

GENERAL CONDITIONS OF COMPULSORY EARTHQUAKE INSURANCE

Effective Date: January 01, 2013

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Official Newspaper Date: December 31, 2015

Official Newspaper Number: 29579

Amendment: Official Newspaper dated December 31, 2015 and numbered 29579

A- INSURANCE SCOPE

A.1- Scope of Insurance

According to the Disaster Insurance Law numbered 6305, independent sections within the scope of the Condominium Law numbered 634, buildings built as residences on real estates registered in the land registry and subject to private ownership, independent sections within these buildings used for business, office and similar purposes, and residences built by the state or built with loans granted due to natural disasters are subject to Compulsory Earthquake Insurance.

With this insurance, the material Losses directly caused by the earthquake and the Losses that may be caused by fire, explosion, giant wave (tsunami) or landslides in the insured buildings as a result of the earthquake (including those occurring in foundations, main walls, common walls separating independent sections, garden walls, retaining walls, ceilings and floors, stairs, elevators, landings, corridors, roofs, chimneys and similar complementary parts of the structure) are covered by the CEI up to the insurance amount.

A.2- Buildings Excluded from the Insurance Scope

The following buildings are excluded from the scope of this insurance.

2.1- Buildings and independent sections subject to the Public Housing Law No. 2946 dated 9/11/1983 or used as public service buildings,

2.2- Buildings built in village settlements and their surroundings and hamlets by people registered with the village population and permanent residents,

2.3- Buildings used entirely for commercial or industrial purposes,

2.4- Buildings without a project and without engineering services,

2.5- Buildings that have been determined to have been modified or weakened in a way that will negatively affect the load-bearing system,

2.6- Buildings constructed in violation of the relevant legislation and project in a way that will negatively affect the load-bearing system,

2.7- Buildings decided to be demolished by authorized public institutions and unsuitable for use as residences,

A.3- Cases Excluded from Coverage

The following cases are excluded from insurance coverage.

3.1- Debris removal costs, loss of profit, business interruption, loss of rent, alternative residence and workplace costs, financial liabilities and similar indirect Losses,

3.2- All kinds of movable property, belongings and similar,

3.3- All bodily injuries including death,

3.4- Non-pecuniary Losses,

3.5- Losses other than earthquakes and fires, explosions, giant waves (tsunamis) or landslides resulting from earthquakes,

3.6- Losses that occur over time due to the building's own defects and characteristics, regardless of a specific earthquake event.

A.4- Determination of Insurance Amount

In determining the insurance amount, the amount found by multiplying the square meter price determined in the "Compulsory Earthquake Insurance Tariff and Instruction" published by the Undersecretariat of Treasury for the construction style of the insured residence with the gross surface area (or approximate surface area) of the same residence is taken as basis. The insurance amount of a residence with Compulsory Earthquake Insurance cannot exceed the maximum coverage amount determined in the "Compulsory Earthquake Insurance Tariff and Instruction" in any case.

A.5- Excess Insurance

If the insurance amount exceeds the reconstruction cost of the insured residence, the part of the insurance exceeding this amount is invalid. The Institution, which is informed of the situation during the insurance period, reduces the insurance amount and returns the excess premium received for the current year to the insured on a daily basis.

A.6- Deductibles

A deductible Deductibles of 2% of the insurance amount for each damage CEI is responsible for the part of the damage exceeding the Deductibles amount found in this way. In terms of Deductibles application, all Losses occurring in each 72-hour period are considered as one damage.

A.7- Beginning and End of Insurance

The term of this insurance contract is one year. The 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.

B- DAMAGE AND COMPENSATION

B.1- Obligations of the Policyholder or the Insured in Case of Occurrence of Risk

The policyholder or the insured is obliged to fulfill the following matters in case of occurrence of risk.

1.1- Notify CEI or the insurance company that made the contract on behalf of the Institution within fifteen working days at the latest as of the date of learning that the risk has occurred,

1.2- Allow CEI officials or authorized persons to enter the damaged buildings for reasonable purposes and in appropriate ways and to take steps to reduce the damage,

1.3- Provide CEI with the necessary information and documents that are useful for determining the amount of damage and evidence, and for exercising the right of recourse, and that can be provided by the policyholder, upon CEI's request, without delay,

1.4- Provide CEI or authorized persons with a written notification stating the amount of damage within a reasonable and appropriate period,

1.5- Notify CEI of any other insurance contracts that include earthquake coverage, other than the Compulsory Earthquake Insurance, on the insured building/location.

B.2- Damage Assessment

The cause, nature and amount of damage occurring in buildings insured under this contract shall be determined by agreement to be made between the parties according to the determinations of CEI or authorized persons.

In the event of a large-scale damage, CEI may develop simplified damage assessment applications by also utilizing technological opportunities in order to ensure that damage assessments can be made rapidly.

B.3- Calculation of Compensation

3.1- In the calculation of insurance compensation, regardless of whether there is full or partial damage, the reconstruction cost calculated according to the market rates of the building, considering similar structural features at the place and date when the risk occurred, shall be taken as basis. However, the insurance compensation shall not exceed the insurance amount in any case.

3.2- The provision of Article C.2 is reserved in the calculation of compensation.

3.3- CEI must complete the necessary examinations within the shortest possible time after the documents regarding the amount of damage are submitted to it, determine the amount of damage and compensation and notify the insured.

B.4- Payment of Compensation

After the compensation amount is determined in accordance with the law and the provisions of this policy, CEI must pay the finalized compensation amount to the rightful owner within one month at the latest, provided that it does not exceed the insurance amount.

