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Act V of 2013

on the Civil Code

TITLE XXII

INSURANCE CONTRACTS

Chapter LXII

General Provisions on Insurance Contracts

Section 6:439 [Insurance contract]

(1) Under an insurance contract the insurer undertakes to provide coverage for the risk specified in the contract, and to provide settlement or benefits for loss arising upon the occurrence of a specific future event after the starting date of risk coverage, and the insured person undertakes to pay an insurance premium agreed upon.

(2) The insurance company's service covers the payment for the insured person's loss in the amount and in the manner defined in the contract and other policy benefits (hereinafter referred to as indemnity insurance) or the payment of a sum specified in the contract (hereinafter referred to as fixed-sum policies).

Section 6:440 [Insurable interest]

An insurance contract may be concluded by any person who has a vested interest in avoiding the occurrence of an insured event under some form of property or personal relationship; or who has a vested interest in the occurrence of an insured event in respect of life insurance policies which comprises assurance on survival to a stipulated age only, birth assurance or marriage assurance, or those who concludes the contract on behalf of an interested person. Any indemnity insurance and group fixed-sum policy concluded in contradiction to this provision shall be null and void.

Section 6:441 [Co-insurance]

(1) In the event where the insurance risk is covered - in a predetermined percentage - jointly by more than one insurance company, and the insurance services are performed collectively, the contract to that effect shall indicate the name of all insurance companies participating in the co-insurance, including their share in risk coverage. In connection with co-insurance, the service obligations of insurance companies shall be limited by their commitment in the sharing of risks.

(2) A co-insurance contract that fails to specify the share of participating insurance companies in risk coverage shall be null and void.

(3) The insurance companies shall be represented in respect of the contracting party by the leading insurer. If the leading insurer has not been named in the contract, the contracting party shall have the option to lawfully perform and to make legal statements - at his discretion - to either of the insurance companies.

Section 6:442 [Group insurance]

(1) Group insurance means where insured persons are identified according to their affiliation to a natural group, or under the relationship between the insured persons and the contracting party, and the insurance company's risk coverage and the related terms are custom-tailored to the group policyholder. If the insured persons are defined in the contract solely on the basis of their belonging to a specific group, the persons of verified membership in that group at the time of occurrence of the insured event shall be considered insured. Family members of any member of such group may also be covered by the policy.

(2) The insurance company shall inform the contracting party; the contracting party shall be required to notify the insured persons of the statements he has received and of any changes in the policy.

(3) The contract may contain a clause to limit or exclude the insured person from entering the contract.

(4) If the contract so provides, termination of the relationship between the insured person and the contracting party shall not affect the insurance cover.

Section 6:443 [Contracting]

(1) If the contract is not executed in writing, the insurance company shall make out a document so as to verify insurance cover.

(2) If the document verifying insurance cover differs from the contracting party's offer and if this difference is not contested by the contracting party without delay upon receipt of the document, the contract shall take effect in accordance with the contents of that document. This provision applies to significant discrepancies if the insurance company expressly points out such discrepancies to the contracting party in writing at the time the document verifying insurance cover is delivered. In the absence of a warning notice, the contract shall be executed in accordance with the contents of the offer.

(3) The offeror shall be bound by the offer for a period of fifteen days from the time when it was made, or for sixty days if a health risks assessment is required for the evaluation of the offer.

Section 6:444 [Insurance company's implicit conduct in a consumer contract]

(1) If the contracting party is a consumer, the contract shall be executed also if the insurance company does not respond to the offer within fifteen days of the time of receipt thereof, or sixty days if a health risk assessment is required for the evaluation of the offer, provided that the offer was made on the insurance company's own standard offer sheet for

the type of policy in question, upon receipt of the relevant statutory information, containing the tariffs applicable.

(2) In the case provided for in Subsection (1), the contract shall be executed - under the conditions contained in the offer - with retroactive effect to the date on which the offer is conveyed to the insurance company on the day following the expiry of the risk assessment period.

(3) If an insured event occurs during the risk assessment period, the insurance company shall be entitled to refuse the offer only if the offer sheet contains an express warning to that effect, and it is instantly clear from the nature of the insurance cover requested or from other circumstances of risk coverage that the individual risk assessment is necessary for accepting the offer.

