misrepresented or withheld information on material facts that are significant for assessing the risk. Termination becomes effective on receipt of notice by the policyholder.
- b) CSS has no obligation to pay benefits for losses already incurred if their occurrence or scope was influenced by the misrepresentation or withholding of material facts. In this case, CSS is entitled to a refund of any benefits it has already paid.
- c) The right of termination ends four weeks after CSS becomes aware of the violation.

6 Changes to the insurance

The policyholder undertakes to notify CSS immediately in writing of any significant change in the value of the building. CSS has the right to adjust the premiums and sums insured to the new circumstances when, for example, an additional risk or further parts of the building is to be insured. In the case of mandatory natural hazard insurance, only the sum insured, which serves as the basis for the

calculation of the premium, will be adjusted by CSS. If the legal basis changes, for example in the case of mandatory natural hazard insurance, CSS may also request that the insurance be adjusted. CSS must inform the policyholder of the change no later than 30 days before it becomes effective. In the case of statutory cover, a change in scope that has been prescribed by a federal authority does not constitute grounds for termination.

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Reporting obligation and other obligations

a) Increase and changes in risk

During the term of the insurance, the policyholder must inform CSS immediately of every change in a material fact that is significant for assessing the risk of which he is aware or should be aware and was asked about in writing before taking out the insurance.

CSS has the right to adjust the premium to the new circumstances or to terminate the insurance contract within 14 days of receipt of the policyholder's notification by giving 30 days' notice.

The policyholder has the same right of termination if no agreement can be reached about the premium increase.

b) Change of ownership

If the property insured under the contract changes ownership, the rights and obligations arising from this insurance contract are transferred to the new owner. The new owner may reject the transfer of the contract by means of a written declaration within 30 days of the change of ownership. In this case, the contract will end retroactively as of the date on which ownership changed.

If the new owner becomes aware of the existing insurance cover only after this period expires, he may terminate the insurance within 30 days of his becoming aware of the situation, but no later than 30 days after the date on which the next annual or partial premium following the change of ownership is due. The contract ends when notice of termination reaches CSS.

c) Notifications to CSS

All notices and requests should be addressed to CSS. All notices from CSS shall be deemed to have been duly given if sent to the most recent address (postal address, email address) of the insured person or rightful claimant as notified to the insurer.

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Obligations in the event of a claim

In the case of an insured event, the policyholder must

- a) inform CSS immediately;
- b) provide CSS with all the information about the cause, amount and specific circumstances of the loss and permit CSS to investigate the matter;
- c) provide the information required to substantiate the claim and determine the scope of the duty to indemnify and, on request, draw up a list of the insured property affected by the loss, indicating its value and attaching the original receipts;
- d) during and after the loss event, do everything in his power to preserve and salvage the insured property and mitigate the extent of the loss, and follow the instructions of CSS;
- e) refrain from making changes to the damaged building or parts of the building that could make it difficult or impossible to determine the cause or scope of the loss, unless such a change will mitigate the loss or serves the public interest.

- 9 Termination in the event of a claim**
- a) After a loss event occurs for which an indemnity is due, CSS can terminate the contract in writing at the latest upon payment of the indemnity; the policyholder can terminate the contract at the latest 14 days after learning of the payment. Notice of termination must reach CSS within this period.
 - b) If the policyholder terminates the contract, insurance cover ends when the notice is received by CSS.
 - c) If CSS terminates the contract, insurance cover ends 14 days after the policyholder receives the notice.

- 10 Other reasons for cancellation**
- CSS can terminate or withdraw from the contract if a claim proves to be fraudulent, the obligation to refrain from making changes in the event of a claim is violated, an insured event is caused deliberately, or in the case of multiple insurance. Notice of termination becomes effective on receipt by the policyholder.

- 11 Payment of premiums and refunds**
- a) Premiums must be paid in advance. If the policyholder neglects his obligation to pay within 30 days, he will be notified of the consequences in writing and asked to pay within 14 days after dispatch of the reminder. If the reminder is ignored, CSS's obligation to pay benefits rests from when the reminder period ends until all premiums and fees are paid in full.
 - b) If the contract is terminated before the insurance year ends, CSS will refund any premiums that were paid for the unused part of the insurance period.

No refund is due if

- c) the policyholder terminates the contract in the event of a claim and the contract was in force for less than 12 months;
- d) the policyholder has violated his duties or obligations towards CSS as defined in Art. 5, 6, 7 and 8 in order to deceive;
- e) CSS pays benefits and the insurance no longer applies because the risk has ceased to exist (total loss).