B.5- Results of Damage and Compensation

5. 1- CEI legally replaces the insured for the amount of the compensation payment it has made, and if the insured has the right to sue third parties due to the damage, this right is transferred to CEI in proportion to the amount it has compensated.

5.2- In case of full damage as a result of an earthquake, the insurance coverage ends with the payment of the compensation. In case of partial damage, the insurance amount is reduced by the amount of the compensation paid, starting from the date of the risk. In order for the coverage to become effective again regarding Losses affecting the load-bearing system of the building, the house must be repaired within a reasonable period specified in the expert report. Otherwise, subsequent Losses that may occur during the policy term will not be paid.

In cases where the insurance amount is reduced, the insurance amount is increased by collecting premiums on a daily basis, starting from the date the damaged building was restored to its state one day before the damage.

C- MISCELLANEOUS PROVISIONS

C.1- Payment of Insurance Fee, Commencement and Ending of the Liability of Natural Disaster Insurance Institution

Insurance premium is exempt from all kinds of taxes, duties and charges.

Insurance premium is paid in advance upon delivery of the policy as soon as the contract is made. However, it is possible to pay the premium amount in installments by credit card or other financial institutions, provided that the installments are not reflected to the Institution. In any case, CEI's liability does not start if the entire insurance premium or the first installment is not paid despite the delivery of the policy. This condition is written on the front of the policy. Insurance premium receivables are collected in accordance with the provisions of Law No. 6183 on the Procedure for Collection of Public Receivables.

Owners or usufruct owners, if any, must renew their insurance contracts every year. If the insurance contract is not renewed by the policy expiration date, CEI's liability for the coverage ends as of the expiration date specified in the policy.

C.2- The Policyholder's Declaration Obligation, Termination and Cancellations

CEI has made this insurance contract based on the policyholder's declaration stating the true status of the risk. In the event of an untrue declaration by the insured or the policyholder regarding the gross surface area of the residence, building type, address, damage status in previous earthquakes during the preparation phase of the contract, the following provisions shall apply. In cases where the declaration of the insured or the policyholder is untrue or incomplete and requires CEI to conclude the contract with more severe conditions, CEI or the relevant insurance company acting as an intermediary shall request the payment of the premium difference from the policyholder within 15 days from the moment they learn of the situation.

If the false declaration is learned after the earthquake, the compensation shall be paid according to the ratio between the premium received and the premium that should have been received.

If it is understood that the insured or the policyholder has intentionally not declared the moderate or more severe damage status in previous earthquakes, CEI may withdraw from the contract and become entitled to premium even if the risk has occurred. If the policyholder makes changes to the insured residence in violation of the legislation during the insurance period, CEI may terminate the contract.

If the policyholder documents that more than one compulsory earthquake insurance was taken out for the same place or that a Compulsory Earthquake Insurance policy was issued for a place that was not covered by the insurance according to Article A.2 by mistake, the compulsory earthquake insurance contract will be canceled from its inception and the entire premium will be returned to the policyholder.

On the other hand, if the insured place disappears for a reason other than the situations covered by Article A.1 during the period the insurance contract is in force or if the insured place goes out of the insurance coverage, the insurance contract will be canceled as of the date of notification, provided that this situation is documented by the policyholder. In this case, the premium amount corresponding to the period between the cancellation date of the contract and the end date at the beginning will be returned to the policyholder on a daily basis.

C.3- Multiple Insurances

More than one Compulsory Earthquake Insurance cannot be taken out for the same building/independent section. However, if the value of the independent section or building for which Compulsory Earthquake Insurance is made exceeds the insurance amount determined by the Compulsory Earthquake Insurance, optional earthquake insurance can be made by insurance companies for the part above this amount, provided that Compulsory Earthquake Insurance is made.

C.4- Change of Beneficiary

If the beneficiary changes during the contract period, the insurance continues with the new beneficiary. In this case, the new beneficiary is obliged to have the transfer addendum for

the insurance made and to submit the addendum to the relevant land registry office in order for the sales transaction to be completed. In other cases, the new beneficiary who has the insurance and learns of the existence of the insurance is obliged to notify the insurance company mediating the contract within 15 days.

C.5- Notifications and Notices

Notifications of the policyholder shall be made in writing to the insurance company acting as an intermediary in the contract on behalf of CEI.

Notifications of CEI or the insurance company authorized on its behalf shall be made to the parties by hand-delivered letter against signature or to the address of the policyholder as shown on the policy or, if this address has changed, to the last notified address. Notifications made by CEI shall be effective as of the date of delivery to the mail or notary.

C.6- Arbitration and Competent Court

In case the incident in question occurred after the membership date regarding disputes arising from the insurance contract, an application may be made to the Insurance Arbitration Commission. Decisions up to the amount specified in the twelfth paragraph of Article 30 of the Insurance Law No. 5684 shall be final for both parties. Detailed information regarding applications to the Insurance Arbitration Commission may be obtained from www.sigortatahkinl.org.

The competent court for lawsuits to be filed against CEI due to disputes arising from this insurance contract is the courts authorized to hear commercial lawsuits in the place where CEI is located or where the risk occurred, and in lawsuits to be filed by CEI, the courts authorized to hear commercial lawsuits in the place where the defendant resides.

C.7- Statute of Limitations

All claims arising from the insurance contract become time-barred within two years from the termination of the contract.

C.8- Entry into Force

These general terms and conditions shall enter into force on 1/1/2013.