(4) If a contract that is concluded without the explicit statement of the insurer deviates in material circumstances from the insurance company's standard contract terms, the insurance company shall be entitled to make a proposal within fifteen days from the date of conclusion of the contract to have the contract amended in accordance with the standard contract terms. If the contracting party does not accept the proposal or does not respond to it within fifteen days, the insurance company shall be entitled to terminate the contract in writing with thirty days notice within fifteen days of receiving the refusal or the proposal for amendment.

Section 6:445 [Starting date of risk coverage]

(1) The coverage of risk by the insurance company shall commence at the time fixed by the parties in the contract or, failing this, at the time the contract is concluded.

(2) The parties may agree in writing in that the insurance company is to cover the insurance risk from such point in time preceding the date of conclusion of the contract (hereinafter referred to as preliminary coverage).

(3) Preliminary coverage shall remain in effect until such time as the conclusion of the contract or refusal of the offer, not exceeding ninety days.

(4) If the contract is concluded, the premium defined therein shall also apply to the period of preliminary coverage. If the contract is not concluded, the contracting party shall be liable to pay premium for the period of preliminary coverage calculated by the predetermined methods prescribed by the insurance company intended to cover underwriting liabilities.

Section 6:446 [Significant increase in the level of insurance risk]

(1) If the insurance company becomes aware of any material circumstance regarding a contract, or any changes thereof, only after the contract has been concluded, and these circumstances bring about a considerable increase in the insurance risk, the insurance company shall be entitled to make a written proposal within fifteen days after gaining knowledge thereof to amend the contract or may terminate the contract in writing with thirty days notice.

(2) If the contracting party does not accept the proposal for amendment or fails to respond to it within fifteen days from the time of receipt thereof, the contract shall be terminated on the thirtieth day following the day of communicating the proposal for the amendment, if the insurance company warned the contracting party of this consequence when the proposal for amendment was made.

(3) If the contract covers more than one asset or person concurrently, and the considerable increase in insurance risk applies to some of them only, the insurance company shall not be able to exercise its rights under Subsections (1) and (2) with respect to the remaining assets or persons.

Section 6:447 [Premium payment obligation]

(1) The first insurance premium payment shall be due at a time agreed upon by the parties or, failing this, at the time the contract is concluded, and all subsequent premium payments shall be due on the first day of the period to which they pertain. A single premium shall be paid at the time the contract is concluded.

(2) The period of insurance cover shall be one year.

Section 6:448 [Premium payment obligation when the contract is terminated]

(1) If an insurance event occurs, and the contract is terminated, the insurance company shall be entitled to demand payment of the premium for the entire period of insurance cover.

(2) In other cases of contract termination, insurance companies shall be entitled to claim payment of the premium until such day when risk coverage ends. If there is an overpayment in periodic premium, the insurance company shall refund the surplus.

Section 6:449 [Consequences of non-payment of premium]

(1) In the event of non-payment of the premium as due, the insurance company shall dispatch within thirty days from the due date a written request for payment to the party in default - indicating the potential legal consequences - with an additional thirty-day deadline from the date when the warning was dispatched. In the event of non-compliance within the additional period, the contract shall be terminated with retroactive effect to the original due date, except if the insurance company forthwith moves to enforce its claim by judicial process.

(2) If the contract is terminated as under Subsection (1) for non-payment of regular premiums, the contracting party may request the insurance company within one hundred and twenty days from the time of termination to reinstate the risk coverage. The insurance company may reinstate the insurance cover under the terms and conditions of the terminated contract, if the overdue premium is paid.

Section 6:450 [Contracting party's obligation to provide information]

If a contract is not concluded by the insured person, the contracting party shall be required to notify the insured persons of the statements he has received and of any changes in the

policy until such time as the occurrence of an insurance event or the entry of the insured person.

Section 6:451 [Entering the contract]

- (1) If a contract was not concluded by the insured person, the insured person shall be entitled to enter into the contract with a written statement addressed to the insurance company. The insurance company's consent is not required for entering into the contract. Upon entering into the contract the rights and obligations conferred upon the contracting party shall pass to the insured person.
- (2) If the insured person enters into the contract, the insured person and the contracting party shall be subject to joint and several liability for premium payments due for the current insurance period. The insured person entering into the contract shall be liable to cover the contracting party's expenses arising from the contract, including premium payments.