- 12 Change to premium rate and retention fee**
- If the premiums or rules on retention fees change, CSS can adjust the contract. To this end, CSS must inform the policyholder about the new contract terms and conditions no later than 30 days before the insurance year ends. The policyholder then has the right to terminate the contract at the end of the current insurance year. If the policyholder exercises this right, the contract ceases at the end of the insurance year. CSS must receive notice of termination no later than the last day of the insurance year. Failure by the policyholder to terminate the contract is deemed as acceptance of the contract amendment. The policyholder acknowledges that the premium rate and rules on retention fees for mandatory natural hazard insurance are uniform rates and rules set down in law.

- 13 Statute of limitations**
- Claims arising from the insurance contract become time-barred five years after the circumstances arise that constitute grounds for the obligation to pay benefits. Debts of the policyholder from contracts concluded prior to 1 January 2022 continue to become time-barred after two years. Claims for indemnity arising from loss of rental income insurance in accordance with Art. 21.2 become time-barred or forfeited 12 months after the liability period ends.

- 14 Assignment of entitlement to benefits**
- The policyholder can assign his entitlements to benefits to a third party only with the written approval of CSS.

- 15 Claims on third parties**
- If CSS has paid benefits from this contract that the policyholder could claim from a third party, the policyholder must assign these claims to CSS in the amount it has paid.

- 16 Applicable law**
- The contractual relationship between CSS and the policyholder is subject to the Federal Insurance Contract Act (VVG) unless the General Insurance Conditions (AVB) provide otherwise. The amendments of the revised Insurance Contract Act of 19 June 2020 also apply to contracts entered into before 1 January 2022. Any special agreements take precedence. In the case of mandatory natural hazard insurance, the special regulations laid down in the Ordinance on the Supervision of Private Insurance Companies (AVO) also apply. Where mandatory natural hazard insurance is concerned, in the event of a conflict between a provision of these AVB or the policy, on the one hand, and a provision of the AVO, on the other, the AVO provision takes precedence.

- 17 Place of performance and jurisdiction**
- a) The obligations arising from the insurance shall be performed in Switzerland and in Swiss currency.
 - b) In the case of legal disputes with CSS, action can be taken at the policyholder's place of residence in Switzerland or at CSS's registered office.

II Buildings Insurance

- 18 Insured property**
- CSS provides insurance cover in Switzerland for

Buildings in private use:

Single-family homes and multi-family homes with up to three units for private and non-commercial use, provided the property is listed in the policy. At least one of the units must be occupied by the owner.

The term "building" refers to any immovable product of construction activities, including its components, that is roofed, contains usable space, and is intended as a permanent structure.

With regard to the distinction between buildings and parts of buildings, the following applies:

- in cantons with cantonal fire insurance for buildings, the cantonal provisions apply;
- at all other locations, the standard terms for buildings insurance of the Swiss Insurance Association apply. Household contents and other movable property are not insured.

Exclusions:

- Buildings and parts of buildings that are or must be insured with a cantonal insurer.
- Mobile homes and non-registered caravans at a fixed location.
- Property held on a condominium ownership basis.

- 19 Insured risks and losses**
- CSS insures the risks described below, provided these have been requested by the policyholder and are shown in the policy:

a) Fire

Damage caused by fire, smoke, lightning, explosion, implosion, scorching, meteorites, aircraft and spacecraft or parts thereof that crash or make an emergency landing.

Exclusions:

- Damage from the normal or gradual effects of smoke.
- Damage to live apparatus and cables caused by the effects of the electrical energy itself, overvoltage or excess heating due to overload.
- Damage to electrical protective devices such as fuses.

b) Natural hazard events and damage by natural forces

Mandatory natural hazard insurance covers damage from high water, flooding, storm (= winds of at least 75 km/h that uproot trees or unroof buildings in the vicinity of the insured property), hail, avalanche, weight of snow, rock slide, rock fall and landslide. Damage by natural forces is deemed to be destruction, damage or loss as a result of a natural hazard event.

Exclusion:

- Damage caused by the weight of snow that affects only the tiles or other roofing materials, chimneys, gutters or external drain pipes.

In addition, damage by natural forces does not include:

- Damage caused by subsidence, poor building terrain, faulty construction, inadequate building maintenance, failure to take preventive measures, man-made earth movements, snow sliding from roofs, groundwater, the rising and overflowing of bodies of water that experience has shown to recur at shorter or longer intervals.
- Regardless of their cause, damage caused by water from reservoirs or other artificial bodies of water, backups from sewers or changes in the atomic structure.
- Operational or production damages which, based on experience, must be expected, such as damages associated with construction above and below ground, mine construction, and the quarrying of stone, gravel, sand or clay.
- Ground-shaking caused by the collapse of man-made cavities.
- Vibrations which are caused by tectonic activity of the earth's crust (earthquakes) and volcanic eruptions (can be covered under separate supplementary insurance).

c) Earthquakes and volcanic eruptions

1. The insurance covers the sudden and unforeseen damage to, destruction of or loss of insured items at the insured buildings in Switzerland caused by earthquakes or volcanic eruptions.

