

Act XXXVIII of 1992 on Public Finances¹

(excerpts)

Article 33/B. (1) The Minister of Finance is authorized by Parliament to undertake – upon recommendation by the Minister of Cultural Heritage – commitments independently to guarantee specific contracts from the central budget, within the limits laid down in the Budget Act, for organizing the exhibitions specified in this Article (hereinafter referred to as “exhibition guarantee”).

(2) An exhibition guarantee may be granted for any international periodical exhibition held – under lending arrangement – in a museum or other institution of the like (hereinafter referred to as “exhibitor”) that is maintained and operated by the central or a local government in the territory of the Republic of Hungary, if it represents any substantial cultural interest.

(3) An exhibition guarantee may also be awarded for any one or more works of art of particular cultural interest, that is/are delivered from abroad for display on a periodical exhibition event staged by the exhibitor.

(4) The exhibition guarantee is an independent commitment undertaken in the name of the Government to the benefit of the rightful owner of the exhibited article for the purpose of providing compensation – in due observation of what is contained in Paragraph (6) – in the event of sustaining the damages in the object(s) exhibited, as specified in the lending agreement. The Minister of Finance shall fix this guarantee in a certificate of commitment, that is to indicate the amount guaranteed, the terms and conditions of the commitment, the name of the exhibitor, the period to which the guarantee pertains and the beneficiary. The Minister of Finance may consent, in the name of the Government and under special circumstances, to apply and to stipulate foreign law as the governing law and a foreign authority with jurisdiction, with regard to matters which are not addressed in this Article.

(5) The exhibition guarantee shall provide cover for the duration specified in the lending agreement, from the time of movement of the articles from their original place of storage or point of exhibition until they are returned, or until deposited in another location that is specified in the lending agreement. The lending agreement may be amended only upon the joint consent of the Minister of Cultural Heritage and the Minister of Finance.

(6) The exhibition guarantee shall not cover any period or amount for which the exhibitor or the rightful owner of the exhibited article has already obtained insurance coverage or guarantee from other sources, it shall, however, apply to all damages, except where the damage is the result of

a) any willful conduct or gross negligence on the part of the beneficiary or its employees or representatives,

b) natural amortization stemming from the characteristics of the exhibited article,

c) restoration works approved by the beneficiary.

(7) The Minister of Finance is authorized by Parliament to undertake commitments independently to guarantee specific contracts in accordance with the provisions of Paragraph (1) to help in organizing the exhibitions specified in this Article to provide compensation – subject to conditions laid down by legal regulation – for the settlement the insurance company has paid in connection with an insurance contract concluded by the exhibitor (hereinafter referred to as “exhibition cross-guarantee”).

¹ Effective as of 1 January 2006.

(8) The exhibition cross-guarantee is an independent commitment undertaken in the name of the Government to the benefit of the insurance company engaged with the exhibitor by contract under Paragraph (7), subject to the same terms and conditions applicable to exhibition guarantees. The exhibition cross-guarantee shall not cover the perils specified in Paragraph (6) *a)-c)* of this Article.

(9) Entering into and any amendment of, the insurance contract related to an exhibition cross-guarantee referred to in Paragraph (7) is subject to the joint consent of the Minister of Cultural Heritage and the Minister of Finance.

(10) The rights of the insurance company stemming from the compensation it has paid under an exhibition cross-guarantee shall be conveyed to the Hungarian State up to the amount paid from the central budget.

Article 33/C. (1) The total amount covered by exhibition guarantees and exhibition cross-guarantees awarded in a fiscal year shall not be permitted to exceed the limit specified in the Budget Act on any one day of the year. The amount covered by an exhibition guarantee or exhibition cross-guarantee shall be deducted from the limit specified in the Budget Act for the duration stipulated in the certificate of commitment.

(2) A guarantee undertaking fee shall not be charged on an exhibition guarantee or on an exhibition cross-guarantee.

(3) Parliament shall approve a special chapter in the Budget Act to cover the expected financial liabilities stemming from exhibition guarantees and exhibition cross-guarantees.

(4) On the strength of the commitment undertaken as specified in Article 33/B (1) and (7), the Government may file charges to recover the amount of settlement paid by the central budget from the tortfeasor. On the other hand, a compensation claim may be lodged against the exhibitor only:

a) if the damage is the result of any willful conduct or negligence on the part of the exhibitor or his employees or representatives; or

b) if the exhibitor or his employees or representatives did not act in a manner that can generally be expected in the given situation in order to prevent or mitigate damages.