Section 6:452 [Obligation of disclosure and notification of changes]

- (1) At the time of conclusion of the contract, the contracting party shall disclose to the insurance company all circumstances of which he is or should be aware and which are important in terms of providing the insurance coverage. The contracting party shall satisfy his disclosure obligation by truthfully filling out the questionnaire furnished by the insurance company. Leaving the questions unanswered shall not in itself constitute a violation of the disclosure obligation.
- (2) The contracting party shall be liable to notify the insurance company in writing of any changes in the material conditions.
- (3) In the event of any breach of the obligation of disclosure and notification of changes, the obligation of the insurance company shall not take effect, unless the contracting party is able to prove that the insurance company was aware of the concealed or undisclosed circumstance when the contract was concluded or that such circumstance had no influence on the occurrence of the insurance event.
- (4) If the contract covers more than one asset or more than one person concurrently, and the breach of the obligation of disclosure and notification of changes pertains to some of them, the insurance company shall not be able to allege the breach of the obligation of disclosure and notification of changes with respect to the remaining assets or persons.
- (5) The obligation of disclosure and notification of changes applies to the contracting party and the insured person both. Neither of them shall be entitled to refer to any circumstance that either one had neglected to disclose or report to the insurance company though he must have known about it and should have disclosed or reported it.

Section 6:453 [Obligation of reporting the occurrence of an insured event]

The insurance company's obligation shall not take effect if the contracting party or the insured person fails to report to the insurance company the occurrence of an insured event within the time limit specified in the contract, fails to provide the information necessary, or

fails to facilitate verification of the information provided, and, as a consequence, circumstances which are considered material from the point of view of the obligation of the insurance company become undetectable.

Section 6:454 [Nullification of contracts; lapse of interest]

- (1) If the insurance event occurs, its occurrence becomes impossible, or the insurable interest ceases before the insurance coverage becomes effective, the contract or the relevant part of it shall be terminated.
- (2) If occurrence of an insurance event becomes impossible or the insurable interest ceases during the period of risk coverage, the contract or the relevant part of it shall be terminated.
- (3) The legal effects attached to cases of lapse of interest in the insurance shall not apply, if the lapse of interest results solely from the transfer of ownership of the insured property, and the property in question was held by the new owner previously under a different title. In that case, insurance cover shall pass together with ownership, and the former and the new owner shall be jointly and severally liable for premium payments due at the time of transfer of ownership. The contract may be terminated by either of the parties within thirty days after gaining knowledge of the transfer of ownership, by giving thirty days notice.

Section 6:455 [Unilaterally cogent rules of retail insurance contracts]

If the contracting party is a consumer, the contract shall be allowed to derogate from the provisions of this Title only to the benefit of the contracting party, the insured person and the beneficiary, where such provision pertains:

- a) to the insurance companies implicit conduct in a consumer contract;
- b) to any considerable increase in insurance risk;
- c) to the consequences for non-payment of premiums;
- d) maintaining the amount of insurance cover;
- e) to the obligation to prevent and mitigate damages;
- f) to the obligation of disclosure and notification of changes and the obligation of reporting the occurrence of an insured event;
- g) to any composition between the insured person and the injured party;
- h) to premium payment obligation when the contract is terminated;
- i) to the insurance companies exemption from settlement obligation;
- j) to claims for compensation.

Section 6:456 [Unilaterally cogent rules of retail fixed-sum insurance policies and health insurance policies]

If the contracting party is a consumer, the contract shall be allowed to derogate from the exclusion of derogation only to the benefit of the contracting party, the insured person and the beneficiary with respect to fixed-sum and health insurance policies.

Section 6:457 [Extended application of provisions on insurance contracts]

The provisions of this Title shall also apply to insurance relationships on the basis of association membership.