An earthquake is defined as the large-scale shaking of the earth triggered by tectonic movements in the earth's crust and upper mantle. In case of doubt, the assessment of the Swiss Seismological Service (SED) will determine whether the event in question constitutes an earthquake. Volcanic eruptions are defined as the release of pressure from a vent in the earth's crust, which results in the flow of lava, discharge of

ash and other released material and gases. The insurance cover also extends to tsunamis, i.e. waves caused by earthquakes on the seabed, landslides, volcanic eruptions or meteorite impact.

2. In cantons where mandatory insurance for earthquakes and volcanic eruptions is already in place, the insurance cover will be considered as supplementary and subsidiary to such mandatory insurance and will be restricted to the portion not covered by the mandatory insurance. This will apply mutatis mutandis on the introduction of statutory benefits for earthquake or volcanic eruptions, such as an earthquake pool.
3. Consequential damage caused by looting, fire or water (conclusive list) as a direct or indirect consequence of an earthquake, volcanic eruption or tsunami is also insured.
4. All claims arising within 168 hours of the first damaging tremor or eruption and which can be traced to the same cause constitute a single loss event. Only claims commencing during the contract term are insured.

Exclusions:

- Damage arising from earthquakes caused by human activity, e.g. geothermal activities.
- Ground-shaking caused by the collapse of man-made cavities. In case of doubt, the Swiss Seismological Service shall decide.
- Damage due to water from reservoirs, regardless of the cause.
- Damage caused by changes in the structure of the atomic nucleus, regardless of their cause.

d) Water

Damage caused by the events described as follows:

1. Water pipes, systems and apparatuses

Damage to the building caused by

- 1.1 water leaking from pipe systems and connected equipment and apparatus that serve only the insured building;
- 1.2 fluids leaking from heating and tank systems as well as from heat exchangers and heat-pump circulation systems that serve only the insured building.

Exclusions:

- Damage that arises during the filling or emptying of liquid containers and pipe systems and while performing maintenance work.
- Damage to heat exchangers or heat-pump circulation systems if water is mixed with other fluids or gases within these systems.
- Damage to the leaked fluid itself as well as from the loss thereof.

2. Frost damage to water pipe systems

The cost of thawing out and repairing damaged

- 2.1 water pipe systems and connected apparatus inside the building;
- 2.2 pipes in the ground outside the building, provided they serve only the insured building.

Exclusion:

- Damage to cooling systems caused by artificially created frost.

3. Water from rain, snow and meltwater

Damage inside the building, provided that the water seeped in through the roof, gutters, external drainpipes or through closed windows, doors or skylights, unless that damage was caused by high water as a natural hazard event to which mandatory natural hazard insurance is solely applicable.

Exclusions:

- Damage to the building's façade (exterior walls, including insulation) and roof (load-bearing-structure, roofing and insulation).
- Damage from water entering through open doors, windows, skylights, roof hatches, emergency roofs or openings in the roof of new buildings or while renovations or other work is continuing.
- The cost of thawing out and repairing gutters and external drainpipes as well as of removing snow and ice.

4. Backups from sewers

Damage to the insured building's interior caused by backups from sewers.

Exclusion:

- Damage caused by backups for which the owner of the sewer is liable.

5. Groundwater and slope seepage water

Damage to the building's interior or the interior of an insured physical structure that is caused by groundwater and slope seepage water (underground water), unless that damage was caused by high water as a natural hazard event to which mandatory natural hazard insurance is solely applicable.

6. Waterbeds, aquariums, ornamental fountains (aqua tuff liners), humidifiers

Damage from water escaping from waterbeds, aquariums, ornamental fountains (aqua tuff liners), humidifiers.

Exclusion:

- Damage from gradual water seepage.

7. General exclusions (water)

- Water damage as the result of a fire
- Water damage as the result of a natural hazard, unless mandatory natural hazard insurance applies.
- Water damage from subsidence, poor building terrain, faulty construction, inadequate building maintenance and failure to take preventive measures.
- Water damage that arises during the filling or emptying of liquid containers and pipe systems and while performing maintenance work.