Chapter LXIII

Indemnity Insurance Contracts

1. General provisions on indemnity insurance contracts

Section 6:458 [Prohibition of overinsurance]

(1) The coverage shall not exceed the value of the insured property. Any agreement for coverage higher than the value of the insured interest shall be null and void, and the premium shall be reduced accordingly. This provision notwithstanding, an insurance policy can include provisions for the estimated future value of a property, and/or for the value of restoration or replacement.

(2) Upon the occurrence of an insured event, the highest amount of settlement the insurance company is liable to pay represents the sum insured.

Section 6:459 [Concurrent insurance]

(1) If the same interest is insured by more than one insurance company independently, the insured person shall have the right to submit his claim to one or more of such insurance companies.

(2) The insurance company to which a claim is submitted shall be liable to make a settlement payment under the terms and conditions fixed in the document verifying insurance cover and up to the sum insured as specified therein, while reserving the right to lodge a claim for compensation relating to the other insurance companies.

(3) Under the claim referred to in Subsection (2) for compensation, the insurance companies shall cover the claims paid jointly subject to the terms and conditions and in proportion to the amounts of coverage according to which the individual insurance companies would be liable to the insured person.

Section 6:460 [Underinsurance]

If the amount of coverage is lower than the value of the insured interest, the insurance company shall be liable to cover the loss in such a manner that the amount of insurance is proportionate to the value of the property.

Section 6:461 [Maintaining the amount of insurance cover]

- (1) The amount of coverage for a given period of insurance cover shall be reduced by the amount paid for claims for insured events occurred during that same period, unless the contracting party supplements the premium accordingly.
- (2) The insurance company shall be entitled to apply the sanction referred to in Subsection (1) if the contracting party has been advised thereof in writing not later than at the time of settlement, and notified the fee for maintaining the amount of insurance cover.
- (3) If the contracting party did not exercise the right of maintaining the amount of insurance cover, the contract shall remain in effect with the amount of coverage reduced by the amount paid for claims for the ongoing period of insurance.

Section 6:462 [Insurance settlement]

If an insurance event occurs, the insurance company shall be liable to settle within a time limit defined in due consideration of the preparation time necessary for claim settlement.

Section 6:463 [Obligation to prevent and mitigate damages]

- (1) The contracting party and the insured person shall take reasonable precautions in order to prevent any loss or damage. The said requirement of taking reasonable precautions shall apply also if the obligation of the contracting party and the insured person to prevent damage is provided for in the contract, including the means and processes and the qualification requirements.
- (2) The contracting party and the insured person shall mitigate the damage based on the insurance companies specifications and according to its instructions given at the time when the damage or loss occurred, or failing this, they shall proceed under the principle of reasonable conduct.
- (3) The justified cost of mitigating damages shall be borne by the insurance company within the limits of the sum insured even if mitigation of damages has been unsuccessful.
- (4) In respect of underinsurance the insurance company shall reimburse the cost of mitigating damages in such a manner that the amount of coverage is proportionate to the value of the property.

Section 6:464 [Exemption from settlement obligation]

- (1) The insurance company shall be exempt from its payment obligation if it is able to prove that damages have been caused unlawfully, either willfully or by gross negligence, by:
 - a) the insured person or the contracting party;
 - b) any family member living in their household, any managing partner or any employee, member or agent working in a position specified in the standard contract terms; or

c) any executive officer of the insured legal person specified in the standard contract terms, or any member, employee or agent of such insured legal person authorized to manage the insured property.

(2) The provision referred to in Subsection (1) shall also apply to any breach of the obligation to prevent and mitigate damages.

Section 6:465 [Obligation of preservation]

(1) Following the occurrence of an insurance event, the insured person shall be entitled to implement any changes regarding the condition of the insured property within a time limit stipulated in the contract only to the extent that is necessary for mitigating damages.

(2) The insurance companys settlement obligation shall not take effect if, as a consequence of any change greater than that which is permitted, it becomes impossible to clarify the basic circumstances from the point of view of assessing the payment obligation of the insurance company.

Section 6:466 [Termination by notice]

(1) The parties shall be entitled to terminate a contract of indeterminate duration in writing, to take effect at the end of the period of insurance cover by giving thirty days notice.

(2) The right to terminate may be excluded for a maximum period of three years. Any exclusion of the right to terminate for a period in excess of three years shall be null and void in respect of the part exceeding the three year period.

(3) If a contract covers a period of over three years and the parties do not stipulate that the contract could be terminated before the specified period lapses, either of the parties shall be entitled to terminate the contract as of the fourth year.

(4) If the contract is terminated by the contracting party, the insurance company shall be entitled to demand repayment of any premium discounts granted based on a commitment for an extended contract term (term discount).

Section 6:467 [Partial payment of premium]

(1) If only a part of the due premium is paid, and the insurance companys request - made in accordance with the provisions on non-payment of premium - to the contracting party for payment of the sum owed proved unsuccessful, the contract shall remain in force with the same amount of coverage for a term to which the premium paid corresponds.

(2) If a contract is terminated for non-payment of the premium, the insurance company shall be entitled to demand repayment of the time-proportionate part of the term discount.

Section 6:468 [Claim for compensation]

(1) The insurance company shall be entitled to lay claim for compensation against the person responsible for the damage up to the amount of settlement it has paid, unless this person is

a family member of the insured person living in the same household. The guarantees of the terminated claim shall remain in effect, and shall be transferred to the claim.

(2) If the insurance company did not provide settlement for the entire claim and brought action against the person responsible for the damage, the insurance company shall inform the insured person and shall also move to enforce the claims of the insured at his request. The insurance company shall be entitled to enforce the claims of the insured person contingent upon an advance on expenses. From the sum recovered the insured persons claim shall be satisfied first.

Section 6:469 [Recovery of insured property]

If the insured property is recovered, the insured person shall be entitled to lay claim to it; in that case, however, the amount received in settlement shall be repaid.

2. Liability insurance policies

Section 6:470 [Liability insurance policy]

(1) The insured party shall be entitled, under a liability insurance policy, to request the insurance company to exempt him, in the manner and up to the limit specified in the policy, from paying for damages for which he is legally liable.

(2) The policy covers procedural costs, if incurred under the insurance companys guidance or upon its prior consent. The insurance company shall be liable to advance the expenses when so requested by the insured person.

(3) The insurance company shall be liable to cover the legal expenses, including interests, of the insured person if he is responsible for the damage, even if they exceed the amount of coverage together with the settlement payment.

Section 6:471 [Notification of loss]

The insured person shall - within a time limit stipulated in the contract - notify the insurance company in writing, under liability for any breach of the obligation of reporting, if a claim has been filed with respect to his activity specified in the contract, or if he becomes aware of any circumstance that is likely to give rise to such a claim. A time limit of at least thirty days shall be provided for the notification of an insured event.

Section 6:472 [Insurance settlement]

(1) The insurance company shall pay the amount of settlement to the injured party. The insured person shall only be entitled to request the insurance company to pay him if he settled the injured partys claim.

(2) If the insured person disputes his liability for claims lodged against him, or the amount of his payment obligation on grounds which are manifestly unfounded, the insurance company shall pay the amount of settlement to the injured party. The additional costs arising out of said objection on unfounded grounds shall be borne by the insured person; if they were

covered by the insurance company, the insured person shall be liable to repay such costs to the insurance company.

Section 6:473 [Enforcement of the injured partys claim]

(1) Unless otherwise provided for by law, the injured party shall not be entitled to lodge his claim directly to the insurance company.

(2) This rule shall not preclude the injured partys right to bring action against the insurance company asking the court to determine whether the insured persons liability insurance coverage applied to the injured party at the time of the occurrence of the damage.

Section 6:474 [Acknowledgment by the insured person, effect of performance and composition in respect of the insurance company]

(1) The insured persons acknowledgement and settlement of the injured partys claim, and any related composition shall be considered effective with respect to the insurance company only if the insurance company has granted prior consent or acknowledged it after the fact.

(2) The insurance company may not allege that the insured persons acknowledgement and settlement of the injured partys claim, and any related composition has no legal force in respect of the insurance company, if the claim is manifestly well founded.

(3) If the court has ruled against the insured person, it shall apply with respect to the insurance company if it has participated in the lawsuit, provided for the insured persons legal representation, or he has waived the above.