20 Insured benefits and costs

Buildings Insurance from CSS covers the following benefits and costs, provided they arise in connection with an insured event:

1. Building in private use

We indemnify the replacement value, up to the agreed sum insured, of owner-occupied single-family homes

and multi-family homes with up to three units, for private and non-commercial use.

2. Scorching, controlled fire and heat

Up to CHF 5,000 per event for damage from scorching, which is unrelated to fire, and damage to insured property that was exposed to controlled fire or heat.

3. Site management in the event of building damage

Site management fees are covered if an insured loss event occurs and we approve or instruct the calling in of experts.

4. Damage by natural forces

Mandatory natural hazard insurance is full value insurance. Benefits are essentially paid out up to the sum insured that is stated in the policy. In addition, in the case of major natural hazard events, the benefits paid out by insurance companies are limited as follows in accordance with the AVO (limit on liability):

- If the indemnities determined for a single insured event and a single policyholder by all the insurers permitted to offer natural hazard insurance in Switzerland exceed CHF 25 million, they will be reduced to this amount.
- If the indemnities determined by all the insurers for an insured event exceed CHF 1 billion, the indemnities payable to the individual claimants will be reduced in such a way that they do not collectively exceed this amount.
- Indemnities for damage to movable property and buildings will not be added together.
- Losses separated in time and physical location will be deemed to constitute a single event if they can be traced to the same atmospheric or tectonic cause.

These benefit limitations apply within the scope of the statutory provisions on mandatory natural hazard insurance that must be observed.

Should the statutory benefit limitations change, the benefit limitations in force at the time of the damage shall take precedence.

5. Costs (arising from an insured risk in accordance with Article 19)

In the case of insured damage to the building, the insurance includes the following actual costs (financial loss), up to the aggregate amount of CHF 10,000:

a) Cleanup and disposal

Costs of removing the debris of insured property and transporting it to the nearest suitable site, as well as for its storage, disposal and destruction.

Exclusion:

- Cleaning up or disposing of water and soil (including fauna and flora) as well as purifying air and water. This also applies if the water and soil is mixed with or covered by the insured property.

b) Trace and access costs

The costs of exposing leaking water or gas pipes as well as bricking up or covering the pipes after repair, inside and outside the building, provided they serve the insured building.

The insurance also covers the related cost of the use of equipment to locate leaks in water and gas pipes,

and of tracing leaks in water and gas pipes, to the extent that these are required to locate the leak, as well as of performing the necessary pressure tests. The costs are prorated if the water and gas pipes serve several buildings.

Exclusion:

- Maintenance and loss prevention measures as well as public utilities and pipe systems that are used and managed by third parties.

c) Demolition of the remains of buildings

The cost of demolishing the remains of buildings that have been defined as worthless by an adjuster.

d) Decontamination of soil and firefighting water

Costs incurred under public-law orders as the result of contamination in order to:

- examine and, if necessary, decontaminate or exchange the soil (including fauna and flora) on the plot where the property damage occurred;
- examine and, if necessary, decontaminate or remove the firefighting water on the plot where the property damage occurred;
- take the contaminated soil or firefighting water to the nearest suitable disposal site for the purpose of storage or destruction;
- restore the plot on which the building stands to its condition prior to the loss event.

Exclusion:

- Other costs to prevent or remedy environmental damage.

e) Emergency glazing and emergency doors

The cost of installing emergency glazing and doors as well as any temporary substitute measures.

f) Changing of locks

The cost of changing or replacing keys, magnetic cards or locks to the insured building. The insurance covers these costs on condition that the keys, magnetic cards or locks were misappropriated as a result of burglary, robbery or simple theft and that they are not already covered under another policy.

21 Supplementary insurance

CSS insures the following risks, provided these have been requested by the policyholder and are shown in the policy with the agreed sum insured:

21.1 Building damage in case of burglary

The costs of repairing damage to the building as the result of a burglary or a proven attempted burglary. These facts must be proven conclusively by means of forensic evidence, witnesses or circumstances. The police must be informed immediately.

The insurance covers these costs only if they are not already covered by another policy.

21.2 Loss of rental income caused by fire, natural hazards and/or water

The insurance covers the effective loss of rental income incurred by the building owner in connection with an insured event if the rooms rented out in the insured building can no longer be used.

The damage must have occurred in the building covered by the policy and been caused by an insured event as defined in these General Insurance Conditions (AVB) – or as defined in cantonal insurance provisions if the loss event occurred in a canton where cantonal buildings insurance is mandatory. The maximum liability period is 12 months. The amount is based on the total gross rental income (incl. ancillary costs) from the buildings covered under the policy for the respective year of declaration (12 months).