Chapter LXIV

Fixed-sum Policies

1. General provisions on fixed-sum policies

Section 6:475 [Insurable interest in connection with fixed-sum policies]

In connection with fixed-sum policies, the written consent of the insured person shall be required for concluding or amending the contract if he himself does not conclude it. If an insurance contract is concluded without the approval of the insured person, the section in which the beneficiary is named shall be null and void. In such a case, the insured person or his heir shall be construed as the beneficiary; he shall, however, reimburse the expenses of the contracting party, including premium payments and the costs of contracting, with the exception of group insurance.

Section 6:476 [Concurrent insurance]

The parties may obtain several policies for the same insurable interest and for the same peril, and may accumulate insurance services.

2. Life assurance policies

Section 6:477 [Life insurance]

Life insurance means a type of policy where the insurance company promises to pay a specific sum of money fixed in the contract, or annuity for life or for a specific period of time, upon the insured natural persons death or attainment of a certain age, or at another predetermined time or occurrence of a specific event. Life insurance are, in particular:

- a) term life insurance, that provides no benefits upon expiry and that has no cash surrender value; or
- b) ordinary life insurance other than term life insurance, including unit-linked life assurance policies where investment risk is to be borne according to the contract by the contracting party himself.

Section 6:478 [Beneficiaries]

(1) Beneficiary means:

- a) a person named in the contract;
- b) a holder of a bearer policy;
- c) in the absence of such persons or if designation of the beneficiary had not been valid at the time the insured event occurred, the insured person or his heir.

(2) A contracting party shall be entitled to designate the beneficiary in a written statement addressed and delivered to the insurance company, and shall be entitled to withdraw such designation the same way any time before the time of occurrence of the insured event, or may supplant the designated beneficiary with another person. If the contracting party is not the insured person, the written consent of the insured person shall be required for all those actions. In respect of a bearer policy, the subsequent designation of a beneficiary shall enter into effect if the policy is destroyed and a new policy is issued in its stead.

(3) If the contracting party undertakes in a written statement addressed to the insured person or the beneficiary to keep the designation of the beneficiary in effect without any interruption, the designation of the beneficiary may not be withdrawn or altered without the consent of the person to whom the commitment was made. The insurance company shall be informed of the contracting partys statement.

(4) Designation of a beneficiary shall become inoperative if the beneficiary dies or dissolves without succession before the occurrence of the insurance event.

Section 6:479 [Special provisions relating to the conclusion of contracts]

(1) If the insured person is a minor and the contract is not concluded by a parent having legal custody, the guardian authoritys approval shall be required for the validity of the contract. The consent of the guardian authority is required for the contract if the insured

person legal capacity has been partially limited in respect of making legal statements relating to property, or if the insured person is an incompetent adult.

(2) The insured person shall be entitled to revoke his consent for conclusion of a contract at any time in writing. Group life assurance policies may provide otherwise. If consent is revoked, the contract shall be terminated at the end of the insurance period, unless the insured person enters into the contract.

Section 6:480 [Waiting period]

The parties may install a clause in the contract stipulating that the insurance company shall begin to cover the risks of certain perils from a certain point in time following the time of conclusion of the contract, or shall be entitled to reduce the amount of coverage if the insured event occurs within the stipulated waiting period. The waiting period shall not exceed six months; any time in excess of the stipulated waiting period shall be null and void.

Section 6:481 [Consequences of non-payment of premium]

(1) The insurance company shall be entitled to bring action to enforce its claim for premium payments for the entire insurance period in the first year. The insurance company shall only be entitled to exercise this right after the first year if the contracting party makes any payment in that year, or if they agreed on deferred payments.

(2) In the event of non-payment of premium, an ordinary life insurance policy other than term life insurance shall remain in effect with the premium reduced accordingly (hereinafter referred to as premium-free reduction). The contracting party shall have the option to terminate the contract by notice instead.

(3) The contract may not be rendered premium-free if the surrender value has not been calculated at the time of premium-free reduction. In this case the contract shall be terminated in the absence of a settlement value.

Section 6:482 [Consequences of any breach of the obligation of disclosure and notification of changes]

(1) The insurance company, if it gains knowledge after the time of conclusion of the contract of any material circumstance that existed at the time the contract was concluded, shall be entitled to exercise the rights arising therefrom only during the first five years of the life of the contract.

(2) The insurance companies obligation shall take effect notwithstanding an infringement of the disclosure obligation, if the insurance event occurs more than five years after the conclusion of the contract.

(3) The provisions set out in Subsections (1) and (2) shall apply mutatis mutandis to the legal consequences on the infringement of the disclosure obligation relating to changes in the material circumstances provided for in the contract. The five-year period available for the insurance company to exercise its related rights shall commence on the day following the disclosure deadline.

Section 6:483 [Termination by notice]

- (1) The contracting party shall have the right to terminate the life assurance policy in writing - if the premium for the first year is paid up to take effect at the end of the period of insurance cover by giving thirty days notice.
- (2) The insurance company shall not be allowed to terminate a life assurance policy, with the exception if the insurance risk is increased substantially.

Section 6:484 [Residual rights]

- (1) If a life assurance policy is terminated for any reason without payment of the sum insured, the insurance company shall be liable to pay the cash surrender value defined in the policy.
- (2) The insurance company shall be exempt from payment of the sum insured, if the insured person dies in consequence of the willful conduct of the beneficiary; in this case the cash surrender value can be claimed by the heirs, and the beneficiary shall not have a share therefrom.
- (3) The policy shall be terminated without payment of the sum insured and the insurance company shall refund the cash surrender value if the insured person dies in consequence of or in connection with a serious criminal offense he has committed, or if the insured person has committed suicide within two years following the time of conclusion of the contract.

3. Accident insurance policies

Section 6:485 [Accident insurance]

Accident insurance means a type of insurance where the insurance company promises to pay a specific sum of money or annuity fixed in the contract, or other benefits as contracted upon the insured persons accidental death, health impairment or disability resulting from an accident.

Section 6:486 [Rules to be applied]

- (1) The regulations governing life insurance shall apply to accident insurance policies with respect to:
 - a) the revocation of the insured persons statement of consent;
 - b) the designation of beneficiary and his rights;
 - c) the exemption of the insurance company if the death of the insured person has been caused by the beneficiary of the insurance money.
- (2) The parties shall not be entitled to agree on limiting the right of termination.
- (3) Otherwise, the provisions on indemnity insurance shall apply to accident insurance policies subject to the following exceptions:

- a) the insurance company shall not have the right to enforce any claim for compensation against the person who caused the accident;
- b) the insured person shall not have the obligation of preserving the scene upon the occurrence of the insurance event.

Chapter LXV

Health Insurance Contracts

Section 6:487 [Health insurance contract]

Health insurance is a type of insurance where the insurance company promises to pay benefits as provided for in the contract in the event of the insured persons sickness. The insurance benefits may also cover the costs of healthcare services specified in the contract provided to a person in good health.

Section 6:488 [Rules to be applied]

- (1) The regulations governing life insurance shall apply to health insurance policies:
 - a) with respect to group insurance;
 - b) with respect to the consent of the insured person if he is not the contracting party;
 - c) with respect to the revocation of the insured persons statement of consent; and
 - d) when the insurance companys obligations take effect upon the infringement of the disclosure obligation.
- (2) If health insurance was obtained as an indemnity insurance, the provisions on indemnity insurance shall apply with the following exceptions:
 - a) in the obligation to mitigate damages, the insured persons refusal - in exercising the right of disposition to which he is entitled by virtue of law - to a medical procedure shall not constitute a reason for the insurance companys exemption; and
 - b) the insured person shall not have the obligation of preserving the scene upon the occurrence of the insurance event.

Section 6:489 [Waiting period]

- (1) Where the policy pertains to nursing care services, or if the insurable person suffers in a permanent illness and it was known to both parties at the time the contract was concluded, the waiting period stipulated in the health insurance contract by the parties with respect to such illness may not exceed three years.
- (2) The waiting period shall cover that time period when the insured person was eligible - not more than sixty days before the conclusion of the health insurance policy - to receive health insurance benefits under a previous health insurance contract without interruption.

Section 6:490 [Termination of health insurance contracts]

- (1) The possibility that the insured persons health deteriorates with age due to natural causes shall not constitute a considerable increase in insurance risk.
- (2) The insurance company may not terminate a health insurance policy by notice in the ordinary way.