Exclusion:

- Loss of rental income due to earthquakes and volcanic eruptions (subject to Art. 19c).

22 General exclusions

The insurance does not cover claims arising from

- damage as a result of warlike events and civil commotions (acts of violence against persons or insured property by mobs or during riots or tumult).
- damage caused by changes in the structure of the atomic nucleus.
- damage caused by earthquakes and volcanic eruptions (subject to Art. 19c).
- damage to motor vehicles, trailers, caravans, mobile homes, aircraft and watercraft and parts and accessories thereof.
- damage to insured property, costs and revenues for which special insurance exists. This clause will not apply if the insurance referred to here also contains a clause to this effect.

23 Territorial validity

The insurance cover is valid at the locations within Switzerland that are specified in the policy. Fire and mandatory natural hazard insurance apply only to buildings in what are known as the GUSTAVO cantons (Geneva, Uri, Schwyz, Ticino, Appenzell-Innerrhoden, Valais and Obwalden).

24 Underinsurance and full value insurance

- Underinsurance is deemed to exist if the sum insured is less than the actual total value (new-for-old) of the insured building immediately before the loss event occurs.
- In case of underinsurance, CSS may reduce the benefits and indemnify the loss only in the proportion the sum insured under Buildings Insurance bears to the actual total value.
- In case of damage to the building, CSS will not take any underinsurance into account provided the loss amount does not exceed CHF 20,000. This rule does not apply to mandatory natural hazard insurance (indemnity at full value).

25 Retention fee

- The policyholder must pay a retention fee of CHF 200 per loss event unless another agreement applies.
- In the case of mandatory natural hazard insurance, the policyholder must pay 10% of the indemnity out of his own pocket, or a minimum of CHF 1,000 but not more than CHF 10,000.
- A retention fee of 10% per loss event or a minimum of CHF 20,000 is charged for the risks of earthquakes and volcanic eruptions.

26 Loss investigation

CSS investigates the loss with the help of the policyholder and/or a jointly agreed expert.

a) Proof of the loss amount

The policyholder must provide proof of the loss amount. The sums insured do not constitute proof of the existence or value of the insured property.

b) Calculation of the indemnity

CSS calculates the indemnity based on the replacement value of the insured building immediately before the loss event occurred, less the residual value (depreciation).

In the case of partially damaged parts of buildings, the indemnity covers at most the cost of the repair. In the case of fire and mandatory natural hazard insurance, the statutory provisions on determining replacement value that must be observed remain reserved.

Exclusion:

- No indemnity is paid for items of personal sentimental value.

1. Indemnity at new-for-old value

For buildings in private use, replacement value equals new-for-old value, namely the customary local construction costs to be paid for restoring or rebuilding the property at the time of the loss event.

Residual values (depreciation) and the value of any prior damage will be deducted. Restrictions on rebuilding imposed by the authorities will have no effect on this.

2. Indemnity at market value

If the building in private use is not rebuilt to the same extent and for the same purpose in the same municipality within 24 months, the replacement value may not exceed the market value.

This also applies if the building is rebuilt by a party other than the policyholder, his legal successor, or a person holding the legal right to acquire the building at the time of the loss event.

Market value is defined as the proceeds that would have arisen from the sale of the building, without the land, if it had been sold at the time of the loss event. At most, the indemnity covers the customary local construction costs.

3. Indemnity at demolition value

In the case of property slated for demolition, the replacement value equals the demolition value. This is the amount that can be raised from the sale of the demolition property without the land.

4. Indemnity of subsequent cost increases

Inflation-related increases in construction costs between the time of the loss event and the time when reconstruction is completed are indemnified. The Zurich Total Construction Cost Index applies.

Liability is limited to two years. In every case, the insurance covers only the costs incurred.

- c) The indemnity can be reduced if statutory or contractual obligations or provisions are violated.
- d) If policies with other companies are in effect for the same buildings and risks (multiple insurance), entitlement to benefits under all the named policies applies only once per loss event. The provisions of Art. 46 c) of the Insurance Contract Act (VVG) apply.

27 Payment of the indemnity

The indemnity is due 30 days after CSS has received all the documents it needs in order to establish the scope of the damage and its liability.

CSS's obligation to pay is deferred for as long as the indemnity cannot be calculated or paid due to culpable behaviour by the policyholder or eligible claimant.

- In particular, the indemnity is deferred as long as
- it is unclear to whom the insurance benefits are lawfully to be paid;
 - the police or investigating authorities are conducting inquiries in connection with the event or criminal proceedings against the policyholder are still under way.

Translation: Only the original German text approved by the Swiss Supervisory Authority is binding.

